Maxeon Solar Technologies Announces Third Quarter 2023 Financial Results

--\$228 Million Revenue, \$2.7 Million Gross Income--

--SunPower Dispute Settled--

SINGAPORE, Nov. 15, 2023 /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 third quarter ended October 1, 2023.

Maxeon's Chief Executive Officer Bill Mulligan noted, "As indicated in our preliminary results announcement of our third quarter financials, the third quarter was significantly impacted by the absence of shipments to SunPower for a majority of the quarter as well as by the industry-wide supply and demand imbalance in Europe. Maxeon has responded by taking decisive action to adjust its market focus and manufacturing footprint to reposition Maxeon for success."

Continued Mulligan, "We are increasingly focused on the favorable landscape for our US utility-scale products. In early October, we announced our plan to build a TOPCon pilot line in our Malaysian Fab 3. We believe that this will accelerate and de-risk the ramp of our planned solar cell manufacturing facility in New Mexico, which we have decided to expand from 3.0 to 3.5 GW of capacity. Engineering and pre-construction work are on track, and we have hired several key leadership positions, including human resources, facilities, and a site General Manager. Negotiations on offtake contracts are progressing per plan, and we are closely engaged with the Department of Energy Loan Program Office to complete the loan process. We expect to announce material updates on both the product offtake and financing fronts by our fourth quarter 2023 earnings call."

"In DG, our business was negatively impacted by SunPower falling behind on payments, which caused Maxeon to suspend shipments to them starting in July. I am pleased to announce that we have reached a settlement with SunPower that has allowed us to resume shipments, while mutually releasing all outstanding claims. The settlement calls for SunPower to purchase 85 MW of IBC panels at contracted pricing through February 2024 and to post a \$30 million payment security bond. Under the settlement terms, both existing supply agreements with SunPower will be terminated. The settlement also contemplates Maxeon receiving a warrant to purchase 1.7 million shares of SunPower's common stock, resolves outstanding claims and contract breaches, and ends constraints on Maxeon product sales to SunPower installers at the end of this quarter, clearing the way for Maxeon to aggressively ramp sales into the US market by leveraging its acquisition of Solaria Corporation and accelerated ramp plans for Maxeon 7 capacity."

"We expect 2024 to be a pivotal year for Maxeon. Our US utility-scale business is expected to contribute material margins for the first time since we entered the market in 2022, and we plan to break ground on our transformational New Mexico Facility. Efforts to restructure and rejuvenate the DG business are in full gear, and we project to exit the year with a portfolio of our latest-generation products, gross margins into the teens and decreased customer concentration."

Selected Q3 Unaudited Financial Summary

| (In thousands, except shipments) | Fisc | cal Q3 2023 | Fisc | cal Q2 2023 | ı | Fiscal Q3 2022 | | |
|------------------------------------|------|-------------|------|-------------|----|----------------|--|--|
| Shipments, in MW | | 628 | | 807 | | 605 | | |
| Revenue | \$ | 227,630 | \$ | 348,373 | \$ | 275,449 | | |
| Gross profit (loss) ⁽¹⁾ | | 2,728 | | 56,223 | | (15,747) | | |
| GAAP Operating expenses | | 66,562 | | 47,830 | | 41,196 | | |
| GAAP Net loss attributable to the | | | | | | | | |
| stockholders ⁽¹⁾ | | (108,257) | | (1,509) | | (44,691) | | |
| Capital expenditures | | 15,127 | | 24,169 | | 16,110 | | |

| | Other Financial Data ^{(1), (2)} | | | | | | | | | | |
|--|--|-------------|----|----------------|----|----------------|--|--|--|--|--|
| (In thousands) | Fis | cal Q3 2023 | | Fiscal Q2 2023 | | Fiscal Q3 2022 | | | | | |
| Non-GAAP Gross profit (loss) Non-GAAP Operating | \$ | 2,728 | \$ | 56,748 | \$ | (15,492) | | | | | |
| expenses | | 37,535 | | 40,883 | | 34,651 | | | | | |
| Adjusted EBITDA | | (19,923) | | 30,240 | | (34,501) | | | | | |

- (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 | October 1, 2023 | July 2, 2023 | October 2, 2022 |
|----------------------------------|------------------------------------|--------------------|-----------------|--------------------|
| Incremental cost of above market | anecteu | 2023 | 2023 | 2022 |
| polysilicon ⁽¹⁾ | Cost of revenue | 104 | 184 | 603 |

⁽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.

Fourth Quarter 2023 and Fiscal Year 2023 Outlook

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

| (In millions, except shipments) | Outlook |
|---------------------------------------|---------------|
| Shipments, in MW | 610 - 650 |
| Revenue ⁽⁵⁾ | \$220 - \$260 |
| Gross loss ⁽⁵⁾ | \$5 - \$15 |
| Non-GAAP gross loss ⁽¹⁾⁽⁵⁾ | \$5 - \$15 |
| Operating expenses | \$113 ± \$4 |
| Non-GAAP operating | |
| expenses ⁽²⁾ | \$38 ± \$2 |
| (0)(5) | \$(27) - |
| Adjusted EBITDA ⁽³⁾⁽⁵⁾ | \$(37) |
| Capital expenditures ⁽⁴⁾ | \$10 - \$20 |

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

- Revenue to be within a range of \$1,114 million to \$1,154 million.
- Adjusted EBITDA to be within a range of\$4 million to \$14 million.
- Capital expenditures⁽⁴⁾ to be within a range of \$66 million to \$76 million.
- (1) The Company's Non-GAAP gross loss 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 relate to the conversion of our Fab 4 in the Philippines to our new Maxeon 7 technology and remaining payments to the equipment suppliers of the Performance series lines in Malaysia and Mexico for the US utility segment. We are also investing into development of our next generation cell technology (Maxeon 8), in addition to the various programs to enhance our IT infrastructure and security, as well as to support the Beyond the Panel offering. The above also includes capital expenditures for preparatory activities in connection with the investment plan to deploy a multi-GW factory in the United States to manufacture solar products for the utility-scale power plant market.
- (5) The Company's Shipment, Revenue, Gross loss, Non-GAAP gross loss and Adjusted EBITDA has included transactions with SunPower based on the contracted volume pursuant to the settlement agreement.

These anticipated results for the fourth 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 third 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 onNovember 15, 2023, at 5:00 PM U.S. ET /November 16, 2023, at 6:00 AM Singapore Time, to discuss results and to provide an update on the business.

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

A simultaneous audio-only webcast of the conference call 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 inSingapore, 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 over 1,600 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 and the Israel-Hamas conflict; (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, implementation of restructuring plans 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 our 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 fourth quarter and annual fiscal year 2023 guidance, including shipments, revenue, gross loss, non-GAAP gross loss, 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 and the Israel-Hamas conflict; (5) our ability to manage our key customers and suppliers, including the impact of the termination of the supply agreements with one of the Company's biggest customers, SunPower Corporation; (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 and the Israel-Hamas conflict, 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 (charges and fees) benefits, remeasurement (loss) gain on prepaid forward and physical delivery forward and equity in losses (income) 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 (charges and fees) benefits.

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 (charges and fees) benefits. We incur restructuring (charges and fees) benefits related to reorganization plans and business
 acquisition aimed towards realigning resources consistent with our global strategy and improving its overall operating efficiency and cost
 structure. Restructuring (charges and fees) benefits are excluded from non-GAAP operating expenses and Adjusted EBITDA because they are
 not considered core operating activities. Although we have engaged in restructuring activities and initiatives, past activities have been discrete
 events based on unique sets of business objectives. As such, management believes that it is appropriate to exclude restructuring (charges and
 fees) benefits 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 o\\$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 loss (gain) on prepaid forward and physical delivery forward is excluded from Adjusted EBITDA because it is not considered core operating activities. As such, management believes that it is appropriate to exclude 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 (losses) income of unconsolidated investees This relates to the (loss) income 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.

Reconciliation of Non-GAAP Financial Measures

| | | Three Months Ended | |
|--|-----------------|--------------------|-----------------|
| (In thousands) | October 1, 2023 | July 2, 2023 | October 2, 2022 |
| Gross profit (loss) | \$ 2,728 | \$ 56,223 | \$ (15,747) |
| Stock-based compensation | _ | 525 | 255 |
| Non-GAAP Gross profit (loss) | 2,728 | 56,748 | (15,492) |
| GAAP Operating expenses | 66,562 | 47,830 | 41,196 |
| Stock-based compensation | (4,888) | (7,071) | (5,918) |
| Restructuring (charges and fees) benefits | (24,139) | 124 | (627) |
| Non-GAAP Operating expenses | 37,535 | 40,883 | 34,651 |
| GAAP Net loss attributable to the stockholders | (108,257) | (1,509) | (44,691) |
| Interest expense, net | 7,734 | 8,903 | 8,035 |
| (Benefit from) provision for income taxes | (2,554) | 5,893 | 2,399 |
| Depreciation | 14,495 | 14,546 | 13,845 |
| Amortization | 38 | 45 | 50 |
| EBITDA | (88,544) | 27,878 | (20,362) |
| Stock-based compensation | 4,888 | 7,596 | 6,173 |
| Restructuring charges and fees (benefits) | 24,139 | (124) | 627 |
| Remeasurement loss (gain) on prepaid forward | 37,137 | (4,718) | (24,521) |
| Equity in losses (income) of unconsolidated | | | |
| investees | 2,457 | (392) | 3,582 |
| Adjusted EBITDA | (19,923) | 30,240 | (34,501) |

Reconciliation of Non-GAAP Outlook

| Outlook |
|-------------|
| \$5 - \$15 |
| _ |
| \$5 - \$15 |
| |
| \$113 ± \$4 |
| \$(5) |
| \$(70) ± 2 |
| \$38 ± \$2 |
| |

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

October 1, 2023 January 1, 2023 **Assets** Current assets: Cash and cash equivalents \$ 208,100 227,442 \$ 60.000 76,000 Short-term securities 968 Restricted short-term marketable securities 91,332 54,301 Accounts receivable, net Inventories 386,140 303,230 Advances to suppliers, current portion 1,407 2,137 Prepaid expenses and other current assets 92,383 126,971 **Total current assets** 839.362 791.049 Property, plant and equipment, net 357,993 380,468 17,844 Operating lease right of use assets 24,821 Other intangible assets, net 276 291 10,348 Deferred tax assets 10,239 Other long-term assets 68,057 60.418 \$ 1,300,748 1,260,418 **Total assets** Liabilities and Equity Current liabilities: Accounts payable \$ 180.929 247.870 Accrued liabilities 101,745 135,157 204,494 Contract liabilities, current portion 139,267 50,526 Short-term debt 23,434 Operating lease liabilities, current portion 5,946 3,412 **Total current liabilities** \$ 516,548 576,232 Long-term debt 1,314 1,649 Contract liabilities, net of current portion 125,353 161,678 Operating lease liabilities, net of current portion 20.649 15.603 Convertible debt 383,788 378,610 Deferred tax liabilities 14,913 14,333 Other long-term liabilities 63,203 63,663 1,212,348 \$ 1,125,188 **Total liabilities** Commitments and contingencies Equity: Common stock, no par value (52,780,052 and 45,033,027 issued and outstanding as October 1, 2023 and January 1, 2023, respectively) \$ \$ 584,808 Additional paid-in capital 795,218 Accumulated deficit (609,758)(520, 263)Accumulated other comprehensive loss (15,610)(22,108)Equity attributable to the Company 169,850 42,437

MAXEON SOLAR TECHNOLOGIES, LTD. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

(In thousands, except per share data)

| | | Three Mor | nths En | ded | Nine Months Ended | | | | | | |
|---|----|---------------|---------|---------------|-------------------|--------------|----|---------------|--|--|--|
| | Oc | tober 1, 2023 | Oc | tober 2, 2022 | Octo | ober 1, 2023 | Oc | tober 2, 2022 | | | |
| Revenue | \$ | 227,630 | \$ | 275,449 | \$ | 894,335 | \$ | 736,610 | | | |
| Cost of revenue | | 224,902 | | 291,196 | | 781,759 | | 804,645 | | | |
| Gross profit (loss) | | 2,728 | - | (15,747) | - | 112,576 | | (68,035) | | | |
| Operating expenses: | | | | | | | | | | | |
| Research and development | | 11,627 | | 11,968 | | 35,715 | | 38,278 | | | |
| Sales, general and administrative | | 31,771 | | 29,143 | | 97,291 | | 74,414 | | | |
| Restructuring charges | | 23,164 | | 85 | | 23,307 | | 1,615 | | | |
| Total operating expenses | | 66,562 | - | 41,196 | - | 156,313 | | 114,307 | | | |
| Operating loss | | (63,834) | | (56,943) | | (43,737) | | (182,342) | | | |
| Other (expense) income, net | | | | <u> </u> | | | | <u> </u> | | | |
| Interest expense | | (10,464) | | (8,821) | | (32,337) | | (19,544) | | | |
| Other, net | | (34,174) | | 27,267 | | (1,210) | | 25,391 | | | |
| Other (expense) income, net | | (44,638) | | 18,446 | | (33,547) | | 5,847 | | | |
| Loss before income taxes and equity in losses of | | | | _ | | | | | | | |
| unconsolidated investees | | (108,472) | | (38,497) | | (77,284) | | (176,495) | | | |
| Benefit from (provision for) income taxes | | 2,554 | | (2,399) | | (9,323) | | (4,161) | | | |
| Equity in losses of unconsolidated investees | | (2,457) | | (3,582) | | (2,811) | | (10,784) | | | |
| Net loss | | (108,375) | | (44,478) | | (89,418) | | (191,440) | | | |
| Net loss (income) attributable to noncontrolling | | | | | | | | | | | |
| interests | | 118 | | (213) | | (77) | | (283) | | | |
| Net loss attributable to the stockholders | \$ | (108,257) | \$ | (44,691) | \$ | (89,495) | \$ | (191,723) | | | |
| Net loss per share attributable to stockholders: | | | | | | | | | | | |
| Basic and diluted | \$ | (2.21) | \$ | (1.09) | \$ | (1.98) | \$ | (4.70) | | | |
| Weighted average shares used to compute net loss per share: | | | | | | | | | | | |
| Basic and diluted | | 48,925 | | 40,951 | | 45,157 | | 40,818 | | | |

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

| | Shares | Am | ount | Δ | Additional Paid In Capital | Ac | cumulated Deficit | cumulated Other nprehensive Loss | Equity attributable to the Company | No | oncontrolling Interests | To | tal Equity |
|--|-------------|----|------|----|----------------------------------|----|----------------------|---|---|----|----------------------------|----|------------------|
| Balance at January 1, 2023 Net income Issuance of common stock for stock- based | 45,033 — | \$ | _ | \$ | 584,808 — | \$ | (520,263) 20,271 | \$ (22,108) | \$ 42,437 20,271 | \$ | 5,633 147 | \$ | 48,070 20,418 |
| compensation, net of tax withheld Recognition of stock-based | 377 | | _ | | _ | | - | _ | _ | | _ | | _ |
| 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 Issuance of | 7,120 | _ | 193,491 | _ | _ | 193,491 | _ | 193,491 |
| common stock for stock- | | | | | | | | |
| based compensation, | | | | | | | | |
| net of tax withheld | 116 | _ | _ | _ | _ | _ | _ | _ |
| Recognition of stock-based | | | | | | | | |
| compensation Other | _ | _ | 6,980 | _ | _ | 6,980 | _ | 6,980 |
| comprehensive loss | | | | | (65) | (65) | | (65) |
| Balance at July 2, 2023 | 52,646 | _ | 789,312 | (501,501) | (20,546) | 267,265 | 5,828 | 273,093 |
| Net loss Issuance of | _ | _ | _ | (108,257) | _ | (108,257) | (118) | (108,375) |
| common stock for stock- based | | | | | | | | |
| compensation, net of tax | | | | | | | | |
| withheld Recognition of | 134 | _ | _ | _ | _ | _ | _ | _ |
| stock-based compensation | _ | _ | 5,906 | _ | _ | 5,906 | _ | 5,906 |
| Other comprehensive | | | | | | | | |
| income | | | | | 4,936 | 4,936 | | 4,936 |
| Balance at October 1, 2023 | 52,780 | _ | 795,218 | (609,758) | (15,610) | 169,850 | 5,710 | 175,560 |
| 2023 | 52,700 | | 733,210 | (003,730) | (13,010) | 103,030 | 3,710 | 173,300 |

| | Shares | Amount | Additional Paid In Capital | cumulated Deficit | Other mprehensive Loss | _ | Equity Attributable to the Company | No | ncontrolling Interests | То | tal Equity |
|---|--------|--------|----------------------------------|--------------------------|------------------------|----|---|----|---------------------------|----|----------------------|
| Balance at January 2, 2022 Effect of | 44,247 | \$ — | \$ 624,261 | \$ (262,961) | \$ (11,844) | \$ | 349,456 | \$ | 5,419 | \$ | 354,875 |
| adoption of ASU 2020-06 Net loss Issuance of | _ | = | (52,189) — | 10,122 (59,112) | | | (42,067) (59,112) | | — (85) | | (42,067) (59,197) |
| common stock for stock- based compensation, | | | | | | | | | | | |
| net of tax withheld Distribution to | 354 | _ | (2) | _ | _ | | (2) | | _ | | (2) |
| noncontrolling interest Recognition of | _ | _ | _ | _ | _ | | _ | | (64) | | (64) |
| 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 | 1,208 |
| Net (loss) income Issuance of common stock for stock- based compensation, net of tax | _ | _ | _ | (87,920) | _ | (87,920) | 155 | (87 | 7,765) |
| withheld Recognition of stock-based | 108 | _ | (21) | _ | _ | (21) | _ | | (21) |
| compensation Other | _ | _ | 2,844 | _ | _ | 2,844 | _ | 2 | 2,844 |
| comprehensive loss | _ | _ | _ | _ | (755) | (755) | _ | | (755) |
| Balance at July 3, 2022 | 44,709 | _ | 576,359 | (399,871) | (13,402) | 163,086 | 5,425 | 168 | 3,511 |
| Net (loss) income Issuance of common stock for stock- based compensation, | _ | _ | _ | (44,691) | _ | (44,691) | 213 | (44 | ,478) |
| net of tax withheld Recognition of | 288 | | (233) | _ | _ | (233) | _ | | (233) |
| stock-based compensation Other | _ | _ | 5,272 | _ | _ | 5,272 | _ | 5 | 5,272 |
| comprehensive income | | | | | 1,406 | 1,406 | | 1 | 1,406 |
| Balance at October 2, 2022 | 44,997 | <u> </u> | 581,398 | (444,562) | (11,996) | 124,840 | 5,638 | 130 |),478 |

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

| | Nine Months Ended | | | |
|---|-------------------|-----------|-----------------|-----------|
| | October 1, 2023 | | October 2, 2022 | |
| Cash flows from operating activities | | | | |
| Net loss | \$ | (89,418) | \$ | (191,440) |
| Adjustments to reconcile net loss to operating cash flows | | | | |
| Depreciation and amortization | | 43,579 | | 42,263 |
| Stock-based compensation | | 17,145 | | 11,015 |
| Non-cash interest expense | | 7,042 | | 4,735 |
| Equity in losses of unconsolidated investees | | 2,811 | | 10,784 |
| Deferred income taxes | | (472) | | 2,540 |
| Loss on impairment of property, plant and equipment | | 442 | | _ |
| Loss on disposal of property, plant and equipment | | 33 | | 260 |
| Remeasurement loss (gain) on prepaid forward | | 8,570 | | (20,137) |
| Gain on liquidation of subsidiaries | | _ | | (235) |
| (Utilization of) provision for inventory reserves | | (1,351) | | 25,899 |
| Other, net | | 63 | | 886 |
| Changes in operating assets and liabilities | | | | |
| Accounts receivable | | (37,353) | | (20,150) |
| Inventories | | (110,646) | | (113,883) |
| Prepaid expenses and other assets | | 5,498 | | (22,907) |
| Operating lease right-of-use assets | | 3,766 | | 2,104 |

| Advances to suppliers | | 730 | | 37,892 |
|---|----|-----------|----|-----------|
| Accounts payable and other accrued liabilities | | (52,808) | | 68,609 |
| Contract liabilities | | 27,404 | | 127,814 |
| Operating lease liabilities | | (2,917) | | (2,341) |
| Net cash used in operating activities | - | (177,882) | - | (36,292) |
| Cash flows from investing activities | - | | | |
| Purchases of property, plant and equipment | | (55,796) | | (56,023) |
| Purchases of intangible assets | | (136) | | (41) |
| Proceeds from maturity of short-term securities | | 76,000 | | _ |
| Purchase of short-term securities | | (60,000) | | (76,000) |
| Purchase of restricted short-term marketable securities | | (10) | | _ |
| Proceeds from maturity of restricted short-term marketable securities | | 971 | | _ |
| Proceeds from disposal of property, plant and equipment | | _ | | 33 |
| Net cash used in investing activities | - | (38,971) | - | (132,031) |
| Cash flows from financing activities | - | | | |
| Proceeds from debt | | 148,992 | | 196,388 |
| Repayment of debt | | (175,942) | | (171,141) |
| Repayment of finance lease obligations | | (477) | | (433) |
| Payment for tax withholding obligations for issuance of common stock upon vesting of restricted | | | | |
| stock units | | _ | | (257) |
| Net proceeds from issuance of convertible debt | | _ | | 188,812 |
| Net proceeds from issuance of common stock | | 193,531 | | _ |
| Distribution to noncontrolling interest | | _ | | (64) |
| Net cash provided by financing activities | | 166,104 | | 213,305 |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | | 124 | | 348 |
| Net (decrease) increase in cash, cash equivalents and restricted cash | | (50,625) | | 45,330 |
| Cash, cash equivalents and restricted cash, beginning of period | | 267,961 | | 192,232 |
| Cash, cash equivalents and restricted cash, end of period | \$ | 217,336 | \$ | 237,562 |
| Non-cash transactions | | | | |
| Property, plant and equipment purchases funded by liabilities | \$ | 10,158 | \$ | 40,154 |
| Property, plant and equipment obtained through capital lease | | _ | | 2,127 |
| Right-of-use assets obtained in exchange for lease obligations | | 10,743 | | 4,778 |
| | | | | |

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 October 1, 2023 and October 2, 2022:

| (In thousands) | Octo | ber 1, 2023 | October 2, 2022 | | |
|---|------|-------------|-----------------|---------|--|
| Cash and cash equivalents | \$ | 208,100 | \$ | 199,085 | |
| Restricted cash, current portion, included in Prepaid expenses and other current assets | | 9,234 | | 35,968 | |
| Restricted cash, net of current portion, included in Other long-term assets | | 2 | | 2,509 | |
| Total cash, cash equivalents and restricted cash shown in Condensed Consolidated Statements of Cash Flows | \$ | 217,336 | \$ | 237,562 | |

SOURCE Maxeon Solar Technologies, Ltd.

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https://mediaroom.maxeon.com/2023-11-15-Maxeon-Solar-Technologies-Announces-Third-Quarter-2023-Financial-Results