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

FORM 6-K

**Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934**

Date of Report: August 2023

Commission File Number: 001-39368

MAXEON SOLAR TECHNOLOGIES, LTD.

(Exact Name of registrant as specified in its charter)

**8 Marina Boulevard #05-02
Marina Bay Financial Centre
018981, Singapore**
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Explanatory Note

On August 10, 2023, Maxeon Solar Technologies, Ltd. (the "Company"), issued a press release entitled "Maxeon Solar Technologies Announces Second Quarter 2023 Financial Results." A copy of this press release is furnished as Exhibit 99.1 herewith.

Other than as indicated below, the information in this Form 6-K (including in Exhibit 99.1) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act.

The U.S. GAAP financial information contained in (i) the condensed consolidated balance sheets, (ii) condensed consolidated statements of operations and (iii) condensed consolidated statements of cash flows, and the other financial under the headings "Supplementary information affecting GAAP and Non-GAAP results" and "Reconciliation of Non-GAAP Financial Measures", in each case, included in the press release attached as Exhibit 99.1 to this Report on Form 6-K are hereby incorporated by reference into the Company's registration statements on Form F-3 (File No. 333-271971), Form F-3 (File No. 333-265253), Form F-3 (File No. 333-268309) and Form S-8 (File No. 333-241709).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MAXEON SOLAR TECHNOLOGIES, LTD.
(Registrant)

August 10, 2023

By: /s/ Kai Strohbecke
Kai Strohbecke
Chief Financial Officer

EXHIBITS

<u>Exhibit</u>	<u>Title</u>
99.1	Press release on second quarter 2023 financial results
99.2	Financial results for the second quarter ended July 2, 2023



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Maxeon Solar Technologies Announces Second Quarter 2023 Financial Results

--\$56 Million GAAP Gross Profit, \$30 Million Adjusted EBITDA--
--New Mexico site selected for US cell and module facility--

Singapore, August 11, 2023 – Maxeon Solar Technologies, Ltd. (NASDAQ:MAXN) (“Maxeon” or “the Company”), a global leader in solar innovation and channels, today announced its financial results for the second quarter ended July 2, 2023.

Maxeon's Chief Executive Officer Bill Mulligan noted, “Maxeon delivered another solid quarter, with year-on-year revenue growth of 46 percent and adjusted EBITDA above our guidance mid-point. We were thrilled to announce the selection of Albuquerque as the site for our planned US solar cell and module factory, and were also pleased to recently celebrate the completion of our 1.8 GW capacity expansion in Mexicali. These two milestones position the company well for continued expansion in the US utility scale market.”

Continued Mulligan, “The demand environment in the global distributed generation (DG) market weakened significantly in late-Q2 due to the combined effect of higher interest rates, the impact of policy disruption in California, and significant channel inventory industry-wide. Our DG sales team was able to deliver on-plan ASP and gross profit but came in short of target on volume and revenue. We expect these challenging market conditions to persist at least through Q3, particularly in residential, and we have increased our sales focus on the commercial and industrial (C&I) segment as a result. We therefore expect a somewhat higher mix of C&I sales over the next few quarters with some push-out of volume from Q3 to Q4 and into 2024 due to the longer sales cycles associated with C&I projects.

In DG, we believe that we are well positioned to navigate the current market dynamics thanks to our differentiated panel technology, direct-to-installer channel model, and geographic diversification, and that our overall portfolio of US utility scale and global DG exposure is a sound strategic platform that provides long term opportunity for profitable growth while diversifying market risk.”

Selected Q2 Unaudited Financial Summary

(In thousands, except shipments)	Fiscal Q2 2023		Fiscal Q1 2023		Fiscal Q2 2022	
Shipments, in MW		807		774		521
Revenue	\$	348,373	\$	318,332	\$	238,080
Gross profit (loss) ⁽¹⁾		56,223		53,625		(39,324)
GAAP Operating expenses		47,830		41,921		35,701
GAAP Net (loss) income attributable to the stockholders ⁽¹⁾		(1,509)		20,271		(87,920)
Capital expenditures		24,169		16,500		18,231

(In thousands)	Other Financial Data ^{(1), (2)}		
	Fiscal Q2 2023	Fiscal Q1 2023	Fiscal Q2 2022
Non-GAAP Gross profit (loss)	\$ 56,748	\$ 54,142	\$ (23,905)
Non-GAAP Operating expenses	40,883	38,056	30,162
Adjusted EBITDA ⁽³⁾	30,240	30,984	(36,833)

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

⁽²⁾ The Company's use of Non-GAAP financial information, including a reconciliation to U.S. GAAP, is provided under "Use of Non-GAAP Financial Measures" below.

Supplementary information affecting GAAP and Non-GAAP results

(In thousands)	Financial statements item affected	Three Months Ended		
		July 2, 2023	April 2, 2023	July 3, 2022
Incremental cost of above market polysilicon ⁽¹⁾	Cost of revenue	184	237	3,308

⁽¹⁾ Relates to the difference between our contractual cost for the polysilicon under the long-term fixed supply agreements with our supplier, which ended in the fiscal year 2022, 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.

Fiscal Year 2023 and Third Quarter 2023 Outlook

For the third quarter of 2023, the Company anticipates the following results:

(In millions, except shipments)	Outlook
Shipments, in MW	700 - 740
Revenue	\$280 - \$320
Gross profit	\$29 - \$39
Non-GAAP gross profit ⁽¹⁾	\$30 - \$40
Operating expenses	\$50 ± \$2
Non-GAAP operating expenses ⁽²⁾	\$43 ± \$2
Adjusted EBITDA ⁽³⁾	\$2 - \$12
Capital expenditures ⁽⁴⁾	\$29 - \$35

For fiscal year 2023, the Company is revising its annual guidance to reflect the near term softening of residential demand and the challenging market conditions which the Company expects to persist through the fourth quarter:

– Revenue to be within a range of \$1,250 million to 1,350 million.

– Adjusted EBITDA to be within a range of \$80 million to \$100 million.

We reaffirm our annual capital expenditures⁽⁴⁾ guidance to be within a range of \$150 million to \$170 million, which was updated to account for the Maxeon 7 capacity expansion following the successful equity raise last May. Refer to our prospectus supplement filed with the Securities and Exchange Commission on May 16, 2023.

⁽¹⁾ The Company's Non-GAAP gross profit is impacted by the effects of adjusting for stock-based compensation expense.

⁽²⁾ The Company's Non-GAAP operating expenses are impacted by the effects of adjusting for stock-based compensation expense.

- (3) The Company cannot provide a reconciliation between its Adjusted EBITDA projection and the most directly comparable GAAP measures without unreasonable efforts because it is unable to predict with reasonable certainty the ultimate outcome of the remeasurement gain or loss of the prepaid forward and the equity in gain or loss of unconsolidated investees.
- (4) Capital expenditures mainly relates to the preparation for capacity expansion for our Maxeon 7 technology, completion of manufacturing capacity for Performance line panels to be sold in the U.S. market, completion of manufacturing capacity for our Maxeon 6 product platform, further developing Maxeon 7 technology and operating a pilot line, as well as various corporate initiatives. The above excludes capital expenditures in connection to the investment plan to deploy a multi-GW factory in the United States to manufacture solar products for both the DG and utility-scale power plant markets.

These anticipated results for the third quarter of 2023 are preliminary, unaudited and represent the most current information available to management. The Company's business outlook is based on management's current views and estimates with respect to market conditions, production capacity and the global economic environment. Please refer to Forward Looking Statements section below. Management's views and estimates are subject to change without notice.

For more information

Maxeon's second quarter 2023 financial results and management commentary can be found on Form 6-K by accessing the Financials & Filings page of the Investor Relations section of Maxeon's website at: <https://corp.maxeon.com/investor-relations>. The Form 6-K and Company's other filings are also available online from the Securities and Exchange Commission at www.sec.gov.

Conference Call Details

The Company will hold a conference call on August 10, 2023, at 5:00 PM U.S. ET / August 11, 2023, at 5:00 AM Singapore Time, to discuss results and to provide an update on the business.

To join the live conference call, participants must first register here, where a dial-in number will be provided.

A simultaneous audio-only webcast of the conference call will be available on Maxeon's website here. A webcast replay will be available on Maxeon's website for one year at <https://corp.maxeon.com/events-and-presentations>.

About Maxeon Solar Technologies

Maxeon Solar Technologies Ltd (NASDAQ: MAXN) is Powering Positive Change™. Headquartered in Singapore, Maxeon designs and manufactures Maxeon® and SunPower® brand solar panels, and has sales operations in more than 100 countries, operating under the SunPower brand in certain countries outside the United States. The Company is a leader in solar innovation with access to over 1,000 patents and two best-in-class solar panel product lines. Maxeon products span the global rooftop and solar power plant markets through a network of more than 1,700 trusted partners and distributors. A pioneer in sustainable solar manufacturing, Maxeon leverages a 35-plus-year history in the solar industry and numerous awards for its technology. For more information about how Maxeon is Powering Positive Change™ visit us at <https://www.maxeon.com/>, on LinkedIn and on Twitter @maxeonsolar.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, but not limited to, statements regarding: (a) our expectations regarding pricing trends, demand and growth projections; (b) potential disruptions to our operations and supply chain that may result from epidemics, natural disasters or military conflicts, including the duration, scope and impact on the demand for our products, market disruptions from the war in Ukraine; (c) anticipated product launch timing and our expectations regarding ramp, customer acceptance and demand, upsell and expansion opportunities; (d) our expectations and plans for short- and long-term strategy, including our anticipated areas of focus and investment, market expansion, product and technology focus, and projected growth and profitability; (e) our ability to meet short term and long term material cash requirements; our ability to complete an equity or debt offering or financing at favorable terms, if at all, and our overall liquidity, substantial indebtedness and ability to obtain additional financing; (f) our technology outlook, including anticipated fab capacity expansion and utilization and expected ramp and production timelines for the Company's next-generation Maxeon 7 and Performance line solar panels, expected cost reductions, and future performance; (g) our strategic goals and plans, including capacity expansion, partnership discussions with respect to the Company's next-generation technology, and our relationship with SunPower Corporation as one of our largest customers and our relationships with our other existing customers, suppliers and partners, and our ability to achieve and maintain them; (h) our expectations regarding our future performance and revenues resulting from contracted orders, bookings, backlog, and pipelines in our sales channels and feedback from our partners; (i) our projected effective tax rate and changes to the valuation allowance related to our deferred tax

assets; and (j) our third quarter and annual fiscal year 2023 guidance, including shipments, revenue, gross profit, non-GAAP gross profit, operating expenses, non-GAAP operating expenses, Adjusted EBITDA, capital expenditures, and related assumptions.

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. Among other things, the quotations from management in this press release and Maxeon’s operations and business outlook contain forward-looking statements.

These forward-looking statements are based on our current assumptions, expectations and beliefs and involve substantial risks and uncertainties that may cause results, performance or achievement to materially differ from those expressed or implied by these forward-looking statements. These statements are not guarantees of future performance and are subject to a number of risks. The reader should not place undue reliance on these forward-looking statements, as there can be no assurances that the plans, initiatives or expectations upon which they are based will occur. Factors that could cause or contribute to such differences include, but are not limited to: (1) challenges in executing transactions key to our strategic plans, including regulatory and other challenges that may arise; (2) our liquidity, substantial indebtedness, terms and conditions upon which our indebtedness is incurred, and ability to obtain additional financing for our projects, customers and operations; (3) our ability to manage supply chain shortages and/or excess inventory and cost increases and operating expenses; (4) potential disruptions to our operations and supply chain that may result from damage or destruction of facilities operated by our suppliers, difficulties in hiring or retaining key personnel, epidemics, natural disasters, including impacts of the war in Ukraine; (5) our ability to manage our key customers and suppliers; (6) the success of our ongoing research and development efforts and our ability to commercialize new products and services, including products and services developed through strategic partnerships; (7) competition in the solar and general energy industry and downward pressure on selling prices and wholesale energy pricing, including impacts of inflation, economic recession and foreign exchange rates upon customer demand; (8) changes in regulation and public policy, including the imposition and applicability of tariffs; (9) our ability to comply with various tax holiday requirements as well as regulatory changes or findings affecting the availability of economic incentives promoting use of solar energy and availability of tax incentives or imposition of tax duties; (10) fluctuations in our operating results and in the foreign currencies in which we operate; (11) appropriately sizing, or delays in expanding our manufacturing capacity and containing manufacturing and logistics difficulties that could arise; (12) unanticipated impact to customer demand and sales schedules due, among other factors, to the war in Ukraine, economic recession and environmental disasters; (13) challenges managing our acquisitions, joint ventures and partnerships, including our ability to successfully manage acquired assets and supplier relationships; (14) reaction by securities or industry analysts to our annual and/or quarterly guidance, in combination with our results of operations or other factors, and/ or third party reports or publications, whether accurate or not, which may cause such securities or industry analysts 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; (15) reaction by investors to our annual and/or quarterly guidance, in combination with our results of operations or other factors, and/ or third party reports or publications, whether accurate or not, which may negatively impact the market price of our ordinary shares and volume of our stock trading and (16) unpredictable outcomes resulting from our litigation activities or other disputes. A detailed discussion of these factors and other risks that affect our business is included in filings we make with the Securities and Exchange Commission (“SEC”) from time to time, including our most recent report on Form 20-F, particularly under the heading “Risk Factors”. Copies of these filings are available online from the SEC at www.sec.gov, or on the SEC Filings section of our Investor Relations website at <https://corp.maxeon.com/investor-relations>. All forward-looking statements in this press release are based on information currently available to us, and we assume no obligation to update these forward-looking statements in light of new information or future events.

Use 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 benefits (charges and fees), remeasurement gain (loss) on prepaid forward and physical delivery forward, loss related to settlement of price escalation dispute and equity in losses of unconsolidated investees (“Adjusted EBITDA”) to supplement our consolidated 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 benefits (charges 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.

As presented in the “Reconciliation of Non-GAAP Financial Measures” section, 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 benefits (charges and fees).* We incur restructuring benefits (charges and fees) related to reorganization plans aimed towards realigning resources consistent with our global strategy and improving its overall operating efficiency and cost structure. Restructuring benefits (charges and fees) are excluded from non-GAAP operating expenses and Adjusted EBITDA because they are not considered core operating activities. Although we have engaged in restructuring activities and initiatives, past activities have been discrete events based on unique sets of business objectives. As such, management believes that it is appropriate to exclude restructuring benefits (charges and fees) from our non-GAAP financial measures as they are not reflective of ongoing operating results nor do these charges contribute to a meaningful evaluation of our past operating performance.
- *Remeasurement gain (loss) on prepaid forward and physical delivery forward.* This relates to the mark-to-market fair value remeasurement of privately negotiated prepaid forward and physical delivery transactions. The transactions were entered into in connection with the issuance on July 17, 2020 of the 6.50% Green Convertible Senior Notes due 2025 for an aggregate principal amount of \$200 million. The prepaid forward is remeasured to fair value at the end of each reporting period, with changes in fair value booked in earnings. The fair value of the prepaid forward is primarily affected by the Company’s share price. The physical delivery forward was remeasured to fair value at the end of the Note Valuation Period on September 29, 2020, and was reclassified to equity after remeasurement, and will not be subsequently remeasured. The fair value of the physical delivery forward was primarily affected by the Company’s share price. The remeasurement gain (loss) on prepaid forward and physical delivery forward is excluded from Adjusted EBITDA because it is not considered core operating activities. As such, management believes that it is appropriate to exclude the mark-to-market adjustments from our Adjusted EBITDA as it is not reflective of ongoing operating results nor do the loss contribute to a meaningful evaluation of our past operating performance.
- *Equity in income (losses) of unconsolidated investees.* This relates to the income (loss) on our unconsolidated equity investment Huansheng JV. This is excluded from our Adjusted EBITDA financial measure as it is non-cash in nature and not reflective of our core operational performance. As such, management believes that it is appropriate to exclude such charges as they do not contribute to a meaningful evaluation of our performance.

- *Loss related to settlement of price escalation dispute.* This relates to loss arising from the settlement of price escalation dispute with a polysilicon supplier related to our long-term, firm commitment polysilicon supply agreement which ended in the fiscal year 2022. This is excluded from our Adjusted EBITDA financial measure as it is non-recurring and not reflective of ongoing operating results. As such, management believes that it is appropriate to exclude such charges as the loss does not contribute to a meaningful evaluation of our past and future operating performance.

Reconciliation of Non-GAAP Financial Measures

(In thousands)	Three Months Ended		
	July 2, 2023	April 2, 2023	July 3, 2022
Gross profit (loss)	\$ 56,223	\$ 53,625	\$ (39,324)
Stock-based compensation	525	517	249
Loss related to settlement of price escalation dispute	—	—	15,170
Non-GAAP Gross profit (loss)	56,748	54,142	(23,905)
GAAP Operating expenses	47,830	41,921	35,701
Stock-based compensation	(7,071)	(4,144)	(1,896)
Restructuring benefits (charges and fees)	124	279	(3,643)
Non-GAAP Operating expenses	40,883	38,056	30,162
GAAP Net (loss) income attributable to the stockholders	(1,509)	20,271	(87,920)
Interest expense, net	8,903	8,999	5,685
Provision for income taxes	5,893	5,984	937
Depreciation	14,546	14,383	15,305
Amortization	45	68	75
EBITDA	27,878	49,705	(65,918)
Stock-based compensation	7,596	4,661	2,145
Loss related to settlement of price escalation dispute	—	—	15,170
Restructuring (benefits) charges and fees	(124)	(279)	3,643
Remeasurement (gain) loss on prepaid forward	(4,718)	(23,849)	3,986
Equity in (income) losses of unconsolidated investees	(392)	746	4,141
Adjusted EBITDA	30,240	30,984	(36,833)

Reconciliation of Non-GAAP Outlook

(In millions)	Outlook
Gross profit	\$29 - \$39
Stock-based compensation	1
Non-GAAP gross profit	\$30 - \$40
Operating expenses	\$50 ± \$2
Stock-based compensation	(7)
Non-GAAP operating expenses	\$43 ± \$2

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

	As of	
	July 2, 2023	January 1, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 375,461	\$ 227,442
Short-term securities	60,000	76,000
Restricted short-term marketable securities	991	968
Accounts receivable, net	61,731	54,301
Inventories	349,336	303,230
Advances to suppliers, current portion	1,407	2,137
Prepaid expenses and other current assets	105,300	126,971
Total current assets	\$ 954,226	\$ 791,049
Property, plant and equipment, net	361,311	380,468
Operating lease right of use assets	25,863	17,844
Other intangible assets, net	313	291
Deferred tax assets	10,228	10,348
Other long-term assets	102,373	60,418
Total assets	\$ 1,454,314	\$ 1,260,418
Liabilities and Equity		
Current liabilities:		
Accounts payable	\$ 211,909	\$ 247,870
Accrued liabilities	107,648	135,157
Contract liabilities, current portion	177,921	139,267
Short-term debt	35,512	50,526
Operating lease liabilities, current portion	5,331	3,412
Total current liabilities	\$ 538,321	\$ 576,232
Long-term debt	1,424	1,649
Contract liabilities, net of current portion	156,231	161,678
Operating lease liabilities, net of current portion	21,845	15,603
Convertible debt	382,040	378,610
Deferred tax liabilities	14,333	14,913
Other long-term liabilities	67,027	63,663
Total liabilities	\$ 1,181,221	\$ 1,212,348
Commitments and contingencies		
Equity:		
Common stock, no par value (52,646,297 and 45,033,027 issued and outstanding as of July 2, 2023 and January 1, 2023, respectively)	\$ —	\$ —
Additional paid-in capital	789,312	584,808
Accumulated deficit	(501,501)	(520,263)
Accumulated other comprehensive loss	(20,546)	(22,108)
Equity attributable to the Company	267,265	42,437
Noncontrolling interests	5,828	5,633
Total equity	273,093	48,070
Total liabilities and equity	\$ 1,454,314	\$ 1,260,418

MAXEON SOLAR TECHNOLOGIES, LTD.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(In thousands, except per share data)

	Three Months Ended		Six Months Ended	
	July 2, 2023	July 3, 2022	July 2, 2023	July 3, 2022
Revenue	\$ 348,373	\$ 238,080	\$ 666,705	\$ 461,161
Cost of revenue	292,150	277,404	556,857	513,449
Gross profit (loss)	56,223	(39,324)	109,848	(52,288)
Operating expenses:				
Research and development	13,012	12,416	24,088	26,310
Sales, general and administrative	34,492	21,520	65,520	45,271
Restructuring charges	326	1,765	143	1,530
Total operating expenses	47,830	35,701	89,751	73,111
Operating income (loss)	8,393	(75,025)	20,097	(125,399)
Other (expense) income, net				
Interest expense, net	(8,903)	(5,684)	(17,902)	(10,470)
Other, net	4,550	(1,978)	28,993	(2,130)
Other (expense) income, net	(4,353)	(7,662)	11,091	(12,600)
Income (loss) before income taxes and equity in (income) losses of unconsolidated investees	4,040	(82,687)	31,188	(137,999)
Provision for income taxes	(5,893)	(937)	(11,877)	(1,762)
Equity in income (losses) of unconsolidated investees	392	(4,141)	(354)	(7,201)
Net (loss) income	(1,461)	(87,765)	18,957	(146,962)
Net income attributable to noncontrolling interests	(48)	(155)	(195)	(70)
Net loss (income) attributable to the stockholders	\$ (1,509)	\$ (87,920)	\$ 18,762	\$ (147,032)
Net (loss) income per share attributable to stockholders:				
Basic and diluted	\$ (0.03)	\$ (2.15)	\$ 0.43	\$ (3.61)
Weighted average shares used to compute net (loss) income per share:				
Basic	45,158	40,853	43,273	40,751
Diluted	45,158	40,853	44,110	40,751

MAXEON SOLAR TECHNOLOGIES, LTD.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(unaudited)
(In thousands)

	Shares	Amount	Additional Paid In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Equity Attributable to the Company	Noncontrolling Interests	Total Equity
Balance at January 1, 2023	45,033	\$ —	\$ 584,808	\$ (520,263)	\$ (22,108)	\$ 42,437	\$ 5,633	\$ 48,070
Net income	—	—	—	20,271	—	20,271	147	20,418
Issuance of common stock for stock-based compensation, net of tax withheld	377	—	—	—	—	—	—	—
Recognition of stock-based compensation	—	—	4,033	—	—	4,033	—	4,033
Other comprehensive income	—	—	—	—	1,627	1,627	—	1,627
Balance at April 2, 2023	45,410	\$ —	\$ 588,841	\$ (499,992)	\$ (20,481)	\$ 68,368	\$ 5,780	\$ 74,148
Net loss (income)	—	\$ —	\$ —	\$ (1,509)	\$ —	\$ (1,509)	\$ 48	\$ (1,461)
Issuance of common stock, net of issuance cost	7,120	—	193,491	—	—	193,491	—	193,491
Issuance of common stock for stock-based compensation, net of tax withheld	116	—	—	—	—	—	—	—
Recognition of stock-based compensation	—	—	6,980	—	—	6,980	—	6,980
Other comprehensive loss	—	—	—	—	(65)	(65)	—	(65)
Balance at July 2, 2023	52,646	—	789,312	(501,501)	(20,546)	267,265	5,828	273,093

	Shares	Amount	Additional Paid In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Equity Attributable to the Company	Noncontrolling Interests	Total Equity
Balance at January 2, 2022	44,247	\$ —	\$ 624,261	\$ (262,961)	\$ (11,844)	\$ 349,456	\$ 5,419	\$ 354,875
Effect of adoption of ASU 2020-06	—	—	(52,189)	10,122	—	(42,067)	—	(42,067)
Net loss	—	—	—	(59,112)	—	(59,112)	(85)	(59,197)
Issuance of common stock for stock-based compensation, net of tax withheld	354	—	(2)	—	—	(2)	—	(2)
Distribution to noncontrolling interest	—	—	—	—	—	—	(64)	(64)
Recognition of stock-based compensation	—	—	1,466	—	—	1,466	—	1,466
Other comprehensive income	—	—	—	—	(803)	(803)	—	(803)
Balance at April 3, 2022	44,601	\$ —	\$ 573,536	\$ (311,951)	\$ (12,647)	\$ 248,938	\$ 5,270	\$ 254,208
Net (loss) income	—	—	—	(87,920)	—	(87,920)	155	(87,765)
Issuance of common stock for stock-based compensation, net of tax withheld	108	—	(21)	—	—	(21)	—	(21)
Recognition of stock-based compensation	—	—	2,844	—	—	2,844	—	2,844
Other comprehensive loss	—	—	—	—	(755)	(755)	—	(755)
Balance at July 3, 2022	44,709	—	576,359	(399,871)	(13,402)	163,086	5,425	168,511

MAXEON SOLAR TECHNOLOGIES, LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(In thousands)

	Six Months Ended	
	July 2, 2023	July 3, 2022
Cash flows from operating activities		
Net profit (loss)	\$ 18,957	\$ (146,962)
Adjustments to reconcile net profit (loss) to operating cash flows		
Depreciation and amortization	29,042	28,368
Stock-based compensation	12,257	4,842
Non-cash interest expense	4,657	2,819
Equity in losses of unconsolidated investees	354	7,201
Deferred income taxes	(460)	475
Loss on impairment of property, plant and equipment	442	—
Loss on disposal of property, plant and equipment	9	191
Remeasurement (gain) loss on prepaid forward	(28,567)	4,383
(Utilization of) provision for inventory reserves	(10,377)	10,126
Other, net	20	558
Changes in operating assets and liabilities		
Accounts receivable	(23,850)	(18,728)
Inventories	(65,706)	(80,028)
Prepaid expenses and other assets	654	(19,800)
Operating lease right-of-use assets	2,303	1,337
Advances to suppliers	730	34,907
Accounts payable and other accrued liabilities	(13,507)	58,134
Contract liabilities	48,661	117,329
Operating lease liabilities	(1,928)	(1,454)
Net cash (used in) provided by operating activities	<u>(26,309)</u>	<u>3,698</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(40,669)	(39,913)
Purchases of intangible assets	(135)	—
Proceeds from maturity of short-term securities	76,000	—
Purchase of short-term securities	(60,000)	—
Purchase of restricted short-term marketable securities	(10)	—
Proceeds from disposal of property, plant and equipment	—	32
Net cash used in investing activities	<u>(24,814)</u>	<u>(39,881)</u>

	Six Months Ended	
	July 2, 2023	July 3, 2022
Cash flows from financing activities		
Proceeds from debt	114,539	130,010
Repayment of debt	(129,526)	(105,650)
Repayment of finance lease obligations	(252)	(332)
Payment for tax withholding obligations for issuance of common stock upon vesting of restricted stock units	—	(23)
Net proceeds from issuance of common stock	194,226	—
Distribution to noncontrolling interest	—	(64)
Net cash provided by financing activities	178,987	23,941
Effect of exchange rate changes on cash, cash equivalents and restricted cash	81	160
Net increase (decrease) in cash, cash equivalents and restricted cash	127,945	(12,082)
Cash, cash equivalents and restricted cash, beginning of period	267,961	192,232
Cash, cash equivalents and restricted cash, end of period	\$ 395,906	\$ 180,150
Non-cash transactions		
Property, plant and equipment purchases funded by liabilities	\$ 16,485	\$ 33,800
Property, plant and equipment obtained through capital lease	—	2,127
Right-of-use assets obtained in exchange for lease obligations	10,322	1,257

The following table reconciles our cash and cash equivalents and restricted cash reported on our Condensed Consolidated Balance Sheets and the cash, cash equivalents and restricted cash reported on our Condensed Consolidated Statements of Cash Flows as of July 2, 2023 and July 3, 2022:

(In thousands)	July 2, 2023	July 3, 2022
Cash and cash equivalents	\$ 375,461	\$ 138,347
Restricted cash, current portion, included in Prepaid expenses and other current assets	20,443	35,396
Restricted cash, net of current portion, included in Other long-term assets	2	6,407
Total cash, cash equivalents and restricted cash shown in Condensed Consolidated Statements of Cash Flows	\$ 395,906	\$ 180,150

Financial Results for the Second Quarter Ended July 2, 2023

Overview

Maxeon Solar Technologies, Ltd (“Maxeon”, the “Company”, “we”, “us”, and “our”) (NASDAQ: MAXN) is Powering Positive Change™. Headquartered in Singapore, Maxeon designs and manufactures Maxeon® and SunPower® brand solar panels, and has sales operations in more than 100 countries, operating under the SunPower brand in certain countries outside the United States. The Company is a leader in solar innovation with access to over 1,000 patents and two best-in-class solar panel product lines. Maxeon products span the global rooftop and solar power plant markets through a network of more than 1,700 trusted partners and distributors. A pioneer in sustainable solar manufacturing, Maxeon leverages a 35-plus-year history in the solar industry and numerous awards for its technology.

Unaudited Summary of Financial Results

We are in the business of manufacturing and supplying solar cells and panels to the power plant, commercial and residential markets. 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.

Revenue by market

The following table sets forth our revenue by market for the periods indicated:

	Three Months Ended		Six Months Ended	
	July 2, 2023	July 3, 2022	July 2, 2023	July 3, 2022
(In percentage)				
U.S. and Canada	55.7 %	35.6 %	53.7 %	34.7 %
EMEA	37.7 %	48.7 %	38.7 %	46.2 %
Asia Pacific	5.8 %	14.7 %	7.0 %	18.3 %
Other markets	0.8 %	1.0 %	0.6 %	0.8 %
Total revenues	100.0 %	100.0 %	100.0 %	100.0 %

Revenue by products

Our primary products are the Maxeon line of interdigitated back contact (“IBC”) solar cells and panels, and the Performance line of solar cells and shingled 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 shingled 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.

The following table sets forth our revenue by products for the periods indicated:

	Three Months Ended		Six Months Ended	
	July 2, 2023	July 3, 2022	July 2, 2023	July 3, 2022
(In percentage)				
IBC	41.2 %	52.3 %	43.4 %	56.0 %
Performance line	58.8 %	47.7 %	56.6 %	44.0 %
Total revenues	100.0 %	100.0 %	100.0 %	100.0 %

For information on the trends and uncertainties to our business, please refer to our Annual Report on Form 20-F for the fiscal year ended January 1, 2023.

Revenue and Cost of Revenue

	Three Months Ended		Six Months Ended	
	July 2, 2023	July 3, 2022	July 2, 2023	July 3, 2022
(In thousands)				
Revenue	\$ 348,373	\$ 238,080	\$ 666,705	\$ 461,161
Cost of revenue	292,150	277,404	556,857	513,449
Gross profit (loss)	\$ 56,223	\$ (39,324)	\$ 109,848	\$ (52,288)
Gross margin	16.1 %	(16.5)%	16.5 %	(11.3)%

Three Months Ended July 2, 2023 Compared to Three Months Ended July 3, 2022

During the three months ended July 2, 2023, we recognized revenue from sales of modules and components of \$348.4 million with shipments of 807MW, of which \$79.3 million, or 22.8%, represented sales of solar modules to SunPower Corporation ("SunPower"). During the three months ended July 3, 2022, we recognized revenue from sale of modules and components of \$238.1 million with shipments of 521MW, of which \$63.1 million or 26.5%, represented sales of solar modules to SunPower. The pricing terms for the sale of solar modules to SunPower were based on the exclusive supply agreement with SunPower (the "Supply Agreement"), which was mutually terminated in February 2022 and replaced with the 2022/2023 Supply Agreement. For the three months ended July 2, 2023, other than the sale transactions with SunPower, there was one customer that accounted for at least 10% of revenue. For the three months ended July 3, 2022, other than the sale transactions with SunPower, there was no customer that accounted for at least 10% of revenue.

The increase of \$110.3 million in revenue during the three months ended July 2, 2023 as compared to the three months ended July 3, 2022 was primarily due to higher shipments for the utility-scale business in the United States. The higher revenue in the utility-scale business in the United States is also driven by an increase in selling price pursuant to agreements entered into with a customer and its affiliate on March 7, 2023.

Cost of revenue was \$292.2 million and \$277.4 million in the three months ended July 2, 2023 and July 3, 2022, respectively. Cost of revenue includes actual cost of materials, labor and manufacturing overhead incurred for revenue-producing units shipped, and associated warranty costs. The increase of \$14.7 million in cost of revenue during the three months ended July 2, 2023 as compared to the three months ended July 3, 2022 was primarily due to higher shipments, partially offset by declining container rates and logistic cost reduction initiatives and a one-off settlement of \$15.2 million with a polysilicon supplier to resolve a contract dispute regarding the applicability of a price escalation clause in the three months ended July 3, 2022.

Six Months Ended July 2, 2023 Compared to Six Months Ended July 3, 2022

During the six months ended July 2, 2023, we recognized revenue from sales of modules and components of \$666.7 million with shipments of 1,581MW, of which \$151.0 million, or 22.6%, represented sales of solar modules to SunPower. During the six months ended July 3, 2022, we recognized revenue from sales of modules and components of \$461.2 million with shipments of 1,009MW, of which \$137.8 million or 29.9%, represented sales of solar modules to SunPower. For the six months ended July 2, 2023, other than transactions with SunPower, there

was one other customer whom had accounted for at least 10% of revenue. For the six months ended July 3, 2022, SunPower was the only customer whom had accounted for at least 10% of revenues.

The increase of \$205.5 million in revenue during the six months ended July 2, 2023 as compared to the six months ended July 3, 2022 was primarily due to sales for the utility-scale business in the United States. This is driven by a combination of higher volume and selling price pursuant to agreements entered into with a customer and its affiliate on March 7, 2023. The Company also experienced higher sales for the DG business in Europe, particularly Italy and France, mainly attributable to higher shipments driven by strong demand for renewable energy solutions.

Cost of revenue was \$556.9 million and \$513.4 million in the six months ended July 2, 2023 and July 3, 2022, respectively. Cost of revenue includes actual cost of materials, labor and manufacturing overhead incurred for revenue-producing units shipped, and associated warranty costs. The increase of \$43.4 million in cost of revenue during the six months ended July 2, 2023 as compared to the six months ended July 3, 2022 was primarily due to higher shipments, partially offset by declining container rates and logistic cost reduction initiatives, lower losses of \$18.6 million on the polysilicon procured under long-term fixed supply agreements that ended during fiscal year 2022 and a one-off settlement of \$15.2 million with a polysilicon supplier to resolve a contract dispute regarding the applicability of a price escalation clause in the three months ended July 3, 2022.

Revenues by Geography

	Three Months Ended		Six Months Ended	
	July 2, 2023	July 3, 2022	July 2, 2023	July 3, 2022
(In thousands)				
United States	\$ 194,031	\$ 84,647	\$ 357,654	\$ 159,838
Italy	40,649	30,223	79,008	57,473
Rest of the world ⁽¹⁾	113,693	123,210	230,043	243,850
Total revenues	\$ 348,373	\$ 238,080	\$ 666,705	\$ 461,161

⁽¹⁾ Revenues included under “Rest of the world” comprise 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 sales attributed to the U.S. includes \$79.3 million and \$63.1 million in sales to SunPower for the three months ended July 2, 2023 and July 3, 2022 respectively. For the six months ended July 2, 2023 and July 3, 2022, the sales attributed to the U.S. includes \$151.0 million and \$137.8 million in sales to SunPower respectively.

Operating Expenses

Operating expenses includes primarily salaries and related personnel costs, professional fees and related operating cost to fulfil the functional requirements and responsibilities.

	Three Months Ended		Six Months Ended	
	July 2, 2023	July 3, 2022	July 2, 2023	July 3, 2022
(In thousands)				
Operating expenses:				
Research and development	\$ 13,012	\$ 12,416	\$ 24,088	\$ 26,310
Sales, general and administrative	34,492	21,520	65,520	45,271
Restructuring charges	326	1,765	143	1,530
Total operating expenses	\$ 47,830	\$ 35,701	\$ 89,751	\$ 73,111

Research and Development Expenses

Three Months Ended July 2, 2023 Compared to Three Months Ended July 3, 2022

Research and development expenses were \$13.0 million in the three months ended July 2, 2023, primarily associated with expenditures on our Maxeon 7 and 8 cell and panel technology, comprising compensation expense (including stock-based compensation) of \$7.9 million, facilities expense of \$1.8 million, expense for leased equipment of \$0.6 million and research and development materials of \$0.4 million. Included in these expenses is \$1.0 million related to the Product Collaboration Agreement with SunPower. The increase in research and development expenses was primarily due to higher expense incurred for design and development of tools, higher consulting fees and travelling expenses.

Research and development expenses were \$12.4 million in the three months ended July 3, 2022, primarily associated with expenditures on our Maxeon 6 and 7 cell and panel technology, mainly comprising compensation expenses (including stock-based compensation) of \$7.7 million, facilities expense of \$1.3 million, expenses for leased equipment of \$1.2 million and research and development materials of \$0.7 million. Included in these expenses is \$6.0 million related to the Product Collaboration Agreement with SunPower.

Six Months Ended July 2, 2023 Compared to Six Months Ended July 3, 2022

Research and development expenses were \$24.1 million in the six months ended July 2, 2023 primarily associated with expenditures on our Maxeon 7 and 8 cell and panel technology, comprising compensation expense (including stock-based compensation) of \$14.9 million, facilities expense of \$3.3 million, expenses for leased equipment of \$0.8 million, and research and development materials of \$0.7 million. Included in these expenses is \$1.9 million related to the Product Collaboration Agreement with SunPower. The decrease in research and development expenses was primarily driven by decrease of \$1.0 million in compensation expense due to non-recurrence of discretionary expense, a net decrease by \$0.9 million on the facilities expense and leased equipment as a result of transfer of the research and development assets to Maxeon which was originally under the Product Collaboration Agreement and lower research and development materials by \$1.1 million. This was partially offset by higher expenses incurred for design and development of tools, higher consulting fees and travelling expenses.

Research and development expenses were \$26.3 million in the six months ended July 03, 2022, primarily associated with expenditures on our Maxeon 6 and 7 cell and panel technology, mainly comprising compensation expenses (including stock-based compensation) of \$16.0 million, facilities expense of \$2.6 million, expenses for leased equipment of \$2.5 million and research and development materials of \$1.8 million. Included in these expenses is \$15.2 million related to the Product Collaboration Agreement with SunPower.

Sales, General and Administrative Expenses

Three Months Ended July 2, 2023 Compared to Three Months Ended July 3, 2022

Sales, general and administrative expenses were \$34.5 million in the three months ended July 2, 2023 and comprised primarily of \$19.2 million of compensation expense (including stock-based compensation), \$6.5 million of professional fees, \$1.9 million of equipment related expenses, \$1.3 million of insurance expense, \$1.6 million of marketing fees and \$0.8 million of facilities-related costs including rent, utilities and maintenance. The increase in expenses is primarily driven by higher compensation expenses of \$9.8 million due to higher headcount and also, non-recurrence of reversal of certain charges in connection to the transition service agreement with SunPower, higher professional fees and increased marketing and travelling expenses by \$1.2 million due to higher travel activity after the lifting of travel restrictions globally.

Sales, general and administrative expenses were \$21.5 million in the three months ended July 3, 2022 and comprised primarily of \$9.4 million of compensation expenses (including stock-based compensation), \$6.0 million of professional fees, \$1.6 million of equipment related expenses, \$1.5 million of insurance expenses, \$0.9 million of marketing fees and \$0.6 million of facilities-related costs including rent, utilities and maintenance.

Six Months Ended July 2, 2023 Compared to Six Months Ended July 3, 2022

Sales, general and administrative expenses were \$65.5 million in the six months ended July 2, 2023 and comprised primarily of \$36.3 million of compensation expense (including stock-based compensation), \$13.9 million of professional fees, \$3.1 million of equipment related expenses, \$2.3 million of insurance expense, \$2.4 million of marketing fees and \$1.5 million of facilities-related costs including rent, utilities and maintenance. The increase in expenses was primarily driven by higher compensation expenses of \$16.3 million due to higher headcount and also, non-recurrence of reversal of certain charges in connection to the transition service agreement with SunPower, higher professional fees, higher travelling expenses by \$1.1 million due to more travel activity after the lifting of travel restrictions globally and increased marketing expenses by \$0.5 million due to more investment in installer partner trainings, brand and developing new sales channels.

Sales, general and administrative expenses were \$45.3 million in the six months ended July 3, 2022 and comprised primarily of \$20.0 million of compensation expenses (including stock-based compensation), \$12.5 million of professional fees, \$3.2 million of insurance expense, \$2.9 million of equipment related expenses, \$1.9 million of marketing fees and \$1.2 million of facilities-related costs including rent, utilities and maintenance.

Restructuring Expenses

Three and Six Months Ended July 2, 2023 Compared to Three and Six Months Ended July 3, 2022

Restructuring expense were \$0.3 million and \$0.1 million in the three and six months ended July 2, 2023 respectively. This primarily consists of a restructuring plan charge for June 2022 on the closure of our module factory in Porcelette, France.

Restructuring charges were \$1.8 million and \$1.5 million in the three and six months ended July 3, 2022 respectively. This primarily consists of a restructuring plan charge for June 2022 on the closure of our module factory in Porcelette, France.

Other (expense) income, net

	Three Months Ended		Six Months Ended	
	July 2, 2023	July 3, 2022	July 2, 2023	July 3, 2022
(In thousands)				
Other (expense) income, net:				
Interest expense, net	\$ (8,903)	\$ (5,684)	\$ (17,902)	\$ (10,470)
Other, net	4,550	(1,978)	28,993	(2,130)
Other (expense) income, net	\$ (4,353)	\$ (7,662)	\$ 11,091	\$ (12,600)

Three Months Ended July 2, 2023 Compared to Three Months Ended July 3, 2022

Of the total \$8.9 million in interest expense, net, incurred during the three months ended July 2, 2023, \$4.7 million relates to the Convertible Notes due 2027 issued in August 2022 ("2027 Notes"), \$4.1 million relates to the Green Convertible Notes due 2025, \$0.6 million relates to interest expense on significant financing component on prepayments received, and interest expense in connection to other debt arrangements. This was partially offset by interest income from the Company's investments.

Of the total \$5.7 million in interest expense, net, incurred during the three months ended July 3, 2022, \$4.1 million relates to the Green Convertible Notes due 2025, \$1.0 million relates to other outstanding debt arrangements and \$0.6 million relates to interest expense on significant financing component on prepayment received.

Other, net for the three months ended July 2, 2023 primarily comprised of a \$4.7 million gain on the remeasurement of the Prepaid Forward associated with the Green Convertible Notes. This was partially offset by loss of \$1.0 million on derivative instruments.

Other, net for the three months ended July 3, 2022 primarily comprised of a \$4.0 million loss on the remeasurement of the Prepaid Forward associated with the Green Convertible Notes and a loss of \$1.0 million on

derivative instruments. This was partially offset by a foreign exchange gain of \$1.6 million and a \$1.0 million gain arising from the recognition of reimbursement of litigation costs.

Six Months Ended July 2, 2023 Compared to Six Months Ended July 3, 2022

Of the total \$17.9 million in interest expense, net, incurred during the six months ended July 2, 2023, \$9.5 million relates to the 2027 Notes, \$8.2 million relates to the Green Convertible Notes due 2025, \$1.2 million relates to interest expense on significant financing component on prepayments received, and interest expense in connection to other debt arrangements. This was partially offset by interest income from the Company's investments.

Of the total \$10.5 million in interest expense, net, incurred during the six months ended July 3, 2022, \$8.2 million relates to the Green Convertible Notes due 2025, \$1.2 million relates to other outstanding debt arrangements and \$1.1 million relates to interest expense on significant financing component on prepayments received.

Other, net for the six months ended July 2, 2023 primarily comprised of a \$28.6 million gain on the remeasurement of the Prepaid Forward associated with the Green Convertible Notes and foreign exchange gain of \$0.6 million. This was partially offset by a loss of \$1.0 million on derivative instruments.

Other, net for the six months ended July 3, 2022 primarily comprised of a \$4.4 million loss on the remeasurement of the Prepaid Forward associated with the Green Convertible Notes and a loss of \$2.0 million on derivative instruments. This was partially offset by a foreign exchange gain of \$2.8 million and a \$1.0 million gain arising from the recognition of reimbursement of litigation costs.

For more information on the 2027 Notes, Prepaid Forward and Green Convertible Notes, please refer to "Item 5.B. Liquidity and Capital Resources" disclosure in our Annual Report on Form 20-F for the fiscal year ended January 1, 2023.

Income Taxes

	Three Months Ended		Six Months Ended	
	July 2, 2023	July 3, 2022	July 2, 2023	July 3, 2022
(In thousands)				
Provision for income taxes	\$ (5,893)	\$ (937)	\$ (11,877)	\$ (1,762)

Three and Six Months Ended July 2, 2023 Compared to Three and Six Months Ended July 3, 2022

The interim income tax expense and other income tax related information contained in these condensed consolidated financial statements are calculated in accordance with FASB guidance for interim reporting of income tax, based on a projected annual effective tax rate while excluding loss jurisdictions which cannot be benefited. Our projected effective tax rate is based on forecasted annualized results which may fluctuate in future periods due to the uncertainty in our annual forecasts resulting from the risks identified in "Risk Factors" as previously disclosed in our Annual Report on Form 20-F for the year ended January 1, 2023 on our operating results. The Company did not have any specific projects which may give rise to any significant, unusual, infrequent in nature or discontinued operations in the three and six months ended July 2, 2023.

In the three and six months ended July 2, 2023, we recorded income tax provision of \$5.9 million and \$11.9 million respectively. The tax expense was primarily due to current year income tax expense in profitable jurisdictions and prior year income tax true-ups for entities that filed their tax returns in current period. In the three and six months ended July 3, 2022, we recorded income tax provision of \$0.9 million and income tax provision of \$1.8 million respectively. The tax expense was primarily due to current year income tax expense in profitable jurisdictions and prior year income tax true-ups.

We benefit from a tax holiday granted by the Malaysian government, subject to certain hiring, capital spending, and manufacturing requirements. The third and final five-year tranche of this tax holiday was granted a 70% tax exemption and will expire on June 30, 2026. Malaysian Investment Development Authority ("MIDA") and the Company have been in discussions on additional conditions required to reinstate the full tax exemption that the Company was granted previously. We have agreed to the conditions for such reinstatement with MIDA and are waiting for formal approval from the Malaysian Government. As formal approval has not been received as at July 2, 2023, the income tax provisions reflects the 70% tax exemption status for our Malaysian subsidiary.

We record a valuation allowance to reduce our deferred tax assets to the amount that is more likely than not to be realized. In assessing the need for a valuation allowance, we consider historical levels of income, expectations and risks associated with the estimates of future taxable income and ongoing prudent and feasible tax planning strategies. In the event that we determine that we would be able to realize additional deferred tax assets in the future in excess of the net recorded amount, or if we subsequently determine that realization of an amount previously recorded is unlikely, we would record an adjustment to the deferred tax asset valuation allowance, which would change income tax in the period of adjustment.

Equity in income (losses) of unconsolidated investees

Three and Six Months Ended July 2, 2023 Compared to Three and Six Months Ended July 3, 2022

For the three months ended July 2, 2023, our unconsolidated investee, Huansheng JV reported a gain for which we recorded our reportable share of \$0.4 million. This was offset against the losses in the first 3 months of the fiscal year which resulted in a loss of \$0.4 million for the six months ended July 2, 2023.

For the three and six months ended July 3, 2022, Huansheng JV reported a loss for which we recorded our reportable share of \$4.1 million and \$7.2 million respectively. The income for the three months ended July 2, 2023 and lower loss for the six months ended July 2, 2023 is mainly due to lower loss attributable to the shareholder for Huansheng JV.

Net (Income) loss Attributable to Noncontrolling Interests

Three and Six Months Ended July 2, 2023 Compared to Three and Six Months Ended July 3, 2022

For the three and six months ended July 2, 2023, we attributed an insignificant amount and \$0.2 million of net income, respectively, to noncontrolling interests. The noncontrolling interests held 20% and 24.05% shareholding of our subsidiaries, SunPower Systems International Limited and SunPower Energy Systems Southern Africa (Pty) Ltd, respectively. For the three and six months ended July 3, 2022, we attributed \$0.2 million and \$0.1 million of net income, respectively, to these noncontrolling interests. The change in net income attributable to noncontrolling interests was a result of the profitability from our non-wholly owned subsidiaries.

Recent Developments

The Company's 6.5% Green Convertible Senior Notes due 2025 became convertible during the third quarter of 2023 as the circumstances for conversion set out in Section 5.01(C)(i)(1) of the indenture dated July 17, 2020 between the Company and Deutsche Bank Trust Company Americas (the "2025 Notes Indenture") have been satisfied.

On August 5, 2023, SunPower Corporation ("SunPower") delivered a written notice to the Company alleging breach of its non-circumvention obligations under the Master Supply Agreement dated February 14, 2022, as amended as of December 31, 2022 ("2022 MSA") and the Master Supply Agreement dated December 31, 2022 ("2024 MSA") (collectively, the "Master Supply Agreements"), to which we are responding by conducting a thorough investigation and providing the information, as well as taking proactive steps, requested by SunPower to cure the alleged non-compliance. On August 6, 2023, Maxeon delivered a notice of breach to SunPower for failure to make approximately \$29 million in payments required under the Master Supply Agreements for panels delivered. SunPower and Maxeon have engaged in good faith discussions and the Company intends to work collaboratively towards resolution as also contemplated under the dispute provisions of the Master Supply Agreements.

As previously disclosed in our prospectus supplement dated May 16, 2023, we estimate total capital expenditures for the planned interdigitated back contact (“IBC”) manufacturing capacity expansion to be approximately \$200 million, of which approximately \$50 million related to preparation of the facility and other long-lead time items had already been included in our prior guidance of 2023 capital expenditures. We currently expect total capital expenditures for fiscal year 2023 to range from \$150 million to \$170 million, of which approximately \$100 million relates to this IBC manufacturing capacity expansion. We anticipate that approximately \$100 million of capital expenditures will be required beyond fiscal year 2023 to complete this project.

We are supplementing our risk factors previously disclosed in our Annual Report on Form 20-F for the year ended January 1, 2023 with the following risk factors:

We derive a significant portion of our revenues from our largest customers and are subjected to concentration of credit risk. Any disagreements with our largest customers, including SunPower, can impact our revenues and our long-term relationships.

Historically, we have relied on a limited number of customers for a substantial portion of our revenue. During fiscal year 2022, SunPower accounted for 26.7% of our total revenue and 9.6% of our accounts receivable as of January 1, 2023. During the six months ended July 2, 2023, \$151.0 million or 22.7% of our revenue represented sales of solar modules to SunPower. Two other customers accounted for at least 10% of accounts receivable as of January 1, 2023 and no other customer accounted for at least 10% of revenue for fiscal year 2022. For the six months ended July 2, 2023, other than transactions with SunPower, there was one other customer who had accounted for at least 10% of revenue. The loss of any of our significant customers, their inability to perform under their agreements, their default in payment or the renegotiation of any of their agreements, could have a material and adverse effect on our financial results.

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

We entered into a supply agreement with SunPower, effective from February 14, 2022, as amended on January 5, 2023, (the “2022/2023 Supply Agreement”), which terminated and replaced the supply agreement which we entered into with SunPower in connection with the Spin-off pursuant to which we supply SunPower with IBC Modules for use in residential installations in Canada and the United States (excluding Puerto Rico, American Samoa, Guam, the Northern Mariana Islands and the U.S. Virgin Islands) (the “Domestic Territory”). On January 5, 2023, we also entered into a new supply agreement with SunPower (the “2024/2025 Supply Agreement” and together with the 2022/2023 Supply Agreement, the “SunPower Supply Agreements”) pursuant to which we will supply SunPower with Maxeon 6 IBC Modules in the Domestic Territory in 2024 and 2025. Under the SunPower Supply Agreements, SunPower is required to purchase, and we are required to supply, certain volumes of products during each calendar quarter of their respective terms. The proceeds generated under the SunPower Supply Agreements constitute a material portion of our revenues and margins, and the structure of the SunPower Supply Agreements were negotiated based on prevailing market conditions with volumes established based on SunPower’s forecasted requirements. Should market conditions change prior to the end of term of the respective SunPower Supply Agreement, the performance of our obligations thereunder may materially and adversely affect our revenues and results of operations as compared to terms available in the market with other third parties. We may be under pressure to renegotiate the contract and may be subject to the risk of renegotiation by SunPower. There is also a risk that SunPower may not be able perform its obligations under the SunPower Supply Agreements. Similar to the supply agreement executed at Spin-off, the 2022/2023 Supply Agreement (as amended) also contains fixed pricing for 2022 and 2023 based on the power output (in watts) of the IBC Module, but the pricing has been updated to reflect current market trends. The 2022/2023 Supply Agreement also provides that either party may terminate undelivered volumes of Maxeon 6 IBC Modules during 2023 if the parties fail to reach an agreement adjusting pricing in the event of fluctuations in cost of polysilicon above a specified threshold. There is no assurance that we will be able to reach an agreement on the pricing in 2023, or that the 2022/2023 Supply Agreement will not be terminated. The 2024/2025 Supply Agreement contains an indexed pricing provision that tracks five production commodities: polysilicon, aluminum, glass, transpacific container freight, and crude oil. Under this provision, the final price paid for the modules may be adjusted if actual commodities’ prices as published in the identified indices differ from agreed baseline values. In the event that adjustments to the final module price result in an increase in or discount to the final module price above certain thresholds, we or SunPower, as the case may be, may have a right to

elect to terminate the 2024/2025 Supply Agreement for convenience without penalty or damages subject to certain terms and conditions.

The SunPower Supply Agreements also contains 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. On August 5, 2023, SunPower delivered a written notice to the Company alleging breach of its non-circumvention obligations under the SunPower Supply Agreements, to which we are responding by conducting a thorough investigation and providing the information, as well as taking proactive steps, requested by SunPower to cure the alleged non-compliance. On August 6, 2023, the Company delivered a written notice of breach to SunPower for failure to make approximately \$29 million in payments required under the SunPower Supply Agreements for panels delivered. SunPower and the Company have engaged in good faith discussions and the Company intends to work collaboratively towards resolution; however, failure to cure any breach within 30 days of receiving written notice, may result in termination of the SunPower Supply Agreements.

If the parties decide to terminate either SunPower Supply Agreement or not to extend the term of either of these agreements, such termination will negatively impact our revenues in the short term and may materially impact our results of operations for an undetermined amount of time as it may take time for us to rebuild customer demand for such products in the United States.

Liquidity and Capital Resources

Current Sources of Liquidity and Capital Resources

As of July 2, 2023, we had unrestricted cash and cash equivalents of \$375.5 million, restricted cash of \$20.4 million and short-term securities representing a 6-months time deposit of \$60.0 million as compared to \$227.4 million of unrestricted cash and cash equivalents, \$40.5 million of restricted cash and short-term securities representing a 4-month time deposit of \$76.0 million as of January 1, 2023.

On May 19, 2023, the Company completed an underwritten public offering of an aggregate of to 7,490,000 ordinary shares (following the underwriters' exercise of the over-allotment option in full), including 5,620,000 ordinary shares offered by Maxeon (the "Company Offering") and 1,870,000 ordinary shares offered by an affiliate of TotalEnergies SE ("TotalEnergies") (the "TotalEnergies Offering" and, together with the Company Offering, the "Offering"), each at a price per share of of \$28.00. In addition, pursuant to a share purchase agreement, dated May 16, 2023, with an affiliate of TZE, Maxeon sold to Zhonghuan Singapore Investment and Development Pte. Ltd ("TZE SG") 1,500,000 ordinary shares at \$28.00 per share (the "TZE Private Placement"), in a private placement exempt from the registration requirements of the Securities Act of 1933, as amended, for a total investment of \$42.0 million. The net proceeds from the Company Offering and TZE Private Placement were approximately \$193.5 million after giving effect to the underwriting discounts and commissions, as well as other offering costs. The Company did not receive any proceeds from the TotalEnergies Offering.

We have collected material customer advances in connection with certain of our supply agreements we have entered into. The customer advances are amortized based on the contractually agreed upon utilization schedule at the point of transfer of control of goods to the customer. As of July 2, 2023, the customer advances included within "Contract liabilities, current portion" and "Contract liabilities, net of current portion" in our Condensed Consolidated Balance Sheets is \$173.4 million and \$156.2 million, respectively.

Material Cash Requirements

As of July 2, 2023, our outstanding debt was \$444.0 million, of which \$35.5 million and \$408.5 million was classified as short-term and long-term respectively, in our Condensed Consolidated Balance Sheets. As of January 1, 2023, our outstanding debt was \$459.2 million.

We expect total capital expenditures ranging from \$150 million to \$170 million in fiscal year 2023. As of July 2, 2023, we have committed to capital expenditures of \$111.3 million via the issuance of purchase orders relating to deliveries for and beyond the remaining fiscal year 2023. The capital expenditures mainly relate to the preparation for capacity expansion for our Maxeon 7 technology, completion of manufacturing capacity for

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

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 could result in increased expenses, collateralization and may impose new restrictive covenants.

Anticipated Sources of Funds

We believe that our current cash, cash equivalents, along with cash expected to be generated from operations will be sufficient to meet our obligations over the next 12 months. We expect that we will meet our working capital requirements and fund our committed and uncommitted capital expenditures through our current cash and cash equivalents, cash generated from operations, customer prepayments, available funds to the extent available to us under our existing debt facility which we are renewing, and additional debt or equity financing to the extent we are able to raise such funding on acceptable terms.

We expect our long-term cash requirements to be largely driven by capital expenditures and working capital requirements necessary to improve our profitability and business growth. 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, 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 from time to time to fund capital expenditures and to better position it for execution on its strategy and to weather the challenges facing the industry. However, the Company can make no assurance that it will be able to successfully obtain additional financing. The current economic environment and market conditions could limit our ability to raise capital 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 and 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 “Quantitative and Qualitative Disclosures about Market Risk” in the Annual Report on Form 20-F for the fiscal year ended January 1, 2023.

Cash Flows

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

	Six Months Ended	
	July 2, 2023	July 3, 2022
(In thousands)		
Net cash (used in) provided by operating activities	\$ (26,309)	\$ 3,698
Net cash used in investing activities	(24,814)	(39,881)
Net cash provided by financing activities	178,987	23,941

Operating Activities

Net cash used in operating activities in the six months ended July 2, 2023 was \$26.3 million and was primarily the result of: (i) increase in inventories of \$65.7 million; (ii) adjustment for non-cash remeasurement gain on Prepaid Forward of \$28.6 million; (iii) increase in accounts receivables of \$23.9 million, primarily attributable to billings and collection cycles; (iv) decrease in accounts payable and other accrued liabilities of \$13.5 million, primarily attributable to the timing of invoice payments; and (v) utilization of inventory reserves of \$10.4 million.

This was partially offset by (i) net income of \$19.0 million; (ii) an adjustment for non-cash charges of \$41.3 million related to depreciation and amortization and stock-based compensation and other non-cash charges; and (iii) \$48.7 million increase in contract liabilities arising from advance collections from customers.

Net cash provided by operating activities in the six months ended July 3, 2022 was \$3.7 million and was primarily the result of: (i) adjustment for non-cash charges of \$33.8 million related to depreciation and amortization, stock-based compensation and other non-cash charges; (ii) adjustment for non-cash remeasurement loss on Prepaid Forward of \$4.4 million; (iii) \$117.3 million increase in contract liabilities arising from advance collections from customers; (iv) \$58.1 million increase in accounts payable and other accrued liabilities, primarily attributable to the timing of invoice payments and an increase in purchases; and (v) \$34.9 million decrease in advance payment to suppliers.

This was partially offset by: (i) net loss of \$147.0 million of which \$19.0 million relates to out-of-market polysilicon cost; (ii) increase in accounts receivables of \$18.7 million, primarily attributable to billings and collection cycles; (iii) increase in inventories of \$80.0 million; and (iv) increase in prepaid and other assets of \$19.8 million due to advance payments.

Investing Activities

Net cash used in investing activities in the six months ended July 2, 2023 was \$24.8 million and was primarily due to purchase of short-term securities of \$60.0 million and capital expenditures of \$40.7 million. This was partially offset by proceeds from maturity of short-term securities of \$76.0 million.

Net cash used in investing activities in the six months ended July 3, 2022 was \$39.9 million arising from capital expenditures.

Financing Activities

Net cash provided by financing activities in the six months ended July 2, 2023 was \$179.0 million, which included \$194.2 million in net proceeds from issuance of common stock and \$114.5 million in proceeds from debt. This was partially offset by repayment of debt obligations of \$129.5 million.

Net cash provided by financing activities in the six months ended July 3, 2022 was \$23.9 million, which included \$130.0 million in proceeds from debt. This was partially offset by repayment of debt obligations of \$105.7 million.

Forward-Looking Statements

Certain statements relating to Maxeon in this document or documents incorporated by reference constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, but not limited to, statements regarding: (a) our expectations regarding pricing trends, demand and growth projections; (b) potential disruptions to our operations and supply chain that may result from epidemics, natural disasters or military conflicts, including the duration, scope and impact on the demand for our products, market disruptions from the war in Ukraine; (c) anticipated product launch timing and our expectations regarding ramp, customer acceptance and demand, upsell and expansion opportunities; (d) our expectations and plans for short- and long-term strategy, including our anticipated areas of focus and investment, market expansion, product and technology focus, and projected growth and profitability; (e) our ability to meet short term and long term material cash requirements; our ability to complete an equity or debt offering or financing at favorable terms, if at all, and our overall liquidity, substantial indebtedness and ability to obtain additional financing; (f) our technology outlook, including anticipated fab capacity expansion and utilization and expected ramp and production timelines for the Company's next-generation Maxeon 7 and Performance line solar panels, expected cost reductions, and future performance; (g) our strategic goals and plans, including capacity expansion, partnership discussions with respect to the Company's next-generation technology, and our relationship with SunPower Corporation as one of our largest customers and our relationships with our other existing customers, suppliers and partners, and our ability to achieve and maintain them; (h) our expectations regarding our future performance and revenues resulting from contracted orders, bookings, backlog, and pipelines in our sales channels and feedback from our partners; (i) our projected effective tax rate and changes to the valuation allowance related to our deferred tax assets; and (j) our third quarter and annual fiscal year 2023 guidance, including shipments, revenue, gross profit, non-GAAP gross profit, operating expenses, non-GAAP operating expenses, Adjusted EBITDA, capital expenditures, and related assumptions.

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. Among other things, the quotations from management in this press release and Maxeon's operations and business outlook contain forward-looking statements.