REFINITIV

DELTA REPORT

10-Q

SPWR - SUNPOWER CORP

10-Q - APRIL 02, 2023 COMPARED TO 10-Q - OCTOBER 02, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	1180
CHANGES	191
DELETIONS	607
ADDITIONS	382

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

FORM 10-Q

☐ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended October 2, 2022 April 2, 2023

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 001-34166

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SunPower Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**94-3008969**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
1414 Harbour Way South Suite 1901 Richmond California	**94804**
(Address of Principal Executive Offices)	(Zip Code)

(408) 240-5500
(Registrant's Telephone Number, Including Area Code)

51 Rio Robles, San Jose, California, 95134
(Former address, if changed since last report)

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: (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Emerging growth company	☐	Non-accelerated filer	☐
		Smaller reporting 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. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No x

The total number of outstanding shares of the registrant's common stock as of November 4, 2022 April 28, 2023 was 174,182,510.174,962,512.

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SunPower Corporation
Form 10-Q for the quarterly period ended October 2, 2022 April 2, 2023

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PART I. FINANCIAL INFORMATION

ITEM 1. *FINANCIAL STATEMENTS*

SunPower Corporation
Condensed Consolidated Balance Sheets
(In thousands, except share par values)
(unaudited)

		October 2, 2022	January 2, 2022		April 2, 2023	January 1, 2023
Assets	**Assets**			**Assets**		
Current assets:	Current assets:			Current assets:		
Cash and cash equivalents	Cash and cash equivalents	$ 396,510	$ 123,735	Cash and cash equivalents	$ 116,478	$ 377,026
Restricted cash and cash equivalents, current portion[2]	Restricted cash and cash equivalents, current portion[2]	13,204	691	Restricted cash and cash equivalents, current portion[2]	9,634	9,855

Short-term investments	Short-term investments	138,735	365,880	Short-term investments	—	132,480
Accounts receivable, net[1]	Accounts receivable, net[1]	178,302	121,268	Accounts receivable, net[1]	194,231	174,577
Contract assets	Contract assets	36,490	25,994	Contract assets	58,610	50,692
Inventories	Inventories	228,253	214,432	Inventories	381,847	316,815
Advances to suppliers		6,432	462			
Advances to suppliers, current portion				Advances to suppliers, current portion	12,508	9,309
Prepaid expenses and other current assets[1]	Prepaid expenses and other current assets[1]	192,392	100,212	Prepaid expenses and other current assets[1]	212,970	197,760
Current assets of discontinued operations[1]		—	120,792			
Total current assets	Total current assets	1,190,318	1,073,466	Total current assets	986,278	1,268,514
Restricted cash and cash equivalents, net of current portion[2]	Restricted cash and cash equivalents, net of current portion[2]	24,265	14,887	Restricted cash and cash equivalents, net of current portion[2]	15,158	15,151
Property, plant and equipment, net	Property, plant and equipment, net	64,784	33,560	Property, plant and equipment, net	82,117	74,522
Operating lease right-of-use assets	Operating lease right-of-use assets	38,295	31,654	Operating lease right-of-use assets	36,302	36,926
Solar power systems leased, net	Solar power systems leased, net	42,552	45,502	Solar power systems leased, net	40,768	41,779
Goodwill	Goodwill	126,338	126,338	Goodwill	126,338	126,338
Other intangible assets, net	Other intangible assets, net	24,312	24,879	Other intangible assets, net	22,435	24,192
Other long-term assets[1]	Other long-term assets[1]	206,630	156,994	Other long-term assets[1]	183,015	192,585
Long-term assets of discontinued operations		—	47,526			
Total assets	Total assets	$ 1,717,494	$ 1,554,806	Total assets	$ 1,492,411	$ 1,780,007
Liabilities and Equity	**Liabilities and Equity**			**Liabilities and Equity**		
Current liabilities:	Current liabilities:			Current liabilities:		
Accounts payable[1]	Accounts payable[1]	$ 194,133	$ 138,514	Accounts payable[1]	$ 225,143	$ 242,229
Accrued liabilities[1]	Accrued liabilities[1]	142,714	101,980	Accrued liabilities[1]	164,210	145,229
Operating lease liabilities, current portion	Operating lease liabilities, current portion	11,179	10,753	Operating lease liabilities, current portion	11,589	11,356
Contract liabilities, current portion[1]	Contract liabilities, current portion[1]	135,497	62,285	Contract liabilities, current portion[1]	161,289	144,209
Short-term debt	Short-term debt	2,185	109,568	Short-term debt	121,473	82,404
Convertible debt, current portion[1]	Convertible debt, current portion[1]	424,609	—	Convertible debt, current portion[1]	—	424,919
Current liabilities of discontinued operations[1]		—	86,496			
Total current liabilities	Total current liabilities	910,317	509,596	Total current liabilities	683,704	1,050,346
Long-term debt	Long-term debt	72,567	380	Long-term debt	155,969	308
Convertible debt, net of current portion[1]		—	423,677			
Operating lease liabilities, net of current portion	Operating lease liabilities, net of current portion	31,400	28,566	Operating lease liabilities, net of current portion	28,362	29,347
Contract liabilities, net of current portion	Contract liabilities, net of current portion	18,344	18,705	Contract liabilities, net of current portion	11,305	11,555
Other long-term liabilities[1]	Other long-term liabilities[1]	118,242	141,197	Other long-term liabilities[1]	109,782	112,797
Long-term liabilities of discontinued operations[1]		—	42,661			

Total liabilities	Total liabilities	1,150,870	1,164,782	Total liabilities	989,122	1,204,353
Commitments and contingencies (Note 9)						
Commitments and contingencies (Note 7)				Commitments and contingencies (Note 7)		
Equity:	Equity:			Equity:		
Preferred stock, $0.001 par value; 10,000 shares authorized; none issued and outstanding as of October 2, 2022 and January 2, 2022		—	—			
Common stock, $0.001 par value, 367,500 shares authorized; 188,125 shares issued and 174,155 shares outstanding as of October 2, 2022; 186,452 shares issued and 173,051 shares outstanding as of January 2, 2022		174	173			
Preferred stock, $0.001 par value; 10,000 shares authorized; none issued and outstanding as of April 2, 2023 and January 1, 2023				Preferred stock, $0.001 par value; 10,000 shares authorized; none issued and outstanding as of April 2, 2023 and January 1, 2023	—	—
Common stock, $0.001 par value, 367,500 shares authorized; 189,246 shares issued and 174,902 shares outstanding as of April 2, 2023; 188,287 shares issued and 174,269 shares outstanding as of January 1, 2023				Common stock, $0.001 par value, 367,500 shares authorized; 189,246 shares issued and 174,902 shares outstanding as of April 2, 2023; 188,287 shares issued and 174,269 shares outstanding as of January 1, 2023	175	174
Additional paid-in capital	Additional paid-in capital	2,845,845	2,714,500	Additional paid-in capital	2,839,233	2,855,930
Accumulated deficit	Accumulated deficit	(2,073,788)	(2,122,212)	Accumulated deficit	(2,116,859)	(2,066,175)
Accumulated other comprehensive income	Accumulated other comprehensive income	11,097	11,168	Accumulated other comprehensive income	11,573	11,568
Treasury stock, at cost: 13,970 shares of common stock as of October 2, 2022; 13,401 shares of common stock as of January 2, 2022		(225,703)	(215,240)			
Treasury stock, at cost: 14,345 shares of common stock as of April 2, 2023; 14,018 shares of common stock as of January 1, 2023				Treasury stock, at cost: 14,345 shares of common stock as of April 2, 2023; 14,018 shares of common stock as of January 1, 2023	(231,717)	(226,646)
Total stockholders' equity	Total stockholders' equity	557,625	388,389	Total stockholders' equity	502,405	574,851
Noncontrolling interests in subsidiaries	Noncontrolling interests in subsidiaries	8,999	1,635	Noncontrolling interests in subsidiaries	884	803
Total equity	Total equity	566,624	390,024	Total equity	503,289	575,654
Total liabilities and equity	Total liabilities and equity	$ 1,717,494	$ 1,554,806	Total liabilities and equity	$ 1,492,411	$ 1,780,007

[1] We have related-party balances for transactions made with TotalEnergies SE and its affiliates, Maxeon Solar Technologies, Ltd. ("Maxeon Solar"), and unconsolidated entities in which we have a direct equity investment. These related-party balances are recorded within the "accounts receivable, net," "prepaid expenses and other current assets," "other long-term assets," "accounts payable," "accrued liabilities," "convertible debt, current portion," "contract liabilities, current portion," "convertible debt, net of current portion," and "other long-term liabilities," "current assets of discontinued operations," "current liabilities of discontinued operations," and "long-term liabilities of discontinued operations" financial statement line items on our condensed consolidated balance sheets (see Note 3, 2, Note 9, 7, Note 10, Note 11, 8, and Note 12) 10).

[2] Amounts included in the "Restricted cash and cash equivalents, current portion" and "Restricted cash and cash equivalents, net of current portion" financial statement line items on our condensed consolidated balance sheets include cash balances set aside for various financial obligations including loans, distributions, letter of credit facilities, and other projects' related cash transactions.

The accompanying notes are an integral part of these condensed consolidated financial statements.

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SunPower Corporation
Condensed Consolidated Statements of Operations
(In thousands, except per share data)
(unaudited)

		Three Months Ended		Nine Months Ended			Three Months Ended	
		October 2, 2022	October 3, 2021	October 2, 2022	October 3, 2021		April 2, 2023	April 3, 2022
Total revenues[1]	Total revenues[1]	$ 475,711	$ 283,312	$ 1,243,760	$ 784,199	Total revenues[1]	$ 440,878	$ 350,277
Total cost of revenues	Total cost of revenues	370,264	220,923	984,505	615,133	Total cost of revenues	376,767	277,968
Gross profit	Gross profit	105,447	62,389	259,255	169,066	Gross profit	64,111	72,309
Operating expenses:	Operating expenses:					Operating expenses:		
Research and development[1]	Research and development[1]	6,784	2,615	19,199	11,497	Research and development[1]	7,247	5,010
Sales, general, and administrative[1]	Sales, general, and administrative[1]	87,124	43,704	257,163	135,449	Sales, general, and administrative[1]	90,881	76,996
Restructuring charges (credits)	Restructuring charges (credits)	111	(230)	244	4,344	Restructuring charges (credits)	—	627
(Gain) loss on sale and impairment of residential lease assets		—	—	—	(294)			
(Gain) loss on business divestitures, net		—	—	—	(5,290)			
(Income) expense from transition services agreement, net[1]	(Income) expense from transition services agreement, net[1]	(1,059)	(468)	(1,287)	(5,211)	(Income) expense from transition services agreement, net[1]	(224)	266
Total operating expenses	Total operating expenses	92,960	45,621	275,319	140,495	Total operating expenses	97,904	82,899
Operating income (loss)		12,487	16,768	(16,064)	28,571			
Operating (loss) income						Operating (loss) income	(33,793)	(10,590)
Other (expense) income, net:	Other (expense) income, net:					Other (expense) income, net:		
Interest income	Interest income	144	43	278	168	Interest income	831	42
Interest expense[1]	Interest expense[1]	(4,216)	(5,171)	(15,224)	(18,828)	Interest expense[1]	(5,678)	(5,044)
Other, net	Other, net	135,368	(86,099)	122,160	(46,539)	Other, net	(10,983)	1,444
Other income (expense), net		131,296	(91,227)	107,214	(65,199)			
Income (loss) from continuing operations before income taxes		143,783	(74,459)	91,150	(36,628)			

Other (expense) income, net						Other (expense) income, net	(15,830)	(3,558)
(Loss) income from continuing operations before income taxes and equity in earnings (losses) of unconsolidated investees						(Loss) income from continuing operations before income taxes and equity in earnings (losses) of unconsolidated investees	(49,623)	(14,148)
(Provision for) benefits from income taxes	(Provision for) benefits from income taxes	(3,109)	2,015	5,308	3,547	(Provision for) benefits from income taxes	(1,227)	11,643
Equity in earnings (losses) of unconsolidated investees	Equity in earnings (losses) of unconsolidated investees	1,958	—	1,958	—	Equity in earnings (losses) of unconsolidated investees	247	—
Net income (loss) from continuing operations		142,632	(72,444)	98,416	(33,081)			
(Loss) income from discontinued operations before income taxes[1]		—	(12,042)	(47,155)	(27,401)			
Net (loss) income from continuing operations						Net (loss) income from continuing operations	(50,603)	(2,505)
(Loss) income from discontinued operations before income taxes and equity in earnings (losses) of unconsolidated investees[1]						(Loss) income from discontinued operations before income taxes and equity in earnings (losses) of unconsolidated investees[1]	—	(26,298)
Benefits from (provision for) income taxes from discontinued operations	Benefits from (provision for) income taxes from discontinued operations	—	179	584	1,446	Benefits from (provision for) income taxes from discontinued operations	—	343
Net (loss) income from discontinued operations, net of taxes		—	(11,863)	(46,571)	(25,955)			
Net income (loss)		142,632	(84,307)	51,845	(59,036)			
Net (loss) income from discontinued operations						Net (loss) income from discontinued operations	—	(25,955)
Net (loss) income						Net (loss) income	(50,603)	(28,460)
Net (income) loss from continuing operations attributable to noncontrolling interests	Net (income) loss from continuing operations attributable to noncontrolling interests	(3,225)	(263)	(3,671)	321	Net (income) loss from continuing operations attributable to noncontrolling interests	(81)	339
Net (income) loss from discontinued operations attributable to noncontrolling interests		—	194	250	1,161			

Net loss (income) from discontinued operations attributable to noncontrolling interests						Net loss (income) from discontinued operations attributable to noncontrolling interests	—	250
Net (income) loss attributable to noncontrolling interests	Net (income) loss attributable to noncontrolling interests	(3,225)	(69)	(3,421)	1,482	Net (income) loss attributable to noncontrolling interests	(81)	589
Net income (loss) from continuing operations attributable to stockholders		139,407	(72,707)	94,745	(32,760)			
Net (loss) income from continuing operations attributable to stockholders						Net (loss) income from continuing operations attributable to stockholders	(50,684)	(2,166)
Net (loss) income from discontinued operations attributable to stockholders	Net (loss) income from discontinued operations attributable to stockholders	—	(11,669)	(46,321)	(24,794)	Net (loss) income from discontinued operations attributable to stockholders	—	(25,705)
Net income (loss) attributable to stockholders		$ 139,407	$ (84,376)	$ 48,424	$ (57,554)			
Net (loss) income attributable to stockholders						Net (loss) income attributable to stockholders	$ (50,684)	$ (27,871)
Net income (loss) per share attributable to stockholders - basic:								
Net (loss) income per share attributable to stockholders - basic and diluted:						Net (loss) income per share attributable to stockholders - basic and diluted:		
Continuing operations	Continuing operations	$ 0.80	$ (0.42)	$ 0.55	$ (0.19)	Continuing operations	$ (0.29)	$ (0.01)
Discontinued operations	Discontinued operations	$ —	$ (0.07)	$ (0.27)	$ (0.14)	Discontinued operations	$ —	$ (0.15)
Net income (loss) per share – basic		$ 0.80	$ (0.49)	$ 0.28	$ (0.33)			
Net (loss) income per share – basic and diluted						Net (loss) income per share – basic and diluted	$ (0.29)	$ (0.16)
Net income (loss) per share attributable to stockholders - diluted:								
Continuing operations		$ 0.74	$ (0.42)	$ 0.54	$ (0.19)			
Discontinued operations		$ —	$ (0.07)	$ (0.24)	$ (0.14)			
Net (loss) income per share – diluted		$ 0.74	$ (0.49)	$ 0.30	$ (0.33)			
Weighted-average shares:	Weighted-average shares:					Weighted-average shares:		
Basic	Basic	174,118	172,885	173,815	172,242	Basic	174,528	173,376
Diluted	Diluted	192,497	172,885	191,589	172,242	Diluted	174,528	173,376

[1] We have related-party transactions with TotalEnergies SE and its affiliates, Maxeon Solar, and unconsolidated entities in which we have a direct equity investment. These related-party transactions are recorded within the "total revenues," "total cost of revenues," "operating expenses: research and development," "operating expenses: sales, general, and administrative," "operating expenses: (income) expense from transition services agreement, net," "other income (expense), net: interest expense," and "(loss) income from discontinued operations before income taxes" financial statement line items in our condensed consolidated statements of operations (see Note 3, 2, Note 10, 8, and Note 12) 10).

The accompanying notes are an integral part of these condensed consolidated financial statements.

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SunPower Corporation
Condensed Consolidated Statements of Comprehensive (Loss) Income (Loss)
(In thousands)
(unaudited)

	Three Months Ended		Nine Months Ended	
	October 2, 2022	October 3, 2021	October 2, 2022	October 3, 2021
Net income (loss)	$ 142,632	$ (84,307)	$ 51,845	$ (59,036)
Components of other comprehensive income (loss):				
Translation adjustment	(42)	(14)	(71)	(10)
Net change in derivatives	—	—	—	570
Benefits from (provision for) income taxes	—	—	—	16
Total other comprehensive (loss) income	(42)	(14)	(71)	576
Total comprehensive income (loss)	142,590	(84,321)	51,774	(58,460)
Comprehensive (income) loss attributable to noncontrolling interests	(3,225)	(69)	(3,421)	1,482
Comprehensive income (loss) attributable to stockholders	$ 139,365	$ (84,390)	$ 48,353	$ (56,978)

	Three Months Ended	
	April 2, 2023	April 3, 2022
Net (loss) income	$ (50,603)	$ (28,460)
Components of other comprehensive income (loss):		
Translation adjustment	5	2
Total other comprehensive income (loss)	5	2
Total comprehensive (loss) income	(50,598)	(28,458)
Comprehensive (income) loss attributable to noncontrolling interests	(81)	589
Comprehensive (loss) income attributable to stockholders	$ (50,679)	$ (27,869)

The accompanying notes are an integral part of these condensed consolidated financial statements.

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SunPower Corporation
Condensed Consolidated Statements of Equity
(In thousands)
(unaudited)

	Common Stock								
	Shares	Value	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity	Noncontrolling Interests in Subsidiaries	Total Equity
Balances at January 2, 2022	**173,051**	**$ 173**	**$ 2,714,500**	**$ (215,240)**	**$ 11,168**	**$ (2,122,212)**	**$ 388,389**	**$ 1,635**	**$ 390,024**
Net income (loss)	—	—	—	—	—	(27,871)	(27,871)	(589)	(28,460)
Other comprehensive income	—	—	—	—	2	—	2	—	2
Issuance of restricted stock to employees, net of cancellations	1,201	1	—	—	—	—	1	—	1

Stock-based compensation expense	—	—	5,427	—	—	—	5,427	—	5,427
Purchases of treasury stock	(407)	—	—	(7,333)	—	—	(7,333)	—	(7,333)
Balances at April 3, 2022	**173,845**	**174**	**2,719,927**	**(222,573)**	**11,170**	**(2,150,083)**	**358,615**	**1,046**	**359,661**
Net income (loss)	—	—	—	—	—	(63,112)	(63,112)	785	(62,327)
Other comprehensive income	—	—	—	—	(31)	—	(31)	—	(31)
Issuance of restricted stock to employees, net of cancellations	359	—	—	—	—	—	—	—	—
Stock-based compensation expense	—	—	7,071	—	—	—	7,071	—	7,071
Purchases of treasury stock	(123)	—	—	(2,256)	—	—	(2,256)	—	(2,256)
Income taxes impact of sale of C&I Solutions business	—	—	(1,371)	—	—	—	(1,371)	—	(1,371)
Gain on sale of C&I Solutions business[1]	—	—	114,401	—	—	—	114,401	3,943	118,344
Balances at July 3, 2022	**174,081**	**174**	**2,840,028**	**(224,829)**	**11,139**	**(2,213,195)**	**413,317**	**5,774**	**419,091**
Net income (loss)	—	—	—	—	—	139,407	139,407	3,225	142,632
Other comprehensive income	—	—	—	—	(42)	—	(42)	—	(42)
Issuance of restricted stock to employees, net of cancellations	114	—	—	—	—	—	—	—	—
Stock-based compensation expense	—	—	6,557	—	—	—	6,557	—	6,557
Purchases of treasury stock	(40)	—	—	(874)	—	—	(874)	—	(874)
Closing statement adjustment in connection with the sale of our C&I Solutions business	—	—	(740)	—	—	—	(740)	—	(740)
Balances at October 2, 2022	**174,155**	**$ 174**	**$ 2,845,845**	**$ (225,703)**	**$ 11,097**	**$ (2,073,788)**	**$ 557,625**	**$ 8,999**	**$ 566,624**

[1] As TotalEnergies Renewables is a subsidiary of TotalEnergies SE, our parent company, the sale of our C&I Solutions business was a transaction under common control. As such, total gain on sale of our C&I Solutions business was included in Additional Paid-in-Capital within our condensed consolidated statements of equity. Refer to Note 2. *Discontinued Operations* for further details.

	Common Stock								
	Shares	Value	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity	Noncontrolling Interests in Subsidiaries	Total Equity
Balances at January 1, 2023	**174,269**	**$ 174**	**$ 2,855,930**	**$ (226,646)**	**$ 11,568**	**$ (2,066,175)**	**$ 574,851**	**$ 803**	**$ 575,654**
Net (loss) income	—	—	—	—	—	(50,684)	(50,684)	81	(50,603)
Other comprehensive income	—	—	—	—	5	—	5	—	5
Issuance of restricted stock to employees, net of cancellations	959	1	—	—	—	—	1	—	1
Stock-based compensation expense	—	—	6,877	—	—	—	6,877	—	6,877
Purchases of treasury stock	(327)	—	—	(5,071)	—	—	(5,071)	—	(5,071)
Net working capital settlement related to the sale of our C&I Solutions business, net of taxes of $0.3 million	—	—	(23,574)	—	—	—	(23,574)	—	(23,574)
Balances at April 2, 2023	**174,901**	**$ 175**	**$ 2,839,233**	**$ (231,717)**	**$ 11,573**	**$ (2,116,859)**	**$ 502,405**	**$ 884**	**$ 503,289**

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SunPower Corporation
Condensed Consolidated Statements of Equity
(In thousands)
(unaudited)

	Common Stock

	Shares	Value	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity	Noncontrolling Interests in Subsidiaries	Total Equity
Balances at January 3, 2021	**170,428**	**$ 170**	**$ 2,685,920**	**$ (205,476)**	**$ 8,799**	**$ (2,085,246)**	**$ 404,167**	**$ 2,319**	**$ 406,486**
Net income (loss)	—	—	—	—	—	(48,385)	(48,385)	(1,113)	(49,498)
Other comprehensive income	—	—	—	—	98	—	98	—	98
Issuance of restricted stock to employees, net of cancellations	1,908	2	—	—	—	—	2	—	2
Stock-based compensation expense	—	—	5,437	—	—	—	5,437	—	5,437
Bond/debentures conversion	4	—	155	—	—	—	155	—	155
Purchases of treasury stock	(76)	—	—	(2,120)	—	—	(2,120)	—	(2,120)
Other adjustments	—	—	(89)	—	—	392	303	—	303
Balances at April 4, 2021	**172,264**	**172**	**2,691,423**	**(207,596)**	**8,897**	**(2,133,239)**	**359,657**	**1,206**	**360,863**
Net income (loss)	—	—	—	—	—	75,207	75,207	(438)	74,769
Other comprehensive income	—	—	—	—	492	—	492	—	492
Issuance of restricted stock to employees, net of cancellations	664	—	—	—	—	—	—	—	—
Issuance of common stock to executive	101	—	2,999	—	—	—	2,999	—	2,999
Stock-based compensation expense	—	—	9,225	—	—	—	9,225	—	9,225
Purchases of treasury stock	(187)	—	—	(4,310)	—	—	(4,310)	—	(4,310)
Other adjustments	—	—	—	(25)	—	—	(25)	—	(25)
Balances at July 4, 2021	**172,842**	**172**	**2,703,647**	**(211,931)**	**9,389**	**(2,058,032)**	**443,245**	**768**	**444,013**
Net income (loss)	—	—	—	—	—	(84,376)	(84,376)	69	(84,307)
Other comprehensive loss	—	—	—	—	(14)	—	(14)	—	(14)
Issuance of restricted stock to employees, net of cancellations	107	—	—	—	—	—	—	—	—
Stock-based compensation expense	—	—	4,725	—	—	—	4,725	—	4,725
Purchases of treasury stock	(34)	—	—	(809)	—	—	(809)	—	(809)
Income taxes	—	—	3,397	—	—	—	3,397	—	3,397
Balances at October 3, 2021	**172,915**	**$ 172**	**$ 2,711,769**	**$ (212,740)**	**$ 9,375**	**$ (2,142,408)**	**$ 366,168**	**$ 837**	**$ 367,005**

	Common Stock								
	Shares	Value	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity	Noncontrolling Interests in Subsidiaries	Total Equity
Balances at January 2, 2022	**173,051**	**$ 173**	**$ 2,714,500**	**$ (215,240)**	**$ 11,168**	**$ (2,122,212)**	**$ 388,389**	**$ 1,635**	**$ 390,024**
Net (loss) income	—	—	—	—	—	(27,871)	(27,871)	(589)	(28,460)
Other comprehensive income	—	—	—	—	2	—	2	—	2
Issuance of restricted stock to employees, net of cancellations	1,201	1	—	—	—	—	1	—	1
Stock-based compensation expense	—	—	5,427	—	—	—	5,427	—	5,427
Purchases of treasury stock	(407)	—	—	(7,333)	—	—	(7,333)	—	(7,333)
Balances at April 3, 2022	**173,845**	**$ 174**	**$ 2,719,927**	**$ (222,573)**	**$ 11,170**	**$ (2,150,083)**	**$ 358,615**	**$ 1,046**	**$ 359,661**

The accompanying notes are an integral part of these condensed consolidated financial statements.

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Condensed Consolidated Statements of Cash Flows
(In thousands)
(unaudited)

		Nine Months Ended			Three Months Ended	
		October 2, 2022	October 3, 2021		April 2, 2023	April 3, 2022
Cash flows from operating activities:	**Cash flows from operating activities:**			**Cash flows from operating activities:**		
Net income (loss)		$ 51,845	$ (59,036)			
Adjustments to reconcile net income (loss) to net cash used in operating activities:						
Depreciation and amortization		25,096	7,498			
Net (loss) income				Net (loss) income	$ (50,603)	$ (28,460)
Adjustments to reconcile net (loss) income to net cash used in operating activities:				Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation and amortization (excluding amortization of cloud computing arrangements)				Depreciation and amortization (excluding amortization of cloud computing arrangements)	9,989	4,170
Amortization of cloud computing arrangements				Amortization of cloud computing arrangements	1,673	495
Stock-based compensation	Stock-based compensation	19,056	19,776	Stock-based compensation	6,877	5,427
Non-cash interest expense	Non-cash interest expense	2,556	4,095	Non-cash interest expense	617	726
Equity in (earnings) losses of unconsolidated investees	Equity in (earnings) losses of unconsolidated investees	(1,958)	—	Equity in (earnings) losses of unconsolidated investees	(247)	—
(Gain) loss on equity investments		(120,965)	47,238			
Loss (gain) on equity investments				Loss (gain) on equity investments	10,805	(1,315)
(Gain) loss on sale of investments		—	(1,162)			
(Gain) loss on business divestitures, net		—	(224)			
Unrealized (gain) loss on derivatives		(2,304)	—			
Unrealized loss (gain) on derivatives				Unrealized loss (gain) on derivatives	3,334	—
Dividend from equity method investees	Dividend from equity method investees	133	—	Dividend from equity method investees	371	—
Deferred income taxes	Deferred income taxes	(12,606)	(4,109)	Deferred income taxes	(815)	(13,750)
Other, net	Other, net	128	(6,335)	Other, net	91	845
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:			Changes in operating assets and liabilities:		
Accounts receivable	Accounts receivable	(66,254)	(4,450)	Accounts receivable	(19,745)	(12,354)
Contract assets	Contract assets	2,326	28,687	Contract assets	(7,918)	(6,519)
Inventories	Inventories	(22,787)	(3,758)	Inventories	(65,032)	(35,081)
Project assets	Project assets	295	2,817	Project assets	—	2,892
Prepaid expenses and other assets	Prepaid expenses and other assets	(212,164)	(10,915)	Prepaid expenses and other assets	(12,199)	(86,502)
Operating lease right-of-use assets	Operating lease right-of-use assets	8,424	8,709	Operating lease right-of-use assets	2,710	2,415
Advances to suppliers	Advances to suppliers	(6,288)	(687)	Advances to suppliers	(3,198)	(2,222)

Accounts payable and other accrued liabilities	Accounts payable and other accrued liabilities	77,844	(56,245)	Accounts payable and other accrued liabilities	(26,557)	41,444
Contract liabilities	Contract liabilities	98,663	(3,507)	Contract liabilities	16,830	22,066
Operating lease liabilities	Operating lease liabilities	(10,906)	(10,457)	Operating lease liabilities	(2,063)	(3,027)
Net cash used in operating activities		(169,866)	(42,065)			
Net cash (used in) provided by operating activities				Net cash (used in) provided by operating activities	(135,080)	(108,750)
Cash flows from investing activities:	**Cash flows from investing activities:**			**Cash flows from investing activities:**		
Purchases of property, plant, and equipment	Purchases of property, plant, and equipment	(36,958)	(3,934)	Purchases of property, plant, and equipment	(11,943)	(8,636)
Investment in software development costs	Investment in software development costs	(4,225)	(2,468)	Investment in software development costs	(891)	(1,521)
Proceeds from sale of property, plant, and equipment		—	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			
Cash received from C&I Solutions sale, net of de-consolidated cash		146,303	—			
Cash paid for equity investments		(30,920)	—			
Cash paid for equity investments under the Dealer Accelerator Program and other				Cash paid for equity investments under the Dealer Accelerator Program and other	—	(7,000)
Proceeds from sale of equity investment	Proceeds from sale of equity investment	440,108	177,780	Proceeds from sale of equity investment	121,675	149,830
Proceeds from return of capital from equity investments		—	2,276			
Cash paid for investments in unconsolidated investees	Cash paid for investments in unconsolidated investees	(5,742)	—	Cash paid for investments in unconsolidated investees	(1,454)	(154)
Dividend from equity method investees		137	—			
Net cash provided by investing activities		508,703	185,635			
Dividend from equity method investee				Dividend from equity method investee	149	—
Net cash provided by (used in) investing activities				Net cash provided by (used in) investing activities	107,536	132,519
Cash flows from financing activities:	**Cash flows from financing activities:**			**Cash flows from financing activities:**		
Proceeds from bank loans and other debt	Proceeds from bank loans and other debt	124,729	123,669	Proceeds from bank loans and other debt	245,764	21,458
Repayment of bank loans and other debt	Repayment of bank loans and other debt	(167,003)	(156,386)	Repayment of bank loans and other debt	(48,146)	(23,944)
Repayment of non-recourse residential and commercial financing debt		—	(9,798)			
Repayment of convertible debt	Repayment of convertible debt	—	(62,757)	Repayment of convertible debt	(424,991)	—

Payments for financing leases	Payments for financing leases	(735)	—	Payments for financing leases	(775)	—
Issuance of common stock to executive		—	2,998			
Purchases of stock for tax withholding obligations on vested restricted stock	Purchases of stock for tax withholding obligations on vested restricted stock	(10,462)	(7,262)	Purchases of stock for tax withholding obligations on vested restricted stock	(5,070)	(7,332)
Net cash used in financing activities		(53,471)	(109,536)			
Effect of exchange rate changes on cash, cash equivalents, and restricted cash		—	—			
Net increase (decrease) in cash, cash equivalents, and restricted cash		285,366	34,034			
Net cash (used in) provided by financing activities				Net cash (used in) provided by financing activities	(233,218)	(9,818)
Net (decrease) increase in cash, cash equivalents, and restricted cash				Net (decrease) increase in cash, cash equivalents, and restricted cash	(260,762)	13,951
Cash, cash equivalents, and restricted cash, beginning of period	Cash, cash equivalents, and restricted cash, beginning of period	148,613	246,804	Cash, cash equivalents, and restricted cash, beginning of period	402,032	148,613
Cash, cash equivalents, and restricted cash, end of period	Cash, cash equivalents, and restricted cash, end of period	$ 433,979	$ 280,838	Cash, cash equivalents, and restricted cash, end of period	$ 141,270	$ 162,564
Reconciliation of cash, cash equivalents, and restricted cash to the condensed consolidated balance sheets, including discontinued operations:	**Reconciliation of cash, cash equivalents, and restricted cash to the condensed consolidated balance sheets, including discontinued operations:**			**Reconciliation of cash, cash equivalents, and restricted cash to the condensed consolidated balance sheets, including discontinued operations:**		
Cash and cash equivalents	Cash and cash equivalents	$ 396,510	$ 268,574	Cash and cash equivalents	$ 116,478	$ 142,250
Restricted cash and cash equivalents, current portion	Restricted cash and cash equivalents, current portion	13,204	7,438	Restricted cash and cash equivalents, current portion	9,634	681
Restricted cash and cash equivalents, net of current portion	Restricted cash and cash equivalents, net of current portion	24,265	4,826	Restricted cash and cash equivalents, net of current portion	15,158	12,857
Cash, cash equivalents, and restricted cash from discontinued operations				Cash, cash equivalents, and restricted cash from discontinued operations	—	6,776
Total cash, cash equivalents, and restricted cash	Total cash, cash equivalents, and restricted cash	$ 433,979	$ 280,838	Total cash, cash equivalents, and restricted cash	$ 141,270	$ 162,564
Supplemental disclosure of cash flow information:	**Supplemental disclosure of cash flow information:**			**Supplemental disclosure of cash flow information:**		
Property, plant and equipment acquisitions funded by liabilities (including financing leases)	Property, plant and equipment acquisitions funded by liabilities (including financing leases)	$ 9,130	$ 2,530	Property, plant and equipment acquisitions funded by liabilities (including financing leases)	$ 3,505	$ 922
Right-of-use assets obtained in exchange for lease obligations	Right-of-use assets obtained in exchange for lease obligations	$ 14,005	$ 15,957	Right-of-use assets obtained in exchange for lease obligations	$ 2,086	$ 877

Working capital adjustment related to C&I Solutions sale		$	7,005	$	—					
Accrued legal expenditures on equity method investment		$	168	$	—					
Accrued debt issuance costs		$	919	$	—					
Deconsolidation of right-of-use assets and lease obligations		$	—	$	3,340					
Debt repaid in sale of commercial projects		$	—	$	5,585					
Net working capital settlement related to C&I Solutions sale						Net working capital settlement related to C&I Solutions sale	$	23,880	$	—
Cash paid for interest	Cash paid for interest	$	20,323	$	23,734	Cash paid for interest	$	11,969	$	9,874
Cash paid for income taxes	Cash paid for income taxes	$	5,187	$	20,316	Cash paid for income taxes	$	184	$	250

The accompanying notes are an integral part of these condensed consolidated financial statements.

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Notes to Condensed Consolidated Financial Statements (Unaudited)

Note 1. *ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

Organization

SunPower Corporation (together with its subsidiaries, "SunPower," the "Company," "we," "us," or "our") is a leading solar technology and energy services provider that offers fully integrated solar, storage, and home energy solutions to customers primarily in the United States North America. Through a multi-channel strategy of distributed dealer network, SunPower direct sales channel, and Canada through an array of hardware, software, and financing options and "Smart Energy" solutions. Our Smart Energy initiative is designed to add layers of intelligent control to homes, buildings, and grids—all personalized through easy-to-use customer interfaces. We are a leader in the U.S. Distributed Generation ("DG") storage and energy services market, providing new home builder partnerships, we provide customers control over electricity consumption, and resiliency during power outages, while providing and cost savings, to homeowners and while also reducing carbon emissions and contributing to a more sustainable grid. Our sales channels include a network of both installing and non-installing dealers and resellers that operate in residential markets as well as a group of in-house sales teams engaged in direct sales to end customers. We are invested in growing our business by focusing on continued innovation, product development, and investments, while enhancing our customer experience and culture.

SunPower was a majority-owned subsidiary of TotalEnergies Solar INTL SAS ("Total," formerly Total Solar International SAS) and TotalEnergies Gaz & Electricité Holdings France SAS ("Total Gaz," formerly Total Gaz Electricité Holdings France SAS), each a subsidiary of TotalEnergies SE ("TotalEnergies SE," formerly Total SE). On September 12, 2022, Total and Total Gaz sold to GIP III Sol Acquisition, LLC ("GIP Sol") 50% less one unit of the equity interests in a newly formed Delaware limited liability company, Sol Holding, LLC ("HoldCo"), which is now the record holder of all of the shares of SunPower common stock (see "Note 3. Note 2. *Transactions with Total and TotalEnergies SE*").

On February 6, 2022, we signed an Equity Purchase Agreement (the "Definitive Agreement") with TotalEnergies Renewables USA, LLC ("TotalEnergies Renewables"), a Delaware limited liability company and wholly owned subsidiary of TotalEnergies SE, for the sale of our Commercial and Industrial Solutions ("C&I Solutions") business for a preliminary purchase price of $190.0 million, subject to the terms and considerations set forth in the Definitive Agreement. The transaction closed on May 31, 2022, and upon closing, we received net cash consideration of $149.2 million based on the estimated net assets of the business on that date. Refer to Note 2. *Discontinued Operations* for more details on the transaction.

Liquidity

We believe currently anticipate that our cash and cash equivalents will be sufficient to meet our obligations over the next 12 months from the date of issuance of our financial statements, statements. We continuously evaluate our liquidity and capital resources, including repayment of our $425.0 million 4.00% senior convertible debentures due 2023 (the "4.00% debentures due 2023"), $100.0 million of which are held by TotalEnergies, which mature on January 15, 2023. The holders of 4.00% debentures due 2023 may exercise their right access to convert into external capital, to ensure we can finance our common stock any time prior to their maturity, instead of cash repayment. To fulfill our obligation to repay the 4.00% debentures due 2023, we could use the $200.0 million revolver and term loan facility with Bank of America and Bank of the West which we entered into during September 2022 (refer to Note 10. *Debt and Credit Sources* for details), as well as the proceeds from the sale of shares of Enphase Energy, Inc ("Enphase") common stock and cash generated from operations. We believe it is probable that these actions will generate sufficient proceeds to satisfy our obligations as they become due, including repayment of our debt obligations under the 4.00% debentures due 2023. However, we cannot predict, with certainty, the outcome of the actions discussed above to generate liquidity or whether such actions would generate the expected liquidity as currently planned.future capital requirements.

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Basis of Presentation and Preparation

Principles of Consolidation

The accompanying condensed consolidated financial statements have been prepared by us in accordance with generally accepted accounting principles in the United States ("United States" or "U.S.," and such accounting principles, "U.S. GAAP") for interim financial information, and include the accounts of SunPower, all of our subsidiaries and special purpose entities, as appropriate under U.S. GAAP. All intercompany transactions and balances have been eliminated in consolidation. The financial information included herein is unaudited, and reflects all adjustments which are, in the opinion of our management, of a normal recurring nature and necessary for a fair statement of the results for the periods presented. The January 2, 2022 January 1, 2023 consolidated balance sheet data was derived from SunPower's audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended January 2, 2022 January 1, 2023, as filed with the Securities and Exchange Commission ("SEC") on February 25, 2022 March 10, 2023, but does not include all disclosures required by U.S. GAAP. The condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in SunPower's Annual Report on Form 10-K for the fiscal year ended January 2, 2022 January 1, 2023. The operating results for the three and nine months ended October 2, 2022 April 2, 2023 are not necessarily indicative of the results that may be expected for fiscal year 2022, 2023, or for any other future period.

We have a 52-to-53-week fiscal year that ends on the Sunday closest to December 31. Accordingly, every fifth or sixth year will be a 53-week fiscal year. Both the current fiscal year, fiscal 2022, 2023, and prior fiscal year, fiscal 2021, 2022, are 52-week fiscal years. The third first quarter of fiscal 2023 ended on April 2, 2023, while the first quarter of fiscal 2022 ended on October 2, 2022, while the third quarter of fiscal 2021 ended on October 3, 2021 April 3, 2022.

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Management Estimates

The preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires our management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities reported in these condensed consolidated financial statements and accompanying notes. We base our estimates on historical experience and various other assumptions believed to be reasonable. Our actual financial results could materially differ from those estimates. Significant estimates in these condensed consolidated financial statements include revenue recognition, specifically nature and timing of satisfaction of performance obligations, standalone selling price of performance obligations, and variable consideration; credit losses, including estimating macroeconomic factors affecting historical recovery rate of receivables; inventory and project asset write-downs; long-lived assets and goodwill impairment, specifically estimates for valuation assumptions including discount rates and future cash flows; fair value of investments, including equity investments for which we apply the fair value option and other financial instruments; actuarial estimates related to our self-insured health benefits; valuation of goodwill and intangible assets acquired in a business combination; valuation of contingent consideration in a business combination; valuation of contingencies such as warranty and litigation; the incremental borrowing rate used in discounting of lease liabilities; the fair value of indemnities provided to customers and other parties; and income taxes and tax valuation allowances.

Segment Information

As a result of the sale of our C&I Solutions business, we now We operate in a single operating segment, providing solar power systems and services to residential customers. While our chief executive officer, as the chief operating decision maker ("CODM"), reviews financial information by different functions and revenue streams, he considers the business on a consolidated basis for purposes of allocating resources and reviewing overall business performance.

Summary of Selected Significant Accounting Policies

The following significant accounting policies are updates to our significant accounting policies from our Annual Report on Form 10-K for the fiscal year ended January 2, 2022 January 1, 2023. Refer to our Annual Report on Form 10-K for the fiscal year ended January 2, 2022 January 1, 2023 for the full list of our significant accounting policies. There have been no other material changes to our significant accounting policies except as disclosed below.

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Retail installment contract receivables, net

In in the fourth quarter of fiscal 2021, we launched SunPower Financial™, with an objective to expand our relationship with our customers and to make renewable energy affordable for more homeowners and increase access to underserved populations by offering a new line of financial products featuring expanded eligibility. This included entering into a retail installment contract, together with a sale of the solar power system, and offering a long-term loan to our customers at affordable rates to finance their purchase. These retail installment contracts allowed us to extend credit to the customers to pay for the solar power systems they purchased, on an installment basis, with a term of typically 20-25 years. We are no longer executing these retail installment contracts.

Revenue from the sale of solar power systems underlying these retail installment contracts is recognized similar to other contracts, when the solar power system is fully installed and final permit is received from the authority having jurisdiction, as we deem our performance obligation under the contract to be complete at such time, and the customer retains the significant risks and rewards of ownership of the solar power system. Further, in accordance with ASC 606, *Revenue from Contracts with Customers*, given the long-term nature of these receivables, a significant financing component is deemed to exist. We adjust the transaction price to quantify and defer the significant financing component at contract inception, using the discount rate that would be reflective of a separate financing transaction between the entity and its customer at contract inception. The significant financing component amount is deferred and recognized as revenue over the contract term. We recognize the interest income as revenue given that the contracts are entered into in connection with the sales of our solar power systems and within our ordinary business activities.

As of October 2, 2022, the receivables are classified within current and non-current assets, based on the underlying contractual payment terms, as “accounts receivable, net” and “other long-term assets” on our condensed consolidated balance sheet, respectively.

Recently Adopted Accounting Pronouncements

In August 2020, the Financial Accounting Standards Board (“FASB”) issued ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40)—Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity.* The amendment reduces the number of accounting models used for convertible debt instruments and convertible preferred stock, which results in fewer embedded conversion features separately recognized from the host contracts. ASU 2020-06 is effective no later than the first quarter of fiscal 2022. Early adoption is permitted no earlier than the first quarter of fiscal 2021, and the ASU should be applied retrospectively. We adopted the ASU during the first quarter of fiscal 2022. The adoption did not have any impact on our consolidated financial statements and related disclosures.Form 10-K.

Note 2.*DISCONTINUED OPERATIONS*

On February 6, 2022, we signed the Definitive Agreement with TotalEnergies Renewables for the sale of our C&I Solutions business. The transaction closed on May 31, 2022 pursuant to the terms of the Definitive Agreement, and TotalEnergies Renewables acquired all the issued and outstanding common stock of our C&I Solutions business. The preliminary purchase price of $190.0 million was subject to certain adjustments, including cash, indebtedness, and an estimated closing date working capital adjustment. Upon closing, we received net cash consideration of $149.2 million based on the estimated net assets of the business on that date. As of July 3, 2022, we recorded a payable of $6.3 million to Total, based on the latest estimate of closing date working capital. As of October 2, 2022, we have recorded an additional payable of $0.7 million as a result of our submission of the Closing Statement during the third quarter of fiscal 2022, for a total payable of $7.0 million. On October 25, 2022, we received a notice of disagreement from TotalEnergies Renewables with respect to the Closing Statement, which we are currently reviewing and expect to respond to in accordance with the process and timeline set forth in the Definitive Agreement. The consideration and working capital adjustments are currently estimates and subject to further review by both parties, and any resulting adjustment could be material.

The sale of the C&I Solutions business was a common control transaction in accordance with the guidance in ASC 805, *Business Combinations,* as TotalEnergies Renewables is a wholly owned subsidiary of TotalEnergies SE that holds a more than 50% voting interest in the Company and TotalEnergies Renewables as of July 3, 2022. As such, the difference between the total cash consideration received and the net book value of the C&I Solutions business, and the estimated working capital adjustment recorded, was recorded as an equity transaction. Accordingly, the gain was recorded as “additional paid-in capital” with a portion of the gain recorded in “non-controlling interest” due to the transfer of our safe harbor inventory from our consolidated VIE, Solar Sail, LLC (“Solar Sail”), to Total.

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We also incurred transaction costs in connection with the sale of $0.1 million and $10.7 million for the three and nine months ended October 2, 2022, respectively, which were expensed as incurred and included within “loss from discontinued operations before income taxes” in our condensed consolidated statements of operations. We began incurring these transaction costs in the second quarter of fiscal 2021, and incurred transaction costs of $1.4 million and $1.7 million in the three and nine months ended October 3, 2021, respectively.

The following table presents the gain on sale of our C&I Solutions business recorded within our condensed consolidated statements of equity for the nine months ended October 2, 2022:

	Nine Months Ended October 2, 2022
Net cash consideration	$ 149,171
Less: Estimated final working capital adjustment (as of July 3, 2022)	6,265
Less: Net book value of assets sold	24,562
Gain on sale of C&I Solutions business (as of July 3, 2022)	118,344
Less: Adjustments based on Closing Statement (as of October 2, 2022)	740
Gain on sale of C&I Solutions business (as of October 2, 2022)	$ 117,604
Gain on sale of C&I Solutions business - within additional paid-in capital	$ 113,661
Gain on sale of C&I Solutions business - within non-controlling interest	$ 3,943

In accordance with the accounting guidance, the C&I Solutions business is presented as discontinued operations for the period up to and including the date of the sale, including the first quarter of fiscal 2022 as the signing of the Definitive Agreement had occurred and the sale represented a strategic shift in our business with major impacts on our current and historical financial results. As such, for all periods presented, the financial results of C&I Solutions are presented as net earnings from discontinued operations on the condensed consolidated statement of operations, as well as assets and liabilities of discontinued operations on the condensed consolidated balance sheets.

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The following table presents the assets and liabilities of C&I Solutions as of January 2, 2022, presented as assets and liabilities of discontinued operations on the condensed consolidated balance sheet:

		January 2, 2022
Assets		
Current assets:		
Cash and cash equivalents	$	3,395
Restricted cash and cash equivalents, current portion		3,466
Accounts receivable, net		5,522
Contract assets		55,673
Inventories		28,561
Advances to suppliers, current portion		2,813
Project assets - plants and land, current portion		8,105
Prepaid expenses and other current assets		13,257
Total current assets of discontinued operations		120,792
Restricted cash and cash equivalents, net of current portion		2,439
Property, plant and equipment, net		1,734
Operating lease right-of-use assets		27,572
Other long-term assets		15,781
Total assets of discontinued operations	$	168,318
Liabilities		
Current liabilities:		
Accounts payable	$	38,541
Accrued liabilities		16,895
Operating lease liabilities, current portion		1,400
Contract liabilities, current portion		26,559
Short-term debt		3,101
Total current liabilities of discontinued operations		86,496
Operating lease liabilities, net of current portion		10,200
Contract liabilities, net of current portion		9,096
Other long-term liabilities		23,365
Total liabilities of discontinued operations	$	129,157

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The following table presents financial results of C&I Solutions presented as discontinued operations in the condensed consolidated statement of operations in the corresponding periods:

	Three Months Ended	Nine Months Ended	
	October 3, 2021	October 2, 2022	October 3, 2021
Total revenues	$ 40,324	$ 36,710	$ 154,762
Total cost of revenues	43,063	59,860	153,273
Gross (loss) profit	(2,739)	(23,150)	1,489
Operating expenses	7,829	22,131	26,468
Operating (loss) income	(10,568)	(45,281)	(24,979)
Other (expense) income, net	(1,474)	(1,874)	(2,422)
(Loss) earnings before income taxes	(12,042)	(47,155)	(27,401)
Benefits from (provision for) income taxes	179	584	1,446
Net (loss) income from discontinued operations, net of taxes	(11,863)	(46,571)	(25,955)

Net loss (income) from discontinued operations attributable to noncontrolling interests	194	250	1,161
Net (loss) income from discontinued operations attributable to stockholders	$ (11,669)	$ (46,321)	$ (24,794)

The following table presents significant non-cash items and capital expenditures of discontinued operations:

	Nine Months Ended	
	October 2, 2022	October 3, 2021
Depreciation and amortization	$ 85	$ 2,538
Stock-based compensation	$ 21	$ 2,146
(Gain) loss on change in valuation of equity method investments	$ —	$ (726)
(Gain) loss on sale of investments	$ —	$ (1,162)
Loss (gain) on business divestiture	$ —	$ 5,066

Note 3. ***TRANSACTIONS WITH TOTAL AND TOTALENERGIES SE***

In June 2011, Total completed a cash tender offer to acquire 60% of our then outstanding shares of common stock at a price of $23.25 per share, for a total cost of approximately $1.4 billion. In December 2011, we entered into a Private Placement Agreement with Total, under which Total purchased, and we issued and sold, 18.6 million shares of our common stock for a purchase price of $8.80 per share, thereby increasing Total's ownership to approximately 66% of our outstanding common stock as of that date.

On May 24, 2022, Total and Total Gaz (collectively, "Sellers") agreed to sell 50% less one unit of the equity interests in HoldCo, which upon closing of such transaction would be the record holder of all of the shares of our common stock held by Sellers, to GIP Sol (and such transaction, the "Transaction").

On September 12, 2022, Sellers closed the Transaction. In connection with the completion of the Transaction, TotalEnergies Renewables, GIP Sol, and HoldCo entered into a Letter Agreement, dated September 12, 2022, concerning certain governance rights with respect to HoldCo and the shares of our common stock held directly by HoldCo. Specifically, TotalEnergies Renewables and GIP Sol agreed to, among other things, take all actions necessary to cause HoldCo to designate and elect to our board of directors (the "Board") such individuals as HoldCo is entitled to appoint pursuant to the Affiliation Agreement; provided, however, that for so long as HoldCo is entitled to appoint at least five directors to our Board, GIP Sol shall have the right to appoint two of such five directors. The Letter Agreement also contained certain provisions on voting and on the transfer of HoldCo interests and common stock of the Company.

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As of October 2, 2022 April 2, 2023, ownership of our outstanding common stock by TotalEnergies SE and its affiliates, and GIP Sol, was approximately 51% 50.3%. Subsequent

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Sale of C&I Solutions Business

On May 31, 2022, pursuant to the spin-off terms of Maxeon Solar Technologies, Ltd. ("Maxeon Solar") completed the Definitive Agreement we signed with TotalEnergies Renewables on August 26, 2020 (the "Spin-Off") February 6, 2022, TotalEnergies Renewables acquired all of the issued and outstanding common stock of our C&I Solutions business. The preliminary purchase price of $190.0 million was subject to certain adjustments, including cash, indebtedness, and an estimated closing date working capital adjustment. Upon closing, we received net cash consideration of $149.2 million based on the estimated net assets of the business on that date. As of the third quarter of fiscal 2022, we recorded a payable of $7.0 million to Total, based on our review of the closing date working capital and our submission of the Closing Statement. On October 25, 2022, we received a pro rata distribution notice of ordinary shares disagreement from TotalEnergies Renewables with respect to the Closing Statement. As set forth in the Definitive Agreement, we appointed an independent accountant to adjudicate the amount owed under the Closing Statement. On April 12, 2023, the independent accountant issued its final and binding determination with respect to the disputed items and an additional $23.9 million was deemed in favor of Maxeon Solar, TotalEnergies Renewables. We have recorded a payable of $30.9 million in our condensed consolidated balance sheets as of April 2, 2023, and its percentage ownership of shares of SunPower did not change. such amount was paid on April 19, 2023.

Affiliation Agreement

In April 2011, we and Total entered into an Affiliation Agreement that governs the relationship between Total and us (the "Affiliation Agreement"). Until the expiration of a standstill period specified in the Affiliation Agreement (the "Standstill Period"), and subject to certain exceptions, Total, TotalEnergies SE, and any of their respective affiliates and certain other related parties (collectively, the "Total Group") may not effect, seek, or enter into discussions with any third party regarding any transaction that would result in the Total Group beneficially owning our shares in excess of certain thresholds, or request us or our independent directors, officers, or employees to amend or waive any of the standstill restrictions applicable to the Total Group. The Standstill Period ends when Total holds less than 15% ownership of us.

The Affiliation Agreement imposes certain limitations on the Total Group's ability to seek to effect a tender offer or merger to acquire 100% of our outstanding voting power and imposes certain limitations on the Total Group's ability to transfer 40% or more of our outstanding shares or voting power to a single person or group that is not a direct or indirect subsidiary of TotalEnergies SE. During the Standstill Period, no member of the Total Group may, among other things, solicit proxies or become a participant in an election contest relating to the election of directors to our Board.

The Affiliation Agreement provides Total with the right to maintain its percentage ownership in connection with any new securities issued by us, and Total may also purchase shares on the open market or in private transactions with disinterested stockholders, subject in each case to certain restrictions.

The Affiliation Agreement also imposes restrictions with respect to our and our Board's ability to take certain actions, including specifying certain actions that require approval by the directors other than the directors appointed by Total and other actions that require stockholder approval by Total.

On April 19, 2021, we entered into an amendment to the Affiliation Agreement with Total (the "April Affiliation Agreement Amendment"). The April Affiliation Agreement Amendment provided that our Board would include eleven members, composed of our president and chief executive officer, our immediate past chief executive officer, ("Mr. Werner"), six directors designated by Total, and three non-Total-designated directors. If the ownership of our voting securities by Total, together with the controlled subsidiaries of TotalEnergies SE, declined below certain thresholds, the number of members of the Board that Total was entitled to designate would be reduced as set forth in the Affiliation Agreement. Pursuant to the April Affiliation Agreement Amendment, Mr. Werner resigned from his position as a member of the Board on November 1, 2021. On October 29, 2021, we entered into an additional amendment to the Affiliation Agreement (the "October Affiliation Agreement Amendment"), which provided that our Board would remain at eleven members until March 31, 2022 and allowed for the appointment of one additional independent director to fill the vacancy created by Mr. Werner's resignation from the Board, which was filled as of December 31, 2021. The October Affiliation Agreement Amendment further provided that, after March 31, 2022, the Board would revert to nine members, at which time one independent director and one Total designee would resign from the Board. As previously disclosed, on March 31, 2022, one independent director and one Total designee resigned from the Board, and the Board reverted to nine members as of such date.

In accordance with the Letter Agreement entered into by TotalEnergies Renewables, GIP Sol, and HoldCo on September 12, 2022, GIP had the right to appoint two designees to our Board. On September 23, 2022, two Total designees' designees resigned from the Board, and on September 26, 2022, the Board appointed two GIP designees'.

Cooperation Agreement

In December 2020, we entered into a Strategic Cooperation Framework Agreement (the "Cooperation Agreement") with Total that governed the ongoing relationship between us and Total with respect to development and sale of certain future commercial solar power projects. As a result of the sale of our C&I Solutions business on May 31, 2022, we transferred our obligations under the Cooperation Agreement to TotalEnergies Renewables. designees.

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4.00% Debentures Due 2023

In December 2015, we issued $425.0 million in principal amount of our 4.00% debentures due 2023. An aggregate principal amount of $100.0 million of the 4.00% debentures due 2023 was acquired by Total. Interest is payable semi-annually, beginning on July 15, 2016. The On January 17, 2023, we repaid the outstanding principal amount of $425.0 million of our 4.00% debentures due 2023, are convertible into shares $100.0 million of our common stock at any time.When issued, which was held by TotalEnergies, as well as the initial conversion rate in respect of remaining interest on the 4.00% debentures due 2023 of $8.5 million which was 32.7568 shares of common stock per $1,000 principal amount of debentures (which was equivalent to an initial conversion price of approximately $30.53 per share).After giving effect to the Spin-Off, effective September 1, 2020, the conversion rate adjusted to 40.1552 shares of common stock per $1,000 principal amount of debentures (which is equivalent to a conversion price of approximately $24.90 per share), which provides Total the right to acquire up to 4,015,515 shares of our common stock. Notice of the conversion rate adjustment was delivered to Wells Fargo Bank, National Association, the trustee, in accordance with the terms of the indenture governing the 4.00% debentures due 2023. The applicable conversion rate may further adjust in certain circumstances, including a fundamental change, as described in the indenture governing the 4.00% debentures due 2023. If not earlier repurchased or converted, the 4.00% debentures due 2023 mature on January 15, 2023. The sale of our C&I Solutions business during the second quarter, and the resulting classification as discontinued operations in these condensed consolidated financial statements, does not qualify as a fundamental change under the indenture.payable upon maturity.

Related-Party Transactions with Total and Its Affiliates:

The following are balances and transactions entered into with Total and its affiliates.

		As of			As of	
(In thousands)	**(In thousands)**	**October 2, 2022**	**January 2, 2022**	**(In thousands)**	**April 2, 2023**	**January 1, 2023**
Accounts receivable	Accounts receivable	$ 489	$ 238	Accounts receivable	$ 489	$ 489
Prepaid expenses and other current assets	Prepaid expenses and other current assets	$ 2,859	$ —	Prepaid expenses and other current assets	2,756	2,898
Other long-term assets	Other long-term assets	$ 1,284	$ —	Other long-term assets	505	1,284
Accrued Liabilities		$ 7,100	$ —			
Accrued liabilities				Accrued liabilities	31,055	8,033

		Three Months Ended		Nine Months Ended			Three Months Ended	
(In thousands)	**(In thousands)**	**October 2, 2022**	**October 3, 2021**	**October 2, 2022**	**October 3, 2021**	**(In thousands)**	**April 2, 2023**	**April 3, 2022**

Other income:						Other income:		
(Income) expense from transition services agreement, net	(Income) expense from transition services agreement, net	$ (1,095)	$ —	$ (1,613)	$ —	(Income) expense from transition services agreement, net	$ (249)	$ —
Sublease income (recorded in sales, general, and administrative expense)		$ (214)	$ —	$ (285)	$ —			
Interest expense:	Interest expense:					Interest expense:		
Interest expense incurred on the 4.00% debentures due 2023	Interest expense incurred on the 4.00% debentures due 2023	$ 1,000	$ 1,000	$ 3,000	$ 3,000	Interest expense incurred on the 4.00% debentures due 2023	171	1,000
Included within discontinued operations:						Included within discontinued operations:		
Total revenues						Total revenues	—	2,487
Total cost of revenues						Total cost of revenues	—	4,768

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Note 4. 3. *REVENUE FROM CONTRACTS WITH CUSTOMERS*

Disaggregation of Revenue

The following table represents disaggregated revenue from contracts with customers for the three and nine months ended October 2, 2022 April 2, 2023 and October 3, 2021 April 3, 2022:

		Three Months Ended		Nine Months Ended			Three Months Ended	
(In thousands)	**(In thousands)**	**October 2, 2022**	**October 3, 2021**	**October 2, 2022**	**October 3, 2021**	**(In thousands)**	**April 2, 2023**	**April 3, 2022**
Solar power systems sales	Solar power systems sales	$ 359,541	$ 198,663	$ 951,479	$ 537,827	Solar power systems sales	$ 346,549	$ 271,644
Component sales	Component sales	105,303	62,805	239,722	170,193	Component sales	86,531	59,877
Light commercial sales	Light commercial sales	4,918	15,138	43,683	49,963	Light commercial sales	552	14,196
Services and other	Services and other	5,949	6,706	8,876	26,216	Services and other	7,246	4,560
Total revenues	Total revenues	$ 475,711	$ 283,312	$ 1,243,760	$ 784,199	Total revenues	$ 440,878	$ 350,277

We recognize revenue from contracts with customers when we have completed our performance obligations under an identified contract. The revenue is recognized in an amount that reflects the consideration for the corresponding performance obligations for the goods and services transferred.

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Contract Assets and Liabilities

Contract assets consist of represent accounts receivable unbilled receivables which represent for transactions where revenue that has been recognized in advance of billing the customer. Revenue may be recognized in advance of billing the customer, which is common resulting in an amount recorded to "contract assets" or "accounts receivable, net" depending on the expected timing of payment for such unbilled accounts receivable. Once we have an unconditional right to consideration, we typically bill our residential cash customer and loan customers. reclassify the "contract assets" to "accounts receivable, net." Contract liabilities consist of deferred revenue and customer advances, which represent consideration received from a customer prior to transferring control of goods or services to the customer under the terms of a sales contract. Total contract assets and contract liabilities balances as of the respective dates are as follows:

		As of			As of	
(In thousands)	(In thousands)	October 2, 2022	January 2, 2022	(In thousands)	April 2, 2023	January 1, 2023
Contract assets	Contract assets	$ 39,058	$ 31,925	Contract assets	$ 58,919	$ 51,001
Contract liabilities	Contract liabilities	$ 153,842	$ 80,990	Contract liabilities	$ 172,594	$ 155,764

During the three and nine months ended October 2, 2022 April 2, 2023, we recognized revenue of $55.9 million and $40.9 $72.8 million that was included in contract liabilities as of July 3, 2022 and January 2, 2022 January 1, 2023. During the three and nine months ended October 3, 2021 April 3, 2022, we recognized revenue of $25.0 million and $35.8 $34.3 million that was included in contract liabilities as of July 4, 2021 and January 3, 2021 January 2, 2022.

As of October 2, 2022 April 2, 2023, we have entered into contracts with customers for sales of solar systems and components for an aggregate transaction price of $1.0 billion $806.1 million, the substantial majority of which we expect to recognize over the next 12 months.

Note 5. 4. *BALANCE SHEET COMPONENTS*

Accounts Receivable, Net

		As of			As of	
(In thousands)	(In thousands)	October 2, 2022	January 2, 2022	(In thousands)	April 2, 2023	January 1, 2023
Accounts receivable, gross	Accounts receivable, gross	$ 193,884	$ 135,912	Accounts receivable, gross	$ 208,136	$ 189,636
Less: allowance for credit losses	Less: allowance for credit losses	(15,255)	(14,375)	Less: allowance for credit losses	(13,596)	(14,750)
Less: allowance for sales returns	Less: allowance for sales returns	(327)	(269)	Less: allowance for sales returns	(309)	(309)
Accounts receivable, net	Accounts receivable, net	$ 178,302	$ 121,268	Accounts receivable, net	$ 194,231	$ 174,577

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Allowance for Credit Losses

		Three Months Ended		Nine Months Ended			Three Months Ended	
(In thousands)	(In thousands)	October 2, 2022	October 3, 2021	October 2, 2022	October 3, 2021	(In thousands)	April 2, 2023	April 3, 2022
Balance at beginning of period	Balance at beginning of period	$ 15,659	$ 14,199	$ 14,375	$ 13,850	Balance at beginning of period	$ 14,750	$ 14,375
Provision for credit losses	Provision for credit losses	(74)	229	1,854	1,693	Provision for credit losses	442	1,300
Write-offs	Write-offs	(330)	(257)	(974)	(1,372)	Write-offs	(1,596)	(494)
Balance at end of period	Balance at end of period	$ 15,255	$ 14,171	$ 15,255	$ 14,171	Balance at end of period	$ 13,596	$ 15,181

Inventories

		As of			As of	
(In thousands)	(In thousands)	October 2, 2022	January 2, 2022	(In thousands)	April 2, 2023	January 1, 2023
Photo-voltaic modules	Photo-voltaic modules	$ 106,019	$ 130,671	Photo-voltaic modules	$ 206,083	$ 156,292
Microinverters	Microinverters	23,381	24,040	Microinverters	65,388	46,088
Energy Storage Systems	Energy Storage Systems	49,645	26,849	Energy Storage Systems	59,996	63,327

Other solar power system component materials	Other solar power system component materials	49,208	32,872	Other solar power system component materials	50,380	51,108
Inventories[1]	Inventories[1]	$ 228,253	$ 214,432	Inventories[1]	$ 381,847	$ 316,815

[1] Photovoltaic modules are classified as finished goods, while the remaining components of total inventories are classified as raw materials.

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Prepaid Expenses and Other Current Assets

		As of			As of	
(In thousands)	**(In thousands)**	**October 2, 2022**	**January 2, 2022**	**(In thousands)**	**April 2, 2023**	**January 1, 2023**
Deferred project costs	Deferred project costs	$ 124,592	$ 52,165	Deferred project costs	$ 121,220	$ 126,896
Deferred costs for solar power systems	Deferred costs for solar power systems	30,976	18,834	Deferred costs for solar power systems	53,708	34,124
Related-party receivables	Related-party receivables	4,852	3,684	Related-party receivables	5,018	3,959
Derivative assets				Derivative assets	1,384	—
Other	Other	31,972	25,529	Other	31,640	32,781
Prepaid expenses and other current assets	Prepaid expenses and other current assets	$ 192,392	$ 100,212	Prepaid expenses and other current assets	$ 212,970	$ 197,760

Property, Plant and Equipment, Net

		As of			As of	
(In thousands)	**(In thousands)**	**October 2, 2022**	**January 2, 2022**	**(In thousands)**	**April 2, 2023**	**January 1, 2023**
Testing equipment and tools	Testing equipment and tools	$ 715	$ 3,848	Testing equipment and tools	$ 1,507	$ 1,157
Leasehold improvements	Leasehold improvements	14,422	28,936	Leasehold improvements	14,342	14,342
Solar power systems	Solar power systems	9,423	6,500	Solar power systems	10,701	10,271
Computer equipment	Computer equipment	13,503	23,112	Computer equipment	15,410	14,411
Internal-use software	Internal-use software	63,100	34,083	Internal-use software	75,784	70,621
Furniture and fixtures	Furniture and fixtures	8,010	8,582	Furniture and fixtures	8,092	8,088
Transportation equipment	Transportation equipment	3,437	2,174	Transportation equipment	4,451	3,941
Vehicle finance leases	Vehicle finance leases	8,550	—	Vehicle finance leases	14,744	12,316
Work-in-progress	Work-in-progress	4,898	4,076	Work-in-progress	10,769	5,958
Property, plant and equipment, gross	Property, plant and equipment, gross	126,058	111,311	Property, plant and equipment, gross	155,800	141,105
Less: accumulated depreciation and impairment	Less: accumulated depreciation and impairment	(61,274)	(77,751)	Less: accumulated depreciation and impairment	(73,683)	(66,583)
Property, plant, and equipment, net[1]	Property, plant, and equipment, net[1]	$ 64,784	$ 33,560	Property, plant, and equipment, net[1]	$ 82,117	$ 74,522

[1] Property, plant, and equipment is predominantly located in the U.S.

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Other Long-term Assets

		As of			As of	
(In thousands)	(In thousands)	October 2, 2022	January 2, 2022	(In thousands)	April 2, 2023	January 1, 2023
Equity investments with readily determinable fair value		$ —	$ 91,473			
Equity investments without readily determinable fair value	Equity investments without readily determinable fair value	31,257	807	Equity investments without readily determinable fair value	$ 31,456	$ 31,751
Equity investments with fair value option		15,915	8,374			
Equity investments with fair value option (“FVO”)				Equity investments with fair value option (“FVO”)	19,800	18,346
Cloud computing arrangements implementation costs[1]		10,560	11,692			
Cloud computing arrangements implementation costs, net of current portion[1]				Cloud computing arrangements implementation costs, net of current portion[1]	7,306	9,179
Deposits with related parties	Deposits with related parties	18,278	11,000	Deposits with related parties	6,550	7,329
Retail installment contract receivables, net of current portion		100,347	—			
Retail installment contract receivables, net of current portion[2, 3]				Retail installment contract receivables, net of current portion[2, 3]	94,254	98,001
Long-term deferred project costs	Long-term deferred project costs	4,162	4,542	Long-term deferred project costs	3,018	3,110
Long-term prepaid taxes		1,302	4,145			
Derivative assets	Derivative assets	2,304	—	Derivative assets	—	2,293
Debt issuance cost		3,271	—			
Debt issuance costs				Debt issuance costs	—	3,556
Other	Other	19,234	24,961	Other	20,631	19,020
Other long-term assets	Other long-term assets	$ 206,630	$ 156,994	Other long-term assets	$ 183,015	$ 192,585

[1] Includes our implementation costs incurred in cloud computing arrangements (“CCA”) which are capitalized as other long-term assets in accordance with the guidance in ASC 350-40, *Internal-Use Software*. As of October 2, 2022 April 2, 2023 and January 2, 2022 January 1, 2023, $3.4 we recorded $1.7 million and $0.1 $5.1 million, respectively, were included in of amortization expense related to the amortization of our capitalized CCA costs.

[2] Our long-term retail installment contract receivables are presented net of the significant financing component of $22.2 million and $22.5 million, and allowance for credit losses of $0.5 million and $0.4 million as of April 2, 2023 and January 1, 2023, respectively.

[3] We are exposed to credit risk from certain customers and their potential payment delinquencies on our retail installment contracts. As of April 2, 2023, the average Fair Isaac Corporation (“FICO”) score of our customers under a retail installment contract agreement remained at or above 750 which is generally categorized as a “Very Good” credit profile by the Fair Isaac Corporation. As of April 2, 2023, our portfolio has not experienced any customer defaults.

Accrued Liabilities

	As of	
(In thousands)	April 2, 2023	January 1, 2023
Employee compensation and employee benefits	$ 30,467	$ 36,452
Interest payable	351	8,549
Short-term warranty reserves	51,509	43,174
Legal expenses	3,498	2,830
Taxes payable	7,630	8,167
Payable to related parties[1]	38,888	18,244
Short-term finance lease liabilities	3,422	2,949
Derivative liabilities	2,425	—
Other	26,020	24,864
Accrued liabilities	$ 164,210	$ 145,229

[1] Includes $30.9 million payable to Total recorded as of April 2, 2023, in connection with the sale of our C&I Solutions business based on the closing date working capital as determined on April 12, 2023 by an independent accountant as set forth in the Definitive Agreement. Refer to Note 2. *Transactions With Total and TotalEnergies SE* for more details.

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Accrued Liabilities

	As of	
(In thousands)	October 2, 2022	January 2, 2022
Employee compensation and employee benefits	$ 42,048	$ 15,641
Interest payable	3,902	8,005
Short-term warranty reserves	40,591	24,158
Restructuring reserve	17	2,137
Legal expenses	5,130	9,052
Taxes payable	8,511	4,606
Payable to Related Parties[1]	7,004	—
Short-term finance lease liabilities	2,066	—
Other	33,445	38,381
Accrued liabilities	$ 142,714	$ 101,980

[1] Includes the payable to Total recorded during the three and nine months ended October 2, 2022 in connection with the sale of our C&I Solutions business, based on the latest estimate of closing date working capital.

Other Long-term Liabilities

		As of			As of	
(In thousands)	(In thousands)	October 2, 2022	January 2, 2022	(In thousands)	April 2, 2023	January 1, 2023
Deferred revenue	Deferred revenue	$ 36,990	$ 40,321	Deferred revenue	$ 34,749	$ 35,864
Long-term warranty reserves	Long-term warranty reserves	38,676	56,124	Long-term warranty reserves	32,823	35,706
Unrecognized tax benefits	Unrecognized tax benefits	13,830	14,689	Unrecognized tax benefits	12,699	12,295
Long-term pension liability		4,170	3,758			
Long-term deferred tax liabilities		3,482	15,834			
Long-term taxes payable		—	866			
Related-party liabilities	Related-party liabilities	1,458	1,458	Related-party liabilities	1,458	1,458
Long-term finance lease liabilities	Long-term finance lease liabilities	5,656	—	Long-term finance lease liabilities	9,050	7,878
Other	Other	13,980	8,147	Other	19,003	19,596

Other long-term liabilities	Other long-term liabilities	$ 118,242	$ 141,197	Other long-term liabilities	$ 109,782	$ 112,797

Accumulated Other Comprehensive Income

		As of			As of	
(In thousands)	(In thousands)	October 2, 2022	January 2, 2022	(In thousands)	April 2, 2023	January 1, 2023
Cumulative translation adjustment	Cumulative translation adjustment	$ 9,549	$ 9,620	Cumulative translation adjustment	$ 9,581	$ 9,576
Net gain on long-term pension liability obligation	Net gain on long-term pension liability obligation	1,548	1,548	Net gain on long-term pension liability obligation	1,992	1,992
Accumulated other comprehensive income	Accumulated other comprehensive income	$ 11,097	$ 11,168	Accumulated other comprehensive income	$ 11,573	$ 11,568

Note 6. 5. *GOODWILL AND INTANGIBLE ASSETS*

Goodwill

On October 4, 2021, we entered into a Securities Purchase Agreement to acquire all of the issued and outstanding membership interests of Blue Raven Solar Holdings, LLC ("Blue Raven") and 35% of the issued and outstanding membership interests in Albatross Software, LLC, an affiliate of Blue Raven. Goodwill presented on our condensed consolidated financial statements represents goodwill resulting from the acquisition of Blue Raven.

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We test goodwill impairment at least annually during the last day of the third fiscal quarter, or when events or changes in circumstances indicate that goodwill might be impaired. The evaluation of impairment involves comparing the current fair value of our reporting unit to the book value (including goodwill). We have the option to perform a qualitative assessment of goodwill prior to completing a quantitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. After assessing the totality of events and circumstances, we concluded that as of October 2, 2022, the date our last qualitative test was performed, it is was more likely than not that the fair value of our reporting unit with goodwill is was greater than the book value and, therefore, that there is no goodwill impairment.

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Other Intangible Assets

The following table represents our other intangible assets with finite useful lives:

(In thousands)	Gross Carrying Amount	Accumulated Amortization	Net Book Value
As of October 2, 2022:			
Developed technology	$ 3,700	$ (1,234)	$ 2,466
Brand	15,800	(3,950)	11,850
Non-compete agreements	3,400	(1,133)	2,267
Software development costs[1]	7,786	(57)	7,729
Total	$ 30,686	$ (6,374)	$ 24,312
As of January 2, 2022:			
Developed technology	$ 3,700	$ (308)	$ 3,392
Brand	15,800	(988)	14,812
Non-compete agreements	3,400	(283)	3,117
Software development costs[1]	3,579	(21)	3,558
Total	$ 26,479	$ (1,600)	$ 24,879

[1] Includes our external-use software development costs which are being capitalized in accordance with ASC 985-20, *Software to be Sold or Leased Externally*. Refer to Note 1. *Organization and Summary of Significant Accounting Policies* for details.

(In thousands)		Gross Carrying Amount		Accumulated Amortization		Net Book Value
As of April 2, 2023:						
Developed technology	$	3,700	$	(1,850)	$	1,850
Brand		15,800		(5,925)		9,875
Non-compete agreements		3,400		(1,700)		1,700
Software development costs		10,082		(1,072)		9,010
Total	$	32,982	$	(10,547)	$	22,435
As of January 1, 2023:						
Developed technology	$	3,700	$	(1,542)	$	2,158
Brand		15,800		(4,937)		10,863
Non-compete agreements		3,400		(1,417)		1,983
Software development costs		9,250		(62)		9,188
Total	$	32,150	$	(7,958)	$	24,192

Aggregate amortization expense for intangible assets was $1.6 million and $4.8 million $2.6 million for the three and nine months ended October 2, 2022 April 2, 2023, and zero $1.6 million for the three and nine months ended October 3, 2021 April 3, 2022, respectively. No impairment loss was recorded for intangible assets for the three and nine months ended October 2, 2022 April 2, 2023 and October 3, 2021 April 3, 2022.

As of October 2, 2022 April 2, 2023, the estimated future amortization expense related to intangible assets with finite useful lives for each of the next four three fiscal years was as follows, through the end of the useful life of all intangible assets:

Fiscal Year	Fiscal Year	Expected Amortization Expense (In thousands)		Fiscal Year	Expected Amortization Expense (In thousands)	
2022 (remaining three months)		$	1,584			
2023			11,467			
2023 (remaining nine months)				2023 (remaining nine months)	$	9,544
2024	2024		8,299	2024		9,618
2025	2025		2,962	2025		3,273
Total	Total	$	24,312	Total	$	22,435

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Note 7. 6. *FAIR VALUE MEASUREMENTS*

Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement (observable inputs are the preferred basis of valuation):

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Measurements are inputs that are observable for assets or liabilities, either directly or indirectly, other than quoted prices included within Level 1.
- Level 3 — Prices or valuations that require management inputs that are both significant to the fair value measurement and unobservable.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

We measure certain assets and liabilities at fair value on a recurring basis. There were no transfers between fair value measurement levels during any presented period.

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The following table summarizes our assets and liabilities measured and recorded at fair value on a recurring basis as of October 2, 2022 April 2, 2023 and January 2, 2022 January 1, 2023.

	October 2, 2022	January 2, 2022	April 2, 2023

(In thousands)	(In thousands)	Total Fair Value	Level 3	Level 2	Level 1	Total Fair Value	Level 3	Level 2	Level 1	(In thousands)		Total Fair Value	Level 3	Level 2
Assets	**Assets**									**Assets**				
Cash and cash equivalents:											Cash and cash equivalents:			
Money market funds											Money market funds	$40,000	$ —	
Prepaid expenses and other current assets:											Prepaid expenses and other current assets:			
Interest rate swaps											Interest rate swaps	1,384	—	
Other long-term assets:	Other long-term assets:									Other long-term assets:				
Equity investments with fair value option ("FVO")		$ 15,915	$15,915	$ —	$ —	$ 8,374	$8,374	$ —	$ —					
Equity investments with FVO											Equity investments with FVO	19,800	19,800	
Equity investments with readily determinable fair value	Equity investments with readily determinable fair value	138,735	—	—	138,735	457,352	—	—	457,352	Equity investments with readily determinable fair value		—	—	—
Interest rate swaps	Interest rate swaps	2,304	—	2,304	—	—	—	—	—	Interest rate swaps		—	—	—
Total assets	Total assets	$156,954	$15,915	$2,304	$138,735	$465,726	$8,374	$ —	$457,352	Total assets		$61,184	$19,800	$1,384
Liabilities											**Liabilities**			
Accrued liabilities:											Accrued liabilities:			
Interest rate swaps											Interest rate swaps	$ 2,425	$ —	
Total liabilities											Total liabilities	$ 2,425	$ —	

Money market funds

During fiscal 2022, we entered into investments in money market funds with Bank of America. As of April 2, 2023, we recorded an amount of $40.0 million within “cash and cash equivalents” in our consolidated balance sheets for our investments held in the money market funds. The money market funds are classified within Level 1 in the fair value hierarchy as we value the funds using observable inputs that reflect quoted prices for securities with identical characteristics.

Equity investments with fair value option (“FVO”)

We have elected the fair value option FVO in accordance with the guidance in ASC 825, *Financial Instruments*, for our investment in the SunStrong Capital Holdings, LLC (“SunStrong”), Dorado Development Partners, LLC (“Dorado DevCo”), and SunStrong Partners, LLC (“SunStrong Partners”) joint ventures, to mitigate volatility in reported earnings that results from the use of different measurement attributes (see Note 10. 8. *Equity Investments*). We initially computed the fair value for our investments consistent with the methodology and assumptions that market participants would use in their estimates of fair value with the assistance of a third-party valuation specialist. The fair value computation is updated using the same methodology on a quarterly an annual basis, during the third fiscal quarter, considering material changes in the business of SunStrong, Dorado DevCo, and SunStrong Partners or other inputs. The investments are classified within Level 3 in the fair value hierarchy because we estimate the fair value of the investments using the income approach based on the discounted cash flow method which considered estimated future financial performance, including assumptions for, among others, forecasted contractual lease income, lease expenses, residual value of these lease assets and long-term discount rates, and forecasted default rates over the lease term and discount rates, some of which require significant judgment by management and are not based on observable inputs.

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The following table summarizes movements in equity investments for the nine three months ended October 2, 2022 April 2, 2023. There were no internal movements between Level 1 or Level 2 fair value measurements to or from Level 3 fair value measurements for the nine three months ended October 2, 2022 April 2, 2023.

(In thousands)	(In thousands)	Beginning balance as of January 2, 2022	Equity Distribution	Additional Investment	Other adjustment [1]	Ending balance as of October 2, 2022	(In thousands)	Beginning balance as of January 1, 2023	Equity Distribution	Additional Investment	Other adjustment	Ending balance as of April 2, 2023
Equity investments with FVO	Equity investments with FVO	$ 8,374	$ —	$ 5,741	$ 1,800	$ 15,915	Equity investments with FVO	$ 18,346	$ —	$ 1,454	$ —	$ 19,800

1 During the third quarterTable of fiscal 2022, we recorded a fair value adjustment of $1.8 million as a result of our assessment of the fair value of our equity investments with FVO during the quarter. The fair value adjustment was recorded within "Equity in earnings (losses) of unconsolidated investees" in our condensed consolidated statement of operations. Contents

Level 3 significant unobservable inputs sensitivity

The following table summarizes the significant unobservable inputs used in Level 3 valuation of our investments carried at fair value as of October 2, 2022 April 2, 2023. Included in the table are the inputs and range of possible inputs that have an effect on the overall valuation of the financial instruments.

	2022 2023			
Assets:	**Fair value**	**Valuation Technique**	**Unobservable input**	**Range (Weighted Average)**
Equity investments with FVO	$ 15,915 19,800	Discounted cash flows	Discount rate	12.5%-13% [1]
			Residual value	7.5% [1]
Total assets	$ 15,915 19,800			

1 The primary unobservable inputs used in the fair value measurement of our equity investments, when using a discounted cash flow model, are the discount rate and residual value. Significant increases (decreases) in the discount rate in isolation would result in a significantly lower (higher) fair value measurement. We estimate the discount rate based on risk appropriate projected cost of equity. We estimate the residual value based on the contracted systems in place in the years being projected. Significant increases (decreases) in the residual value in isolation would result in a significantly higher (lower) fair value measurement.

Equity investments with readily determinable fair value

In connection with the divestment of our microinverter business to Enphase on August 9, 2018, we received 7.5 million shares of Enphase common stock (NASDAQ: ENPH). The common stock received was recorded as an equity investment with readily determinable fair value (Level 1), with changes in fair value recognized in net income in accordance with ASU 2016-01 *Recognition and Measurement of Financial Assets and Liabilities*. For the three and nine months ended October 2, 2022, we recorded a gain of $135.4 million and $121.5 million, respectively, within "other, net" in our condensed consolidated statement of operations as compared to losses of $86.3 million and $48.0 million in the three and nine months ended October 3, 2021. During the three and nine months ended October 2, 2022

On January 5, 2023, we sold one and two our remaining 0.5 million shares of Enphase common stock in open market transactions for net cash proceeds of $290.3 $121.7 million, and $440.1 with a loss of $10.8 million, respectively. which was recorded within "other, net" in our condensed consolidated statement of operations for the three months ended April 2, 2023. During the three and nine months ended October 3, 2021 April 3, 2022, we sold one million shares of Enphase common stock in open market transactions for net cash proceeds of $177.8 $149.8 million, and recorded a gain of $1.3 million. As of October 2, 2022, we hold 0.5 million shares of Enphase common stock.

Interest Rate Swaps

Credit Suisse Interest Rate Swap

In connection with the entry into our loan and security purchase agreement with Credit Suisse AG, New York Branch, and other financial institutions to finance our retail installment contract receivables on June 30, 2022, we also entered into interest rate swaps under the agreement, which convert the floating rate loan to a fixed rate. The interest rate swaps were entered into to mitigate the risks associated with interest rate volatility. The swaps terminate in March of 2024, unless we terminate early with the maturity of the loan, subject to any early termination costs.

The interest rate swaps qualify as derivatives in accordance with the guidance in ASC 815, *Derivatives and Hedging*. The fair value of the interest rate swaps is determined using a discounted cash flow model that incorporates an assessment of the risk of non-performance by the interest rate swap counterparty and an evaluation of credit risk in valuing derivative instruments. The valuation model uses various inputs including contractual terms, interest rate curves, credit spreads and measures of volatility.

As of April 2, 2023, we recorded derivative assets of $1.4 million, within "prepaid expenses and other current assets" in our condensed consolidated balance sheets related to the interest rate swaps. These interest rate swap derivatives not designated as hedges had an aggregate notional value of $70.0 million as of April 2, 2023. In addition, we recognize changes in the fair value of the interest rate swaps immediately, and recorded a loss of $0.9 million within "interest expense" in our condensed consolidated statement of operations for the three months ended April 2, 2023.

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Bank of America Interest Rate Swap

In the first quarter of fiscal 2023, we entered into interest rate swaps in our SunPower Financial™ business with Bank of America, which converts the fixed rate loans entered into by SunPower Financial's customers to floating rates. The interest rate swaps were entered into to mitigate the interest rate volatility risks associated with the timing lag between when the customer enters into these fixed rate loans and when the loan is funded and sold to a third-party investor. The swaps terminate in September and November of 2023.

The interest rate swaps qualify as derivatives in accordance with the guidance in ASC 815, *Derivatives and Hedging*. The fair value of the interest rate swaps is determined using a discounted cash flow model that incorporates an assessment of the risk of non-performance by the interest rate swap counterparty and an evaluation of credit risk in valuing derivative instruments. The valuation model uses various inputs including contractual terms, interest rate curves, credit spreads and measures of volatility.

As of October 2, 2022 April 2, 2023, we recorded derivative assets liabilities of $2.3 $2.4 million, within ""other long-term assets" accrued liabilities" in our condensed consolidated balance sheets related to the interest rate swaps. These interest rate swap derivatives not designed as hedges had an aggregate notional value of $65.9 million $93.5 million as of October 2, 2022 April 2, 2023. In addition, we recognize changes in the fair value of the interest rate swaps immediately, and record such changes within ""interest expense" total revenues" in our condensed consolidated statement of operations. We recorded a gain loss of $2.3 million $2.4 million for the three and nine months ended October 2, 2022 April 2, 2023.

Retail installment contract receivables, net

The aggregate carrying value of our long-term retail installment contracts as of October 2, 2022 April 2, 2023 was $108.1 million $106.0 million, included within "accounts receivable, net" and "other long-term assets" on our condensed consolidated balance sheets. We measure the retail installment contracts using the amortized cost method, where the significant financing component amount is deferred and recognized as revenue over the contract term. The fair value of these receivables as of October 2, 2022 April 2, 2023 was $80.4 million. The fair value was determined using a third-party investor determined formula that starts with initial investor pricing by product, adjusted to account for the fair value impact relating to any changes in market spreads based on Level 2 inputs based on weighted average market indexed-based pricing from our retail installment loan purchase agreement pricing list for the relevant benchmark interest rate and quarterly market interest rates credit spread, as reported by an independent pricing source.

Note 8. *RESTRUCTURING*

January 2021 Restructuring Plan

During the first quarter of fiscal 2021, we adopted a restructuring plan to realign and optimize workforce requirements concurrent with the planned closure of our manufacturing facility in Hillsboro, Oregon. In connection with the restructuring plan, which included actions implemented in the first quarter of fiscal 2021, a majority of our approximately 170 primarily manufacturing employees exited the business. We expected to incur restructuring charges totaling approximately $7.0 million to $9.0 million, consisting primarily of severance benefits (between $4.0 million and $5.0 million) and real estate lease termination costs (between $3.0 million and $4.0 million).

In connection with the closure, in April 2021, we signed agreements with two independent third parties to sell certain assets and liabilities, as well as retain and engage certain employees at the facility in providing R&D services. The proceeds for the assets and sale of R&D services reduced our previously anticipated restructuring charges by approximately $1.2 million. The R&D services agreement ended during the second quarter of fiscal 2022.

As of October 2, 2022, we had incurred cumulative costs of approximately $3.4 million in restructuring charges, primarily relating to the payment of severance benefits. The 2021 restructuring plan is substantially completed, with the only remaining activities on the plan relating to severance payments for certain employees retained.

December 2019 Restructuring Plan

During the fourth quarter of fiscal 2019, we adopted a restructuring plan to realign and optimize workforce requirements in light of changes to our business, including the Spin-Off. In connection with the restructuring plan, which included actions implemented in the fourth quarter of 2019, we expected between 145 and 160 non-manufacturing employees, representing approximately 3% of our global workforce, to exit over a period of approximately 12 to 18 months. Between 65 and 70 of these employees were expected in the legacy SunPower Technologies business unit and corporate, most of whom exited our company following the Spin-Off, and the remainder of which exited upon completion of transition services. As the legacy SunPower Energy Services business unit refined its focus on distributed generation, storage, and energy services, 80 to 90 employees exited during the fourth fiscal quarter of 2019 and the first half of 2020. As of October 2, 2022, we had incurred cumulative costs of approximately $6.1 million in restructuring charges consisting primarily of severance and retention benefits. The 2019 restructuring plan was completed during the second quarter of fiscal 2022.

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The following table summarizes the comparative periods-to-date restructuring charges by plan recognized in our condensed consolidated statements of operations:

(In thousands)	Three Months Ended October 2, 2022	Three Months Ended October 3, 2021	Nine Months Ended October 2, 2022	Nine Months Ended October 3, 2021	Cumulative To Date
January 2021 Restructuring Plan:					
Severance and benefits	$ 111	$ (75)	$ (155)	$ 3,533	$ 3,362
Other costs[1]	—	1	1	36	43
Total January 2021 Restructuring Plan	111	(74)	(154)	3,569	3,405
December 2019 Restructuring Plan:					
Severance and benefits	—	(26)	(53)	793	5,971
Other costs[1]	—	—	—	112	159
Total December 2019 Restructuring Plan	—	(26)	(53)	905	6,130
Other restructuring[2]	—	(130)	451	(130)	69,092
Total restructuring charges (credits)	$ 111	$ (230)	$ 244	$ 4,344	$ 78,627

[1] Other costs primarily represent associated legal and advisory services, and costs of relocating employees.

[2] Other restructuring charges during the three and nine months ended October 2, 2022 included zero and $0.5 million, respectively, of severance costs for certain employees as a result of our announcement to exit the Light Commercial business which began in the first quarter of fiscal 2022.

The following table summarizes the restructuring reserve activities during the nine months ended October 2, 2022:

(In thousands)	January 2, 2022	Nine months ended Charges (Benefits)	Nine months ended (Payments) Recoveries	October 2, 2022
January 2021 Restructuring Plan:				
Severance and benefits	$ 764	$ (155)	$ (592)	$ 17
Other costs[1]	—	1	(1)	—
Total January 2021 Restructuring Plan	764	(154)	(593)	17
December 2019 Restructuring Plan:				
Severance and benefits	1,373	(53)	(1,320)	—
Other costs[1]	—	—	—	—
Total December 2019 Restructuring Plan	1,373	(53)	(1,320)	—
Other restructuring[2]	—	451	(451)	—
Total restructuring reserve activities	$ 2,137	$ 244	$ (2,364)	$ 17

[1] Other costs primarily represent associated legal and advisory services, and costs of relocating employees.

[2] Other restructuring charges during the nine months ended October 2, 2022 included $0.5 million of severance costs for certain employees as a result of our announcement to exit the Light Commercial business which began in the first quarter of fiscal 2022.Bloomberg.

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Note 9. 7. *COMMITMENTS AND CONTINGENCIES*

Facility and Equipment Leases

The tables below present the summarized quantitative information with regard to facility and equipment lease contracts we have entered into:

(In thousands)	(In thousands)	Three Months Ended October 2, 2022	Three Months Ended October 3, 2021	Nine Months Ended October 2, 2022	Nine Months Ended October 3, 2021	(In thousands)	Three Months Ended April 2, 2023	Three Months Ended April 3, 2022
Operating lease expense	Operating lease expense	$ 3,609	$ 2,845	$ 10,188	$ 9,662	Operating lease expense	$ 3,621	$ 3,215

Finance lease expense:	Finance lease expense:					Finance lease expense:		
Amortization expense	Amortization expense	409	—	717	—	Amortization expense	775	—
Interest expense on lease liabilities	Interest expense on lease liabilities	111	—	182	—	Interest expense on lease liabilities	189	—
Sublease income	Sublease income	(429)	(81)	(620)	(292)	Sublease income	(746)	(87)
Total	**Total**	$ 3,700	$ 2,764	$ 10,467	$ 9,370	**Total**	$ 3,839	$ 3,128
Cash paid for amounts included in the measurement of lease liabilities:	Cash paid for amounts included in the measurement of lease liabilities:					Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	Operating cash flows for operating leases	$ 4,053	$ 3,118	$ 12,773	$ 11,119	Operating cash flows for operating leases	$ 2,974	$ 3,740
Operating cash flows for finance leases	Operating cash flows for finance leases	$ 111	$ —	$ 182	$ —	Operating cash flows for finance leases	$ 189	$ —
Financing cash flows for finance leases	Financing cash flows for finance leases	$ 617	$ —	$ 735	$ —	Financing cash flows for finance leases	$ 775	$ —
Right-of-use assets and property, plant, and equipment obtained in exchange for leases:	Right-of-use assets and property, plant, and equipment obtained in exchange for leases:					Right-of-use assets and property, plant, and equipment obtained in exchange for leases:		
Operating leases	Operating leases	$ 12,479	$ 4,429	$ 14,005	$ 15,957	Operating leases	$ 2,086	$ 877
Finance leases	Finance leases	$ 3,147	$ —	$ 7,573	$ —	Finance leases	$ 2,435	$ —

		As of			As of	
		October 2, 2022	**January 2, 2022**		**April 2, 2023**	**January 1, 2023**
Weighted-average remaining lease term (in years):	Weighted-average remaining lease term (in years):			Weighted-average remaining lease term (in years):		
Operating leases	Operating leases	3.8	3.6	Operating leases	3.6	3.7
Finance leases	Finance leases	3.6	0.0	Finance leases	3.4	3.4
Weighted-average discount rate:	Weighted-average discount rate:			Weighted-average discount rate:		
Operating leases	Operating leases	8.0 %	8.5 %	Operating leases	7.9 %	8.0 %
Finance leases	Finance leases	7.0 %	— %	Finance leases	7.0 %	7.0 %

The future minimum lease payments to be paid under non-cancellable leases in effect as of April 2, 2023, are as follows (in thousands):

As of April 2, 2023	**Operating Leases**	**Finance Leases**
	(In thousands)	
2023 (remaining nine months)	$ 11,038	$ 3,121
2024	12,654	4,027
2025	8,940	3,851
2026	7,468	2,404
2027	4,679	546

Thereafter	1,855	39
Total lease payments	46,634	13,988
Less: imputed interest	(6,683)	(1,516)
Total	$ 39,951	$ 12,472

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The future minimum lease payments to be paid under non-cancellable leases in effect as of October 2, 2022, are as follows (in thousands):

As of October 3, 2022	Operating Leases	Finance Leases
	(In thousands)	
2022 (remaining three months)	$ 2,929	$ 636
2023	15,167	2,479
2024	11,806	2,307
2025	8,015	2,121
2026	6,650	1,039
Thereafter	5,715	114
Total lease payments	50,282	8,696
Less: imputed interest	(7,703)	(974)
Total	$ 42,579	$ 7,722

Purchase Commitments

Future purchase obligations under non-cancellable purchase orders and long-term supply agreements as of October 2, 2022 April 2, 2023 are as follows:

(In thousands)	(In thousands)	Fiscal 2022 (remaining three months)	Fiscal 2023	Fiscal 2024	Fiscal 2025	Fiscal 2026	Thereafter	Total	(In thousands)	Fiscal 2023 (remaining nine months)	Fiscal 2024	Fiscal 2025	Fiscal 2026	Fiscal 2027	Thereafter	Total
Future purchase obligations	Future purchase obligations	$ 82,352	$409,990	$2,004	$ 929	$ 778	$ 4,529	$500,582	Future purchase obligations	$ 267,184	$184,926	$159,929	$ 778	$ 784	$ 3,745	$617,346

The future purchase obligations presented above primarily consist of commitments to purchase photovoltaic modules pursuant to the supply agreement agreements with Maxeon Solar entered into on August 26, 2020 February 14, 2022 and December 31, 2022, as well as commitments to purchase Module-Level Power Electronics ("MLPEs") supplied by one vendor. On February 14, 2022 April 5, 2023, we entered into a new Master Supply Agreement (the "Master Supply Agreement") with Maxeon Solar, which replaced Waaree Energies Ltd. for the previous supply agreement dated as purchase of August 26, 2020, as amended. various photo-voltaic modules and components to be used in our residential systems. The Master Supply Agreement will remain in effect until December 31, 2023 December 31, 2024. The Master Supply Agreement also increases purchase prices and includes exclusivity provisions that will last until December 31, 2022 for certain products, and may be extended to October 13, 2023 for other products upon the satisfaction of certain conditions.

We review the terms of all our long-term supply agreements annually and assess the need for any accruals for estimated losses on adverse purchase commitments, such as lower of cost or net realizable value adjustments that will not be recovered by future sales prices, forfeiture of advanced deposits and liquidated damages, as necessary.

Product Warranties

The following table summarizes accrued warranty activities for the three and nine months ended October 2, 2022 April 2, 2023 and October 3, 2021 April 3, 2022:

		Three Months Ended		Nine Months Ended			Three Months Ended	
(In thousands)	(In thousands)	October 2, 2022	October 3, 2021	October 2, 2022	October 3, 2021	(In thousands)	April 2, 2023	April 3, 2022
Balance at the beginning of the period	Balance at the beginning of the period	$ 78,584	$ 59,418	$ 80,282	$ 62,801	Balance at the beginning of the period	$ 78,880	$ 80,282

Accruals for warranties issued during the period	Accruals for warranties issued during the period	6,001	2,921	9,867	17,775	Accruals for warranties issued during the period	10,328	256
Settlements and adjustments during the period	Settlements and adjustments during the period	(5,318)	(4,459)	(10,882)	(22,696)	Settlements and adjustments during the period	(4,875)	(2,042)
Balance at the end of the period	Balance at the end of the period	$ 79,267	$ 57,880	$ 79,267	$ 57,880	Balance at the end of the period	$ 84,333	$ 78,496

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In Pursuant to the Definitive Agreement entered into by us and TotalEnergies Renewables in connection with a cracked connectors issue identified in the fourth quarter sale of fiscal 2021, our C&I Solutions business, we agreed to indemnify TotalEnergies Renewables for certain projects that were sold as part of our business prior to the sale. During the three months ended April 2, 2023, we recorded a one-time quality charge an additional $6.8 million of $26.5 million during the fiscal year ended January 2, 2022. The total charge was estimated using assumptions of cost warranty expenses related to be incurred on labor and material based on our plan and quoted third-party prices to replace all the installed and uninstalled connectors. During fiscal 2022, there have been no significant changes to the original estimate. We plan to complete the majority of the repairs through fiscal 2023. indemnifications with TotalEnergies Renewables.

Liabilities Associated with Uncertain Tax Positions

Total liabilities associated with uncertain tax positions were $13.8 million $12.7 million and $14.7 million $12.3 million as of October 2, 2022 April 2, 2023 and January 2, 2022 January 1, 2023, respectively. These amounts are included within "other long-term liabilities" on our condensed consolidated balance sheets in their respective periods as they are not expected to be paid within the next 12 months. Due to the complexity and uncertainty associated with our tax positions, we cannot make a reasonably reliable estimate of the period in which cash settlement, if any, would be made for our liabilities associated with uncertain tax positions in other long-term liabilities.

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Indemnifications

We are a party to various agreements under which we may be obligated to indemnify the counterparty with respect to certain matters. Typically, these obligations arise in connection with contracts and license agreements or the sale of assets, under which we customarily agree to hold the other party harmless against losses arising from a breach of warranties, representations and covenants related to such matters as title to assets sold, negligent acts, damage to property, validity of certain intellectual property rights, non-infringement of third-party rights, and certain tax-related matters including indemnification to customers under Section 48(c) of the Internal Revenue Code of 1986, as amended, regarding solar commercial investment tax credits ("ITCs") and U.S. Treasury Department ("U.S. Treasury") cash grant payments under Section 1603 of the American Recovery and Reinvestment Act (each a "Cash Grant"). Further, in connection with our sale of residential lease assets in fiscal 2018 to SunStrong, we provide Hannon Armstrong Sustainable Infrastructure Capital, Inc. ("Hannon Armstrong") indemnification related to cash flow losses arising from a recapture of California property taxes on account of a change in ownership, recapture of federal tax attributes and cash flow losses from leases that do not generate the promised savings to homeowners. The maximum exposure to loss arising from the indemnification for SunStrong is limited to the consideration received for the solar power systems. In each of these circumstances, payment by us is typically subject to the other party making a claim to us that is contemplated by and valid under the indemnification provisions of the particular contract, which provisions are typically contract-specific, as well as bringing the claim under the procedures specified in the particular contract. These procedures typically allow us to challenge the other party's claims or, in case of breach of intellectual property representations or covenants, to control the defense or settlement of any third-party claims brought against the other party. Further, our obligations under these agreements may be limited in terms of activity (typically to replace or correct the products or terminate the agreement with a refund to the other party), duration or amount. In some instances, we may have recourse against third parties or insurance covering certain payments made by us.

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In certain circumstances, we are contractually obligated to compensate customers and investors for losses they may suffer as a result of reductions in benefits received under ITCs and U.S. Treasury Cash Grant programs. The indemnity expires in conjunction with the statute of limitation and recapture periods in accordance with the underlying laws and regulations for such ITCs and related benefits. We apply for ITCs and Cash Grant incentives based on guidance provided by the Internal Revenue Service ("IRS") and the U.S. Treasury, which include assumptions regarding the fair value of the qualified solar power systems, among others. Certain of our development agreements, sale-leaseback arrangements, and financing arrangements with tax equity investors incorporate assumptions regarding the future level of incentives to be received, which in some instances may be claimed directly by our customers and investors. Generally, such obligations would arise as a result of reductions to the value of the underlying solar power systems as assessed by the IRS. At each balance sheet date, we assess and recognize, when applicable, the potential exposure from these obligations based on all the information available at that time, including any audits undertaken by the IRS. The maximum potential future payments that we could have to make under this obligation would depend on the difference between the eligible basis claimed on the tax filing for the solar energy systems sold or transferred to indemnified parties and the values that the IRS may determine as the eligible basis for the systems for purposes of claiming ITCs or Cash Grants. We use the eligible basis for tax filing purposes determined with the assistance of independent third-party appraisals to determine the ITCs that are passed through to and claimed by the indemnified parties. We continue to retain certain indemnities, specifically, around ITCs, Cash Grants and

California property taxes, even after the underlying portfolio of assets is sold to a third party. For contracts that have such indemnification provisions, we recognize a liability under ASC 460, *Guarantees*, for the estimated premium that would be required by a guarantor to issue the same guarantee in a standalone arm's-length transaction with an unrelated party. We recognize such liabilities at the greater of the fair value of the indemnity or the contingent liability required to be recognized under ASC 450, *Contingencies*. We initially estimate the fair value of any such indemnities provided based on the cost of insurance policies that cover the underlying risks being indemnified and may purchase such policies to mitigate our exposure to potential indemnification payments. After an indemnification liability is recorded, we derecognize such amount typically upon expiration or settlement of the arrangement. As of October 2, 2022 April 2, 2023 and January 2, 2022 January 1, 2023, our provision was $9.7 million and $9.6 million $5.4 million, respectively, primarily for tax-related indemnifications.

SunPower is party to various supply agreements (collectively, the "Hemlock Agreements") with Hemlock Semiconductor Operations, LLC (f/k/a Hemlock Semiconductor Corporation) and its affiliate, Hemlock Semiconductor, LLC, (collectively, the "Hemlock Agreements"), for the procurement of polysilicon. In connection with the Spin-Off of Maxeon Solar, SunPower and Maxeon Solar entered into an agreement pursuant to which Maxeon Solar received the benefit of SunPower's rights under the Hemlock Agreements (including SunPower's deposits and advanced payments thereunder) and, in return, Maxeon Solar agreed to perform all of SunPower's existing and future obligations under the Hemlock Agreements, including all take-or-pay obligations (the "Back-to-Back Agreement"). As we remain a party to of January 1, 2023, Maxeon Solar's commitment under the Hemlock Agreements, we Agreement was finalized. As of April 2, 2023, there are contractually liable to the vendor along with Maxeon Solar.

During the second quarter of fiscal 2022, Hemlock communicated to us and Maxeon Solar that they believe that certain price escalation clauses for silicon metal have been triggered and would apply to all purchases of polysilicon for 2022 deliveries. During the third quarter of fiscal 2022, Maxeon Solar and Hemlock reached an agreement on this matter. Maxeon Solar's no further payment obligations remaining obligations under the Hemlock Agreements amounts to $30.4 million for the remainder of fiscal 2022. This is gross of prepayments of $9.9 million as of October 2, 2022. With the agreement that was reached, we do not have any current exposure under the Hemlock Agreements as of the quarter ended October 2, 2022, and we are fully indemnified by Maxeon Solar under the Back-to-Back Agreement and against any further claims. As such, we do not carry any liability for the Hemlock Agreements on our condensed consolidated financial statements as long as Maxeon Solar complies with its obligations under the Hemlock Agreements and or the Back-to-Back Agreement.

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Pursuant to the Separation and Distribution Agreement entered into by us and Maxeon Solar, we agreed to indemnify Maxeon Solar for any liabilities arising out of certain existing litigation relating to businesses contributed to Maxeon Solar in connection with the Spin-Off. We expect to be actively involved in managing this litigation together with Maxeon Solar. The indemnity qualifies for the criteria for accounting under the guidance in ASC 460, and we have recorded the liability of litigation of $4.2 $3.5 million as of October 2, 2022 April 2, 2023.

Pursuant In addition, as of April 2, 2023, we have retained a total of $27.9 million of warranty reserves related to the Definitive Agreement entered into by us and our indemnification with TotalEnergies Renewables in connection with the sale of our C&I Solutions business, we have agreed to indemnify TotalEnergies Renewables for certain projects that were sold as part of our business prior to the sale. As such, we have retained $19.9 million of warranty reserves related to our indemnifications as of October 2, 2022. business.

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Legal Matters

We are a party to various litigation matters and claims, including but not limited to intellectual property, environmental, and employment matters, that arise from time to time in the ordinary course of our business. While we believe that the ultimate outcome of such matters will not have a material adverse effect on us, their outcomes are not determinable and negative outcomes may adversely affect our financial position, liquidity, or results of operations.

Note 10. 8. *EQUITY INVESTMENTS*

Our equity investments consist of equity investments with readily determinable fair value, investments without readily determinable fair value, equity investments accounted for using the fair value option, and equity method investments.

Our share of earnings (losses) from equity investments accounted for under the equity method is reflected as "Equity in earnings (losses) of unconsolidated investees" in our condensed consolidated statements of operations. Mark-to-market gains and losses on equity investments with readily determinable fair value are reflected as "other, net" under other income (expense), net in our condensed consolidated statements of operations. The carrying value of our equity investments, classified as "other long-term assets" on our condensed consolidated balance sheets, are as follows:

		As of			As of	
(In thousands)	**(In thousands)**	**October 2, 2022**	**January 2, 2022**	**(In thousands)**	**April 2, 2023**	**January 1, 2023**
Equity investments with readily determinable fair value:	*Equity investments with readily determinable fair value:*			*Equity investments with readily determinable fair value:*		
Enphase Energy, Inc.	Enphase Energy, Inc.	$ 138,735	$ 457,352	Enphase Energy, Inc.	$ —	$ 132,480
Total equity investments with readily determinable fair value 1		138,735	457,352			

Total equity investments with readily determinable fair value				Total equity investments with readily determinable fair value	—	132,480
Equity investments without readily determinable fair value:	*Equity investments without readily determinable fair value:*			*Equity investments without readily determinable fair value:*		
OhmConnect investment	OhmConnect investment	5,000	—	OhmConnect investment	5,000	5,000
Equity method investments under the Dealer Accelerator Program	Equity method investments under the Dealer Accelerator Program	25,977	—	Equity method investments under the Dealer Accelerator Program	26,176	26,471
Other equity investments without readily determinable fair value	Other equity investments without readily determinable fair value	280	807	Other equity investments without readily determinable fair value	280	280
Total equity investments without readily determinable fair value	Total equity investments without readily determinable fair value	31,257	807	Total equity investments without readily determinable fair value	31,456	31,751
Equity investments with fair value option:						
Equity investments with FVO:				*Equity investments with FVO:*		
SunStrong Capital Holdings, LLC	SunStrong Capital Holdings, LLC	10,173	8,374	SunStrong Capital Holdings, LLC	9,871	9,871
Dorado Development Partners, LLC	Dorado Development Partners, LLC	5,742	—	Dorado Development Partners, LLC	9,626	8,173
SunStrong Partners, LLC	SunStrong Partners, LLC	—	—	SunStrong Partners, LLC	302	302
Total equity investment with fair value option		15,915	8,374			
Total equity investment with FVO				Total equity investment with FVO	19,799	18,346
Total equity investments	Total equity investments	$ 185,907	$ 466,533	Total equity investments	$ 51,255	$ 182,577

Equity investments without readily determinable fair value

In February 2022, we made an equity investment in OhmConnect, Inc. ("OhmConnect"). We accounted for the investment as an equity investment without readily determinable fair value in accordance with the guidance in ASC 321, *Investments - Equity Securities*.

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In fiscal 2022, SunPower we launched its our Dealer Accelerator Program to help speed the adoption of renewable energy across the U.S. by making minority investments in solar dealers to advance their growth in coordination with the rapid growth of its their direct business. As part of the program, dealers receive preferred access to SunPower solar, EV charging equipment, battery storage, and financial products offerings. In addition, SunPower provides we provide the dealers with enhanced lead generation and business strategy support.

During the first and second quarters of fiscal 2022, we entered into four equity investments as part of the Dealer Accelerator Program. The equity investments made an equity investment were in Sea Bright Solar, Inc. of $2.0 million and for an equity interest of 20.0%, Freedom Solar Holdings, LLC, of $9.4 million respectively.

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During the third quarter of fiscal 2022, we entered into two equity investments with 4.5%, EmPower CES, LLC (“EmPower”) of $6.0 million for an equity interest of 20.0% and Renova Energy Corp. (“Renova”) of $6.0 million and $8.5 million respectively, as part for an equity interest of the Dealer Accelerator Program. Similarly to our previous 10.6%. All of these equity investments entered into during the first and second quarters of fiscal 2022, we have were accounted for the investments as equity method investments without readily determinable fair value in accordance with the guidance in ASC 323, *Investments - Equity Method and Joint Ventures*, given the material intra-entity transactions that exist under our exclusive supplier agreements as a result of our investments. We recognize our earnings from our equity method investments in the fiscal quarter after the corresponding earnings are recognized by the investee, and recorded earnings from equity method investments of $0.2 million during the three months ended October 2, 2022 April 2, 2023, as compared to no earnings or losses from equity method investments during the three months ended April 3, 2022. In addition, during the three months ended October 2, 2022 April 2, 2023, we received a dividend from one of our investees in the amount of $0.3 $0.5 million.

Variable Interest Entities (“VIEs”)

A VIE is an entity that has either (i) insufficient equity to permit the entity to finance its activities without additional subordinated financial support, or (ii) equity investors who lack the characteristics of a controlling financial interest.

We follow guidance on the consolidation of VIEs that requires companies to utilize a qualitative approach to determine whether it is the primary beneficiary of a VIE. The process for identifying the primary beneficiary of a VIE requires consideration of the factors that indicate a party has the power to direct activities that most significantly impact the investees' economic performance, including powers granted to the investees' governing board and, to a certain extent, a company's economic interest in the investee. We analyze our investments in VIEs and classify them as either unconsolidated VIEs or consolidated VIEs (*refer (refer to our Form 10-K for the fiscal year ended January 2, 2022 January 1, 2023 for further details on our various VIE arrangements arrangements).*).

Unconsolidated VIEs

In March 2022, we entered into a joint venture with Hannon Armstrong and SunStrong to form Dorado DevCo, a jointly-owned entity, to hold our residential lease solar power projects. Similar to our prior joint ventures for residential lease assets, SunPower and Hannon Armstrong will make total capital contributions of up to $7.9 million into Dorado DevCo for 50% effective equity interest, each. SunStrong, our existing joint venture with Hannon Armstrong, was appointed as a manager of the entity. We also entered into a development asset purchase agreement to provide development services for solar power systems sold into the fund.

With respect to our interest in Dorado DevCo, we determined there is not sufficient equity at risk in the joint venture, thus, we determined the joint venture is a VIE as considered under the guidance in ASC 810*Consolidation*. . Based on the assessment of the required criteria for consolidation, we determined that SunStrong, as the manager of Dorado DevCo, has the power to make decisions over activities that significantly affect Dorado DevCo and subsidiaries. We and Hannon Armstrong do not have the power to unilaterally make decisions that affect the performance of the investee, and we do not have kick-out rights to unilaterally buyout the other party's equity interests, while Hannon Armstrong has a right to purchase our equity interest of the investee. In addition, much of our exposure to absorb the losses of the VIE that could potentially be significant to the VIE, or the right to receive the economic interest from the VIE, is in our capacity as a developer and service provider, where we provide development services at market terms. Therefore, we concluded we are not the primary beneficiary of the investee. investee, and we do not consolidate.

During the three and nine months ended October 2, 2022 April 2, 2023, we made a $2.4 million and $5.7 $1.5 million capital contribution in the equity method investee, respectively. investee. The investment contributed to our equity investment balance in SunStrong and is classified in “other long-term assets” on our condensed consolidated balance sheets.

We have elected the FVO in accordance with the guidance in ASC 825, *Financial Instruments*, for our investments in SunStrong, SunStrong Partners, and Dorado DevCo, our unconsolidated VIEs. Refer to Note 7. 6. *Fair Value Measurements*.

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Summarized Financial Information of Unconsolidated VIEs

The following table presents summarized consolidated financial statements for SunStrong, a significant investee, based on unaudited information provided to us by the investee:1

		Three Months Ended		Nine Months Ended			Three Months Ended	
(In thousands)	**(In thousands)**	**October 2, 2022**	**October 3, 2021**	**October 2, 2022**	**October 3, 2021**	**(In thousands)**	**April 2, 2023**	**April 3, 2022**
Summarized statements of operations information:	**Summarized statements of operations information:**					**Summarized statements of operations information:**		
Revenues	Revenues	$ 37,444	$ 34,363	$ 109,604	$ 100,157	Revenues	$ 38,973	$ 36,156
Net income (loss)		$ 2,307	$ 1,188	$ (4,817)	$ 3,409			
Net (loss) income						Net (loss) income	(1,810)	(974)

Net income (loss) attributable to parents	Net income (loss) attributable to parents	$ 7,201	$ 2,440	$ 15,983	$ (40,633)	Net income (loss) attributable to parents	2,537	1,753

		As of			As of	
(In thousands)	**(In thousands)**	**October 2, 2022**	**January 2, 2022**	**(In thousands)**	**April 2, 2023**	**January 1, 2023**
Summarized balance sheet information:	**Summarized balance sheet information:**			**Summarized balance sheet information:**		
Current assets	Current assets	$ 93,999	$ 93,722	Current assets	$ 91,007	$ 88,561
Long-term assets	Long-term assets	$ 1,756,573	$ 1,626,125	Long-term assets	1,793,244	1,823,437
Current liabilities	Current liabilities	$ 64,299	$ 65,872	Current liabilities	66,032	94,414
Long-term liabilities	Long-term liabilities	$ 1,385,060	$ 1,295,540	Long-term liabilities	1,361,904	1,378,462

[1] Note that amounts are reported one quarter in arrears as permitted by applicable guidance.

Related-Party Transactions with Investees

Related-party transactions and balances with SunStrong, SunStrong Partners, Dorado DevCo, and our dealer accelerator equity investees are as follows:

		As of			As of	
(In thousands)	**(In thousands)**	**October 2, 2022**	**January 2, 2022**	**(In thousands)**	**April 2, 2023**	**January 1, 2023**
Accounts receivable	Accounts receivable	$ 46,552	$ 28,900	Accounts receivable	$ 30,922	$ 33,864
Prepaid expenses and other current assets				Prepaid expenses and other current assets	4,239	3,959
Other long-term assets				Other long-term assets	6,549	6,549
Accounts payable				Accounts payable	299	165
Accrued liabilities	Accrued liabilities	$ 214	$ 53	Accrued liabilities	178	97
Contract liabilities	Contract liabilities	$ 63,959	$ 17,442	Contract liabilities	93,792	63,504

		Three Months Ended		Nine Months Ended			Three Months Ended	
(In thousands)	**(In thousands)**	**October 2, 2022**	**October 3, 2021**	**October 2, 2022**	**October 3, 2021**	**(In thousands)**	**April 2, 2023**	**April 3, 2022**
Revenues and fees received from investees for products/services	Revenues and fees received from investees for products/services	$ 81,581	$ 60,073	$ 180,387	$ 160,195	Revenues and fees received from investees for products/services	$ 85,291	$ 45,520
(Gain) loss on business divestitures, net		$ —	$ —	$ —	$ (224)			

Consolidated VIEs

For Solar Sail, LLC ("Solar Sail") and Solar Sail Commercial Holdings, LLC ("Solar Sail Commercial"), joint ventures with Hannon Armstrong, our consolidated VIEs, total revenue was $5.4 4.2 million and $13.5 $4.3 million for the three and nine months ended October 2, 2022, respectively. Total revenue was $5.0 million April 2, 2023 and $12.7 million for the three and nine months ended October 3, 2021 April 3, 2022, respectively. The assets of these consolidated VIEs are restricted for use only by the particular investee and are not available for our general operations. As of October 2, 2022 April 2, 2023, we had $41.0 24.4 million of assets from the consolidated VIEs.

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Note 11. 9. *DEBT AND CREDIT SOURCES*

The following table summarizes our outstanding debt on our condensed consolidated balance sheets:

		October 2, 2022				January 2, 2022					April 2, 2023				Ja
(In thousands)	(In thousands)	Face Value	Short-term	Long-term	Total[1, 2]	Face Value	Short-term	Long-term	Total[1, 2]	(In thousands)	Face Value	Short-term	Long-term	Total[1, 2]	Face Value
Recourse Debt:	**Recourse Debt:**									**Recourse Debt:**					
4.00% convertible debentures due 2023		$424,991	$424,609	$ —	$424,609	$424,991	$ —	$423,677	$423,677						
Asset-Backed Loan[4]		—	—	—	—	60,800	60,579	—	60,579						
Safe Harbor Loan[3]		—	—	—	—	48,529	47,894	—	47,894						
4.00% convertible debentures due 2023[3]										4.00% convertible debentures due 2023[3]	$ —	$ —	$ —	$ —	$424,991 $
Total recourse debt	**Total recourse debt**	$424,991	$424,609	$ —	$424,609	$534,320	$108,473	$423,677	$532,150	**Total recourse debt**	$ —	$ —	$ —	$ —	$424,991 $
Non-Recourse Debt:	**Non-Recourse Debt:**									**Non-Recourse Debt:**					
Credit Suisse Warehouse Loan	Credit Suisse Warehouse Loan	$ 73,906	$ —	$72,270	$ 72,270	$ —	$ —	$ —	$ —	Credit Suisse Warehouse Loan	$ 69,298	$ 68,429	$ —	$ 68,429	$ 71,577 $
Vendor Financing and Other Debt		2,513	2,185	297	2,482	1,475	1,095	380	1,475						
Revolver and Term Loan Facility										Revolver and Term Loan Facility	193,750	33,920	155,674	189,594	—
Other Debt										Other Debt	19,419	19,124	295	19,419	12,269
Total non-recourse debt	**Total non-recourse debt**	76,419	2,185	72,567	74,752	1,475	1,095	380	1,475	**Total non-recourse debt**	282,467	121,473	155,969	277,442	83,846
Total	**Total**	$501,410	$426,794	$72,567	$499,361	$535,795	$109,568	$424,057	$533,625	**Total**	$282,467	$121,473	$155,969	$277,442	$508,837 $

1 Refers to the total carrying value of the outstanding debt arrangement.

2 See table below for discussion on the fair value of the convertible debt. The carrying value of all of our non-convertible debt approximates the fair value, based on our intention to fully repay or transfer the obligations at their face values plus any applicable interest, and is categorized within Level 3 of the fair value hierarchy.

3 In June 2022, On January 17, 2023, we repaid the remaining outstanding principal amount of our $47.6 million loan with Hannon Armstrong under the safe harbor facility.

4 In September 2022, we repaid the outstanding principal amount $425.0 million of our $61.7 million asset-backed loan with Bank of America, N.A. and terminated the facility. 4.00% debentures due 2023.

As of October 2, 2022 April 2, 2023, the aggregate future contractual maturities of our outstanding debt, at face value, were as follows:

(In thousands)	Fiscal 2022 (remaining three months)	Fiscal 2023	Fiscal 2024	Fiscal 2025	Fiscal 2026	Thereafter	Total
Aggregate future maturities of outstanding debt	$ 2,173	$ 498,955	$ 61	$ 64	$ 68	$ 89	$ 501,410

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Convertible Debt

The following table summarizes our outstanding convertible debt:

	October 2, 2022			January 2, 2022		
(In thousands)	Carrying Value	Face Value	Fair Value[1]	Carrying Value	Face Value	Fair Value[1]
4.00% debentures due 2023	$ 424,609	$ 424,991	$ 465,266	$ 423,677	$ 424,991	$ 501,489

[1] The fair value of the convertible debt was determined using Level 2 inputs based on quarterly market prices as reported by an independent pricing source.

Our outstanding convertible debentures are senior, unsecured obligations ranking equally with all of our existing and future senior unsecured indebtedness.

September 2011 Letter of Credit Facility with Deutsche Bank and Deutsche Bank Trust Company Americas (together, "Deutsche Bank Trust")

In September 2011, we entered into a letter of credit facility with Deutsche Bank Trust which provides for the issuance, upon our request, of letters of credit to support our obligations in an aggregate amount not to exceed $200.0 million. Each letter of credit issued under the facility is fully cash-collateralized and we have entered into a security agreement with Deutsche Bank Trust, granting them a security interest in a cash collateral account established for this purpose.

In August 2022, we terminated our letter of credit facility with Deutsche Bank Trust and had no letters of credit issued and outstanding under the facility.

(In thousands)	Fiscal 2023 (remaining nine months)	Fiscal 2024	Fiscal 2025	Fiscal 2026	Fiscal 2027	Thereafter	Total
Aggregate future maturities of outstanding debt	$ 92,154	$ 5,068	$ 5,071	$ 5,075	$ 175,079	$ 20	$ 282,467

October 2021 Letter of Credit Facility with Bank of the West

In October 2021, we entered into a letter of credit facility with Bank of the West which provides for the issuance, upon our request, of letters of credit to support our obligations in an aggregate amount not to exceed $25.0 million. The letter of credit issued under the facility is 50% cash secured, and we have entered into a security agreement with Bank of the West granting them a security interest in a cash collateral account established for this purpose.

As of October 2, 2022 and January 2, 2022 April 2, 2023, letters of credit issued and outstanding under the Bank of the West facility totaled $23.3 million and $19.3 million $24.3 million, respectively, which were collateralized with $12.5 million of restricted cash on the condensed consolidated balance sheets.

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Loan Facility with Credit Suisse AG

On June 30, 2022, we entered into a loan and security purchase agreement with Credit Suisse AG, New York Branch, and other financial institutions, to finance our retail installment contract receivables. The agreement provided for a $100.0 million delayed draw term loan which will mature on December 29, 2023. In connection with the loan agreement, we have established a special purpose entity acting as the borrower under the facility.

The loans under the agreement bear interest at a rate as adjusted by the benchmark adjustment, as defined in the term loan agreement, or the base rate plus the applicable margin for such loans. In addition, we also entered into an interest rate swap under the agreement, which converts the floating rate loan to a fixed rate. The swap terminates in March of 2024, unless we terminate early with the maturity of the loan, subject to any early termination costs. The term loan agreement contains customary representations and warranties as well as customary affirmative and negative covenants, including a covenant that any assets of the special purpose borrowing entity will not be available to other creditors of any of our other SunPower entities.

As of October 2, 2022 April 2, 2023, we had $73.9 $69.3 million borrowings outstanding under the term loan facility, of which $8.2 million is being held in a Liquidity Reserve Account, in accordance with the loan and security purchase agreement, and is collateralized with restricted cash on the condensed consolidated balance sheets as of October 2, 2022 April 2, 2023. All borrowings outstanding under the term loan facility have a weighted average interest rate of between 5.4% to 6.4%.

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Revolver and Term Loan Facility with Bank of America and Bank of the West

On September 12, 2022, we entered into a Credit Agreement with BofA Securities, Inc. and Bank of the West, as joint lead arrangers and joint bookrunners, and Bank of America, N.A., as Administrative Agent, Collateral Agent, Swingline Lender, and an L/C Issuer. The Credit Agreement consists of a revolving credit facility (the "Revolver") and a term loan facility ("Term Loan Facility" and, together with the Revolver, the "Facilities"), each facility providing for an aggregate principal amount of $100 million. The Credit Agreement was amended on January 26, 2023, and provided for, among other things, an increase of the Revolver will commitments by $100.0 million (the "Increased Revolving Commitments"), including CitiBank, N.A. and JP Morgan Chase Bank, N.A. as the 2023 Incremental Revolving Lenders'. The Increased Revolving Commitments are governed by the same terms and conditions applicable to the Revolver commitments under the Credit Agreement prior to the effectiveness of the Amendment. The Revolver and Term Loan Facility both mature on September 12, 2027, while the Term Loan Facility matures on (a) September 12, 2027, or (b) on September 12, 2024 if all or a portion of the outstanding 4.00% convertible debentures due 2023 have converted into equity interests of the Company; provided that the portion of the Term Loan Facility that is applied to repay any of the 4.00% convertible debentures due 2023 that do not convert will still mature on September 12, 2027 regardless of the conversion of other 4.00% convertible debentures due 2023. .

The interest rate for borrowings under the Facilities is based on, at the Company's option, either (1) the highest of (a) the Federal Funds Rate plus 0.50%, and (b) Bank of America's "prime rate," rate" and (c) SOFR plus a margin, or (c) (2) SOFR plus a margin. A commitment fee of between 0.25% and 0.35%, depending on our Total Net Leverage Ratio, is payable quarterly on the undrawn portion of the Revolver. In addition, an unused borrowings fee equal to 0.75% is payable quarterly on the undrawn portion of the Term Loan up until the initial drawdown of the debt occurs.

The Credit Agreement contains affirmative and negative covenants customarily applicable to senior secured credit facilities, including covenants restricting the ability of the Company and certain of our subsidiaries, subject to negotiated exceptions, to: incur additional indebtedness; create liens or guarantee obligations; enter into sale-leaseback transactions; merge, liquidate or dispose of assets; make acquisitions or other investments; enter into hedging agreements; pay dividends and make other distributions and engage in transactions with affiliates. Under the Credit Agreement, the Company's Restricted Subsidiaries may not invest cash or property in, or loan to, our Unrestricted Subsidiaries amounts exceeding the limitations set forth in the Credit Agreement.

As of October 2, 2022 April 2, 2023, we had borrowings of $98.8 million and $95.0 million under the Term Loan Facility and Revolver, respectively. The interest rate for the borrowings is SOFR plus a margin. In addition, as of April 2, 2023, we had no borrowings under the Revolver and Term Loan Facilities, and there were issued but undrawn letters of credit outstanding under the Facilities of $0.6 million. Facilities. The letters of credit have a maximum aggregate amount that can be issued of $50.0 million, which is included within the total principal amount of the Revolver facility.

Note 12. 10. *RELATED-PARTY TRANSACTIONS*

In connection with the Spin-Off of Maxeon Solar, we entered into certain agreements with Maxeon Solar, including a transition services agreement, supply agreement, and collaboration agreement.

During the second quarter of fiscal 2022, On June 8, 2022, we entered into a First Amendment to the Cross License Agreement (the "Amendment") with Maxeon Solar to amend the Cross License Agreement that we entered into in connection with the Spin-off, pursuant to which the Company and Maxeon Solar exclusively and non-exclusively licensed certain intellectual property rights. The Amendment provides for certain adjustments to the scope of Maxeon Solar's non-exclusive license to the Company. In connection with the Amendment and in anticipation of the expiration of the Collaboration Agreement with Maxeon Solar in August 2022, the Company and Maxeon Solar also entered into ancillary agreements providing for the settlement of certain payments due under the Collaboration Agreement as well as transition services arrangement, the sublease, subject to landlord consent, of the research and development facility located in San Jose, California, the transfer of certain assets, and support to complete a collaboration project that may extend past August 2022.

We recorded a net loss of $4.3 million in the nine months ended October 2, 2022 in connection with the above agreements, that is presented within "research and development expenses" and "sales, general, and administrative expense" on our condensed consolidated statements of operations. Spin-off.

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The below table summarizes our transactions with Maxeon Solar for the three and nine months ended October 2, 2022 April 2, 2023:

		Three Months Ended		Nine Months Ended			Three Months Ended	
(In thousands)	**(In thousands)**	**October 2, 2022**	**October 3, 2021**	**October 2, 2022**	**October 3, 2021**	**(In thousands)**	**April 2, 2023**	**April 3, 2022**
Purchases of photo-voltaic modules (recorded in cost of revenues)	Purchases of photo-voltaic modules (recorded in cost of revenues)	$ 30,852	$ 61,967	$ 165,913	$ 167,313	Purchases of photo-voltaic modules (recorded in cost of revenues)	$ 70,458	$ 72,459
Research and development expenses reimbursement received	Research and development expenses reimbursement received	$ 840	$ 7,736	$ 18,375	$ 25,759	Research and development expenses reimbursement received	464	9,474
Income (expense) from transition services agreement, net	Income (expense) from transition services agreement, net	$ (36)	$ 468	$ (326)	$ 5,211	Income (expense) from transition services agreement, net	(25)	(266)
Sublease income (recorded in sales, general, and administrative expense)	Sublease income (recorded in sales, general, and administrative expense)	$ 176	$ —	$ 176	$ —	Sublease income (recorded in sales, general, and administrative expense)	468	—

We had the following balances related to transactions with Maxeon Solar as of October 2, 2022 April 2, 2023:

		As of			As of	
(In thousands)	(In thousands)	October 2, 2022	January 2, 2022	(In thousands)	April 2, 2023	January 1, 2023
Prepaid and other current assets	Prepaid and other current assets	$ 699	$ 1,928	Prepaid and other current assets	$ 445	$ 607
Accrued liabilities	Accrued liabilities	$ 8,761	$ 7,493	Accrued liabilities	8,004	11,239
Accounts payable	Accounts payable	$ 42,694	$ 27,724	Accounts payable	42,431	38,486
Other long-term liabilities	Other long-term liabilities	$ 1,458	$ 1,458	Other long-term liabilities	1,458	1,458

Refer to Note 3. 2. *Transactions with Total and TotalEnergies SE.* for related-party transactions with Total and its affiliates and to Note 10. 8. *Equity Investments* for related-party transactions with SunStrong, SunStrong Partners, Dorado DevCo, and SunStrong Partners. our dealer accelerator equity investees.

Note 13. 11. *INCOME TAXES*

In the three months ended October 2, 2022 April 2, 2023, our income tax provision provision of $1.2 million of $3.1 million on an income a loss from continuing operations before income taxes and equity in earnings of $143.8 million unconsolidated investees of $49.6 million, was primarily due to state discrete items including taxes on realized gains from sale of equity investments partially offset by a net tax benefit from and accrual of interest and penalties on prior year uncertain tax positions. Our income tax tax benefit of $2.0 million $11.6 million in the three months ended October 3, 2021 April 3, 2022 on a loss from continuing operations before income taxes of $74.5 million was primarily due to the deferred taxes on mark-to-market unrealized losses on equity investments.

In the nine months ended October 2, 2022, our income tax benefit of $5.3 million on an income from continuing operations before income taxes of $91.2 million, $14.1 million was primarily due to the reversal of deferred taxes previously accrued for California as a result of the enactment of Senate Bill 113 which restored our the ability to utilize net operating losses in 2022, partially offset by state tax expense on realized gains from sale of equity investments. Our income tax benefit of $3.5 million in the nine months ended October 3, 2021 on a loss from continuing operations before income taxes of $36.6 million was primarily due to windfall benefits from stock-based compensation deduction and the true-up of estimated state tax liability. 2022.

During the three and nine months ended October 2, 2022 April 2, 2023, in accordance with FASB guidance for interim reporting of income tax, we have computed our provision for income taxes based on a projected annual effective tax rate. Estimates of the annual effective tax rate at the end of interim periods are, of necessity, was computed based on evaluations of possible future events and transactions and may be subject year to subsequent refinement or revision. date results. The income tax differs from the amounts computed by applying the statutory income tax rate to the loss from continuing operations before income tax primarily as a result of our valuation allowance and discrete items recorded during the quarters.

In the nine months ended October 2, 2022, our income tax benefit of $0.6 million on a loss from discontinued operations before income taxes of $47.2 million, was primarily due to the state tax benefit of year-to-date operating losses of the C&I Solutions business. In the three and nine months ended October 3, 2021, our income tax benefit of $0.2 million and $1.4 million on a loss from discontinued operations before income taxes of $12.0 million and $27.4 million was also due to the state tax benefit of year-to-date operating losses.

The sale of the C&I Solutions business to TotalEnergies Renewables during the second quarter of fiscal 2022 resulted in a taxable gain. The tax impact of $1.4 million was recorded in "additional paid-in capital" within our condensed consolidated statements of equity in the nine months ended October 2, 2022, consistent with the accounting treatment of the gain and tax accounting guidance.

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quarter.

Total liabilities associated with uncertain tax positions were $13.8 million $12.7 million and $14.7 million $12.3 million as of October 2, 2022 April 2, 2023 and January 2, 2022 January 1, 2023, respectively. The decrease increase of $0.9 million $0.4 million was primarily due to the reduction of federal tax liabilities which can be fully offset by tax attributes and foreign exchange rate change for non-U.S. liabilities, partially offset by the accrual of additional state liabilities, and interest and penalties on existing reserves.

On August 16, 2022, the Inflation Reduction Act of 2022 ("IRA") was signed into law by President Joe Biden. The IRA includes, among other provisions, a 15% minimum tax based on "adjusted financial statement income" exceeding $1.0 billion and a 1% excise tax on net repurchases of stock after December 31, 2022. We are evaluating the tax related do not anticipate that these provisions of the IRA but do not expect it to will have a significant an impact on our business.

Note 14. 12. *NET (LOSS) INCOME (LOSS) PER SHARE*

We calculate basic net (loss) income (loss) per share by dividing earnings allocated to common stockholders by the basic weighted-average number of common shares outstanding for the period.

Diluted weighted-average shares is computed by using the basic weighted-average number of common shares outstanding plus any potentially dilutive securities outstanding during the period using the if-converted method, except when their effect is anti-dilutive. Potentially dilutive securities include restricted stock units and the outstanding senior convertible debentures.

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The guidance in ASC 260, *Earnings Per Share,* requires that companies use income from continuing operations as a “control number” or benchmark to determine whether potential common shares are dilutive or antidilutive. When calculating discontinued operations, we used the same number of potential common shares used in computing the diluted per-share amount of income from continuing operations in computing all other reported diluted per-share amounts, even if the effect will be antidilutive compared to their respective basic per-share amounts.

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The following table presents the calculation of basic and diluted net (loss) income (loss) per share attributable to stockholders:

	Three Months Ended		Nine Months Ended	
(In thousands, except per share amounts)	**October 2, 2022**	**October 3, 2021**	**October 2, 2022**	**October 3, 2021**
Basic net (loss) income per share:				
Numerator:				
Net income (loss) attributable to stockholders - continuing operations	$ 139,407	$ (72,707)	$ 94,745	$ (32,760)
Net (loss) income attributable to stockholders - discontinued operations	—	(11,669)	(46,321)	(24,794)
Net income (loss) attributable to stockholders	$ 139,407	$ (84,376)	$ 48,424	$ (57,554)
Denominator:				
Basic weighted-average common shares	174,118	172,885	173,815	172,242
Basic net income (loss) per share - continuing operations	$ 0.80	$ (0.42)	$ 0.55	$ (0.19)
Basic net (loss) income per share - discontinued operations	—	(0.07)	(0.27)	(0.14)
Basic net income (loss) per share	$ 0.80	$ (0.49)	$ 0.28	$ (0.33)
Diluted net (loss) income per share:				
Numerator:				
Net income (loss) available to stockholders - continuing operations	$ 139,407	$ (72,707)	$ 94,745	$ (32,760)
Add: Interest expense on 0.875% debentures due 2021, net of tax	—	—	—	—
Add: Interest expense on 4.00% debentures due 2023, net of tax	3,026	—	9,078	—
Net income (loss) available to common stockholders - continuing operations	142,433	(72,707)	103,823	(32,760)
Net (loss) income available to common stockholders - discontinued operations	$ —	$ (11,669)	$ (46,321)	$ (24,794)
Denominator:				
Basic weighted-average common shares	174,118	172,885	173,815	172,242
Effect of dilutive securities:				
Restricted stock units	1,311	—	706	—
0.875% debentures due 2021	—	—	—	—
4.00% debentures due 2023	17,068	—	17,068	—
Dilutive weighted-average common shares:	192,497	172,885	191,589	172,242
Dilutive net income (loss) per share - continuing operations	$ 0.74	$ (0.42)	$ 0.54	$ (0.19)
Dilutive net (loss) income per share - discontinued operations	—	(0.07)	(0.24)	(0.14)
Dilutive net income (loss) per share	$ 0.74	$ (0.49)	$ 0.30	$ (0.33)

	Three Months Ended	
(In thousands, except per share amounts)	**April 2, 2023**	**April 3, 2022**
Basic and diluted net (loss) income per share:		
Numerator:		

Net (loss) income attributable to stockholders - continuing operations[1]	$ (50,684)	$ (2,166)
Net (loss) income attributable to stockholders - discontinued operations	—	(25,705)
Net (loss) income attributable to stockholders	$ (50,684)	$ (27,871)
Denominator:		
Basic weighted-average common shares	174,528	173,376
Basic and dilutive net (loss) income per share - continuing operations	$ (0.29)	$ (0.01)
Basic and dilutive net (loss) income per share - discontinued operations	—	(0.15)
Basic and dilutive net (loss) income per share	$ (0.29)	$ (0.16)

[1] There was no add back of interest expense for the convertible debentures or effect of dilutive securities for the three months ended April 2, 2023 and April 3, 2022.

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The following is a summary of outstanding anti-dilutive potential common stock that was excluded from diluted net income per share attributable to stockholders in the following periods:

		Three Months Ended		Nine Months Ended			Three Months Ended	
(In thousands)	**(In thousands)**	**October 2, 2022**	**October 3, 2021**	**October 2, 2022**	**October 3, 2021**	**(In thousands)**	**April 2, 2023**	**April 3, 2022**
Restricted stock units	Restricted stock units	1,119	1,053	3,422	1,155	Restricted stock units	2,808	3,035
0.875% debentures due 2021		—	—	—	1,575			
4.00% debentures due 2023	4.00% debentures due 2023	—	17,068	—	17,068	4.00% debentures due 2023	3,001	17,068

Note 15. 13. *STOCK-BASED COMPENSATION*

The following table summarizes the consolidated stock-based compensation expense by line item in our condensed consolidated statements of operations:

		Three Months Ended		Nine Months Ended			Three Months Ended	
(In thousands)	**(In thousands)**	**October 2, 2022**	**October 3, 2021**	**October 2, 2022**	**October 3, 2021**	**(In thousands)**	**April 2, 2023**	**April 3, 2022**
Cost of revenues	Cost of revenues	$ 1,144	$ 697	$ 3,494	$ 1,979	Cost of revenues	$ 1,249	$ 955
Research and development	Research and development	454	609	1,293	2,408	Research and development	528	569
Sales, general, and administrative	Sales, general, and administrative	4,959	2,719	14,222	13,243	Sales, general, and administrative	5,100	3,877
Total stock-based compensation expense	Total stock-based compensation expense	$ 6,557	$ 4,025	$ 19,009	$ 17,630	Total stock-based compensation expense	$ 6,877	$ 5,401

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Note 14. *SUBSEQUENT EVENTS*

In April 2023, to support the expansion of our residential solar and storage loan funding capacity, we entered into a series of agreements to sell solar loan receivables to a special-purpose entity within our existing joint venture, SunStrong. Under the agreements, we have secured financing commitments to fund more than $450.0 million for our residential solar and storage loan program from Hannon Armstrong and Credit Agricole Corporate & Investment Bank ("CIB"). Hannon Armstrong and CIB will provide funding to a SunStrong-owned special-purpose vehicle for the purpose of acquiring loans entered into by SunPower Financial's customers.

In May 2023, to further support the expansion of our residential solar and storage loan funding capacity, we also entered into a series of agreements to sell solar loan receivables to a newly created special-purpose trust beneficially owned by one or more affiliates of KKR Credit Advisors (US) LLC ("KKR Credit"). Under the agreements, we have secured financing commitments to fund up to $550.0 million for our residential solar and storage loan program over a 15-month term, with annual renewal options.

ITEM 2: ***MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS***

Cautionary Statement Regarding Forward-Looking Statements

You should read the following discussion of our financial condition and results of operations in conjunction with the condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q and the consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the fiscal year ended January 2, 2022 January 1, 2023 filed with the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act").

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This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that do not represent historical facts and may be based on underlying assumptions. We use words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "potential," "seek," "should," "will," "would," and similar expressions to identify forward-looking statements. Forward-looking statements in this Quarterly Report on Form 10-Q include, but are not limited to, our plans and expectations regarding future financial results, expected operating results, business strategies, the sufficiency of our cash and our liquidity, projected costs and cost reduction measures, development and ramp of new products and improvements to our existing products, the impact of recently adopted accounting pronouncements, supply chain challenges, the adequacy of our agreements with our suppliers, the impact of inflation and changes in raw materials and component prices and availability, our ability to monetize our solar projects, legislative actions and regulatory compliance, competitive positions, management's plans and objectives for future operations, our ability to obtain financing, our plans regarding our senior convertible debentures, our ability to comply with debt covenants or cure any defaults, our ability to repay our obligations as they come due, our ability to continue as a going concern, trends in average selling prices, the success of our joint ventures and acquisitions, warranty matters, outcomes of litigation, cost of compliance with applicable regulations, interest and credit risk, general business and economic conditions in our markets, industry trends, the impact of changes in government incentives, expected restructuring charges, statements regarding the anticipated impact on our business of the COVID-19 pandemic and related public health measures, macroeconomic trends and uncertainties, and the likelihood of any impairment of project assets, long-lived assets, and investments, our ability to obtain necessary environmental permits, our environmental compliance initiatives, our commitment to energy sustainability, our diversity, equity, and inclusion initiative and related programs, our commitments to making renewable energy more accessible for historically underserved communities, increasing workforce diversity, expanding access for customers, ensuring industry equity and dealer and supplier diversity, our environmental, social, and governance initiatives and report, setting and upholding high standards for our employees, officers and directors, and sound corporate governance, and our human capital management strategies and initiatives. These forward-looking statements are based on information available to us as of the date of this Quarterly Report on Form 10-Q and current expectations, forecasts, and assumptions and involve a number of risks and uncertainties that could cause actual results to differ materially from those anticipated by these forward-looking statements. Such risks and uncertainties include a variety of factors, some of which are beyond our control. Factors that could cause or contribute to such differences include, but are not limited to, those identified above, those discussed in the section titled "Risk Factors" included in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the fiscal year ended January 2, 2022 January 1, 2023, and our other filings with the SEC. These forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we are under no obligation to, and expressly disclaim any responsibility to, update or alter our forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

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Our fiscal year ends on the Sunday closest to the end of the applicable calendar year. All references to fiscal periods apply to our fiscal quarter or year, which end on the Sunday closest to the calendar month end. Unless the context otherwise requires, all references to "SunPower," the "Company," "we," "us," or "our" refer to SunPower Corporation and its subsidiaries.

Overview

SunPower is a leading solar technology and energy services provider that offers fully integrated solar, storage, and home energy solutions to customers primarily in the United States North America. Through a multi-channel strategy of distributed dealer network, SunPower direct sales channel, and Canada through an array of hardware, software, and financing options and "Smart Energy" solutions. Our Smart Energy initiative is designed to add layers of intelligent control to homes, buildings, and grids—all personalized through easy-to-use customer interfaces. We are a leader in the U.S. Distributed Generation ("DG") storage and energy services market, providing new home builder partnerships, we provide customers control over electricity consumption, and resiliency during power outages, while providing and cost savings, to homeowners and while also reducing carbon emissions and contributing to a more sustainable grid. Our The five pillars of our strategy include: 1) Customer Care: provide a world-class customer experience that moves beyond the initial system sale to create a lifetime relationship with SunPower, 2) Products: offer all market segments a growing ecosystem of integrated high-value, high-performance products and services, 3) Growth: optimize a multi-channel strategy of distributed dealer network, geographically diverse SunPower Direct channel, and new home builder partnerships for above-market growth, 4) Digital Innovation: enable operational excellence that supports our dealers, accelerates sales, channels include a network improves financial products and adds customer control and monitoring of both installing systems for optimum efficiency, and non-installing dealers 5) Financial Solutions: expand affordable and resellers that operate in residential markets as well as a group of in-house sales teams engaged in direct sales easy-to-use customer financing products, reducing the biggest barrier to end customers. solar adoption.

As a result of the classification of the C&I Solutions business We operate as discontinued operations, we now operate in a single operating segment, providing solar power systems and services to residential customers. While our chief executive officer, as the chief operating decision maker ("CODM"), reviews financial information by different functions and revenue streams, he considers the business on a consolidated basis for purposes of allocating resources and reviewing overall business performance.

For more information about our business, please refer to the section titled "Part I. Item 1. Business" in our Annual Report on Form 10-K for the fiscal year ended January 2, 2022 January 1, 2023.

Key Developments

Sale of C&I Solutions Business

On May 31, 2022, pursuant to the terms of the Definitive Agreement we signed with TotalEnergies Renewables on February 6, 2022, TotalEnergies Renewables acquired all of the issued and outstanding common stock of our C&I Solutions business. The preliminary purchase price of $190.0 million was subject to certain adjustments, including cash, indebtedness, and an estimated closing date working capital adjustment. Upon closing, we received net cash consideration of $149.2 million based on the estimated net assets of the business on that date. As of the third quarter of fiscal 2022, we recorded a payable of $7.0 million to Total, based on our review of the closing date working capital and our submission of the Closing Statement. On October 25, 2022, we received a notice of disagreement from TotalEnergies Renewables with respect to the Closing Statement. As set forth in the Definitive Agreement, we appointed an independent accountant to adjudicate the amount owed under the Closing Statement. On April 12, 2023, the independent accountant issued its final and binding determination with respect to the disputed items and an additional $23.9 million was deemed in favor of TotalEnergies Renewables. We have recorded a payable of $30.9 million in our condensed consolidated balance sheets as of April 2, 2023 and such amount was paid on April 19, 2023.

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Key Developments

Inflation Reduction Act of 2022 ("IRA")

On August 16, 2022, the IRA was enacted. The IRA includes, among other things, an expansion and extension of the solar investment tax credit ("ITC") for eligible solar energy systems through at least 2032. The IRA allows qualifying homeowners to credit 30% of the cost of the solar or solar paired battery storage system from their U.S. federal income taxes starting in 2022, thus returning a significant portion of the cost of the solar system to the taxpayer. In addition, beginning in 2023, a new standalone battery storage ITC, also at a value of 30% of the cost of the system, will be available. Under the terms of the IRA, the solar, solar paired battery storage, and standalone battery storage ITCs will remain at 30% through the end of 2032, reduce to 26% for 2033, reduce to 22% for 2034, and further reduce to 0% or 10% after the end of 2034 (with the percentage dependent on the eligibility of the taxpayer associated with the residential system). The IRA also includes provisions beginning in 2023 that, depending on the location of a particular system and/or its ability to satisfy certain domestic content or low-income customer requirements, allows for substantial increases in the percentage value of the ITC for eligible systems that qualify, beyond the 30% minimum.

Finally, the IRA includes numerous additional provisions regarding extension and expansion of other tax credits or federal incentive programs related to our business, including the renewal and extension of the tax credits applicable to electric vehicle charging equipment. We believe the enactment of the IRA is favorable to our business as it may increase demand for our services due to the extensions and expansions of tax credits, which in turn help reduce the costs of our products and services for our customers. However, the impact of the IRA cannot be known with certainty, as we may not recognize all the expected benefits. We are continuing to evaluate the overall impact and applicability of the IRA to our results of operations going forward.

Results of Operations

Results of operations in dollars and as a percentage of total revenues were as follows:

		Three Months Ended					**Three Months Ended**			
		October 2, 2022		**October 3, 2021**			**April 2, 2023**		**April 3, 2022**	
		in thousands	**% of Revenues**	**in thousands**	**% of Revenues**		**in thousands**	**% of Revenues**	**in thousands**	**% of Revenues**
Total revenues	Total revenues	$ 475,711	100	$ 283,312	100	Total revenues	$ 440,878	100	$ 350,277	100
Total cost of revenues	Total cost of revenues	370,264	78	220,923	78	Total cost of revenues	376,767	85	277,968	79
Gross profit	Gross profit	105,447	22	62,389	22	Gross profit	64,111	15	72,309	21
Research and development	Research and development	6,784	1	2,615	1	Research and development	7,247	2	5,010	2
Sales, general, and administrative	Sales, general, and administrative	87,124	18	43,704	15	Sales, general, and administrative	90,881	21	76,996	22
Restructuring charges (credits)	Restructuring charges (credits)	111	—	(230)	—	Restructuring charges (credits)	—	—	627	—
(Gain) loss on sale and impairment of residential lease assets		—	—	—	—					
(Gain) loss on business divestitures, net		—	—	—	—					
(Income) expense from transition services agreement, net	(Income) expense from transition services agreement, net	(1,059)	—	(468)	—	(Income) expense from transition services agreement, net	(224)	—	266	—

Operating income (loss)		12,487	3	16,768	6					
Other income (expense), net		131,296	28	(91,227)	(32)					
Income (loss) from continuing operations before income taxes		143,783	30	(74,459)	(26)					
Operating (loss) income						Operating (loss) income	(33,793)	(8)	(10,590)	(3)
Other (expense) income, net						Other (expense) income, net	(15,830)	(4)	(3,558)	(1)
(Loss) income from continuing operations before income taxes and equity in earnings (losses) of unconsolidated investees						(Loss) income from continuing operations before income taxes and equity in earnings (losses) of unconsolidated investees	(49,623)	(12)	(14,148)	(4)
(Provision for) benefits from income taxes	(Provision for) benefits from income taxes	(3,109)	(1)	2,015	1	(Provision for) benefits from income taxes	(1,227)	—	11,643	3
Equity in earnings (losses) of unconsolidated investees	Equity in earnings (losses) of unconsolidated investees	1,958	—	—	—	Equity in earnings (losses) of unconsolidated investees	247	—	—	—
Net income (loss) from continuing operations		142,632	30	(72,444)	(26)					
Net (loss) income from continuing operations						Net (loss) income from continuing operations	(50,603)	(12)	(2,505)	(1)
Net (income) loss from continuing operations attributable to noncontrolling interests	Net (income) loss from continuing operations attributable to noncontrolling interests	(3,225)	(1)	(263)	—	Net (income) loss from continuing operations attributable to noncontrolling interests	(81)	—	339	—
Net income (loss) from continuing operations attributable to stockholders		$ 139,407	29	$ (72,707)	(26)					
Net (loss) income from continuing operations attributable to stockholders						Net (loss) income from continuing operations attributable to stockholders	$ (50,684)	(12)	$ (2,166)	(1)

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	Nine Months Ended			
	October 2, 2022		October 3, 2021	
	in thousands	% of Revenues	in thousands	% of Revenues
Total revenues	$ 1,243,760	100	$ 784,199	100
Total cost of revenues	984,505	79	615,133	78
Gross profit	259,255	21	169,066	22

Research and development	19,199	2	11,497	1
Sales, general, and administrative	257,163	21	135,449	17
Restructuring charges (credits)	244	—	4,344	1
(Gain) loss on sale and impairment of residential lease assets	—	—	(294)	—
(Gain) loss on business divestitures, net	—	—	(5,290)	(1)
(Income) expense from transition services agreement, net	(1,287)	—	(5,211)	(1)
Operating (loss) income	(16,064)	(1)	28,571	4
Other income (expense), net	107,214	9	(65,199)	(8)
Income (loss) from continuing operations before income taxes	91,150	7	(36,628)	(4)
Benefits from (provision for) income taxes	5,308	—	3,547	—
Equity in earnings (losses) of unconsolidated investees	1,958	—	—	—
Net income (loss) from continuing operations	98,416	8	(33,081)	(4)
Net (income) loss from continuing operations attributable to noncontrolling interests	(3,671)	—	321	—
Net income (loss) from continuing operations attributable to stockholders	$ 94,745	8	$ (32,760)	(4)

Total Revenues

		Three Months Ended			Nine Months Ended				Three Months Ended		
(In thousands, except percentages)	(In thousands, except percentages)	October 2, 2022	October 3, 2021	% Change	October 2, 2022	October 3, 2021	% Change	(In thousands, except percentages)	April 2, 2023	April 3, 2022	% Change
Total revenues	Total revenues	$ 475,711	$ 283,312	68 %	$ 1,243,760	$ 784,199	59 %	Total revenues	$ 440,878	$ 350,277	26 %

Our total revenues during the three and nine months ended October 2, 2022 April 2, 2023 increased by 68% and 59%, 26% as compared to the three and nine months ended October 3, 2021 April 3, 2022, respectively, largely primarily due to higher volume in organic residential business across all our SunPower Direct and non-installing dealer channels primarily from our dealer network, increase in pricing driven by strong momentum and bookings during the second and third quarters of fiscal 2022, and the acquisition of Blue Raven in the fourth first quarter of fiscal 2021. This was 2023 prior to the transition to a new net energy metering program ("NEM 3.0") in California in April 2023, partially offset by a reduction in revenue during from delayed installations of solar power systems in California due to severe weather and the second quarter of fiscal 2022 from the reversal of variable consideration on two continued wind-down of our legacy large power plant projects that we sold in Light Commercial business both during fiscal 2018 and 2019. 2023.

We did not have any customers that One customer accounted for greater than approximately 13% and 10% of total revenues for the three and nine months ended October 2, 2022.

One customer accounted for approximately 21% April 2, 2023 and 20% of total revenues for the three and nine months ended October 3, 2021 April 3, 2022, respectively, primarily within solar power systems sales revenue category.

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Total Cost of Revenues and Gross Margin

		Three Months Ended			Nine Months Ended				Three Months Ended		
(In thousands, except percentages)	(In thousands, except percentages)	October 2, 2022	October 3, 2021	% Change	October 2, 2022	October 3, 2021	% Change	(In thousands, except percentages)	April 2, 2023	April 3, 2022	% Change
Cost of Revenues	**Cost of Revenues**							**Cost of Revenues**			
Total cost of revenues	Total cost of revenues	$ 370,264	$ 220,923	68 %	$ 984,505	$ 615,133	60 %	Total cost of revenues	$ 376,767	$ 277,968	36 %
Gross Margin	**Gross Margin**							**Gross Margin**			
Total gross margin percentage		22 %	22 %	— %	21 %	22 %	(1) %				
Total gross margin								Total gross margin	15 %	21 %	(6) %

Our total cost of revenues increased by 68% and 60% 36% during the three and nine months ended October 2, 2022 April 2, 2023, as compared to the three and nine months ended October 3, 2021 April 3, 2022, respectively, as a result of revenue growth from the in Blue Raven acquisition and our other sales channels, as well as increasing material and labor costs that occurred during the second and third quarters of fiscal 2022. 2022 and had a continued effect during the first quarter of fiscal 2023, as well as additional warranty expenses in fiscal 2023 related to our indemnifications with TotalEnergies Renewables for projects sold as part of our C&I Solutions business.

Our gross margin remained fairly constant decreased by 6 percentage points during the three and nine months ended October 2, 2022 April 2, 2023, as compared to the three and nine months ended October 3, 2021 April 3, 2022, respectively. primarily due to additional warranty expenses related to our indemnifications with TotalEnergies Renewables for projects sold as part of our C&I Solutions business, as well as a reduction in revenue from delayed installations of solar power systems in California due to severe weather and the continued wind-down of our Light Commercial business during fiscal 2023.

Research and Development ("R&D")

(In thousands, except percentages)	(In thousands, except percentages)	Three Months Ended October 2, 2022	Three Months Ended October 3, 2021	% Change	Nine Months Ended October 2, 2022	Nine Months Ended October 3, 2021	% Change	(In thousands, except percentages)	Three Months Ended April 2, 2023	Three Months Ended April 3, 2022	% Change
R&D	R&D	$ 6,784	$ 2,615	159 %	$ 19,199	$ 11,497	67 %	R&D	$ 7,247	$ 5,010	45 %
As a percentage of revenues	As a percentage of revenues	1 %	1 %		2 %	1 %		As a percentage of revenues	2 %	2 %	

R&D expense increased by $4.2 $2.2 million or 159%, and $7.7 million, or 67%, during the three and nine months ended October 2, 2022 April 2, 2023, as compared to the three and nine months ended October 3, 2021 April 3, 2022, respectively, primarily due to higher labor and personnel-related costs from increased continued increase in headcount to support our business growth strategy and ongoing projects during the first quarter of fiscal 2022. 2023.

Sales, General, and Administrative ("SG&A")

(In thousands, except percentages)	(In thousands, except percentages)	Three Months Ended October 2, 2022	Three Months Ended October 3, 2021	% Change	Nine Months Ended October 2, 2022	Nine Months Ended October 3, 2021	% Change	(In thousands, except percentages)	Three Months Ended April 2, 2023	Three Months Ended April 3, 2022	% Change
SG&A	SG&A	$ 87,124	$ 43,704	99 %	$ 257,163	$ 135,449	90 %	SG&A	$ 90,881	$ 76,996	18 %
As a percentage of revenues	As a percentage of revenues	18 %	15 %		21 %	17 %		As a percentage of revenues	21 %	22 %	

SG&A expenses increased by $43.4 $13.9 million or 99%, and $121.7 million, or 90%, during the three and nine months ended October 2, 2022 April 2, 2023, as compared to the three and nine months ended October 3, 2021 April 3, 2022, respectively, primarily due to the acquisition of Blue Raven in the fourth quarter of fiscal 2021, increased strategic hiring across digital and business functions to support our growth strategy, increased investment in various subscriptions, licenses, commissions and consulting fees aligned with increased revenue, as well as increases in acquisition-related charges increased depreciation for new purchases of property, plant, and transaction costs for corporate strategic transactions such as acquisitions and divestitures.

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Restructuring charges (credits)

(In thousands, except percentages)	Three Months Ended October 2, 2022	Three Months Ended October 3, 2021	% Change	Nine Months Ended October 2, 2022	Nine Months Ended October 3, 2021	% Change
Restructuring charges (credits)	$ 111	$ (230)	148 %	$ 244	$ 4,344	(94)%
As a percentage of revenues	— %	— %		— %	1 %	

Restructuring charges (credits) increased by $0.3 million, or 148%, during the three months ended October 2, 2022, as compared to the three months ended October 3, 2021, primarily due to payments for remaining severance costs for certain employees retained under the 2021 restructuring plan in the third quarter of fiscal 2022, as compared to recoveries of restructuring expenses previously accrued for retention payments during the third quarter of fiscal 2021.

Restructuring charges (credits) decreased by $4.1 million, or 94%, during the nine months ended October 2, 2022, as compared to the nine months ended October 3, 2021, respectively, primarily due to the decrease in restructuring charges for our 2021 restructuring plan which began in the first quarter of fiscal 2021, as well as benefits in the second quarter of fiscal 2022 caused by the transfer of employees to Maxeon Solar as a result of the agreements entered into with Maxeon Solar during the quarter.

(Gain) loss on sale and impairment of residential lease assets

(In thousands, except percentages)	Three Months Ended October 2, 2022	Three Months Ended October 3, 2021	Three Months Ended % Change	Nine Months Ended October 2, 2022	Nine Months Ended October 3, 2021	Nine Months Ended % Change
(Gain) loss on sale and impairment of residential lease assets	$ —	$ —	— %	$ —	$ (294)	(100)%
As a percentage of revenues	— %	— %		— %	— %	

Gain on sale and impairment of residential lease assets decreased by $0.3 million during the nine months ended October 2, 2022, as compared to the nine months ended October 3, 2021, primarily due to the large majority of residential lease assets being sold in prior years and no impairment deemed necessary in fiscal 2022 on the remaining portfolio.

(Gain) loss on business divestitures, net

(In thousands, except percentages)	Three Months Ended October 2, 2022	Three Months Ended October 3, 2021	Three Months Ended % Change	Nine Months Ended October 2, 2022	Nine Months Ended October 3, 2021	Nine Months Ended % Change
(Gain) loss on business divestitures, net	$ —	$ —	— %	—	(5,290)	(100)%
As a percentage of revenues	— %	— %		— %	(1)%	

Gain on business divestitures, net decreased by $5.3 million during the nine months ended October 2, 2022 as compared to the nine months ended October 3, 2021, primarily due to the gain on sale of our residential leases to SunStrong recorded in the second quarter of fiscal 2021 which did not occur in fiscal 2022. equipment.

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(Income) expense from transition services agreement, net

(In thousands, except percentages)	(In thousands, except percentages)	Three Months Ended October 2, 2022	Three Months Ended October 3, 2021	Three Months Ended % Change	Nine Months Ended October 2, 2022	Nine Months Ended October 3, 2021	Nine Months Ended % Change	(In thousands, except percentages)	Three Months Ended April 2, 2023	Three Months Ended April 3, 2022	Three Months Ended % Change
(Income) expense from transition services agreement, net	(Income) expense from transition services agreement, net	$ (1,059)	$ (468)	126 %	$ (1,287)	$ (5,211)	(75) %	(Income) expense from transition services agreement, net	$ (224)	$ 266	(184) %
As a percentage of revenues	As a percentage of revenues	— %	— %		— %	(1) %		As a percentage of revenues	— %	— %	

Income from the transition services agreement, net was higher by $0.6 $0.5 million during the three months ended October 2, 2022 April 2, 2023, as compared to the three months ended October 3, 2021 April 3, 2022, primarily due to additional transition services provided to Total that began during the third quarter of fiscal 2022 in connection with the sale of the C&I Solutions business which occurred during the second quarter of fiscal 2022.

Income from the transition services agreement, net was lower by $3.9 million during the nine months ended October 2, 2022, as compared to the nine months ended October 3, 2021, primarily due to the termination of a majority of the services in the third quarter of fiscal 2021, in accordance with the underlying agreement with Maxeon Solar. This was partially offset by additional transition services provided to Total during the third quarter of fiscal 2022 in connection with the sale of the C&I Solutions business during the second quarter of fiscal 2022. business.

Other (Expense) Income, (Expense), Net

(In thousands, except percentages)	(In thousands, except percentages)	Three Months Ended October 2, 2022	Three Months Ended October 3, 2021	Three Months Ended % Change	Nine Months Ended October 2, 2022	Nine Months Ended October 3, 2021	Nine Months Ended % Change	(In thousands, except percentages)	Three Months Ended April 2, 2023	Three Months Ended April 3, 2022	Three Months Ended % Change
Interest income	Interest income	$ 144	$ 43	235 %	$ 278	$ 168	65 %	Interest income	$ 831	$ 42	1879 %
Interest expense	Interest expense	(4,216)	(5,171)	(18) %	(15,224)	(18,828)	(19) %	Interest expense	(5,678)	(5,044)	13 %

Other income (expense):											
Other (expense) income:								Other (expense) income:			
Other, net	Other, net	135,368	(86,099)	257 %	122,160	(46,539)	362 %	Other, net	(10,983)	1,444	861 %
Other income (expense), net		$ 131,296	$ (91,227)	244 %	$ 107,214	$ (65,199)	264 %				
Other (expense) income, net								Other (expense) income, net	$ (15,830)	$ (3,558)	(345) %
As a percentage of revenues	As a percentage of revenues	28 %	(32) %		9 %	(8) %		As a percentage of revenues	(4) %	(1) %	

Interest expense decreased income increased by $1.0 million and $3.6 $0.8 million during the three and nine months ended October 2, 2022 April 2, 2023, as compared to the three and nine months ended October 3, 2021, respectively, primarily due to the gain recorded from changes in fair value of our interest rate swaps during the third quarter of fiscal 2022. In addition, interest expense decreased due to lower debt for a large part of the third quarter of fiscal 2022, primarily due to repayment of our 2021 convertible debentures in June 2021, as well as other recourse debt during the second quarter of fiscal 2021 and the second and third quarters of fiscal 2022, partially offset by new debt entered into during the end of the second and third quarters of fiscal 2022.

Other income increased by $221.5 million in the three months ended October 2, 2022 as compared to the three months ended October 3, 2021 April 3, 2022, primarily due to interest earned from our money market fund investments.

Interest expense increased by $0.6 million during the three months ended April 2, 2023, as compared to the three months ended April 3, 2022, primarily due to the draw down of our new revolver and term loan facility during fiscal 2023, partially offset by the repayment of our 2023 convertible debentures in January 2023.

Other expense increased by $12.4 million in the three months ended April 2, 2023 as compared to the three months ended April 3, 2022, primarily due to a gain loss of $135.4 $10.8 million on our equity investment with readily determinable fair value in the three months ended October 2, 2022 April 2, 2023, as compared to a loss gain of $86.3 $1.3 million in the three months ended October 3, 2021 April 3, 2022.

Other income increased by $168.7 million in the nine months ended October 2, 2022 as compared to the nine months ended October 3, 2021, primarily due to a gain of $121.5 million on equity investment with readily determinable fair value in the nine months ended October 2, 2022, as compared to a loss of $48.0 million in the nine months ended October 3, 2021.

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Income Taxes

		Three Months Ended			Nine Months Ended				Three Months Ended		
(In thousands, except percentages)	**(In thousands, except percentages)**	**October 2, 2022**	**October 3, 2021**	**% Change**	**October 2, 2022**	**October 3, 2021**	**% Change**	**(In thousands, except percentages)**	**April 2, 2023**	**April 3, 2022**	**% Change**
(Provision for) benefits from income taxes	(Provision for) benefits from income taxes	$ (3,109)	$ 2,015	(254) %	$ 5,308	$ 3,547	50 %	(Provision for) benefits from income taxes	$ (1,227)	$ 11,643	(111) %
As a percentage of revenues	As a percentage of revenues	(1) %	1 %		— %	— %		As a percentage of revenues	— %	3 %	

In the three months ended October 2, 2022 April 2, 2023, our income tax provision of $3.1 million on an income from continuing operations before income taxes of $143.8 million, was primarily due to state taxes on realized gains from sale of equity investments, partially offset by a net tax benefit from prior year uncertain tax positions. Our income tax benefit of $2.0 million in the three months ended October 3, 2021 $1.2 million on a loss from continuing operations before income taxes of $74.5 million was $49.6 million, was primarily due to the deferred discrete items including taxes on mark-to-market unrealized losses realized gains from sale of equity investments and accrual of interest and penalties on equity investments.

In the nine months ended October 2, 2022, our prior year uncertain tax positions. Our income tax benefit of $5.3 million $11.6 million in the three months ended April 3, 2022 on an income a loss from continuing operations before income taxes of $91.2 million $14.1 million was primarily due to the reversal of deferred taxes previously accrued for California as a result of the enactment of Senate Bill 113 which restored our the ability to utilize net operating losses in 2022, partially offset by state tax expense on realized gains from sale 2022.

Table of equity investments. Our inc Contentsome tax benefit of $3.5 million in the nine months ended October 3, 2021 on a loss from continuing operations before income taxes of $36.6 million was primarily due to windfall benefits from stock-based compensation deduction and the true-up of estimated state tax liability.

As of the end of the third first quarter of fiscal 2022, 2023, as part of our continuing operations, an insignificant amount of the accumulated foreign earnings was located outside of the United States and may be subject to foreign income tax or withholding tax liability upon repatriations. However, the accumulated foreign earnings are intended to be indefinitely reinvested in our foreign subsidiaries; therefore, no provision for such foreign taxes has been made. Determination of the amount of unrecognized deferred tax liability related to these earnings is not practicable.

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

Equity in earnings (losses) of unconsolidated investees

	Three Months Ended			Nine Months Ended		
(In thousands, except percentages)	**October 2, 2022**	**October 3, 2021**	**% Change**	**October 2, 2022**	**October 3, 2021**	**% Change**
Equity in earnings (losses) of unconsolidated investees	$ 1,958	$ —	— %	$ 1,958	$ —	— %
As a percentage of revenues	— %	— %		— %	— %	

	Three Months Ended		
(In thousands, except percentages)	**April 2, 2023**	**April 3, 2022**	**% Change**
Equity in earnings (losses) of unconsolidated investees	$ 247	$ —	— %
As a percentage of revenues	— %	— %	

Equity in earnings (losses) of unconsolidated investees increased by $2.0 $0.2 million for the three and nine months ended October 2, 2022 April 2, 2023, primarily due to a fair value adjustment earnings recorded as a result of our assessment of the fair value of from our equity investments with FVO method investees during fiscal 2023, which we did not have during the third first quarter of fiscal 2022.

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Net (Income) Loss from Continuing Operations Attributable to Noncontrolling Interests

		Three Months Ended			Nine Months Ended				Three Months Ended		
(In thousands, except percentages)	**(In thousands, except percentages)**	**October 2, 2022**	**October 3, 2021**	**% Change**	**October 2, 2022**	**October 3, 2021**	**% Change**	**(In thousands, except percentages)**	**April 2, 2023**	**April 3, 2022**	**% Change**
Net (income) loss from continuing operations attributable to noncontrolling interests		$ (3,225)	$ (263)	1126 %	$ (3,671)	$ 321	1244 %				
Net (income) loss attributable to noncontrolling interests								Net (income) loss attributable to noncontrolling interests	$ (81)	$ 339	(124) %

In September 2019, we entered into the Solar Sail, LLC ("Solar Sail") and Solar Sail Commercial Holdings, LLC ("Solar Sail Commercial") joint ventures with Hannon Armstrong to finance the purchase of 200 megawatts of panel inventory in accordance with IRS safe harbor guidance to preserve the 30% federal ITC for third-party owned commercial and residential systems. We determined that we hold controlling interests in Solar Sail and Solar Sail Commercial, and therefore we have fully consolidated these entities. We apply the hypothetical liquidation at book value ("HLBV") method in allocating recorded net income (loss) to each investor based on the change in the reporting period, of the amount of net assets of the entity to which each investor would be entitled to under the governing contractual arrangements in a liquidation scenario.

The net income attributable to noncontrolling interests increased by $3.0 $0.4 million and $4.0 million for the three and nine months ended October 2, 2022 April 2, 2023, as compared to the three and nine months ended October 3, 2021 April 3, 2022, respectively, primarily due to higher volume of sale of safe harbor panels using our by Solar Sail, entity, and lower allocation of net loss, including tax credits and accelerated tax depreciation benefits using HLBV method to noncontrolling interests in Solar Sail and Solar Sail Commercial.

Critical Accounting Estimates

We prepare our condensed consolidated financial statements in conformity with U.S. GAAP, which requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenues, and expenses recorded in our financial statements. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

These estimates may change as new events occur and additional information is obtained. Actual results may differ from these estimates under different assumptions and conditions.

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There were no significant changes in our critical accounting estimates during the fiscal quarter ended October 2, 2022 April 2, 2023 compared to those previously disclosed in "Critical Accounting Estimates" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the fiscal year ended January 2, 2022, except as disclosed below. January 1, 2023.

Retail installment contract receivables, net

Our retail installment contracts offer a long-term loan to our customers at affordable rates to finance their purchase. These retail installment contracts allowed us to extend credit to the customers to pay for the solar power systems they purchased, on an installment basis, with a term of typically 20-25 years.

Revenue from the sale of solar power systems underlying these retail installment contracts is recognized similar to other contracts, when the solar power system is fully installed and final permit is received from the authority having jurisdiction, as we deem our performance obligation under the contract to be complete at such time, and the customer retains the significant risks and rewards of ownership of the solar power system. Further, in accordance with ASC 606, *Revenue from Contracts with Customers*, given the long-term nature of these receivables, a significant financing component is deemed to exist. We adjust the transaction price to quantify and defer the significant financing component at contract inception, using the discount rate that would be reflective of a separate financing transaction between the entity and its customer at contract inception. We measure the retail installment contracts using the amortized cost method, where the significant financing component amount is deferred and recognized as revenue over the contract term.

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Liquidity and Capital Resources

Liquidity

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

		Nine Months Ended			**Three Months Ended**	
(In thousands)	**(In thousands)**	**October 2, 2022**	**October 3, 2021**	**(In thousands)**	**April 2, 2023**	**April 3, 2022**
Net cash (used in) provided by operating activities	Net cash (used in) provided by operating activities	$ (169,866)	$ (42,065)	Net cash (used in) provided by operating activities	$ (135,080)	$ (108,750)
Net cash provided by (used in) investing activities	Net cash provided by (used in) investing activities	$ 508,566	$ 185,635	Net cash provided by (used in) investing activities	$ 107,536	$ 132,519
Net cash (used in) provided by financing activities	Net cash (used in) provided by financing activities	$ (53,471)	$ (109,536)	Net cash (used in) provided by financing activities	$ (233,218)	$ (9,818)

Operating Activities

Net cash used in operating activities for the nine months ended October 2, 2022 of $169.9 million consisted of net income adjusted for certain non-cash items and changes in operating assets and liabilities.

The $127.8 million $26.3 million increase in cash used in operations in the nine three months ended October 2, 2022 April 2, 2023 compared to the corresponding the nine three months ended October 3, 2021 April 3, 2022, was primarily due to a higher net loss during the nine months ended October 2, 2022 compared to the corresponding the nine months ended October 3, 2021, after excluding non-cash items, most significantly, earnings from mark-to-market adjustment on Enphase shares. In addition, cash changes in operating assets and liabilities. Cash used in operations increased year over year due to higher accounts receivable, prepaid expenses inventories, and other current assets from on-balance sheet retail installment contracts, and higher inventories, partially offset by lower net payment for accounts payable and other accrued liabilities. liabilities, partially offset by lower prepaid expenses and other current assets.

Investing Activities

Net cash provided by investing activities for the nine months ended October 2, 2022 of $508.6 million primarily consisted of cash received from the C&I Solutions sale and proceeds from sale of equity investments, partially offset by cash paid for purchases of property, plant, and equipment, and equity investments.

The $322.9 million increase $25.0 million decrease in net cash provided by investing activities in the nine three months ended October 2, 2022 April 2, 2023 compared to the corresponding the nine three months ended October 3, 2021, April 3, 2022 primarily resulted from cash received from the C&I Solutions sale in the second quarter of fiscal 2022 and lower proceeds from the sale of our equity investments in the first and third quarters of Enphase in fiscal 2023 as compared to fiscal 2022, partially offset by higher cash paid for purchases of property, plant, and equipment and investments in intangible assets, and cash paid for new equity investments during all three quarters of fiscal 2022, as well as cash paid for investments in unconsolidated investees in the second and third quarters of fiscal 2022 which did not occur in fiscal 2021. 2023.

Financing Activities

Net cash used in financing activities for the nine months ended October 2, 2022 of $53.5 million primarily consisted of purchases of stock for tax withholding obligations on vested restricted stock as well as net repayment of bank loans and other debt.

The $56.1 million decrease $223.4 million increase in net cash used in financing activities in the nine three months ended October 2, 2022 April 2, 2023 compared to the corresponding the nine three months ended October 3, 2021, April 3, 2022 primarily resulted from repayment of our convertible debt which occurred in fiscal 2021 and did not recur in fiscal 2022, 2023, partially offset by higher cash paid on purchases of stock for tax withholding obligations. net proceeds from bank loans and other debt than in the three months ended April 3, 2022.

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Capital Resources

As of October 2, 2022 April 2, 2023, we had unrestricted cash and cash equivalents of $396.5 million $116.5 million as compared to $123.7 377.0 million as of January 2, 2022 January 1, 2023. These cash balances were held primarily in the United States; however, we had approximately $1.4 million held outside of the United States. This offshore cash is used to fund our business operations in Mexico, Canada, and the Asia Pacific region, which require local payment for payroll, materials, and other expenses. We use our available cash on-hand and short-term equity investment as well as various types of recourse and non-recourse debt as a primary source of funding for our operations, capital expenditure and mergers and acquisitions.

While we move towards a less capital-intensive business model in the near-term, with the sale of our C&I Solutions business which closed in the second quarter of fiscal 2022, we will continue to need capital in order to grow our business, including investments in customer acquisition, product and digital, as well as mergers and acquisition activities. We will seek to raise additional required capital through various cost-effective sources, including accessing the capital markets.

Overall, we maintain working capital and debt levels that we establish through consideration of a number of factors, including cash flow expectations, cash requirements for operations, our cost of capital, and targeted capital structure. We may also make debt purchases and/or exchanges for debt or equity from time to time through tender offers, exchange offers, redemptions, open market purchases, private transactions, or otherwise, or seek to raise additional debt or equity capital, depending on market conditions.

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We believe currently anticipate that our cash and cash equivalents will be sufficient to meet our obligations over the next 12 months from the date of issuance of our financial statements, statements. We continuously evaluate our liquidity and capital resources, including repayment of our $425.0 million 4.00% senior convertible debentures due 2023 (the "4.00% debentures due 2023"), $100.0 million of which are held by TotalEnergies, which mature on January 15, 2023. The holders of 4.00% debentures due 2023 may exercise their right access to convert into external capital, to ensure we can finance our common stock any time prior to their maturity, instead of cash repayment. To fulfill our obligation to repay the 4.00% debentures due 2023, we could use the $200.0 million revolver and term loan facility with Bank of America and Bank of the West which we entered into during September 2022, as well as the proceeds from the sale of shares of Enphase Energy, Inc ("Enphase") common stock and cash generated from operations. We believe it is probable that these actions will generate sufficient proceeds to satisfy our obligations as they become due, including repayment of our debt obligations under the 4.00% debentures due 2023. However, we cannot predict, with certainty, the outcome of the actions discussed above to generate liquidity or whether such actions would generate the expected liquidity as currently planned. future capital requirements.

For information about the terms of debt instruments and changes thereof in the period, see "Item 1. Financial Statements-Note 11. 9. *Debt and Credit Sources*" in the Notes to the condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

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Contractual Obligations

The following table summarizes our material contractual obligations and cash requirements for future periods as of October 2, 2022 April 2, 2023:

(In thousands)	Total	Payments Due by Fiscal Period 2022	2023-2024	2025-2026	Beyond 2026
Convertible debt, including interest[1]	$ 425,699	$ —	$ 425,699	$ —	$ —
Other debt, including interest[2]	81,693	3,222	78,230	148	93
Operating lease commitments[3]	51,104	2,967	27,290	15,000	5,847
Supply agreement commitments[4]	500,582	82,352	411,994	1,707	4,529
Total	$ 1,059,078	$ 88,541	$ 943,213	$ 16,855	$ 10,469

(In thousands)	Total	Payments Due by Fiscal Period 2023	2024-2025	2026-2027	Beyond 2027
Other debt, including interest[1]	$ 285,433	$ 95,084	$ 10,164	$ 180,164	$ 21
Operating lease commitments[2]	46,634	11,038	21,594	12,147	1,855
Supply agreement commitments and other[3]	617,346	267,184	344,855	1,562	3,745
Total	$ 949,413	$ 373,306	$ 376,613	$ 193,873	$ 5,621

[1] Convertible debt, including interest, relates to the aggregate of $425.0 million in outstanding principal amount of our senior convertible debentures due 2023, and interest of $0.7 million until maturity, which is payable upon maturity in fiscal 2023. For the purpose of the table above, we assume that all holders of our convertible debt will continue to hold through the date of maturity, and will not convert.

[2] Other debt, including interest, primarily relates to our non-recourse financing and other debt arrangements as described in Note 11. 9. *Debt and Credit Sources*.

[3] [2] Operating lease commitments primarily relate to various facility lease agreements including leases entered into that have not yet commenced.

[4] [3] Supply agreement commitments and other primarily relate to arrangements entered into with several suppliers, including Maxeon Solar, for purchase of photovoltaic solar modules, as well as with a supplier for module-level power electronics and alternating current cables. These agreements specify future quantities and pricing of products to be supplied by the vendors for periods of two years and five years, respectively, and there are certain consequences, such as forfeiture of advanced deposits and liquidated damages relating to previous purchases, in the event we terminate these arrangements.

Liabilities Associated with Uncertain Tax Positions

Due to the complexity and uncertainty associated with our tax positions, we cannot make a reasonably reliable estimate of the period in which cash settlement will be made for our liabilities associated with uncertain tax positions in other long-term liabilities. Therefore, they have been excluded from the table above. As of October 2, 2022 April 2, 2023 and January 2, 2022 January 1, 2023, total liabilities associated with uncertain tax positions were $13.8 $12.7 million and $14.7 $12.3 million, respectively, and are included within "Other long-term liabilities" in our condensed consolidated balance sheets as they are not expected to be paid within the next twelve months.

ITEM 3: *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

For quantitative and qualitative disclosures about market risk affecting SunPower, see “Quantitative and Qualitative Disclosures About Market Risk” in Item 7A of Part II of our Annual Report on Form 10-K for the fiscal year ended January 2, 2022. There have been no material changes in our market risk exposures since January 2, 2022, 1, 2023, except as discussed disclosed below.

Credit Risk

We have certain financial instruments that subject us to credit risk. These consist primarily of cash and cash equivalents, restricted cash and cash equivalents, investments, accounts receivable, advances to suppliers, and our interest rate swaps. We are exposed to credit losses in the event of nonperformance by the counterparties to our financial instruments and interest rate swap contracts. Our investment policy requires cash and cash equivalents, restricted cash and cash equivalents, and investments to be placed with high-quality financial institutions and limits the amount of credit risk from any one issuer. We additionally perform ongoing credit evaluations of our customers’ financial condition whenever deemed necessary and generally do not require collateral.

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We are also exposed to credit risk from certain customers and their potential payment delinquencies on our retail installment contracts. These retail installment contracts have a typical term of 20 - 25 years and require customers to make monthly payments. As of April 2, 2023 and January 1, 2023, the average Fair Isaac Corporation (“FICO”) score of our customers under a retail installment contract agreement remained at or above 750 and 740, respectively, which are each generally categorized as a “Very Good” credit profile by the Fair Isaac Corporation. However, existing and future customers’ credit profiles may decline due to economic headwinds. Our retail installment contract portfolio has not experienced any customer defaults, however, they may occur as we continue our business. Based on our estimate of expected credit losses, historical write-off experience, and current account knowledge, our reserve for this exposure is minimal. If we experience customer credit defaults, our revenue and our ability to raise capital could be adversely affected. If economic conditions worsen, certain customers may face liquidity concerns and may be unable to satisfy their payment obligations to us on a timely basis or at all, which could have a material impact on our condensed consolidated financial statements.

Interest Rate Risk

We are exposed to interest rate risk from our financing receivables based on the fixed rate of interest as established by the underlying contract between us and the customer. This risk is significant to our business because our financing model is sensitive to interest rate fluctuations, and given the fixed rate of interest for the retail installment contracts currently signed, we would be adversely affected by increases in interest rates or liquidity constraints as we have locked in fixed rates of interest lower than what will be required when we refinance the contracts with third-party financial institutions. fluctuations.

As of October 2, 2022 April 2, 2023, our retail installment contract receivables had a fair value of $80.4 million. A hypothetical 50 basis points increase or decrease in market interest rates in the financing contracts would change the fair value of these receivables by a decrease or increase of approximately $3.8 million $3.6 million and $3.6 million $3.4 million, respectively.

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Also, we are exposed to interest rate risk because many of our customers depend on debt financing to purchase our solar power systems, as well as our long-term financing receivables through our retail installment contract receivable program. Further increases in market interest rates could make it difficult for our customers to obtain the financing necessary to purchase our solar power systems on favorable terms, or at all.

We also enter into interest rate swap agreements to reduce the impact of changes in interest rates on our non-recourse floating rate debt. debt and fixed rate loans entered into by customers. As of October 2, 2022 April 2, 2023, we had interest rate swap derivatives not designated as hedges with aggregate notional value of $65.9 million $163.5 million.

ITEM 4: *CONTROLS AND PROCEDURES*

Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures," as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to provide reasonable assurance that information required to be disclosed in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management is required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure control and procedure also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Based on their evaluation as of the end of the period covered by this quarterly report Quarterly Report on Form 10-Q, our chief executive officer and chief financial officer have concluded that our disclosure controls and procedures were not effective as of October 2, 2022 April 2, 2023 at a reasonable assurance level because the Company's disclosure controls were designed to report certain information pursuant to Section 13(r) of the Exchange Act only on an annual basis on Form 10-K rather than on a quarterly basis on Form 10-Q. Pursuant to Section 13(r) of the Exchange Act, we are required to disclose in both our annual and quarterly reports information regarding whether SunPower's affiliates knowingly have engaged in certain activities relating to Iran during the relevant period. SunPower does not engage in business activities requiring disclosure pursuant to Section 13(r); however, our affiliate TotalEnergies SE has conducted such activities. Previously, the Company disclosed such information in its annual reports on Form 10-K, in parallel with TotalEnergies SE's annual reporting as required under Section 13(r). As of the date of this filing, the Company is remediating its disclosure controls and procedures with respect to quarterly reporting of information required by Section 13(r) of the Exchange Act. level.

Changes in Internal Control over Financial Reporting

We regularly review our system of internal control over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes.

During the first quarter

Table of fiscal 2022, we implemented a new enterprise resource planning ("ERP") system. In connection with this implementation, we modified the design and documentation of our internal control processes and procedures relating to the new system. There were no other changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Contents

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The disclosure under "Item 1. Financial Statements—Note 9. 7. *Commitments and Contingencies—Legal Matters*" in the Notes to the condensed consolidated financial statements in this Quarterly Report on Form 10-Q is incorporated herein by reference.

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ITEM 1A. RISK FACTORS

The following information updates, and should be read in conjunction with, the risk factors we previously disclosed in our Annual Report on Form 10-K for the fiscal year ended January 2, 2022 and our Quarterly Reports on Form 10-Q for the fiscal quarters ended July 3, 2022 and April 3, 2022 January 1, 2023. There have been no material changes to the risk factors previously disclosed in our Annual Report on Form Form 10-K for the fiscal year ended January 2, 2022 and our Quarterly Reports on Form 10-Q for the fiscal quarters ended July 3, 2022 and April 3, 2022, except as disclosed below. January 1, 2023.

While we believe we currently have effective internal control over financial reporting, we may identify a material weakness in our internal control over financial reporting that could cause investors to lose confidence in the reliability of our financial statements and result in a decrease in the value of our common stock.

Our management is responsible for maintaining internal control over financial reporting designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. GAAP. Management concluded that as of the end of each of fiscal 2021, 2020, and 2019, our internal control over financial reporting and our disclosure controls and procedures were effective. Based on their evaluation as of the end of the third quarter of fiscal 2022, management concluded that our disclosure controls and procedures were not effective at a reasonable assurance level because the Company's disclosure controls were designed to report certain information pursuant to Section 13(r) of the Exchange Act only on an annual basis on Form 10-K rather than on a quarterly basis on Form 10-Q. As of the date of this filing, the Company is remediating its disclosure controls and procedures with respect to quarterly reporting of such information.

We need to continuously maintain our internal control processes and systems and adapt them as our business grows and changes. This process is expensive, time-consuming, and requires significant management attention. We cannot guarantee that our internal controls over financial reporting will prevent or detect all errors and fraud. Furthermore, as we grow our business or acquire other businesses, our internal controls may become more complex and we may require significantly more resources to ensure they remain effective. Failure to implement required new or improved controls, or difficulties encountered in their implementation, either in our existing business or in businesses that we may acquire, could harm our results of operations or cause us to fail to meet our reporting obligations. If we or our independent registered public accounting firm identify material weaknesses in our internal controls, the disclosure of that fact, even if quickly remedied, may cause investors to lose confidence in our financial statements and the trading price of our common stock may decline.

Remediation of a material weakness could require us to incur significant expense and if we fail to remedy any material weakness, our financial statements may be inaccurate, our ability to report our results of operations on a timely and accurate basis may be adversely affected, our access to the capital markets may be restricted, the trading price of our common stock may decline, and we may be subject to sanctions or investigation by regulatory authorities, including the SEC or The NASDAQ Global Select Market. We may also be required to restate our financial statements from prior periods.

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ITEM 2: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

The following table sets forth all purchases made by or on behalf of us or any "affiliated purchaser," as defined in Rule 10b-18(a)(3) under the Exchange Act, of shares of our common stock during each of the indicated periods.

Period	Total Number of Shares Purchased[1]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Publicly Announced Plans or Programs
July 4, 2022 through July 31, 2022	5,826	$ 15.89	—	—
August 1, 2022 through August 28, 2022	6,493	$ 24.08	—	—
August 29, 2022 through October 2, 2022	27,380	$ 22.84	—	—
	39,699		—	

Period	Total Number of Shares Purchased[1]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Publicly Announced Plans or Programs
January 2, 2023 through January 29, 2023	13,088	$ 16.74	—	—

January 30, 2023 through February 26, 2023	22,921	$	17.51	—	—
February 27, 2023 through April 2, 2023	290,752	$	15.31	—	—
	326,761			—	

1 The shares purchased represent shares surrendered to satisfy tax withholding obligations in connection with the vesting of restricted stock issued to employees.

ITEM 5: *OTHER INFORMATION*

Information concerning certain limited activities related to Iran

On March 25, 2022 March 24, 2023, our affiliate TotalEnergies SE included information in its Annual Report on Form 20-F for the fiscal year ended December 31, 2021 December 31, 2022 regarding certain activities requiring disclosure pursuant to Section 13(r) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The relevant disclosures were reproduced in Part I, Item 1 of the Company's Form 10-K for the fiscal year ended January 2, 2022 January 1, 2023 filed with the SEC on February 25, 2022 March 10, 2023. The Company has requested that TotalEnergies SE notify the Company if, during the quarter ended October 2, 2022 April 2, 2023, TotalEnergies SE knowingly engaged in certain activities relating to Iran as set forth in Section 13(r) of the Exchange Act. TotalEnergies SE has notified the Company that, as a foreign private issuer, TotalEnergies SE is not required to assess such information on a quarterly basis and that it has not maintained any operational activity in Iran since November 2018 following the withdrawal of the United States from the Joint Comprehensive Plan of Action in May 2018 and prior to the re-imposition of U.S. secondary sanctions on the oil industry as of November 5, 2018.

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ITEM 6: *EXHIBITS*

Index to Exhibits

Exhibit Number	Description
10.1	First Amendment to Credit Agreement, dated as of September 12, 2022 January 26, 2023, by and among the Lenders and L/C Issuers (as defined therein), SunPower Corporation, certain of its subsidiaries as guarantors, the Lenders (as defined therein) from time to time party thereto, the L/C Issuers (as defined therein) from time to time party thereto and Bank of America, N.A., as Administrative Agent Collateral Agent, and the Swingline Lender (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed with the Securities and L/C Issuer Exchange Commission on January 31, 2023).
10.2	Amendment No. 1 to Master Supply Agreement, dated as of December 31, 2022, between the Company and Maxeon (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 15, 2022 January 5, 2023).
10.3	Master Supply Agreement, dated as of December 31, 2022, between the Company and Maxeon (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 5, 2023).
10.4	SunPower Corporation 2023 Management Career Transition Plan (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 10, 2023).
31.1*	Certification by Chief Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a).
31.2*	Certification by Chief Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a).
32.1*	Certification Furnished Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.SCH*	Inline XBRL Taxonomy Schema Document.
101.CAL*	Inline XBRL Taxonomy Calculation Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Presentation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Definition Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

Exhibits marked with an asterisk (*) are filed herewith.

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SIGNATURES

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

SUNPOWER CORPORATION

Dated: November 8, 2022 May 3, 2023

By: /S/ GUTHRIE DUNDAS

Guthrie Dundas

Interim Chief Financial Officer

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EXHIBIT 31.1

CERTIFICATIONS

I, Peter Faricy, certify that:

1 I have reviewed this Quarterly Report on Form 10-Q of SunPower Corporation;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4 The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5 The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2022 May 3, 2023

/s/ PETER FARICY

Peter Faricy

Chief Executive Officer

(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATIONS

I, Guthrie Dundas, certify that:

1 I have reviewed this Quarterly Report on Form 10-Q of SunPower Corporation;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4 The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5 The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2022 May 3, 2023

/s/ GUTHRIE DUNDAS

Guthrie Dundas
Interim Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SunPower Corporation (the “Company”) on Form 10-Q for the period ended October 2, 2022 April 2, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of Peter Faricy and Guthrie Dundas certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge and belief:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 8, 2022 May 3, 2023

/s/ PETER FARICY

Peter Faricy
Chief Executive Officer
(Principal Executive Officer)

/s/ GUTHRIE DUNDAS

Guthrie Dundas
Interim Chief Financial Officer
(Principal Financial Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure statement.

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