

# FINANCIAL OVERVIEW



**Joanne Solomon**  
Chief Financial Officer

**maxeon**

# SAFE HARBOR STATEMENT

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements regarding the anticipated spin-off of Maxeon, the timing, certainty, and anticipated benefits of the transaction, and our expectations for future financial and operational performance. These forward-looking statements are based on our current assumptions, expectations and beliefs and involve substantial risks and uncertainties that may cause results, performance or achievement to materially differ from those expressed or implied by these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to: (a) our expectations regarding pricing trends, demand and growth projections; (b) anticipated product launch timing and our expectations regarding ramp, customer acceptance, upsell and expansion opportunities; (c) 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; (d) our upstream technology outlook, including anticipated fab utilization and expected ramp and production timelines for our Maxeon 5 and 6, next-generation Maxeon 7 and Performance Line solar panels, expected cost reduction, future performance, and projected energy output; (e) our strategic goals and plans, including partnership discussions with respect to our next generation technology, and our ability to achieve them; (f) our financial plans; (g) our expectation that the spin-off takes place as contemplated or at all; and (h) our expectations regarding the potential outcome, or financial or other impact on us or any of our businesses, of the spin-off, or regarding potential future sales or earnings of us or any of our businesses or potential shareholder returns. A detailed discussion of these factors and other risks that affect our business is included in Maxeon's registration statement on Form 20-F on file with the Securities and Exchange Commission (SEC), particularly under the heading "Risk Factors." All forward-looking statements in this presentation 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.

# PATH TO GROWING PROFITABILITY

## 2019 and 2020

- INVESTMENT IN DG CHANNEL AND CAPEX EFFICIENT JV LED TO **STRONG 2019 GROWTH** IN EU, ASIA, AND US
- **GROSS MARGIN IMPROVED SIGNIFICANTLY** THROUGH STRONG ASPs AND START OF OPERATIONAL TRANSFORMATION
- **GREW PREMIUM POSITION** THROUGH INTRODUCTION OF MAXEON® 5
- COVID-19 IMPACT BEGAN in Q2 2020

### Historical Financials 2019

|                 |                         |
|-----------------|-------------------------|
| Revenue Growth  | 31%                     |
| Gross Margin    | 0% <sup>(1)</sup>       |
| Adjusted EBITDA | (\$83.1) <sup>(1)</sup> |

## Tomorrow

- PREMIUM BRAND AND CHANNEL DRIVE EXPANSION OF PORTFOLIO **BEYOND THE PANEL** AND INTO **MORE MARKETS**
- **PROFIT GROWTH** AND **CAPITAL EFFICIENCY** THROUGH JV EXPANSION AND NEXT GEN MAXEON IBC TECHNOLOGY
- **IMPROVED COST STRUCTURE** THROUGH TZS SUPPLY CHAIN RELATIONSHIPS AND SHIFT OF OPEX TO ASIA
- SUNSET OF OUT OF MARKET POLY SUPPLY CONTRACT

### Target Business Model

|                 |       |
|-----------------|-------|
| Revenue Growth  | > 20% |
| Gross Margin    | > 15% |
| Adjusted EBITDA | > 12% |

(1) Includes loss of \$145 million from long-term polysilicon contract

# PRO FORMA CAPITAL STRUCTURE AS OF 3/29/2020

**\$ in Millions**

|                                       | <b>MAXN<br/>HISTORICAL<br/>03/29/2020</b> | <b>PRO FORMA<br/>ADJUSTMENTS<br/>(MAXN SEPARATION<br/>AND SPINOFF)</b> | <b>PRO FORMA<br/>ADJUSTMENTS<br/>(FINANCING)</b> | <b>PRO FORMA<br/>MAXN</b> |
|---------------------------------------|---|--|--|---------------------------|
| Debt                                  | \$48                                      | (\$10) <sup>1</sup>  |  | \$38                      |
| Convertible Senior Notes              | -   |  | \$200  | \$200                     |
| <b>Total Debt</b>                     | <b>\$48</b>                               | <b>(\$10)<sup>1</sup></b>  | <b>\$200</b>                                     | <b>\$238</b>              |
| <b>Total Cash and Cash Equivalent</b> | <b>\$56</b>                               | <b>\$167<sup>2</sup></b>   | <b>\$151<sup>3</sup></b>                         | <b>\$374</b>              |

At spinoff, MAXN is expected to have \$137 million undrawn term loans and revolving credit/working capital facilities

1. Adjustments to target \$38 million debt balance at closing of the Spinoff. 2. -\$6 million adjustment to target \$50 million cash balance, less repayment of \$100 million promissory note from Maxeon to SunPower, plus \$298 million investment from TZS, less reimbursement of \$25 million transaction expenses to SunPower at closing of the Spinoff. 3. Includes proceeds from \$200 million Green Convertible Senior Notes offering, minus issuance fees and expenses of \$9 million and \$40 million payment to fund a prepaid forward facility to facilitate the Green Convertible Senior Notes Offering.

# MAXEON BALANCE SHEET

## Available Liquidity

- \$50 million cash at spinoff
- TZS Equity investment of \$298 million
- \$200 million expected gross proceeds from Green Convertible Senior Notes (Net of \$151 million after paying for the \$40 million Prepaid Forward and \$9 million issuance fees and expenses)
- \$137 million from expected working capital facilities and term loans

## Capital Investment

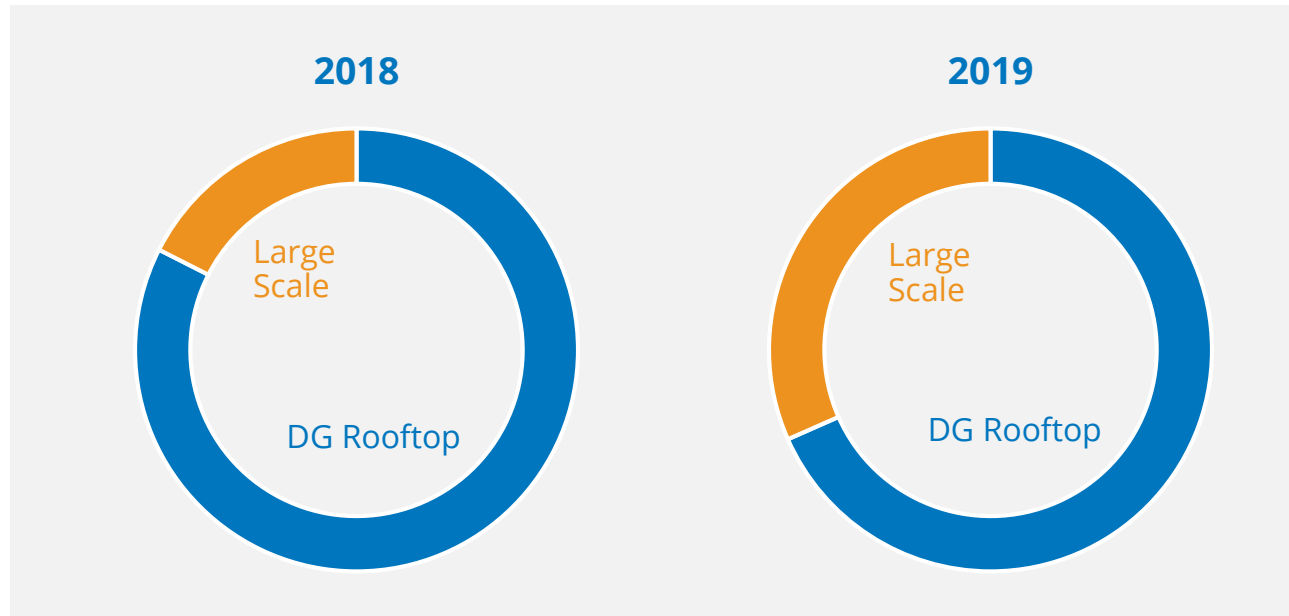
- Maxeon IBC product
- Performance Line (through an investment in HSPV JV)
- Research and development and other
- Expected investment 2020 – \$75 million, 2021 – \$160 million, 2022 – \$150 million

## Key Debt and Other Liabilities

- \$200 million expected Green Convertible Senior Notes
- \$137 million expected working capital facilities and term loans
- \$100 million promissory note (will be paid off at closing of the Spinoff)
- Legacy Hemlock contract polysilicon obligations. Net obligation to Hemlock is \$220M, of which \$160M is estimate of the above market pricing of the obligation

# MAXEON SOLAR – END MARKETS

\$ in Millions



## 2019 vs 2018: +30% revenue growth

- **DG:** strong partner network in Europe and Australia; **Exclusive supply contract** with New SunPower; **IBC and P-series**
- **Power Plant:** **Rapidly increasing sales into ROW markets**, outperforming competition in the French CRE segment

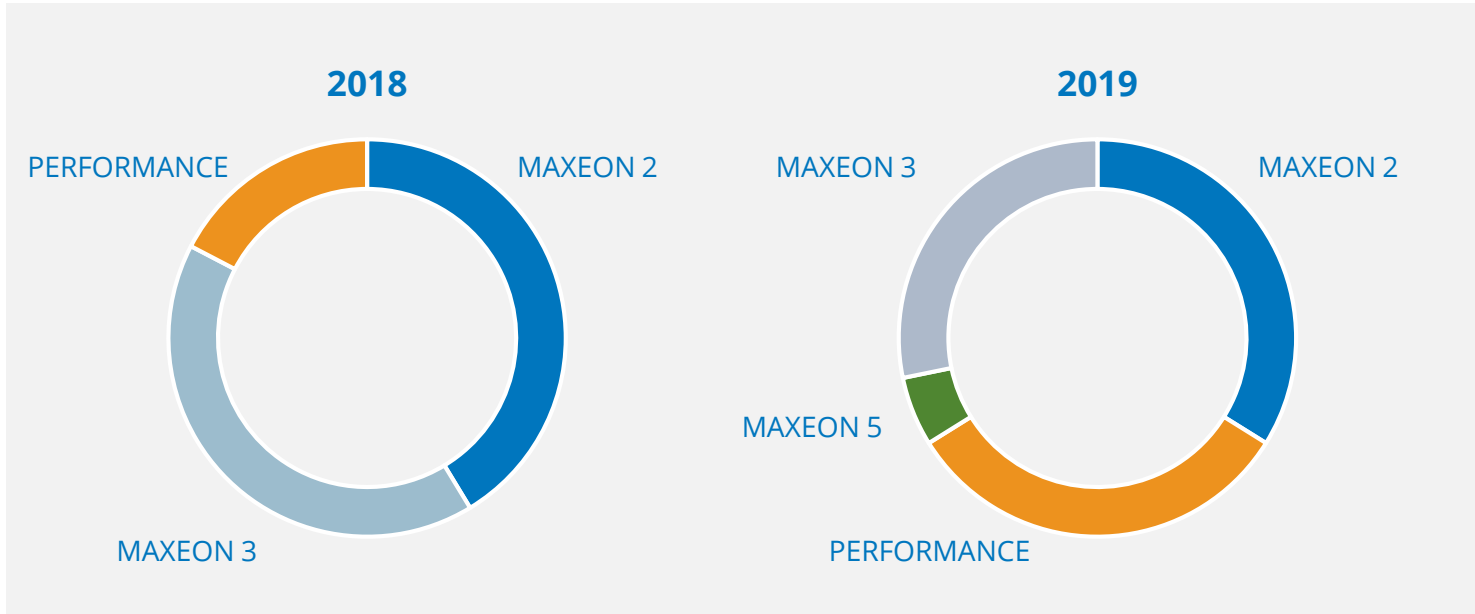
## Q1 20 vs Q1 19:

- **DG:** Double digit growth in North America, Europe and Japan
- **Power Plant:** Timing of deliveries on current power plant project.

|              | Q1'20        | % OF TOTAL | Q1'19        | % OF TOTAL | 2019           | % OF TOTAL | 2018         | % OF TOTAL |
|--------------|--------------|------------|--------------|------------|----------------|------------|--------------|------------|
| DG Rooftop   | \$157        | 68%        | \$138        | 61%        | \$820          | 68%        | \$753        | 83%        |
| Large Scale  | \$71         | 32%        | \$91         | 39%        | \$379          | 32%        | \$160        | 17%        |
| <b>TOTAL</b> | <b>\$228</b> |            | <b>\$229</b> |            | <b>\$1,198</b> |            | <b>\$912</b> |            |

# MAXEON SOLAR – PRODUCT REVENUE

\$ in Millions



- Introduced MAXEON 5 (IBC) panels in the US market
- MAXEON 3 is primary margin driver in the DG segments (US, Europe)
- MAXEON 2 revenue growth driven by the Commercial segment in the US and French CRE business
- PERFORMANCE (shingled panels) YoY growth in both power plant and DG business

|              | Q1'20        | % OF TOTAL | Q1'19        | % OF TOTAL | 2019           | % OF TOTAL | 2018         | % OF TOTAL |
|--------------|--------------|------------|--------------|------------|----------------|------------|--------------|------------|
| IBC          | \$149        | 65%        | \$148        | 65%        | \$780          | 65%        | \$755        | 83%        |
| Shingled     | \$79         | 35%        | \$81         | 35%        | \$418          | 35%        | \$157        | 17%        |
| <b>TOTAL</b> | <b>\$228</b> |            | <b>\$229</b> |            | <b>\$1,198</b> |            | <b>\$912</b> |            |

# MAXEON HISTORICAL FINANCIAL OVERVIEW

| (\$ in millions, except percentages and per share data)                 | Quarter Ended<br>3/29/20 | Quarter Ended<br>3/31/19 | Fiscal Year Ended<br>12/29/19 | Fiscal Year Ended<br>12/30/18 |
|---|--------------------------|--------------------------|-------------------------------|-------------------------------|
| <b>GAAP Revenue</b>   | <b>\$227.6</b>           | <b>\$229.1</b>           | <b>\$1,198.3</b>              | <b>\$912.3</b>                |
| Cost of Revenue <sup>(1)</sup>  | (\$224.4)                | (\$264.6)                | (\$1,200.6)                   | (\$1,007.5)                   |
| Impairment  | \$0.0                    | \$0.0                    | \$0.0                         | (\$354.8)                     |
| <b>Gross Margin <sup>(1)</sup></b>                                      | <b>\$3.2</b>             | <b>(\$35.6)</b>          | <b>(\$2.3)</b>                | <b>(\$449.9)</b>              |
| Operating Expense   | (\$32.8)                 | (\$27.7)                 | (\$133.3)                     | (\$139.8)                     |
| <b>GAAP Operating Profit (Loss) <sup>(1)</sup></b>                      | <b>(\$29.6)</b>          | <b>(\$63.3)</b>          | <b>(\$135.6)</b>              | <b>(\$589.8)</b>              |
| <b>GAAP Net Income (Loss) <sup>(1)</sup></b>                            | <b>(\$31.7)</b>          | <b>(\$71.6)</b>          | <b>(\$183.1)</b>              | <b>(\$603.8)</b>              |
| Interest expense  | \$5.9                    | \$6.3                    | \$25.8                        | \$25.9                        |
| Provision for (benefit from) income taxes                               | \$0.5                    | \$2.1                    | \$10.1                        | (\$1.1)                       |
| Depreciation  | \$12.3                   | \$11.7                   | \$46.0                        | \$69.0                        |
| Amortization  | \$1.8                    | \$1.8                    | \$7.3                         | \$7.2                         |
| <b>EBITDA <sup>(1)</sup></b>  | <b>(\$11.3)</b>          | <b>(\$49.7)</b>          | <b>(\$93.8)</b>               | <b>(\$502.8)</b>              |
| Impairment  | \$0.0                    | \$0.0                    | \$4.1                         | \$367.9                       |
| Stock-based Compensation Expense  | \$1.9                    | \$1.3                    | \$7.1                         | \$8.6                         |
| Restructuring Expense   | (\$0.0)                  | (\$0.6)                  | (\$0.5)                       | \$7.8                         |
| <b>Adj. EBITDA <sup>(1)</sup></b>                                       | <b>(\$9.4)</b>           | <b>(\$49.0)</b>          | <b>(\$83.1)</b>               | <b>(\$118.5)</b>              |
| <b>(1) Out of Market Polysilicon Contract Losses Not Excluded Above</b> | <b>\$17.3</b>            | <b>\$56.6</b>            | <b>\$145.2</b>                | <b>\$91.0</b>                 |
| Loss on ancillary polysilicon sales to third parties                    | \$2.0                    | \$28.3                   | \$56.5                        | \$31.6                        |
| Loss relating to polysilicon consumed in manufacturing                  | \$15.3                   | \$28.3                   | \$88.7                        | \$59.4                        |



# PATH TO FINANCIAL SUCCESS

- PREMIUM BRAND AND CHANNEL DRIVE EXPANSION OF PORTFOLIO **BEYOND THE PANEL** AND INTO **MORE MARKETS**
- **PROFIT GROWTH** AND **CAPITAL EFFICIENCY** THROUGH JV EXPANSION AND NEXT GEN MAXEON IBC TECHNOLOGY
- **IMPROVED COST STRUCTURE** THROUGH TZS SUPPLY CHAIN RELATIONSHIPS AND SHIFT OF OPEX TO ASIA
- **WELL CAPITALIZED** WITH OVER \$500M IN CASH AND LIQUIDITY AT THE SPIN-OFF
- MANAGING THE BUSINESS FOR **POSITIVE CASH FLOW** AND DRIVING **RETURNS FOR OUR INVESTORS**

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# STRONG GROWTH PLATFORM



## Today

- GLOBAL **PREMIUM BRAND** IN RENEWABLE ENERGY
- WORLD'S **HIGHEST EFFICIENCY** SOLAR PANELS
- 1,100+ SALES & INSTALLER **GLOBAL CHANNEL**
- GLOBAL FOOTPRINT, SALES IN > **100 COUNTRIES**

## Tomorrow

- GROWTH **BEYOND THE ROOF** INTO ADJACENT DG PRODUCTS
- EXPANSION INTO **NEW GROWTH DG MARKETS**
- GROWTH IN POWER PLANTS DRIVES **OPERATIONAL LEVERAGE**
- SCALE UP OF **CAPITAL EFFICIENT** JV MANUFACTURING

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