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

Form 8-K

Current Report
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 27, 2022

SunPower Corporation
(Exact name of registrant as specified in its charter)

001-34166
(Commission File Number)

Delaware
(State or other jurisdiction
of incorporation)

94-3008969
(I.R.S. Employer
Identification No.)

51 Rio Robles, San Jose, California 95134
(Address of principal executive offices, with zip code)

(408) 240-5500
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol | Name of exchange on which registered |
|---|----------------|--------------------------------------|
| Common Stock, \$0.001 par value per share | SPWR | The Nasdaq Stock Market LLC |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On August 2, 2022, SunPower Corporation, a Delaware corporation (the “Company”), issued a press release, included as Exhibit 99.1 hereto, announcing its results of operations for its second quarter ended July 3, 2022.

The information furnished in Item 2.02 and Item 9.01 of this Current Report on Form 8-K and Exhibit 99.1 hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (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 or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On July 27, 2022, Catherine A. Lesjak notified the Company of her intent to resign from the Board of Directors (the “Board”) of the Company, effective on or before December 31, 2022. Pursuant to the Affiliation Agreement (the “Affiliation Agreement”), dated April 28, 2011, as amended, between TotalEnergies Solar INTL SAS and the Company, the Board vacancy created by Ms. Lesjak’s departure will be filled with a Disinterested Director (as such term is defined in the Affiliation Agreement). Ms. Lesjak’s resignation is not the result of any disagreement with the Company on any matter relating to the Company’s operations, policies, or practices.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| 99.1 | Press release dated August 2, 2022 |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document). |

Investors

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SunPower Reports Second Quarter 2022 Results

- **Added a record 19,700 customers in the second quarter, a 51% increase YoY**
- **Accelerated revenue growth to 63% YoY**
- **Achieved backlog of 53,000 retrofit and new homes customers**
- **Delivered strong gross margin: 20% GAAP, 21% non-GAAP**
- **Announced strategic relationship with IKEA U.S. to reach new customers and simplify the solar buying experience**

SAN JOSE, Calif., August 2, 2022 - SunPower Corp. (NASDAQ: SPWR), a leading solar technology and energy services provider, today announced financial results for the second quarter, ending July 3, 2022.

“There is a ubiquitous need for reliable electricity at an affordable price that isn't being met with our traditional energy sources,” said Peter Faricy, SunPower CEO. “With our strategic growth plan, investment in world-class customer experience and robust pipeline, SunPower is well positioned to capture the strong resulting demand for solar and storage. This quarter we added a record number of customers, including an all-time high for new homes installs, and accumulated a backlog that we expect to set us up for high growth in the second half of the year.”

SECOND QUARTER BUSINESS HIGHLIGHTS

SunPower continues to execute across its five strategic pillars to capture demand and cement its leadership position as the company delivering the most innovative ecosystem of home energy products with unmatched customer experience.

World-class customer experience

1. **Highest rated solar company:** In the second quarter of 2022, SunPower remained the only 4+ star rated solar provider in the U.S. with an average review score of 4.3. SunPower's Net Promoter Score improved to 51, a 38% improvement year-over-year (YoY).
2. **Improved time to resolution:** The company continued its trend of significantly improving customer response speed. In the last quarter, it minimized wait times to 31 seconds, a 45% improvement YoY, and shortened the average time it takes to resolve a customer query by 36% YoY.

Best, most affordable products

3. **Significant progress on ground-breaking panel:** SunPower and First Solar (NASDAQ: FSLR) are finalizing negotiations to develop the world's most-advanced residential solar panels. The companies have agreed on the majority of key terms and are working toward definitive agreements. They are expected to sign a deal in the next quarter and promptly move forward to operationalize production.
4. **Increasing panel supply:** SunPower secured additional product volume under their agreement with Maxeon Solar Technologies (NASDAQ: MAXN) for increased panel supply through the end of the year. Along with additional supply chain agreements, this further ensures the company's ability to meet unprecedented demand.

Growth

5. *Joining forces with IKEA U.S.:* In May, SunPower announced a new strategic relationship with IKEA U.S. to introduce solar and storage to a new consumer market and make renewable energy easier to access. Through the collaboration, SunPower home energy products will be featured in select IKEA stores, and members of IKEA's customer loyalty program will be able to initiate their solar journey from the showroom floor. Home Solar with IKEA is expected to launch in select California markets in Fall 2022.
6. *Driving growth in new homes:* SunPower continues to stand out as an industry leader in new homes. It recorded a 46% increase YoY for contracted active solar-standard communities, with previously sold backlog growing to 34,000 customers¹. This quarter, the company further expanded its category presence across the country: it solidified a multiyear national contract extension with KB Home (NYSE: KBH) and finalized a deal with Dream Finders Homes (NASDAQ: DFH) to build nearly 400 solar-standard homes across five communities in Colorado.

Digital innovation

7. *Completed significant monitoring upgrade:* SunPower finalized a multiyear project to redesign its monitoring systems for a superior customer experience. The new system enables faster load times and activates features such as panel-level monitoring and alerts for customers and dealers. With the implementation, SunPower reduced maximum delay time between when panels measure power production and when that data is visible in the mySunPower app from one hour to less than two minutes. The new monitoring system is expected to save SunPower more than \$4 million in annual operating costs by gaining efficiency and reducing third party vendor fees.

World-class financial solutions

8. *Grew financing product portfolio:* SunPower Financial introduced several new offerings in the second quarter to help keep customers' monthly payments low, including low-APR loans and expanded eligibility up to \$150,000.

In June, SunPower closed the sale of its Commercial & Industrial Solutions (CIS) business to TotalEnergies. Additionally in the second quarter, TotalEnergies and Global Infrastructure Partners (GIP) signed a deal where GIP is expected to acquire an approximate 50% interest in a new joint venture that will hold TotalEnergies' 51% ownership in SunPower Corporation.

"This agreement is a strong signal from energy leaders and investors that accelerating the energy transition is an imperative and a powerful vote of confidence that SunPower is well suited to play a leading role in that change," said Faricy.

¹Backlog calculated as of July 22, 2022.

Financial Highlights

(\$ Millions, except percentages, residential customers, and per-share data)

| | 2nd Quarter 2022 | 1st Quarter 2022 | 2nd Quarter 2021 |
|--|------------------|------------------|------------------|
| GAAP revenue from continuing operations | \$417.8 | \$350.3 | \$260.8 |
| GAAP gross margin from continuing operations | 19.5% | 20.6% | 23.3% |
| GAAP net income (loss) from continuing operations | \$(42.5) | \$(2.2) | \$87.1 |
| GAAP net income (loss) from continuing operations per diluted share | \$(0.24) | \$(0.01) | \$0.46 |
| Non-GAAP revenue from continuing operations ¹ | \$414.1 | \$336.1 | \$254.1 |
| Non-GAAP gross margin from continuing operations ¹ | 21.3% | 21.7% | 22.5% |
| Non-GAAP net income (loss) from continuing operations ¹ | \$5.2 | \$2.9 | \$12.1 |
| Non-GAAP net income (loss) from continuing operations per diluted share ¹ | \$0.03 | \$0.02 | \$0.07 |
| Adjusted EBITDA ¹ | \$15.2 | \$11.2 | \$22.4 |
| Residential customers | 463,600 | 443,800 | 363,000 |
| Cash ² | \$206.4 | \$142.3 | \$209.8 |

The sale of our C&I Solutions business met the criteria for classification as "discontinued operations" in accordance with the guidance in ASC 205-20, *Discontinued Operations*, beginning the first quarter of fiscal 2022. For all periods presented, the financial results of C&I Solutions are excluded in the table above.

¹Information about SunPower's use of non-GAAP financial information, including a reconciliation to U.S. GAAP, is provided under "Use of Non-GAAP Financial Measures" below.

²Includes cash and cash equivalents, excluding restricted cash

2022 Financial Outlook

SunPower affirmed prior 2022 guidance of \$2,000-\$2,400 Adjusted EBITDA per customer and 73,000-80,000 incremental customers, resulting in \$90-\$110 million Adjusted EBITDA for the year.

Earnings Conference Call Information

SunPower will discuss its second quarter, 2022 financial results on Tuesday, August 2 at 8:30 a.m. Eastern Time. The conference call can be accessed live by registering at <https://register.vevent.com/register/BI8045a492c8dd47d6be8faf25537fcfbd>. The live audio webcast and supplemental financial information will be available on SunPower's investor website at <http://investors.sunpower.com/events.cfm>.

About SunPower

SunPower (NASDAQ: SPWR) is a leading solar technology and energy services provider in North America. SunPower offers the only solar + storage solution designed and warranted by one company that gives customers control over electricity consumption and resiliency during power outages. For more information, visit www.sunpower.com.

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) expectations regarding demand and our future performance based on backlog, bookings, projected consumer demand, and pipelines in our sales channels and for our products, and our ability to meet consumer demand; (b) our plans and expectations with respect to our strategic partnerships and initiatives, including our proposed partnership with First Solar, our strategic relationship with IKEA, and our agreements with KB Home and Dream Finders Homes, and the anticipated business and financial impacts thereof; (c) our strategic plans and areas of investment and focus, both current and future, and expectations for the results thereof, including improved customer experience, increased installation capacity, development of new products and services, and cost savings; (d) our expectations regarding projected demand and growth in 2022 and beyond, our positioning for future success, and our ability to capture

demand and deliver long-term value to our shareholders; (e) our expectations for industry trends and factors, and the impact thereof on our business and strategic plans; and (f) our guidance for fiscal year 2022, including Adjusted EBITDA per customer, incremental customers, and Adjusted EBITDA, and related assumptions.

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: (1) regulatory changes and the availability of economic incentives promoting use of solar energy; (2) potential disruptions to our operations and supply chain that may result from epidemics or natural disasters, including impacts of the COVID-19 pandemic, and other factors; (3) competition in the solar and general energy industry, supply chain constraints, interest rates, and pricing pressures; (4) changes in public policy, including the imposition and applicability of tariffs; (5) our dependence on sole- or limited-source supply relationships, including for our solar panels and other components of our products; (6) risks related to the introduction of new or enhanced products, including potential technical challenges, lead times, and our ability to match supply with demand while maintaining quality, sales, and support standards; (7) 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; (8) our liquidity, indebtedness, and ability to obtain additional financing for our projects and customers; and (9) challenges managing our acquisitions, joint ventures, and partnerships, including our ability to successfully manage acquired assets and supplier relationships. 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 reports on Form 10-K and Form 10-Q, particularly under the heading "Risk Factors." Copies of these filings are available online from the SEC or on the SEC Filings section of our Investor Relations website at investors.sunpower.com. 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.

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SUNPOWER CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

| | July 3, 2022 | January 3, 2021 |
|--|--------------|-----------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 206,355 | \$ 123,735 |
| Restricted cash and cash equivalents, current portion | 1,024 | 691 |
| Short-term investments | 293,580 | 365,880 |
| Accounts receivable, net | 149,166 | 121,268 |
| Contract assets | 30,358 | 25,994 |
| Inventories | 222,524 | 214,432 |
| Advances to suppliers, current portion | 2,216 | 462 |
| Prepaid expenses and other current assets | 166,364 | 100,212 |
| Current assets of discontinued operations | — | 120,792 |
| Total current assets | 1,071,587 | 1,073,466 |
| Restricted cash and cash equivalents, net of current portion | 21,270 | 14,887 |
| Property, plant and equipment, net | 50,675 | 33,560 |
| Operating lease right-of-use assets | 28,809 | 31,654 |
| Solar power systems leased, net | 43,510 | 45,502 |
| Goodwill | 126,338 | 126,338 |
| Other intangible assets, net | 24,401 | 24,879 |
| Other long-term assets | 169,882 | 156,994 |
| Long-term assets of discontinued operations | — | 47,526 |
| Total assets | \$ 1,536,472 | \$ 1,554,806 |
| Liabilities and Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 148,147 | \$ 138,514 |
| Accrued liabilities | 155,273 | 101,980 |
| Operating lease liabilities, current portion | 10,506 | 10,753 |
| Contract liabilities, current portion | 102,778 | 62,285 |
| Short-term debt | 62,089 | 109,568 |
| Convertible debt, current portion | 424,298 | — |
| Current liabilities of discontinued operations | — | 86,496 |
| Total current liabilities | 903,091 | 509,596 |
| Long-term debt | 54,130 | 380 |
| Convertible debt, net of current portion | — | 423,677 |
| Operating lease liabilities, net of current portion | 23,544 | 28,566 |
| Contract liabilities, net of current portion | 18,674 | 18,705 |
| Other long-term liabilities | 117,942 | 141,197 |
| Long-term liabilities of discontinued operations | — | 42,661 |
| Total liabilities | 1,117,381 | 1,164,782 |

| | | |
|--|--------------|--------------|
| Equity: | | |
| Common stock | 174 | 173 |
| Additional paid-in capital | 2,840,028 | 2,714,500 |
| Accumulated deficit | (2,213,195) | (2,122,212) |
| Accumulated other comprehensive income | 11,139 | 11,168 |
| Treasury stock, at cost | (224,829) | (215,240) |
| Total stockholders' equity | 413,317 | 388,389 |
| Noncontrolling interests in subsidiaries | 5,774 | 1,635 |
| Total equity | 419,091 | 390,024 |
| Total liabilities and equity | \$ 1,536,472 | \$ 1,554,806 |

SUNPOWER CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

| | THREE MONTHS ENDED | | | SIX MONTHS ENDED | |
|--|--------------------|---------------|--------------|------------------|--------------|
| | July 3, 2022 | April 3, 2022 | July 4, 2021 | July 3, 2022 | July 4, 2021 |
| Total revenues | \$ 417,772 | \$ 350,277 | \$ 260,751 | \$ 768,049 | \$ 500,887 |
| Total cost of revenues | 336,273 | 277,968 | 200,040 | 614,241 | 394,210 |
| Gross profit | 81,499 | 72,309 | 60,711 | 153,808 | 106,677 |
| Operating expenses: | | | | | |
| Research and development | 7,405 | 5,010 | 4,258 | 12,415 | 8,882 |
| Sales, general, and administrative | 93,043 | 76,996 | 49,478 | 170,039 | 91,745 |
| Restructuring (credits) charges | (494) | 627 | 808 | 133 | 4,574 |
| (Gain) loss on sale and impairment of residential lease assets | — | — | (68) | — | (294) |
| (Income) expense from transition services agreement, net | (494) | 266 | (1,656) | (228) | (4,743) |
| Total operating expenses | 99,460 | 82,899 | 47,530 | 182,359 | 94,874 |
| Operating (loss) income | (17,961) | (10,590) | 13,181 | (28,551) | 11,803 |
| Other (expense) income, net: | | | | | |
| Interest income | 92 | 42 | 73 | 134 | 125 |
| Interest expense | (5,964) | (5,044) | (6,630) | (11,008) | (13,657) |
| Other, net | (14,652) | 1,444 | 84,075 | (13,208) | 39,560 |
| Other (expense) income, net | (20,524) | (3,558) | 77,518 | (24,082) | 26,028 |
| (Loss) income from continuing operations before income taxes and equity in earnings of unconsolidated investees | (38,485) | (14,148) | 90,699 | (52,633) | 37,831 |
| (Provision for) benefits from income taxes | (3,226) | 11,643 | (3,594) | 8,417 | 1,532 |
| Net (loss) income from continuing operations | (41,711) | (2,505) | 87,105 | (44,216) | 39,363 |
| (Loss) income from discontinued operations before income taxes and equity in losses of unconsolidated investees ¹ | (20,857) | (26,298) | (13,505) | (47,155) | (15,359) |
| Benefits from (provision for) income taxes from discontinued operations | 241 | 343 | 1,169 | 584 | 1,267 |
| Net (loss) income from discontinued operations, net of taxes | (20,616) | (25,955) | (12,336) | (46,571) | (14,092) |
| Net (loss) income | (62,327) | (28,460) | 74,769 | (90,787) | 25,271 |
| Net (income) loss from continuing operations attributable to noncontrolling interests | (785) | 339 | (11) | (446) | 584 |
| Net (income) loss from discontinued operations attributable to noncontrolling interests | — | 250 | 449 | 250 | 967 |
| Net (income) loss attributable to noncontrolling interests | (785) | 589 | 438 | (196) | 1,551 |
| Net (loss) income from continuing operations attributable to stockholders | (42,496) | (2,166) | 87,094 | (44,662) | 39,947 |
| Net (loss) income from discontinued operations attributable to stockholders | (20,616) | (25,705) | (11,887) | (46,321) | (13,125) |

| | | | | | |
|---|-------------|-------------|-----------|-------------|-----------|
| Net (loss) income attributable to stockholders | \$ (63,112) | \$ (27,871) | \$ 75,207 | \$ (90,983) | \$ 26,822 |
| Net (loss) income per share attributable to stockholders - basic: | | | | | |
| Continuing operations | \$ (0.24) | \$ (0.01) | \$ 0.50 | \$ (0.26) | \$ 0.23 |
| Discontinued operations | \$ (0.12) | \$ (0.15) | \$ (0.07) | \$ (0.27) | \$ (0.08) |
| Net (loss) income per share – basic | \$ (0.36) | \$ (0.16) | \$ 0.43 | \$ (0.53) | \$ 0.15 |
| Net (loss) income per share attributable to stockholders - diluted: | | | | | |
| Continuing operations | \$ (0.24) | \$ (0.01) | \$ 0.46 | \$ (0.26) | \$ 0.23 |
| Discontinued operations | \$ (0.12) | \$ (0.15) | \$ (0.07) | \$ (0.27) | \$ (0.08) |
| Net (loss) income per share – diluted | \$ (0.36) | \$ (0.16) | \$ 0.39 | \$ (0.53) | \$ 0.15 |
| Weighted-average shares: | | | | | |
| Basic | 173,951 | 173,376 | 172,640 | 173,664 | 171,920 |
| Diluted | 173,951 | 173,376 | 194,363 | 173,664 | 176,794 |

SUNPOWER CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

| | THREE MONTHS ENDED | | | SIX MONTHS ENDED | |
|--|--------------------|---------------|--------------|------------------|--------------|
| | July 3, 2022 | April 3, 2022 | July 4, 2021 | July 3, 2022 | July 4, 2021 |
| Cash flows from operating activities: | | | | | |
| Net (loss) income | \$ (62,327) | \$ (28,460) | \$ 74,769 | \$ (90,787) | \$ 25,271 |
| Adjustments to reconcile net (loss) income to net cash used in operating activities: | | | | | |
| Depreciation and amortization | 12,383 | 4,665 | 2,968 | 17,048 | 5,817 |
| Stock-based compensation | 7,072 | 5,427 | 9,613 | 12,499 | 15,050 |
| Non-cash interest expense | 833 | 726 | 1,650 | 1,559 | 3,155 |
| Loss (gain) on equity investments | 15,255 | (1,315) | (83,746) | 13,940 | (39,016) |
| (Gain) loss on sale of investments | — | — | — | — | (1,162) |
| (Gain) loss on business divestitures, net | — | — | (224) | — | (224) |
| Deferred income taxes | 2,554 | (13,750) | 2,264 | (11,196) | (1,637) |
| Other, net | 104 | 845 | (935) | 949 | (6,215) |
| Changes in operating assets and liabilities: | | | | | |
| Accounts receivable | (25,585) | (12,354) | (7,023) | (37,939) | (2,909) |
| Contract assets | 13,852 | (6,519) | 24,011 | 7,333 | 24,498 |
| Inventories | 18,022 | (35,081) | 10,096 | (17,059) | 1,825 |
| Project assets | (2,597) | 2,892 | (2,892) | 295 | 6,305 |
| Prepaid expenses and other assets | (83,296) | (86,502) | 702 | (169,798) | 5,180 |
| Operating lease right-of-use assets | 3,017 | 2,415 | 3,490 | 5,432 | 6,365 |
| Advances to suppliers | 150 | (2,222) | 568 | (2,072) | (3,284) |
| Accounts payable and other accrued liabilities | 5,074 | 41,444 | (18,077) | 46,518 | (42,229) |
| Contract liabilities | 44,207 | 22,066 | 4,907 | 66,273 | (8,554) |
| Operating lease liabilities | (4,545) | (3,027) | (3,160) | (7,572) | (6,589) |
| Net cash (used in) provided by operating activities | (55,827) | (108,750) | 18,981 | (164,577) | (18,353) |
| Cash flows from investing activities: | | | | | |
| Purchases of property, plant and equipment | (12,947) | (8,636) | (1,881) | (21,583) | (6,894) |
| Investments in software development costs | (1,204) | (1,521) | — | (2,725) | — |
| Proceeds from sale of property, plant and equipment | — | — | 900 | — | 900 |
| Cash paid for solar power systems | — | — | — | — | (635) |
| Cash received from sale of investments | — | — | — | — | 1,200 |
| Proceeds from business divestitures, net of de-consolidated cash | — | — | 10,516 | — | 10,516 |
| Cash received from C&I Solutions sale, net of deconsolidated cash | 146,303 | — | — | 146,303 | — |
| Cash paid for equity investments | (9,420) | (7,000) | — | (16,420) | — |
| Proceeds from sale of equity investment | — | 149,830 | — | 149,830 | — |

| | THREE MONTHS ENDED | | | SIX MONTHS ENDED | |
|---|--------------------|---------------|--------------|------------------|--------------|
| | July 3, 2022 | April 3, 2022 | July 4, 2021 | July 3, 2022 | July 4, 2021 |
| Proceeds from return of capital from equity investments | — | — | 2,276 | — | 2,276 |
| Cash paid for investments in unconsolidated investees | (3,164) | (154) | — | (3,318) | — |
| Net cash provided by (used in) investing activities | 119,568 | 132,519 | 11,811 | 252,087 | 7,363 |
| Cash flows from financing activities: | | | | | |
| Proceeds from bank loans and other debt | 78,818 | 21,458 | 24,073 | 100,276 | 95,396 |
| Repayment of bank loans and other debt | (74,100) | (23,944) | (68,497) | (98,044) | (103,573) |
| Repayment of non-recourse residential and commercial financing debt | — | — | (85) | — | (9,798) |
| Repayment of convertible debt | — | — | (62,757) | — | (62,757) |
| Payments for financing leases | (118) | — | — | (118) | — |
| Issuance of common stock to executive | — | — | 2,998 | — | 2,998 |
| Purchases of stock for tax withholding obligations on vested restricted stock | (2,256) | (7,332) | (4,335) | (9,588) | (6,453) |
| Net cash (used in) provided by financing activities | 2,344 | (9,818) | (108,603) | (7,474) | (84,187) |
| Net increase (decrease) in cash, cash equivalents, and restricted cash | 66,085 | 13,951 | (77,810) | 80,036 | (95,177) |
| Cash, cash equivalents and restricted cash, beginning of period | 162,564 | 148,613 | 229,437 | 148,613 | 246,804 |
| Cash, cash equivalents, and restricted cash, end of period | \$ 228,649 | \$ 162,564 | \$ 151,627 | \$ 228,649 | \$ 151,627 |
| Reconciliation of cash, cash equivalents, and restricted cash to the condensed consolidated balance sheets, including discontinued operations: | | | | | |
| Cash and cash equivalents | \$ 206,355 | \$ 142,250 | \$ 140,462 | \$ 206,355 | \$ 140,462 |
| Restricted cash and cash equivalents, current portion | 1,024 | 681 | 5,818 | 1,024 | 5,818 |
| Restricted cash and cash equivalents, net of current portion | 21,270 | 12,857 | 5,347 | 21,270 | 5,347 |
| Cash, cash equivalents, and restricted cash from discontinued operations | — | 6,776 | — | — | — |
| Total cash, cash equivalents, and restricted cash | \$ 228,649 | \$ 162,564 | \$ 151,627 | \$ 228,649 | \$ 151,627 |
| Supplemental disclosure of cash flow information: | | | | | |
| Property, plant and equipment acquisitions funded by liabilities (including financing leases) | \$ 3,713 | \$ 922 | \$ (473) | \$ 4,635 | \$ 1,174 |
| Right-of-use assets obtained in exchange of lease obligations | 649 | 877 | — | 1,526 | 11,528 |
| Working capital adjustment related to C&I Solutions sale | 6,265 | — | — | 6,265 | — |
| Accrued legal expenditures on equity method investment | 163 | — | — | 163 | — |

| | THREE MONTHS ENDED | | | SIX MONTHS ENDED | |
|--|--------------------|---------------|--------------|------------------|--------------|
| | July 3, 2022 | April 3, 2022 | July 4, 2021 | July 3, 2022 | July 4, 2021 |
| Deconsolidation of right-of-use assets and lease obligations | — | — | 3,340 | — | 3,340 |
| Debt repaid in sale of commercial projects | — | — | 5,585 | — | 5,585 |
| Cash paid for interest | 1,312 | 9,874 | 2,090 | 11,186 | 13,527 |
| Cash paid for income taxes | 2,250 | 250 | 20,194 | 2,500 | 20,233 |

Use of Non-GAAP Financial Measures

To supplement its consolidated financial results presented in accordance with United States Generally Accepted Accounting Principles ("GAAP"), the company uses non-GAAP measures that are adjusted for certain items from the most directly comparable GAAP measures. The specific non-GAAP measures listed below are: revenue; gross margin; net loss; net loss per diluted share; and adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"). Management believes that each of these non-GAAP measures are useful to investors, enabling them to better assess changes in each of these key elements of the company's results of operations across different reporting periods on a consistent basis, independent of certain items as described below. Thus, each of these non-GAAP financial measures provide investors with another method to assess the company's operating results in a manner that is focused on its ongoing, core operating performance, absent the effects of these items. Management uses these non-GAAP measures internally to assess the business, its financial performance, current and historical results, as well as for strategic decision-making and forecasting future results. Many of the analysts covering the company also use these non-GAAP measures in their analysis. Given management's use of these non-GAAP measures, the company believes these measures are important to investors in understanding the company's operating results as seen through the eyes of management. These non-GAAP measures are not prepared in accordance with GAAP or intended to be a replacement for GAAP financial data; and therefore, should be reviewed together with the GAAP measures and are not intended to serve as a substitute for results under GAAP, and may be different from non-GAAP measures used by other companies.

Non-GAAP revenue includes adjustments relating to results of operations of legacy business exited/to be exited. Non-GAAP gross margin includes adjustments relating to gain/loss on sale and impairment of residential lease assets, litigation, stock-based compensation, and amortization of intangible assets, each of which is described below. In addition to the above adjustments, non-GAAP net loss and non-GAAP net loss per diluted share are adjusted for adjustments relating to mark to market gain on equity investments, gain on business divestitures, impairment of property, plant, and equipment, transaction-related costs, non-cash interest expense, restructuring charges (credits), gain on convertible debt repurchased, tax effect of these non-GAAP adjustments, each of which is described below. In addition to the above adjustments, Adjusted EBITDA includes adjustments relating to cash interest expense (net of interest income), provision for income taxes, and depreciation.

Non-GAAP Adjustments Based on International Financial Reporting Standards ("IFRS")

The company's non-GAAP results include adjustments under IFRS that are consistent with the adjustments made in connection with the company's internal reporting process as part of its status as a consolidated subsidiary of TotalEnergies SE, our controlling shareholder and a foreign public registrant that reports under IFRS. Differences between GAAP and IFRS reflected in the company's non-GAAP results are further described below. In these situations, management believes that IFRS enables investors to better evaluate the company's performance, and assists in aligning the perspectives of the management with those of TotalEnergies SE.

- **Mark-to-market loss (gain) in equity investments:** We recognize adjustments related to the fair value of equity investments with readily determinable fair value based on the changes in the stock price of these equity investments at every reporting period. Under U.S. GAAP, mark-to-market gains and losses due to changes in stock prices for these securities are recorded in earnings while under IFRS, an election can be made to recognize such gains and losses in other comprehensive income. Such an election was made by TotalEnergies SE. Further, we elected the Fair Value Option ("FVO") for some of our equity method investments, and we adjust the carrying value of those investments based on their fair market value calculated periodically. Such option is not available under IFRS, and equity method accounting is required for those investments. We believe that excluding these adjustments on equity investments is consistent with our internal reporting process as part of its status as a consolidated subsidiary of TotalEnergies SE. and better reflects our ongoing results.

Other Non-GAAP Adjustments

- Results of operations of businesses exited/to be exited: We exclude the results of operations of our legacy businesses that we have exited, or to be exited, from our Non-GAAP results. These legacy businesses include our light commercial business that we exited starting in the first fiscal quarter of 2022 to reinforce the Company's strategic direction to focus solely on the residential solar market, Hillsboro, Oregon facility that ceased manufacturing and revenue generation in the first quarter of 2021, as well as, results of our legacy power plant and legacy O&M businesses. We are not doing new activities for these businesses, and the remaining activities comprise of fulfillment of existing outstanding orders, true-up of estimated milestones payments, settlement of certain warranty obligations on projects and other wind-down activities. As such, these are excluded from our non-GAAP results as they are not reflective of our ongoing operating results.
- Loss/Gain on sale and impairment of residential lease assets: In fiscal 2018 and 2019, in an effort to sell all the residential lease assets owned by us, we sold membership units representing a 49% membership interest in majority of our residential lease business and retained a 51% membership interest. We recorded impairment charges based on the expected fair value for a portion of residential lease assets portfolio that was retained. Depreciation savings from the unsold residential lease assets resulting from their exclusion from non-GAAP results historically, are excluded from our non-GAAP results as they are not reflective of ongoing operating results.
- Stock-based compensation: Stock-based compensation relates primarily to our equity incentive awards. Stock-based compensation is a non-cash expense that is dependent on market forces that are difficult to predict. We believe that this adjustment for stock-based compensation provides investors with a basis to measure the company's core performance, including compared with the performance of other companies, without the period-to-period variability created by stock-based compensation.
- Litigation: We may be involved in various instances of litigation, claims and proceedings that result in payments or recoveries. We exclude gains or losses associated with such events because the gains or losses do not reflect our underlying financial results in the period incurred. We also exclude expenses pertaining to litigation relating to businesses that discontinued as a result of spin-off of Maxeon Solar, for which we are indemnifying them. We believe that it is appropriate to exclude such charges from our non-GAAP results as they are not reflective of ongoing operating results.
- Transaction-related costs: In connection with material transactions such as acquisition or divestiture of a business, the company incurred transaction costs including legal and accounting fees. We believe that it is appropriate to exclude these costs from our non-GAAP results as they would not have otherwise been incurred as part of the business operations and therefore is not reflective of ongoing operating results.
- Amortization of intangible assets and software: We incur amortization of intangible assets as a result of acquisitions, primarily from the Blue Raven acquisition, which includes brand, non-compete arrangements, and purchased technology. In addition, we also incur amortization of our capitalized internal-use software costs once the software has been placed into service, until the end of the useful life of the software. We believe that it is appropriate to exclude these amortization charges from our non-GAAP results as they are non-recurring in nature, and are therefore not reflective of ongoing operating results.
- Executive transition costs: We incur non-recurring charges related to the hiring and transition of new executive officers. During fiscal 2021, we appointed a new chief executive officer, as well as other chief executives, and we are investing resources in those executive transitions, and in developing new members of management as we complete our transformation. We believe that it is appropriate to exclude these from our non-GAAP results as they are not reflective of ongoing operating results.
- Acquisition-related costs: We incurred certain costs in connection with the acquisition of Blue Raven, that are either paid as part of the transaction or will be paid in the coming year, but are considered post-acquisition compensation under the applicable GAAP framework due to the nature of such items. A majority of the expense incurred in fourth quarter of fiscal 2021 represents cash paid to certain employees

of Blue Raven for settlement of their pre-existing share-based payment plan, in excess of the respective fair value. For fiscal 2022, other post-combination expenses include change in fair value of contingent consideration as well as deferred post-combination employment expense payable to certain Blue Raven employees and sellers. We believe that it is appropriate to exclude these from our non-GAAP results as they are directly related to the acquisition transaction and non-recurring in nature, and are therefore not reflective of ongoing operating results.

- **Business reorganization costs:** In connection with the spin-off of Maxeon into an independent, publicly traded company, we incurred non-recurring charges on third-party legal and consulting expenses, primarily to enable in separation of shared information technology systems and applications. In addition, we incurred certain non-recurring costs upon amendment, settlement or termination of historical agreements with Maxeon to fully enable separate independent operations of the two Companies that is focused on our respective core business. We believe that it is appropriate to exclude these from our non-GAAP results as it is not reflective of ongoing operating results.
- **Restructuring charges (credits):** We incur restructuring expenses related to reorganization plans aimed towards realigning resources consistent with the company's global strategy and improving its overall operating efficiency and cost structure. Although the Company has engaged in restructuring activities in the past, each has been a discrete event based on a unique set of business objectives. We believe that it is appropriate to exclude these from our non-GAAP results as it is not reflective of ongoing operating results.
- **Tax effect:** This amount is used to present each of the adjustments described above on an after-tax basis in connection with the presentation of non-GAAP net income (loss) and non-GAAP net income (loss) per diluted share. Our non-GAAP tax amount is based on estimated cash tax expense and reserves. We forecast our annual cash tax liability and allocates the tax to each quarter in a manner generally consistent with its GAAP methodology. This approach is designed to enhance investors' ability to understand the impact of our tax expense on its current operations, provide improved modeling accuracy, and substantially reduce fluctuations caused by GAAP to non-GAAP adjustments, which may not reflect actual cash tax expense, or tax impact of non-recurring items.
- **Adjusted EBITDA adjustments:** When calculating Adjusted EBITDA, in addition to adjustments described above, we exclude the impact of the following items during the period:
 - Cash interest expense, net of interest income
 - Provision for income taxes
 - Depreciation

For more information about these non-GAAP financial measures, please see the tables captioned "Reconciliations of GAAP Measures to Non-GAAP Measures" set forth at the end of this release, which should be read together with the preceding financial statements prepared in accordance with GAAP.

SUNPOWER CORPORATION
RECONCILIATIONS OF GAAP MEASURES TO NON-GAAP MEASURES
(In thousands, except percentages and per share data)
(Unaudited)

Adjustments to Revenue:

| | THREE MONTHS ENDED | | | SIX MONTHS ENDED | |
|---|--------------------|----------------|-------------------|-------------------|-------------------|
| | July 3, 2022 | April 3, 2022 | July 4, 2021 | July 3, 2022 | July 4, 2021 |
| GAAP revenue | \$ 417,772 | 350,277 | \$ 260,751 | \$ 768,049 | \$ 500,886 |
| Other adjustments: | | | | | |
| Results of operations of businesses exited/to be exited | (3,674) | (14,208) | (6,631) | (17,882) | (8,829) |
| Non-GAAP revenue | <u>\$ 414,098</u> | <u>336,069</u> | <u>\$ 254,120</u> | <u>\$ 750,167</u> | <u>\$ 492,057</u> |

Adjustments to Gross Profit Margin:

| | THREE MONTHS ENDED | | | SIX MONTHS ENDED | |
|--|--------------------|------------------|------------------|-------------------|-------------------|
| | July 3, 2022 | April 3, 2022 | July 4, 2021 | July 3, 2022 | July 4, 2021 |
| GAAP gross profit from continuing operations | \$ 81,499 | \$ 72,309 | \$ 60,710 | \$ 153,808 | \$ 106,676 |
| Other adjustments: | | | | | |
| Results of operations of businesses exited/to be exited | 5,348 | (260) | (3,608) | 5,088 | 3,303 |
| Executive transition costs | 85 | 378 | — | 463 | — |
| (Gain) loss on sale and impairment of residential lease assets | (278) | (279) | (519) | (557) | (1,013) |
| Stock-based compensation expense | 1,398 | 899 | 627 | 2,297 | 1,164 |
| Business reorganization costs | 11 | — | — | 11 | — |
| Transaction-related costs | 56 | — | — | 56 | — |
| Non-GAAP gross profit | <u>\$ 88,119</u> | <u>\$ 73,047</u> | <u>\$ 57,210</u> | <u>\$ 161,166</u> | <u>\$ 110,130</u> |
| GAAP gross margin (%) | 19.5 % | 20.6 % | 23.3 % | 20.0 % | 21.3 % |
| Non-GAAP gross margin (%) | 21.3 % | 21.7 % | 22.5 % | 21.5 % | 22.4 % |

Adjustments to Net Income (Loss):

| | THREE MONTHS ENDED | | | SIX MONTHS ENDED | |
|--|--------------------|---------------|--------------|------------------|--------------|
| | July 3, 2022 | April 3, 2022 | July 4, 2021 | July 3, 2022 | July 4, 2021 |
| GAAP net (loss) income from continuing operations attributable to stockholders | \$ (42,496) | \$ (2,166) | \$ 87,094 | \$ (44,662) | \$ 39,947 |
| Adjustments based on IFRS: | | | | | |
| Mark-to-market loss (gain) on equity investments | 15,255 | (1,315) | (83,746) | 13,940 | (39,016) |
| Other adjustments: | | | | | |
| Results of operations of businesses exited/to be exited | 7,503 | 2,933 | (3,116) | 10,436 | 8,084 |
| (Gain) loss on sale and impairment of residential lease assets | (278) | (279) | (587) | (557) | (5,970) |
| Litigation | 3,166 | 177 | 3,447 | 3,343 | 8,580 |
| Stock-based compensation expense | 7,054 | 5,329 | 9,188 | 12,383 | 13,542 |
| Amortization of intangible assets and software | 2,786 | 1,978 | — | 4,764 | — |
| (Gain) loss on business divestitures, net | — | — | (5,290) | — | (5,290) |
| Transaction-related costs | 259 | 964 | (82) | 1,223 | 118 |
| Executive transition costs | 3,685 | 1,469 | 502 | 5,154 | 502 |
| Business reorganization costs | 4,521 | — | 901 | 4,521 | 1,855 |
| Restructuring (credits) charges | (639) | 186 | 871 | (453) | 766 |
| Acquisition-related costs | 2,310 | 5,808 | — | 8,118 | — |
| Tax effect | 2,025 | (12,186) | 2,911 | (10,161) | (830) |
| Non-GAAP net income (loss) attributable to stockholders | \$ 5,151 | \$ 2,898 | \$ 12,093 | \$ 8,049 | \$ 22,288 |

Adjustments to Net Income (loss) per diluted share:

| | THREE MONTHS ENDED | | | SIX MONTHS ENDED | |
|--|--------------------|-------------------|------------------|--------------------|------------------|
| | July 3, 2022 | April 3, 2022 | July 4, 2021 | July 3, 2022 | July 4, 2021 |
| Net income (loss) per diluted share | | | | | |
| Numerator: | | | | | |
| GAAP net (loss) income available to common stockholders ¹ | \$ (42,496) | \$ (2,166) | \$ 87,094 | \$ (44,662) | \$ 39,947 |
| Add: Interest expense on 4.00% debenture due 2023, net of tax | — | — | 3,126 | — | — |
| Add: Interest expense on 0.875% debenture due 2021, net of tax | — | — | 67 | — | 168 |
| GAAP net income (loss) available to common stockholders ¹ | <u>\$ (42,496)</u> | <u>\$ (2,166)</u> | <u>\$ 90,287</u> | <u>\$ (44,662)</u> | <u>\$ 40,115</u> |
| Non-GAAP net income (loss) available to common stockholders ¹ | <u>\$ 5,151</u> | <u>\$ 2,898</u> | <u>\$ 12,093</u> | <u>\$ 8,049</u> | <u>\$ 22,288</u> |
| Denominator: | | | | | |
| GAAP weighted-average shares | 173,951 | 173,376 | 172,640 | 173,664 | 171,920 |
| Effect of dilutive securities: | | | | | |
| Restricted stock units | — | — | 3,084 | — | 3,299 |
| 0.875% debentures due 2021 | — | — | 1,571 | — | 1,575 |
| 4.00% debentures due 2023 | — | — | 17,068 | — | — |
| GAAP dilutive weighted-average common shares: | <u>173,951</u> | <u>173,376</u> | <u>194,363</u> | <u>173,664</u> | <u>176,794</u> |
| Non-GAAP weighted-average shares | 173,951 | 173,376 | 172,640 | 173,664 | 171,920 |
| Effect of dilutive securities: | | | | | |
| Restricted stock units | 770 | 1,399 | 3,084 | 790 | 3,299 |
| Non-GAAP dilutive weighted-average common shares ¹ | <u>174,721</u> | <u>174,775</u> | <u>175,724</u> | <u>174,454</u> | <u>175,219</u> |
| GAAP dilutive net (loss) income per share - continuing operations | <u>\$ (0.24)</u> | <u>\$ (0.01)</u> | <u>\$ 0.46</u> | <u>\$ (0.26)</u> | <u>\$ 0.23</u> |
| Non-GAAP dilutive net income (loss) per share - continuing operations | <u>\$ 0.03</u> | <u>\$ 0.02</u> | <u>\$ 0.07</u> | <u>\$ 0.05</u> | <u>\$ 0.13</u> |

¹In accordance with the if-converted method, net (loss) income available to common stockholders excludes interest expense related to the 0.875% and 4.00% debentures if the debentures are considered converted in the calculation of net (loss) income per diluted share. If the conversion option for a debenture is not in the money for the relevant period, the potential conversion of the debenture under the if-converted method is excluded from the calculation of non-GAAP net income (loss) per diluted share.

Adjusted EBITDA:

| | THREE MONTHS ENDED | | | SIX MONTHS ENDED | |
|--|--------------------|---------------|--------------|------------------|--------------|
| | July 3, 2022 | April 3, 2022 | July 4, 2021 | July 3, 2022 | July 4, 2021 |
| GAAP net (loss) income from continuing operations attributable to stockholders | \$ (42,496) | \$ (2,166) | \$ 87,094 | \$ (44,662) | \$ 39,947 |
| Adjustments based on IFRS: | | | | | |
| Mark-to-market loss (gain) on equity investments | 15,255 | (1,315) | (83,746) | 13,940 | (39,016) |
| Other adjustments: | | | | | |
| Results of operations of businesses exited/to be exited | 7,503 | 2,933 | (3,116) | 10,436 | 8,084 |
| (Gain) loss on sale and impairment of residential lease assets | (278) | (279) | (587) | (557) | (5,970) |
| Litigation | 3,166 | 177 | 3,447 | 3,343 | 8,580 |
| Stock-based compensation expense | 7,054 | 5,329 | 9,188 | 12,383 | 13,542 |
| Amortization of intangible assets and software | 2,786 | 1,978 | — | 4,764 | — |
| (Gain) loss on business divestitures, net | — | — | (5,290) | — | (5,290) |
| Transaction-related costs | 259 | 964 | (82) | 1,223 | 118 |
| Executive transition costs | 3,685 | 1,469 | 502 | 5,154 | 502 |
| Business reorganization costs | 4,521 | — | 901 | 4,521 | 1,855 |
| Restructuring (credits) charges | (639) | 186 | 871 | (453) | 766 |
| Acquisition-related costs | 2,310 | 5,808 | — | 8,118 | — |
| Cash interest expense, net of interest income | 5,829 | 4,878 | 6,498 | 10,707 | 13,449 |
| Provision for (benefit from) income taxes | 2,720 | (11,676) | 3,560 | (8,956) | (1,564) |
| Depreciation | 3,571 | 2,873 | 3,198 | 6,444 | 6,227 |
| Adjusted EBITDA | \$ 15,246 | \$ 11,159 | \$ 22,438 | \$ 26,405 | \$ 41,230 |

FY 2022 GUIDANCE**(in thousands)**

Residential Customers

Residential Adjusted EBITDA/Customer¹

Adjusted EBITDA

Net (Loss) Income (GAAP)

FY 2022

73,000 - 80,000

\$2,000 - \$2,400

\$90 million - \$110 million

\$(15) million - \$(35) million

1. Excluding Product & Digital operating expenses for Residential only.
2. Adjusted EBITDA guidance for FY 2022 includes net adjustments that decrease GAAP net loss by approximately \$125 million primarily relating to the following adjustments: stock-based compensation expense, results of operations of businesses exited/to be exited, mark-to-market (gain) loss on equity investments, net, acquisition-related costs, interest expense, depreciation and amortization, income taxes, and other non-recurring adjustments.