Maxeon Solar Technologies Announces Second Quarter 2021 Financial Results

--Shipments of 434 MW; Revenue of $176 million led by record quarter for European DG--

--DOE Loan Guarantee application submitted for 3GW manufacturing facility in the US--

SINGAPORE, Aug. 12, 2021 /PRNewswire/ -- 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 4, 2021.

Commenting on results, Maxeon's Chief Executive Officer Jeff Waters noted, "The second quarter was very productive for Maxeon. Strong execution in the Distributed Generation ("DG") market not only produced results consistent with our outlook, but also put the Company in a position to achieve even stronger sequential growth in future quarters. The European DG channel posted a record revenue quarter. In utility-scale, we remain selective based on market pricing outside the United States, but we're now seeing bidding trends that support strong 2022 growth."

Waters also commented: "Operationally we continue to optimize our manufacturing footprint and product lines, phasing out the legacy Maxeon 2 product and readying for the ramp of Maxeon 6 this year, as well as clearing the way for the build out of our Performance line capacity for the U.S. market in the first half of 2022. Additionally, our liquidity improved during the quarter with $170 million of net proceeds from our public offering and an additional $33 million in positive operating cash flows in fiscal Q2 2021. With a stronger balance sheet, strong growth indicators and continued operational progress, we at Maxeon continue to grow in our confidence in our financial transformation."

Commenting on the Company's potential launch of a manufacturing facility on U.S. soil, Waters stated: "We recently submitted to the United States Department of Energy ("DOE") Loan Programs Office an application to support the deployment of a 3 GW Performance line solar cell and module factory. Pending successful negotiation of a DOE loan guarantee and the passage of enabling legislation including the Solar Energy Manufacturing for America Act and the American Jobs in Energy Manufacturing Act of 2021, we intend to move forward with this project with the goal of starting solar panel production in the U.S. as early as 2023."

Selected Q2 Financial Summary

(In thousands, except shipments)	Fiscal Q2 2021	Fiscal Q1 2021	Fiscal Q2 2020
Shipments, in MW	434	379	428
Revenue	$ 175,895	$ 165,417	$ 165,011
Gross (loss)/profit[1]	(2,812)	1,051	(8,025)
Operating expenses	38,069	37,207	27,917
Net loss attributable to the stockholders[1]	(77,011)	(38,814)	(46,585)
Capital investments	51,703	10,958	3,753

Other Financial Data[1], [2]

(In thousands)	Fiscal Q2 2021	Fiscal Q1 2021	Fiscal Q2 2020
Non-GAAP Gross (loss)/profit	$ (2,629)	$ 1,274	$ (7,392)
Non-GAAP Operating expenses	31,200	35,067	26,626
Adjusted EBITDA	(27,341)	(25,650)	(22,823)

(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

		Three Months Ended		
(In thousands)	Financial statements item affected	July 4, 2021	April 4, 2021	June 28, 2020
Incremental cost of above market polysilicon[1]	Cost of revenue	12,538	11,618	6,345
Loss on ancillary sales of excess polysilicon[2]	Cost of revenue	2,498	1,720	1,993

(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 time, 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.

Third Quarter 2021 Outlook

For the third quarter of 2021, the Company anticipates the following results:

(In millions, except shipments)	Outlook
Shipments, in MW	580 - 640 MW
Revenue	$220 - $240
Gross loss[1]	$10 - $20
Non-GAAP gross loss[1], [2]	$10 - $20
Operating expenses	$36 ± $2
Non-GAAP operating expenses[3]	$31 ± $2
Adjusted EBITDA[1], [4]	$(30) - $(40)
Capital investments[5]	$55 - $65
Out-of-market polysilicon cost[1]	$20 - $23
Restructuring charges[3], [6]	$3 - $4

(1) Outlook for Gross loss, Non-GAAP gross loss and Adjusted EBITDA includes out-of-market polysilicon cost.
(2) The Company's Non-GAAP gross loss is impacted by the effects of adjusting for stock-based compensation expense. The Company does not provide a reconciliation between its gross loss and Non-GAAP gross loss outlook as the outlook is rounded to the nearest million and hence the adjustment does not result in a difference in Non-GAAP gross loss outlook.
(3) The Company's Non-GAAP operating expenses are impacted by the effects of adjusting for stock-based compensation expense and restructuring charges.
(4) 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 prepaid forward.
(5) Capital investments are directed mainly to upgrading production from Maxeon 2 to Maxeon 6 in our Malaysia factory, the purchase of cell and module equipment for our 1.8 GW of Performance line capacity for the U.S., as well as Maxeon 7 pilot line investment.
(6) We are in the process of closing our module factory in Toulouse, France resulting in anticipated restructuring charges. Additional restructuring charges are anticipated for the continued restructuring of our manufacturing network. The restructuring charges are included in operating expenses.

These anticipated results for the third quarter of 2021 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, the uncertainty of the continuing impact of the COVID-19 pandemic, 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 2021 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://www.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 12, 2021, at 5:30 PM U.S. ET / August 13, 2021, at 5:30 AM Singapore Time, to discuss results and to provide an update on the business. Conference call details are below.

Dial-in:
North America (toll-free): +1 (833) 301-1154
International: +1 (914) 987-7395
Singapore: +65 3165-4607
Conference ID: 5055277

A simultaneous webcast of the conference call will be available on Maxeon's website at https://corp.maxeon.com/events-and-presentations.

Listeners should dial in or log on 10 minutes in advance. A replay will be available online within 24 hours after the event.

A replay of the conference call may be accessed by phone at the following numbers until August 19, 2021. To access the replay, please reference the following numbers:

North America (toll-free): +1 (855) 859-2056 / +1 (800) 585-8367
International: +1 (404) 537-3406
Conference ID: 5055277

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 1,200 trusted partners and distributors. A pioneer in sustainable solar manufacturing, Maxeon leverages a 35-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.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements regarding: (a) our expectations regarding pricing trends, demand and growth projections; (b) potential disruptions to our operations and supply chain that may result from epidemics or natural disasters, including the duration, scope and impact on the demand for our products 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 liquidity, substantial indebtedness, and ability to obtain additional financing or renegotiate our existing financing arrangements; (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 reduction, 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) expectations regarding our future performance and revenues resulting from contracted orders, bookings, backlog, and pipelines in our sales channels; (i) expected demand and market traction for Maxeon as a result of anticipated product launches; (j) our third quarter fiscal year 2021 guidance, including shipments, revenue, gross profit, non-GAAP gross profit, operating expenses, non-GAAP operating expenses, Adjusted EBITDA, capital investments, restructuring charges, out-of-market polysilicon cost, and related assumptions; (k) our expectations regarding the potential outcome, or financial or other impact on our business, as a result of the Spin-off from SunPower Corporation; and (l) 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. 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) 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; (3) 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; (4) competition in the solar and general energy industry and downward pressure on selling prices and wholesale energy pricing; (5) our liquidity, substantial indebtedness, and ability to obtain additional financing for our projects and customers; (6) changes in public policy, including the imposition and applicability of tariffs; (7) regulatory changes or findings affecting the availability of economic incentives promoting use of solar energy and the availability of tax incentives or the imposition of tax duties; (8) fluctuations in our operating results; (9) appropriately sizing our manufacturing capacity and containing manufacturing and logistics difficulties that could arise; (10) unanticipated impact to customer demand and sales schedules due, among other factors, to the spread of COVID-19 and other environmental disasters; (11) challenges managing our acquisitions, joint ventures and partnerships, including our ability to successfully manage acquired assets and supplier relationships; (12) 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 common stock, which may negatively impact the market price of our common stock and volume of our stock trading; and (13) unpredictable outcomes resulting from our litigation activities. 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://www.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, non-GAAP operating expenses and earnings before interest, taxes, depreciation and amortization ("EBITDA") adjusted for stock-based compensation, restructuring charges and remeasurement gain on prepaid forward and physical delivery forward ("Adjusted EBITDA") to supplement our condensed consolidated and combined financial results presented in accordance with GAAP. Non-GAAP gross profit is defined as gross profit excluding stock-based compensation. Non-GAAP operating expenses is defined as operating expenses excluding stock-based compensation and restructuring charges.

We believe that non-GAAP gross profit, 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, 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 (benefits).* We incur restructuring charges related to reorganization plans aimed towards realigning resources consistent with our global strategy and improving its overall operating efficiency and cost structure. Restructuring charges 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 in the past, 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 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 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 these gains contribute to a meaningful evaluation of our past operating performance.

Reconciliation of Non-GAAP Financial Measures

	Three Months Ended		
(In thousands)	**July 4, 2021**	**April 4, 2021**	**June 28, 2020**
Gross (loss)/profit	**$ (2,812)**	**$ 1,051**	**$ (8,025)**
Stock-based compensation	183	223	633
Non-GAAP Gross (loss)/profit	**(2,629)**	**1,274**	**(7,392)**
GAAP Operating expenses	**38,069**	**37,207**	**27,917**
Stock-based compensation	(1,708)	(1,281)	(1,291)
Restructuring charges	(5,161)	(859)	—
Non-GAAP Operating expenses	**31,200**	**35,067**	**26,626**
GAAP Net loss attributable to the stockholders	**(77,011)**	**(38,814)**	**(46,585)**
Interest expense, net	7,054	7,612	6,318
(Benefit from) provision for income taxes	(1,217)	2,262	1,879
Depreciation	9,681	9,217	11,794
Amortization	65	65	1,847
EBITDA	(61,428)	(19,658)	(24,747)
Stock-based compensation	1,891	1,504	1,924
Restructuring charges	5,161	859	—
Remeasurement loss (gain) on prepaid forward	27,035	(8,355)	—
Adjusted EBITDA	**(27,341)**	**(25,650)**	**(22,823)**

Reconciliation of Non-GAAP Outlook

(In millions)	**Outlook**
	$36 ±
Operating expenses	**$2**
Stock-based compensation	(1.5)
Restructuring charges	(3.5)
	$31 ±
Non-GAAP operating expenses	**$2**

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

	As of	
	July 4, 2021	**January 3, 2021**
Assets		
Current assets		
Cash and cash equivalents	$ 266,880	$ 206,744
Restricted short-term marketable securities	1,339	1,359
Accounts receivable, net	47,749	76,702
Inventories	211,652	169,240
Advances to suppliers, current portion	50,996	43,680
Prepaid expenses and other current assets	52,658	49,470
Total current assets	**$ 631,274**	**$ 547,195**
Property, plant and equipment, net	283,568	246,908
Operating lease right of use assets	11,581	13,482
Other intangible assets, net	326	456
Advances to suppliers, net of current portion	23,020	49,228
Other long-term assets	119,500	123,074
Total assets	**$ 1,069,269**	**$ 980,343**
Liabilities and Equity		
Current liabilities		
Accounts payable	$ 169,649	$ 159,184
Accrued liabilities	76,818	77,307
Contract liabilities, current portion	40,762	20,756
Short-term debt	25,639	48,421
Operating lease liabilities, current portion	2,086	2,464
Total current liabilities	**$ 314,954**	**$ 308,132**
Long-term debt	567	962
Contract liabilities, net of current portion	36,423	33,075
Operating lease liabilities, net of current portion	10,019	12,064
Convertible debt	140,234	135,071
Other long-term liabilities	74,937	51,752
Total liabilities	**$ 577,134**	**$ 541,056**
Commitments and contingencies		
Equity		
Common stock, no par value (44,196,559 and 33,995,116 issued and outstanding as of July 4, 2021 and January 3, 2021, respectively)	$ —	$ —
Additional paid-in capital	621,013	451,474
Accumulated deficit	(124,266)	(8,441)
Accumulated other comprehensive loss	(10,943)	(10,391)
Equity attributable to the Company	485,804	432,642
Noncontrolling interests	6,331	6,645
Total equity	492,135	439,287
Total liabilities and equity	**$ 1,069,269**	**$ 980,343**

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

	Three Months Ended		Six Months Ended	
	July 4, 2021	June 28, 2020	July 4, 2021	June 28, 2020
Revenue	$ 175,895	$ 165,011	$ 341,312	$ 392,652
Cost of revenue	178,707	173,036	343,073	397,444
Gross loss	(2,812)	(8,025)	(1,761)	(4,792)
Operating expenses				
Research and development	10,165	7,041	23,195	15,612
Sales, general and administrative	22,743	20,876	46,061	45,118
Restructuring expense	5,161	—	6,020	—
Total operating expenses	38,069	27,917	75,276	60,730
Operating loss	(40,881)	(35,942)	(77,037)	(65,522)
Other income (expense), net				
Interest expense, net	(7,054)	(6,318)	(14,666)	(12,223)
Other, net	(26,900)	(1,174)	(17,456)	3,457
Other expense, net	(33,954)	(7,492)	(32,122)	(8,766)
Loss before income taxes and equity in losses of unconsolidated investees	(74,835)	(43,434)	(109,159)	(74,288)
Benefit from (provision for) income taxes	1,217	(1,879)	(1,045)	(2,347)
Equity in losses of unconsolidated investees	(3,805)	(889)	(5,935)	(644)
Net loss	(77,423)	(46,202)	(116,139)	(77,279)
Net loss (income) attributable to noncontrolling interests	412	(383)	314	(1,055)
Net loss attributable to the stockholders	$ (77,011)	$ (46,585)	$ (115,825)	$ (78,334)
Net loss per share attributable to stockholders:				
Basic	$ (1.99)	$ (2.19)	$ (3.36)(*)	$ (3.68)
Diluted	(1.99)	(2.19)	(3.36)(*)	(3.68)
Weighted average shares used to compute net loss per share:				
Basic	38,639	21,265	34,483(*)	21,265
Diluted	38,639	21,265	34,483(*)	21,265

(*) Reflective of an error correction to the net loss per share in our first quarter Form 6-K furnished to the SEC on May 20, 2021. This was due to 3.8 million shares related to the physical delivery forward transaction that had been erroneously included in the weighted average shares used to compute net loss per share for the quarter ended April 4, 2021. The revised net loss per share for the quarter ended April 4, 2021 is $(1.28), instead of the reported $(1.14).

MAXEON SOLAR TECHNOLOGIES, LTD.
CONDENSED CONSOLIDATED AND COMBINED STATEMENTS OF EQUITY
(unaudited)
(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 January 3, 2021	33,995	$ —	$ 451,474	$ —	$ (8,441)	$ (10,391)	$ 432,642	$ 6,645	$ 439,287
Net loss	—	—	—	—	(38,814)	—	(38,814)	98	(38,716)
Issuance of common stock for stock-based compensation, net of tax withheld	229	—	(2,550)	—	—	—	(2,550)	—	(2,550)
Recognition of stock-based compensation	—	—	1,570	—	—	—	1,570	—	1,570
Other comprehensive income	—	—	—		—	(79)	(79)	—	(79)
Balance at April 4, 2021	34,224	$ —	$ 450,494	$ —	$ (47,255)	$ (10,470)	$ 392,769	$ 6,743	$ 399,512
Net loss	—	$ —	$ —	$ —	$ (77,011)	$ —	$ (77,011)	$ (412)	$ (77,423)
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	57	—	(1,262)	—	—	—	(1,262)	—	(1,262)
Recognition of stock-based compensation	—	—	2,097	—	—	—	2,097	—	2,097
Other comprehensive income	—	—	—	—	—	(473)	(473)	—	(473)
Balance at July 4, 2021	44,197	—	621,013	—	(124,266)	(10,943)	485,804	6,331	492,135

	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 29, 2019	—	$ —	$ —	$ 369,837	$ —	$ (7,618)	$ 362,219	$ 5,304	$ 367,523
Net loss	—	—	—	(31,749)	—	—	(31,749)	672	(31,077)
Other comprehensive income	—	—	—	—	—	1,612	1,612	—	1,612
Net Parent contribution	—	—	—	35,958	—	—	35,958	—	35,958
Balance at March 29, 2020	—	$ —	$ —	$ 374,046	$ —	$ (6,006)	$ 368,040	$ 5,976	$ 374,016
Net loss	—	—	—	(46,585)	—	—	(46,585)	383	(46,202)
Other comprehensive income	—	—	—	—	—	93	93	—	93
Net Parent contribution	—	—	—	(19,585)	—	—	(19,585)	—	(19,585)
Balance at June 28, 2020	—	$ —	$ —	$ 307,876	$ —	$ (5,913)	$ 301,963	$ 6,359	$ 308,322

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

	Six Months Ended	
	July 4, 2021	June 28, 2020

Cash flows from operating activities		
Net loss	$ (116,139)	$ (77,279)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	19,028	28,374
Stock-based compensation	3,393	3,813
Non-cash interest expense	7,175	10,408
Equity in losses of unconsolidated investees	5,935	644
Deferred income taxes	721	848
Gain on equity investments	—	(1,281)
Loss on retirement of property, plant and equipment	1,045	—
Remeasurement loss on prepaid forward	18,680	—
Other, net	(777)	2,222
Changes in operating assets and liabilities		
Accounts receivable	29,089	62,006
Contract assets	172	(831)
Inventories	(42,119)	7,872
Prepaid expenses and other assets	(5,040)	699
Operating lease right-of-use assets	1,236	1,273
Advances to suppliers	18,892	12,028
Accounts payable and other accrued liabilities	(5,250)	(74,777)
Contract liabilities	47,540	(51,245)
Operating lease liabilities	(1,459)	(984)
Net cash used in operating activities	(17,878)	(76,210)
Cash flows from investing activities		
Purchases of property, plant and equipment	(62,661)	(9,499)
Cash paid for disposal of property, plant and equipment	(148)	—
Proceeds from dividends and partial return of capital by an unconsolidated investee	—	2,462
Net cash used in investing activities	(62,809)	(7,037)

	Six Months Ended	
	July 4, 2021	**June 28, 2020**
Cash flows from financing activities		
Proceeds from debt	97,243	100,562
Repayment of debt	(119,927)	(104,185)
Repayment of finance lease obligations	(358)	(356)
Payment for tax withholding obligations for issuance of common stock upon vesting of restricted stock units	(3,812)	—
Net proceeds from issuance of common stock	169,684	—
Net Parent contribution	—	1,617
Net cash provided by (used in) financing activities	142,830	(2,362)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	26	2,450
Net increase (decrease) in cash, cash equivalents and restricted cash	62,169	(83,159)
Cash, cash equivalents and restricted cash, beginning of period	209,572	123,803
Cash, cash equivalents and restricted cash, end of period	$ 271,741	$ 40,644
Non-cash transactions		
Property, plant and equipment purchases funded by liabilities	$ 20,947	$ 4,217
Cost from issuance of common stock paid in shares	1,078	—
Interest expense financed by SunPower	—	8,500
Aged supplier financing balances reclassified from accounts payable to short-term debt	—	23,933

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 and Combined Statements of Cash Flows as of July 4, 2021 and June 28, 2020:

(In thousands)	**July 4, 2021**	**June 28, 2020**
Cash and cash equivalents	$ 266,880	$ 37,628
Restricted cash, current portion, included in Prepaid expenses and other current assets	4,335	3,014
Restricted cash, net of current portion, included in Other long-term assets	526	2
Total cash, cash equivalents and restricted cash shown in Condensed Consolidated and Combined Statements of Cash Flows	$ 271,741	$ 40,644

SOURCE Maxeon Solar Technologies, Ltd.

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