

Risk Factors Comparison 2023-03-10 to 2022-02-25 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

Our business is subject to various risks and uncertainties, including those described below and elsewhere in this Annual Report on Form 10-K, which could adversely affect our business, results of operations, cash flows, and financial condition. Although we believe that we have identified and discussed below key risk factors affecting our business, there may be additional risks and uncertainties that are not currently known to us or that are not currently believed by us to be material that may also harm our business, results of operations, cash flows, and financial condition. Risks Related to COVID- 19 Pandemic **;** **We continue to experience economic and other impacts as a result** ~~of operations, cash flows, and financial condition, and the achievement of our strategic objectives. The COVID- 19 pandemic has had an~~, **which could adversely affect** ~~impact on most aspects of our business, results of operations, cash flows, and financial condition, as well as the business, results of operations, cash flows,~~ **and the impact is ongoing financial condition of many of our suppliers, dealers, and customers will likely continue.** The pandemic has affected our employees and their ability to work, our ability to conduct our business operations around the globe, demand for our products, our supply chains, the ability of some of our customers to purchase and pay for our products, and caused us to reallocate and prioritize our planned spending in our strategic initiatives. ~~These impacts are substantial and~~ The COVID- 19 pandemic **could** ~~and associated economic and other impacts have adversely affected our business, results of operations, cash flows, and financial condition, as well as the business, results of operations, cash flows, and financial condition of many of our suppliers, dealers, and customers. We are unable to predict the extent to which the pandemic and related impacts will continue to adversely affect our business , results of operations, cash flows..... continue to adversely affect, our business and operations, including our manufacturing operations, bookings, and sales, and may adversely affect~~ our ability to continue to invest in all of our planned research and development and other initiatives. In addition, new governmental orders and restrictions may be issued in some locations if the pandemic recurs or worsens. During a prolonged reduction in manufacturing operations or demand, the business and financial condition of our suppliers and customers may deteriorate, resulting in liquidity challenges, bankruptcies, permanent discontinuation of operations, or an inability to make timely deliveries or payments to us. Our suppliers and vendors may also request new or changed credit terms, which could effectively increase the prices we pay for raw materials and supplies and affect our cash flows ~~.-Decline in demand for products-. We may experience a decline in demand for our solar panels due to decrease in consumer spending caused by macro- economic factors such as the continued impacts of the COVID- 19 pandemic and rising inflation in the U. S ., which we expect will have a near- term adverse impact on our business, results of operations, financial condition, and cash flows-. Additionally, if credit markets become more challenging, customers may be unable or unwilling to finance the cost of our products, and the parties that have historically provided this financing may cease to do so, or only do so on terms that are substantially less favorable for our customers, any of which could adversely affect our revenues and growth of our business. Cancellations or rescheduling of customer orders could result in the delay or loss of anticipated sales without allowing us sufficient time to reduce, or delay the incurrence of, our corresponding inventory and operating expenses. In addition, changes in forecasts or the timing of orders from these or other customers expose us to the risks of inventory shortages or excess inventory. In addition~~ **Impacts on our ability to** ~~the risks described above, the pandemic and associated economic~~ meet our own financial commitments. Our ability to meet our payment and other obligations under our debt instruments depends on our ability to generate significant cash flows. In light of the general economic uncertainty related to the COVID- 19 pandemic and rising inflation in the U. S. and the resulting impact **impacts may also have** ~~on demand in future, we cannot assure you that our business will generate cash flows from operations, or that future borrowings will be available to us under our existing or any future credit facilities or otherwise, in an amount sufficient to enable us to meet our payment obligations under our debt and to fund other~~ ~~the effect~~ liquidity needs. If we are unable to generate sufficient cash flows to service our debt obligations, we may need to refinance or restructure our debt, sell assets, reduce or delay capital investments, or seek to raise additional capital. There can be no assurance that we will be successful in any sale of **heightening the** ~~assets, refinancing, restructuring, or capital raising effort. Impact on other risks inherent described in this risk factors section; in particular, see the “ Risks Related to our business Sales Channels, ” “ Risks Related to our Liquidity, ” “ Risks Related to our Supply Chain, ” and “ Risks Related to our Operations. ”~~ **assets; refinancing, restructuring, or capital raising effort. Impact on other risks inherent described in this risk factors section; in particular, see the “ Risks Related to our Sales Channels, ” “ Risks Related to our Liquidity, ” “ Risks Related to our Supply Chain, ” and “ Risks Related to our Operations. ”** The ultimate effect that the pandemic may have on our results of operations is not presently known to us or may present unanticipated risks that cannot be determined at this time. Risks Related to the Spin- Off Following the Spin- Off, each of SunPower and Maxeon Solar operate as an independent publicly- traded company with its own business goals, objectives and commercial relationships. Following the Spin- Off, we and Maxeon Solar operate as independent publicly- traded companies. Accordingly, our business goals, objectives, and commercial relationships are different from those of Maxeon Solar. Subject to the terms of our agreement with Maxeon Solar, we may not have exclusive access to next- generation solar cells and panels that may be produced by Maxeon Solar in quantities or at prices acceptable to us, which could have an adverse effect on our business, results of operations, cash flows, and financial condition and our ability to execute our business strategy. We may have

divergent interests with respect to the transition services agreement and other ancillary agreements that we entered into with Maxeon Solar, which could negatively impact the scope, duration or effectiveness of such agreements in a manner that negatively impacts our businesses and operations. We and Maxeon Solar entered into a transition services agreement and other ancillary agreements in connection with the Spin- Off pursuant to which we and Maxeon Solar continue to provide to each other, on an interim, transitional basis, various services including services related to finance, accounting, and business technology. Our interests and those of Maxeon Solar could differ with respect to these agreements, which could negatively impact the scope, duration, or effectiveness of such agreements. In addition, if we or Maxeon Solar do not satisfactorily perform our obligations under these agreements, the non- performing party may be held liable for any resulting losses suffered by the other party. Also, during the periods of these agreements, our management and employees may be required to divert their attention away from our and their respective business in order to provide services pursuant to the agreements. Any of these factors could negatively impact our business and operations.

If the distribution of Maxeon Solar ordinary shares in the Spin- Off does not qualify as a tax - free distribution under the Internal Revenue Code, then the distribution could be treated as a dividend to our stockholders and we could have a potential withholding obligation with respect to that dividend and under certain circumstances we may have indemnification obligations to Maxeon Solar. We received a tax opinion from our counsel as to the tax - free nature of the Spin- Off to our stockholders. We did not obtain a private letter ruling from the Internal Revenue Service (the “ IRS ”) with respect to the distribution of Maxeon Solar ordinary shares and instead are relying solely on the tax opinion for comfort that the distribution qualifies for tax - free treatment to our stockholders for U. S. federal income tax purposes under the Internal Revenue Code. The tax opinion was based on, among other things, certain undertakings made by us and Maxeon Solar, as well as certain representations and assumptions as to factual matters made by parties to the distribution. The failure of any factual representation or assumption to be true, correct, and complete, or any undertaking to be fully complied with, could affect the validity of the tax opinion. An opinion of counsel represents counsel’ s best legal judgment, is not binding on the IRS or the courts, and the IRS or the courts may not agree with the conclusions set forth in the tax opinion. In addition, the tax opinion was based on current law, and cannot be relied upon if current law changes with retroactive effect. If the Spin- Off distribution does not qualify as a tax - free distribution to our stockholders under Section 355 of the Internal Revenue Code, then the distribution could be treated as a dividend to our stockholders, and we could have a potential withholding obligation with respect to such dividend, and we could be required to indemnify Maxeon Solar for any taxes and related costs if the failure of the distribution to so qualify is the result of certain actions or misrepresentations by us, but we will not be required to indemnify any of our stockholders. In the event we are required to indemnify Maxeon Solar for taxes incurred in connection with the Spin- Off, the indemnification obligation could have a material adverse effect on our business, results of operations, financial condition, and cash flow. We might not be able to engage in certain strategic transactions because we have agreed to certain restrictions to comply with U. S. federal income tax requirements for a tax - free spin - off. To preserve the intended tax treatment of the distribution of Maxeon Solar ordinary shares in the Spin- Off, we are undertaking to comply with certain restrictions under current U. S. federal income tax laws for spin - offs, including (i) continuing to own and manage our historic business and (ii) limiting sales or redemptions of our common stock. These restrictions could prevent us from pursuing otherwise attractive business opportunities, result in our inability to respond effectively to competitive pressures, industry developments and future opportunities and may otherwise harm our business, results of operations, cash flows, and financial condition. If these restrictions, among others, are not followed, the Spin- Off distribution could be treated as a dividend to our stockholders and subject us to a potential withholding tax obligation. In addition, we could be required to indemnify Maxeon Solar for any tax liability incurred by Maxeon Solar as a result of our non - compliance with these restrictions, and such indemnity obligations could be substantial. Certain members of our Board of Directors and management may have actual or potential conflicts of interest because of their ownership of shares of Maxeon Solar and SunPower or their relationships with Maxeon Solar following the Spin- Off. Certain members of our Board of Directors and management own shares of Maxeon Solar and / or options to purchase shares of Maxeon Solar, which could create, or appear to create, potential conflicts of interest when our directors and executive officers are faced with decisions that could have different implications for SunPower and Maxeon Solar.

Risks Related to Our Sales Channels Our results of operations are subject to significant fluctuations and are inherently unpredictable. We do not know whether our revenue will continue to grow, or if it will continue to grow sufficiently to outpace our expenses, which we also expect to grow. As a result, we may not be profitable on a quarterly or annual basis. Our revenue, results of operations, and cash flow are difficult to predict and have in the past fluctuated significantly from quarter to quarter. The principal reason for these significant fluctuations in our results is that, at times, we may derive a substantial portion of our total revenues from our large commercial customers, consequently:

- the amount, timing and mix of sales to our large commercial customers, often for a single medium- or large- scale project, may cause large fluctuations in our revenue and other results of operations because, at any given time, a single medium- or large- scale project can account for a material portion of our total revenue in a given quarter;
- our inability to monetize our projects as planned, or any delay in obtaining the required government support or initial payments to begin recognizing revenue under the relevant recognition criteria, and the corresponding revenue impact, may similarly cause large fluctuations in our revenue and other results of operations;
- our ability to monetize projects as planned is also subject to market conditions, including fluctuations in demand based on the availability of regulatory incentives and other factors, changes in the internal rate of return expected by customers in light of market conditions, the increasing number of power plants being constructed or available for sale, and competition for financing, which can make both financing and disposition more challenging and may significantly affect project sales prices;
- market conditions may deteriorate after we have committed to projects, resulting in delays in disposing of projects, or changes in amounts realized on disposition, which may lead to significant fluctuations in the period- over- period profile of our results of operations and our cash available for working capital needs;
- in the event a project is subsequently canceled, abandoned, or is deemed unlikely to occur, we will charge all prior capital costs as an operating expense in the quarter in which such determination is made, which could materially

adversely affect results of operations; • a delayed disposition of a project could require us to recognize a gain on the sale of assets instead of recognizing revenue; • ~~our agreements with these large significant customers may be canceled if we fail to meet certain product specifications or materially breach these agreements;~~ • in the event of a customer bankruptcy, our customers may seek to terminate or renegotiate the terms of current agreements or renewals; and • the failure by any significant customer to pay for orders, whether due to liquidity issues or otherwise, could materially and adversely affect our financial results. ~~Any decrease in revenue from our large commercial customers, whether due to a loss or delay of projects or an inability to collect, could have a significant negative impact on our business. See also “Item 7A. Quantitative and Qualitative Disclosures About Market Risk.” See also under this section “Risks Related to Our Sales Channels — Revenues from a limited number of customers and large projects are expected to continue to comprise a significant portion of our total revenues and any decrease in revenues from those customers or our projects, payment of liquidated damages, or an increase in related expenses, could have a material adverse effect on our business, results of operations and financial condition.” Sales to our residential and light commercial customers are similarly susceptible to fluctuations in volumes and revenue, as well as fluctuations in demand based on the availability of regulatory incentives and other factors. In addition, demand from our residential and light commercial customers may fluctuate based on the perceived cost-effectiveness of the electricity generated by our solar power systems as compared to conventional energy sources, such as natural gas and coal (which fuel sources are subject to significant price swings from time to time), and other non-solar renewable energy sources, such as wind. Declining or increasing average selling prices affect our residential and light commercial sales volumes, and therefore lead to large fluctuations in revenue. Further, our revenue mix of component sales versus project sales can fluctuate dramatically from quarter to quarter, which may adversely affect our margins and results of operations in any given period. Any of the foregoing may cause us to miss our financial guidance for a given period, which could adversely impact the market price for our common stock and our liquidity. We base our planned operating expenses in part on our expectations of future revenue and a significant portion of our expenses is fixed in the short term. If revenue for a particular quarter is lower than we expect, we likely will be unable to proportionately reduce our operating expenses for that quarter, which would materially adversely affect our results of operations and cash flows for that quarter. See also under this section, “Risks Related to Our Sales Channels — Our business could be adversely affected by seasonal trends, poor weather, labor shortages, and construction cycles,” “Risks Related to Our Sales Channels — The reduction, modification, or elimination of government incentives could cause our revenue to decline and harm our financial results of operations,” and “Risks Related to Our Sales Channels — Existing regulations and policies and changes to these regulations and policies may present technical, regulatory, and economic barriers to the purchase and use of solar power products, which may significantly reduce demand for our products and services.” Changes in international trade policies, tariffs, or trade disputes could significantly and adversely affect our business, revenues, margins, results of operations, and cash flows. On February 4, 2022, the President of the United States issued Proclamation 10339, extending the safeguard tariffs on imported solar cells and modules to provide relief to U. S. manufacturers and impose safeguard tariffs on imported solar cells and modules for an additional four years, based on the investigations, findings, and recommendations of the U. S. International Trade Commission (the “International Trade Commission”). Modules are subject to a four-year tariff at a rate of 14.75% in the first year, declining 0.25% in each of the three subsequent years, to a final tariff rate of 14% in 2026. Cells are subject to a tariff-rate quota, under which the first 5 gigawatts (“GW”) of cell imports each year will be exempt from tariffs; and cells imported after the 5 GW quota has been reached will be subject to the same 14.75% tariff as modules in the first year, with the same 0.25% decline in each of the three subsequent years. The tariff-free cell quota applies globally, without any allocation by country or region. The tariffs could materially and adversely affect our business, cash flows, and results of operations. While solar cells and modules based on interdigitated back contact (“IBC”) technology, like Maxeon Solar’s X-Series (Maxeon 3) and E-Series (Maxeon 2), A-Series (Maxeon 5), M-Series (Maxeon 6), and related products were granted exclusion from these safeguard tariffs on September 19, 2018 and continue to be excluded under the **recently extension** announced **extension in early 2022**, bifacial products are also excluded from the safeguard measures, while solar products based on other technologies continue to be subject to the safeguard tariffs. Although we are actively engaged in efforts to mitigate the effect of these tariffs, there is no guarantee that these efforts will be successful. **Following investigation into allegations that imports of solar cells and modules completed in Cambodia, Malaysia, Thailand, or Vietnam, using components from China, were circumventing the antidumping and countervailing duty (“AD / CVD”) orders on solar cells and modules from China, the International Trade Administration of the U. S. Department of Commerce (“Commerce”) issued preliminary determinations on December 2, 2022, that circumvention was occurring in each of the four Southeast Asian countries. Although the modules that we sell to our customers are generally either outside the scope of the circumvention inquiry or are exempted from collection of AD / CVD duties and cash deposits until June 6, 2024, as described in Presidential Proclamation 10414 and the subsequent regulations promulgated by Commerce, a change in the scope of the final determination by Commerce, the scope or duration of the relief granted by the Proclamation, subsequent congressional review of Commerce’s determination, or the suppliers, origin of components, or manufacturing locations for our modules, may materially increase the price of our solar products and result in significant additional costs to us, our resellers, and our resellers’ customers, thereby reducing demand, which could have a material adverse impact on our business, results of operations, cash flows, and financial condition.** Additionally, the Office of the United States Trade Representative (“USTR”) initiated an investigation under Section 301 of the Trade Act of 1974 into the Chinese government’s acts, policies, and practices related to technology transfer, intellectual property, and innovation. In notices published June 20, 2018, August 16, 2018, and September 21, 2018, the USTR imposed additional import duties of up to 25% on certain Chinese products covered by the Section 301 remedy. These tariffs include certain solar power system components and finished products, including those purchased from our suppliers for use in our products and used in our business. The United States and China may continue taking additional retaliatory measures in response to actions taken by the other country, which may result in~~

changes to existing trade agreements and terms including additional tariffs on imports from China or other countries. Trade tensions between China and the United States, the imposition of tariffs, and continuing uncertainty surrounding the trade and tariff environment have caused, and could continue to cause, market volatility, price fluctuations, supply shortages, and project delays, any of which could harm our business, and our pursuit of mitigating actions may divert substantial resources from other projects. In addition, future tariffs could materially increase the price of our solar products and result in significant additional costs to us, our resellers, and our resellers' customers, which could cause a significant reduction in demand for our solar power products and greatly reduce our competitive advantage. The execution of our growth strategy is dependent upon the continued availability of third- party financing arrangements for our projects, including our residential finance programs and offerings through SunPower Financial, and is affected by general economic conditions and other factors. Our growth strategy, including portions of our 25x25 **DE & I** growth initiative, depends on third- party financing arrangements, and with the addition of SunPower Financial, our ability to provide financing directly to our customers. We often require project financing for development and construction of certain of our projects, which require significant investments before the equity is later sold to investors. SunPower Financial relies on third- party capital providers to provide financing options through our platform to customers. As our business grows, SunPower Financial will need additional funding sources for those financing options, either from its existing capital providers or by entering into program funding agreements with new capital providers. **We regularly look to minimize our cost of capital, and in support of that strategy, we will from time to time provide temporary capital support for consumer financial products in order to maximize the benefits from new funding sources.** Our failure to obtain additional funding commitments in an amount needed to fund projected volume, or failure to extend our existing commitments or identify new capital providers or renewing existing providers on favorable economic terms could have a material adverse impact on our business, results of operations, cash flows, and financial condition. In addition, many purchasers of our systems have entered into third- party arrangements to finance their systems over an extended period of time, while many end- customers have chosen to purchase solar electricity under a **Power Purchase Agreement ("PPA")** with an investor or financing company that purchases the system from us or our authorized dealers. We often execute PPAs directly with the end- user, with the expectation that we will later assign the PPA to a financier. Under such arrangements, the financier separately contracts with us to acquire and build the solar power system, and then sells the electricity to the end- user under the assigned PPA. When executing PPAs with end- users, we seek to mitigate the risk that financing will not be available for the project by allowing termination of the PPA in such event without penalty. ~~However, we may not always be successful in negotiating for penalty- free termination rights for failure to obtain financing, and certain end- users have required substantial financial penalties in exchange for such rights.~~ These structured finance arrangements are complex and may not be feasible in many situations. Global economic conditions, including conditions that may make it more difficult or expensive for us to access credit and liquidity, could materially and adversely affect our business and financial results. Credit markets are unpredictable, and if they become more challenging, we may be unable to obtain project financing for our projects, customers may be unable or unwilling to finance the cost of our products, we may have difficulties in reaching agreements with financiers to finance the construction of our solar power systems, or the parties that have historically provided this financing may cease to do so, or only do so on terms that are substantially less favorable for us or our customers, any of which could materially and adversely affect our revenue and growth ~~in both segments.~~ **As a result of economic conditions, certain of our capital partners have either reduced the amount of available capital for such financing or- or business- made the terms of such financing less favorable.** Our plans to continue to grow our residential finance program may be delayed if credit conditions prevent us from obtaining or maintaining arrangements to finance those programs. We are actively arranging additional third- party financing for our residential finance program; however, if we encounter challenging credit markets, we may be unable to arrange additional financing partners for our residential finance programs in future periods, which could have a negative impact on our sales. In the event we enter into a material number of financing arrangements with customers without obtaining corresponding third- party financing, our cash, working capital, and results of operations could be negatively affected. In addition, a rise in interest rates would likely increase our customers' cost of financing or leasing our products and could reduce their profits and expected returns on investment in our products. The general reduction in available credit to would- be borrowers or lessees, worldwide economic uncertainty, and the condition of worldwide housing markets could delay or reduce our sales of products to new homebuilders and authorized resellers. The availability of financing depends on many factors, including market conditions, tax rates, the demand for and supply ~~of~~ **for residential solar projects installations,** and resulting risks of refinancing or disposing of such projects. It also depends in part on government incentives, such as tax incentives. In the long term, as we look toward markets not supported (or supported less) by government incentives, we will continue to need to identify financiers willing to finance residential solar systems without such incentives. Our failure to effectively do so could materially and adversely affect our business and financial results. The lack of project financing, due to tighter credit markets or other reasons, could ~~limit delay the development and construction of our solar projects~~ **ability to offer competitive financing options for potential customers**, thus reducing our revenues from the sale of such projects. We may in some cases seek to pursue partnership arrangements with financing entities to assist ~~residential and other~~ customers to obtain financing for the purchase or lease of our systems, which would expose us to credit or other risks. We face competition for financing partners and if we are unable to continue to offer a competitive investment profile, we may lose access to financing partners or they may offer financing on less favorable terms than to our competitors, which could materially and adversely affect our business and financial results. With the launch and growth of SunPower Financial, we are increasingly subject to risk related to our financing offerings directly to consumers. If our consumer underwriting and origination processes contain errors or incorrect inputs from consumers or third parties (such as credit bureaus), our reputation and relationships with capital providers and contractors could be harmed. Further, economic and other changes resulting in increases in default rates could increase our cost of capital. Our ability to attract capital providers for SunPower Financial on favorable economic terms is dependent in part on our ability to effectively evaluate a consumer' s credit

profile and likelihood of default and potential loss in accordance with the capital provider's origination policies. We use FICO scores and various credit bureau attributes to conduct this evaluation, and if any of these contain errors, or if the data provided by consumers or third parties (such as credit bureaus) is incorrect or stale, our approvals or denials may be based on faulty information. Additionally, following the date of the credit report that we obtain and review, a consumer may default on, or become delinquent in the payment of, a pre-existing debt obligation, take on additional debt, or experience other adverse financial events. If such inaccuracies or events are not detected before the customer's funding has funded, the customer may have a greater risk of default than expected. Greater defaults could damage our reputation and relationships with contractors and capital providers, causing a decrease in our ability to originate financing, or an increase in our cost of capital. Our cost of capital is also determined in part based on the default averages in SunPower Financial's consumer loan and lease borrower portfolios, which is increasingly impactful as this business line grows. If general economic conditions worsen significantly, or an increase in delinquencies and defaults by our consumer loan borrowers and lessees otherwise occurs, and we are not able to adjust our underwriting processes to address the change in credit environment, our cost of capital may increase. Any increase in our cost of capital may cause a decrease in our margins, which could have a material adverse effect on our business, results of operations, cash flows, and financial condition. In addition, we may be subject to regular audits by our capital providers and their regulators, as well as other parties involved in SunPower Financial's processes, such as credit bureaus. These audits may include reviews of our policies and procedures with respect to consumer protection, privacy practices, information technology and security practices, and other areas of our operations. If we do not perform well in these audits, or if significant deficiencies are identified, our existing capital providers may become unwilling to extend the terms of their existing agreements with us, we may have more difficulty in engaging new capital providers on favorable economic terms or at all, our cost of capital may increase, and we could suffer reputational damage, and our business and financial position could be negatively impacted. If we and our partners fail to successfully execute our research and development plans and cost reduction roadmap, or fail to develop and introduce new and enhanced products and services, we may be unable to compete effectively, and our ability to generate revenues, cash flows, and profits would suffer. Our solar panels, including the solar panels we source from Maxeon Solar, are competitive in the market as compared with lower-cost conventional solar cells, due to our products' higher efficiencies, among other things. Given the historical general downward pressure on prices for solar panels driven by increasing supply and technological change, a component of our business strategy, ~~working through our collaboration agreement with Maxeon Solar,~~ **on to take advantage of reducing reductions in** manufacturing costs to remain competitive. We and ~~Maxeon Solar~~ **our suppliers** also focus on standardizing products with the goal of driving down our installation costs. If our competitors are able to drive down their manufacturing and installation costs or increase the efficiency of their products faster than we can, or if competitor products are exempted from tariffs and quotas and ours are not, our products may become less competitive even when adjusted for efficiency. Further, as raw materials costs and other third-party component costs increase, as they have recently, ~~our suppliers we and Maxeon Solar~~ may not meet our cost reduction targets. If we and our partners cannot effectively execute our cost reduction roadmap, our competitive position may suffer, we could lose market share, and our margins may be adversely affected if we face downward pricing pressure. The solar power market is characterized by continually changing technology and improving features, such as increased efficiency, higher power output, and enhanced aesthetics. Technologies developed ~~or sold~~ by our direct competitors, including ~~thin-film solar panels,~~ concentrating solar cells, solar thermal electric, and other solar technologies, may provide energy at lower costs than our products. We also face competition in some markets from other energy generation sources, including conventional fossil fuels, wind, biomass, and hydro. In addition, other companies could potentially develop a highly reliable renewable energy system that mitigates the intermittent energy production drawback of many renewable energy systems. Companies could also offer other value-added improvements from the perspective of utilities and other system owners, in which case such companies could compete with us even if the cost of electricity associated with any such new system is higher than that of our systems. We also compete with traditional utilities that supply energy to our potential customers. Such utilities have greater financial, technical, operational, and other resources than we do. If electricity rates decrease and our products become less competitive by comparison, our results of operations, cash flows, and financial condition could be adversely affected. Our failure to further refine technology, reduce costs in the manufacturing process, and develop and introduce new solar power products and related system components could cause the products we offer to become less competitive or obsolete, which could reduce our market share and cause our sales to decline. This risk requires us to work continuously, ~~including through our collaboration agreement with~~ **our suppliers** ~~Maxeon Solar,~~ to develop new solar power products and enhancements for existing solar power products to keep pace with evolving industry standards, competitive pricing and changing customer preferences, expectations, and requirements. It is difficult to successfully predict the products and services our customers will demand. If we cannot continually improve the efficiency and prove the reliability of our solar panels and solutions as compared with those of our competitors, our pricing will become less competitive, we could lose market share, and our margins would be adversely affected. As we introduce new or enhanced products or integrate new technology and components into our products, we will face risks relating to such transitions including, among other things, the incurrence of high fixed costs, technical challenges, acceptance of products by our customers and dealers, disruption in customers' and dealers' ordering patterns, insufficient supplies of new products to meet demand, possible product and technology defects arising from the integration of new technology, and a potentially different sales and support environment relating to any new technology. Our failure to manage the transition to newer products or the integration of newer technology and components into our products could adversely affect our business, results of operations, cash flows, and financial condition. See also under this section, "Risks Related to Our Sales Channels- Changes in international trade policies, tariffs, or trade disputes could significantly and adversely affect our business, revenues, margins, results of operations, and cash flows." **An In addition, uncertainty with respect to Chinese government policies, including subsidies or other incentives for solar projects, may cause increased, decreased, or volatile supply and / or demand for solar products, which could negatively**

impact our revenue, earnings, and cash flow. Finally, the imposition by the United States of tariffs and quotas could materially adversely affect our ability to compete with other suppliers and developers in the U. S. market, including the aforementioned Section 201, Section 301, and AD / CVD duties and tariffs. Because of the uncertainty created by these tariffs and duties, the cost to source these materials for our products could materially increase in the global supply of solar cells and panels, and increasing competition, may cause substantial downward pressure on the prices of such products, limiting our ability to sell our differentiated panels at a premium, causing us to lose sales or market share, resulting in lower revenues, earnings, and cash flows. Conversely, supply chain constraints and inflationary pressures may cause the cost of solar cells and panels, and other components, to rise, and our suppliers may seek to pass these costs on to us, which would increase our costs and could result in lower margins and revenues, and could have a material adverse impact on our business, results of operations, cash flows, and financial condition.

Global solar cell and panel production capacity has been materially increasing overall, and solar cell and solar panel manufacturers currently have excess capacity, particularly in China. Excess capacity and industry competition have resulted in the past, and may again result, in substantial downward pressure on the price of solar cells and panels, including differentiated, premium products we offer. Intensifying competition could also cause us to lose sales or market share. Such price reductions or loss of sales or market share could have a negative impact on our revenue and earnings, and could materially adversely affect our business, results of operations, financial condition, and cash flows. Conversely, supply chain constraints and inflationary pressures may cause the cost of solar cells and panels, and other components, to rise, and our suppliers may seek to pass these costs on to us, which would increase our costs and could result in lower margins and revenues, and could have a material adverse impact on our business, cash flows, and financial condition. In addition, our internal pricing forecasts may not be accurate in either such market environment, which could cause our results of operations to be different than forecasted. Uncertainty with respect to Chinese government policies, including subsidies or other incentives for solar projects, may cause increased, decreased, or volatile supply and / or demand for solar products, which could negatively impact our revenue, earnings, and cash flow. Finally, the imposition by the United States of tariffs and quotas could materially adversely affect our ability to compete with other suppliers and developers in the U. S. market. See also under this section, “ Risks Related to Our Sales Channels- Changes in international trade policies, tariffs, or trade disputes could significantly and adversely affect our business, revenues, margins, results of operations, and cash flows. ” The reduction, modification, or elimination of government incentives could cause our revenue to decline and harm our financial results. The market for on- grid applications, where solar power is used to supplement a customer’ s electricity purchased from the utility network or sold to a utility under tariff, depends in part on the availability and size of government mandates and economic incentives because, at present, the cost of solar power generally exceeds retail electric rates in many locations and wholesale peak power rates in some locations. Incentives and mandates vary by geographic market. Various government bodies in most of the countries where we do business have provided incentives in the form of feed- in tariffs, rebates, and tax credits and or other incentives and mandates, such as renewable portfolio standards and net metering, to end- users, distributors, system integrators, and manufacturers of solar power products to promote the use of solar energy in on- grid applications and to reduce dependency on other forms of energy. These various forms of support for solar power are subject to change (as, for example, occurred in 2020 with California’ s adoption of building standards requiring the installation of solar systems on new homes, and in 2022 as are currently proposed by certain jurisdictions with respect to California’ s adoption of changes to its net energy metering programs- program), and are expected in the longer term to decline. Even changes that may be viewed as positive (such as extensions of U. S. tax credits related to solar power) can have negative effects if they result, for example, in delaying purchases that otherwise might have been made before expiration or scheduled reductions in such credits. Governmental decisions regarding the provision of economic incentives often depend on political and economic factors that we cannot predict and that are beyond our control. The reduction, modification, or elimination of grid access, government mandates, or economic incentives in one or more of our customer markets would materially and adversely affect the growth of such markets or result in increased price competition, either of which could cause our revenue to decline and materially adversely affect our business and financial results. The market for electric generation products is heavily influenced by federal, state, and local government laws, regulations, and policies concerning the electric utility industry in the United States and abroad, as well as policies promulgated by electric utilities. These regulations and policies often relate to electricity pricing and technical interconnection of customer- owned electricity generation, and changes that make solar power less competitive with other power sources could deter investment in the research and development of alternative energy sources as well as customer purchases of solar power technology, which could in turn result in a significant reduction in the demand for our solar power products. The market for electric generation equipment is also influenced by trade and local content laws, regulations, and policies that can discourage growth and competition in the solar industry and create economic barriers to the purchase of solar power products, thus reducing demand for our solar products. In addition, on- grid applications depend on access to the grid, which is also regulated by government entities. We anticipate that our solar power products and their installation will continue to be subject to oversight and regulation in accordance with federal, state, local, and foreign regulations relating to construction, safety, environmental protection, utility interconnection and metering, trade, and related matters. It is difficult to track the requirements of individual states or local jurisdictions and design equipment to comply with the varying standards. Any new regulations or policies pertaining to our solar power products may result in significant additional expenses to us, our resellers, and our resellers’ customers, which could cause a significant reduction in demand for our solar power products. See also under this section, “ Risks Related to Our Sales Channels- Changes in international trade policies, tariffs, or trade disputes could significantly and adversely affect our business, revenues, margins, results of operations, and cash flows. ” expected benefits of the restructurings, it could have a material adverse effect on our competitive position, business, results of operations, financial condition, and cash flows. For more information about our restructuring plan, see “ Item 8. Financial Statements and Supplementary Data- Notes to Consolidated Financial Statements- Note 8. Restructuring.” A change in the solar investment tax credit could adversely affect our business, revenues, margins, results of

operations, and cash flows. We have incorporated into our financial planning and agreements with our customers certain assumptions regarding the future level of U.S. tax incentives, including the ITC, which is administered by the IRS. **On August 16, 2022, the Inflation Reduction Act of 2022 (“IRA”) was signed into law by President Joe Biden.** The ITC allows qualified applicants to claim **IRA includes, among other things, an expansion and extension amount equal to 26% of the ITC for eligible cost basis for qualifying solar energy property systems through at least 2032.** We hold projects and have sold projects, **or expect to sell projects,** to certain customers based on certain underlying assumptions regarding the ITC. We have also accounted for certain projects and programs in our business using the same assumptions. Owners of our qualifying projects and our residential lease program have applied or will apply for the ITC and the assumptions regarding expected tax benefits, both in timing and amount, are made in accordance with the guidance provided by the IRS. Any changes to the IRS guidance which we relied upon in structuring our projects, failure to comply with the requirements, including the safe harbor guidance, lower levels of incentives granted, or changes in assumptions including the estimated residual values and the estimated fair market value of financed and installed systems for the purposes of the ITC, could materially and adversely affect our business and financial results. If the IRS disagrees, as a result of any future review or audit, with the fair market value of, or other assumptions concerning, our solar projects or systems that we have constructed or that we construct in the future, including the systems for which tax incentives have already been paid, it could have a material adverse effect on our business and financial condition. We also have obligations to indemnify certain of our customers and investors for the loss of tax incentives. We may have to recognize impairments or lower margins than initially anticipated for certain of our projects or our residential lease program. Additionally, if the amount or timing of ITCs received varies from what we have projected, our revenues, margins, and cash flows could be adversely affected and we may have to recognize losses, which would have a material adverse effect on our business, results of operations, cash flows, and financial condition. There are continuing developments in the interpretation and application of how companies should calculate their eligibility and level of ITC incentives. There have been recent cases in the U.S. district courts that challenge the criteria for a true lease, which could impact whether the structure of our residential lease program qualifies under the ITC. If the IRS redetermines the amount of the ITC, investors may be required to make corresponding adjustments to their taxable income or other changes. Such adjustments may provide us with an indication of IRS practice **regarding the valuation of residential leased solar assets, and we would consider such adjustments in our accounting for our indemnification obligations to investors who receive ITCs.** As our sales to residential customers have grown, including through dealers and directly to consumers, and with the launch of SunPower Financial, we have increasingly become subject to substantial financial services and consumer protection laws and regulations. Any failure to comply with laws and regulations relating to interactions by us or third parties (such as our dealers and sub-servicers) with consumers or with licensing requirements applicable to our business could result in negative publicity, claims, investigations and litigation, and may adversely affect our financial performance. As we continue to seek to expand our retail customer base, ~~and expand our direct sales channel, and increase our focus on residential customers,~~ our activities with customers, especially our financing activities with our residential customers, are subject to numerous federal, state, and local laws, including consumer protection laws. For example, in December 2021, we announced the launch of SunPower Financial, our new in-house financial products business. If we are unable to successfully operate this business, we may not realize its anticipated benefits. This initiative requires that our subsidiary maintain certain non-bank financial services licenses in a number of jurisdictions. While we believe we have obtained all necessary licenses, the application of some consumer finance licensing laws to our financial products offerings is unclear. If we are found to be in violation of applicable licensing requirements by a court or a state, federal, or local enforcement agency, we could be subject to fines, damages, injunctive relief (including required modification or discontinuation of ~~our~~ **our** business in certain areas), criminal penalties and other penalties or consequences, including indemnification obligations to its capital providers, and financing originated through SunPower Financial could be rendered void or unenforceable, in whole or in part, any of which could have a material adverse effect on SunPower’s business, financial condition and results of operations. Federal, state, and local laws and regulations impose other requirements and limitations related to financial services and other consumer activities, including with respect to terms of credit, disclosures, truth-in-lending, equal credit opportunity, fair credit reporting, consumer leasing, telephone and digital marketing, privacy and cybersecurity, home improvement contracts. These laws and regulations are implemented and enforced by a number of federal, state and local governmental entities. For example, the federal Consumer Financial Protection Bureau (“CFPB”) has broad rule-making and enforcement authority with respect to a wide range of consumer financial protection laws that regulate consumer finance businesses, such as our solar financing business. Compliance with these regulatory requirements may increase the costs of, impose additional restrictions on, or otherwise adversely affect companies providing such financial services. Claims arising out of actual or alleged violations of law may be asserted against us by individuals or governmental entities and may expose us to significant damages or other penalties, including fines. In addition, our affiliations with third-party dealers and sub-servicers for our financial products may subject us to alleged liability in connection with actual or alleged violations of law by such third parties, whether or not actually attributable to us, which may expose us to significant damages and penalties, and we may incur substantial expenses in defending against legal actions related to third parties, whether or not we are ultimately found liable. With ~~the launch of~~ SunPower Financial, we are increasingly subject to a complex and constantly evolving consumer finance regulatory environment, which is difficult to predict, and which may affect our business and financial performance. With ~~the launch of~~ SunPower Financial, and the introduction of new financial products, we **are** ~~have become~~ subject to additional state and federal regulatory regimes in connection with financial products and consumer credit transactions. The complex regulatory environment of the consumer credit industry is subject to constant change and modification. Some of these laws and regulations have been enacted only recently and ambiguities may create uncertainty, which may lead to regulatory investigations, governmental enforcement actions and private causes of action, such as class action lawsuits, with respect to our compliance with such laws or regulations. The laws to which we and SunPower Financial may be subject, directly or indirectly, include,

among others: • state laws and regulations that impose requirements related to loan disclosures and terms, credit discrimination and unfair, deceptive or abusive business acts or practices; • the Truth-in-Lending Act, and its implementing Regulation Z, and similar state laws, which require certain disclosures to borrowers regarding the terms and conditions of their loans and credit transactions; • Section 5 of the Federal Trade Commission Act, which prohibits unfair and deceptive acts or practices in or affecting commerce, and Section 1031 of the Dodd-Frank Act, which prohibits unfair, deceptive, or abusive acts or practices (“UDAAP”), in connection with any consumer financial product or service; • the Equal Credit Opportunity Act, and its implementing Regulation B, which prohibit creditors from discriminating against credit applicants on the basis of race, color, sex, age, religion, national origin, marital status, the fact that all or part of the applicant’s income derives from any public assistance program or the fact that the applicant has in good faith exercised any right under the Federal Consumer Credit Protection Act or any applicable state law; • the Fair Credit Reporting Act (the “FCRA”), and its implementing Regulation V, as amended by the Fair and Accurate Credit Transactions Act, which promotes the accuracy, fairness and privacy of information in the files of consumer reporting agencies; • the Fair Debt Collection Practices Act, and its implementing Regulation F, the Telephone Consumer Protection Act, as well as state debt collection laws, all of which provide guidelines and limitations concerning the conduct of debt collectors in connection with the collection of consumer debts; • the Bankruptcy Code, which limits the extent to which creditors may seek to enforce debts against parties who have filed for bankruptcy protection; • the California Consumer Privacy Act, which includes limitations on the disclosure of consumer personal information by financial institutions to nonaffiliated third parties, requires financial institutions to limit the use and further disclosure of personal information by nonaffiliated third parties to whom they disclose such information and requires financial institutions to disclose certain privacy policies and practices with respect to information sharing with affiliated and nonaffiliated entities as well as to safeguard personal consumer information, and other privacy laws and regulations; • the Gramm Leach Bliley Act, and its implementing Regulation P, which requires financial institutions to disclose certain information to consumers about the privacy and use of their data and which imposes certain data security requirements on financial institutions; • the Servicemembers Civil Relief Act, which allows active duty military members to suspend or postpone certain civil obligations, and prohibits certain creditor self-help remedies, including repossession, so that the military member can devote his or her full attention to military duties; • the Military Lending Act, enacted in 2006 and implemented by the Department of Defense, which imposes a 36 % cap on the “all-in” annual percentage rates charged on certain loans to active-duty members of the U. S. military, reserves and National Guard and their dependents; • the Electronic Fund Transfer Act, and Regulation E promulgated thereunder, which provide disclosure requirements, guidelines and restrictions on the electronic transfer of funds from consumers’ bank accounts; and • the Bank Secrecy Act, which relates to compliance with anti-money laundering, due diligence and record-keeping policies and procedures. While we have developed policies and procedures designed to assist in compliance with these laws and regulations, and hired compliance personnel dedicated to SunPower Financial to oversee them, there can be no assurance that these policies and procedures will be effective. Failure to comply with these laws and with regulatory requirements applicable to our business could subject us to damages, revocation of licenses, class action lawsuits, administrative enforcement actions, civil and criminal liability, indemnification obligations to our capital providers, repurchase obligations and reputational damage, any of which may harm our business, results of operations, cash flows and financial condition. The current regulatory environment, increased regulatory compliance requirements and enhanced regulatory enforcement could result in significant operational and compliance costs and may prevent us from offering certain products and services in the future. In addition, from time to time, through our operational and compliance controls, we may identify compliance issues that require us to make operational changes and, depending on the nature of the issue and contractual obligations to our various capital providers, result in financial remediation to impacted capital providers or consumers. These self-identified issues and voluntary remediation payments could be significant, depending on the issue and the number of capital providers, contractors or consumers impacted, and also could generate litigation or regulatory investigations that subject us to additional risk. We do not typically maintain long-term agreements with our customers and accordingly we could lose customers without warning, which could adversely affect our business results. Our product sales to residential dealers typically are not made under long-term agreements. We often contract to construct or sell ~~large~~ projects with no assurance of repeat business from the same customers in the future. Although cancellations of our purchase orders to date have been infrequent, our customers may cancel or reschedule purchase orders with us on relatively short notice. Cancellations or rescheduling of customer orders could result in the delay or loss of anticipated sales without allowing us sufficient time to reduce, or delay the incurrence of, our corresponding inventory and operating expenses. In addition, changes in forecasts or the timing of orders from these or other customers expose us to the risks of inventory shortages or excess inventory. These circumstances, in addition to the completion and non-repetition of ~~large~~ projects, declining average selling prices, changes in the relative mix of sales of solar equipment versus solar project installations, and the fact that our supply agreements are generally long-term in nature and many of our other operating costs are fixed, could cause our results to fluctuate and may result in a material adverse effect in our business, results of operations, cash flows, and financial condition. Our business could be adversely affected by seasonal trends, poor weather, labor shortages, and construction cycles. Our business is subject to significant industry-specific seasonal fluctuations. Our sales have historically reflected these seasonal trends, with the largest percentage of our total revenues realized during the second half of each fiscal year. There are various reasons for this seasonality, mostly related to economic incentives, such as changes to the amount and timing of ITC, and weather patterns. For example, in the United States, many customers make purchasing decisions towards the end of the year in order to take advantage of tax credits. In addition, sales in the new home development market are often tied to construction market demands, which tend to follow national trends in construction, including declining sales during cold and / or rainy weather months. The competitive environment in which we operate often requires us to undertake customer obligations or provide indemnifications, which may turn out to be costlier than anticipated and, in turn, materially and adversely affect our business, results of operations, cash flows, and financial condition. We are often required, as a condition of financing or at the

request of our end customer, to undertake certain obligations such as: • system output performance warranties; • system maintenance; • ~~penalty payments or customer termination rights if the system we are constructing is not commissioned within specified time frames or other construction milestones are not achieved;~~ • guarantees of certain minimum residual value of the system at specified future dates; • ~~system put-rights whereby we could be required to buy back a customer's system at fair value on a future date if certain minimum performance thresholds are not met;~~ • indemnification for site damage or environmental impacts that we may be required to provide for certain projects in some cases with very high or no caps or limitations of liability; and • indemnification against losses ~~customers may suffer~~ as a result of reductions in benefits received under ITC and of the Treasury grant programs under Section 1603 of the American Recovery and Reinvestment Act. Such financing arrangements and customer obligations involve complex accounting analyses and judgments regarding the timing of revenue and expense recognition, and in certain situations these factors may require us to defer revenue or profit recognition until projects are completed or until contingencies are resolved, which could adversely affect our revenues and profits in a particular period. In addition, we may experience significant losses as the result of such responsibilities and indemnification obligations, which may adversely impact our business, cash flows, and financial condition.

Risks Related to Our Liquidity We may be unable to generate sufficient cash flows or obtain access to external financing necessary to fund our operations and make adequate capital investments as planned due to the general economic environment, cost inflation, and / or the market pressure driving down the average selling prices of our solar power products, among other factors. To develop new products, support future growth, achieve operating efficiencies, and maintain product quality, we may need to make significant capital investments in product and process technology as well as enhancing our digital capabilities. In addition, we invest a significant amount of capital to develop solar power systems for sale to customers. ~~Developing and constructing solar power projects requires significant time and substantial initial investment.~~ The delayed disposition of such projects, or the inability to realize the full anticipated value of such projects on disposition, could have a negative impact on our liquidity. See also under this section, “**Risks Related to Our Operations- Project development or construction activities may not be successful and we may make significant investments without first obtaining project financing, which could increase our costs and impair our ability to recover our investments**” and “**Risks Related to Our Sales Channels- Revenues from a limited number of customers and large projects are expected to continue to comprise a significant portion of our total revenues and any decrease in revenues from those customers or projects, payment of liquidated damages, or an increase in related expenses, could have a material adverse effect on our business, results of operations and financial condition,**” and “Changes in international trade policies, tariffs, or trade disputes could significantly and adversely affect our business, revenues, margins, results of operations, and cash flows.” Certain of our customers also require performance bonds issued by a bonding agency, or bank guarantees or letters of credit issued by financial institutions, which are returned to us upon satisfaction of contractual requirements. If there is a contractual dispute with the customer, the customer may withhold the security or make a draw under the security, which could have an adverse impact on our liquidity. We manage our working capital requirements and fund our committed capital expenditures, including the development and construction of our planned solar power projects, with our current cash and cash equivalents, cash generated from operations, and funds available from our construction financing providers. We may be unable to find adequate credit support on acceptable terms, or at all, in which case our ability to obtain adequate amounts of debt financing may be harmed. The lenders under our credit facilities ~~and holders of our debentures~~ may also require us to repay our indebtedness to them in the event that our obligations under other indebtedness or contracts in excess of the applicable threshold amount are accelerated and we fail to discharge such obligations. If our capital resources are insufficient to satisfy our liquidity requirements, for example, due to cross acceleration of indebtedness, we may seek to sell additional equity investments or debt securities or obtain other debt financings. Market conditions, however, could limit our ability to raise capital by issuing new equity or debt securities on acceptable terms, or at all, and lenders may be unwilling to lend funds on acceptable terms, or at all. The sale of additional equity investments or convertible debt securities may result in additional dilution to our stockholders. Additional debt would result in increased expenses and could impose new restrictive covenants that may be different from those restrictions contained in the covenants under certain of our current debt agreements ~~and debentures~~. Financing arrangements, including project financing for our solar power projects and letters of credit facilities, may not be available to us, or may not be available in amounts or on terms acceptable to us. If additional financing is not available, we may be forced to seek to sell assets or reduce or delay capital investments, any of which could adversely affect our business, results of operations, cash flows, and financial condition. If we cannot generate sufficient cash flows, find other sources of capital to fund our operations and projects, make adequate capital investments to remain technologically and price competitive, or provide bonding or letters of credit required by our projects, we may need to sell additional equity investments or debt securities, or obtain other debt financings. If adequate funds from these or other sources are not available on acceptable terms or at all, our ability to fund our operations including making digital investments, develop and construct solar power projects, develop and expand our distribution network, maintain our research and development efforts, provide collateral for our projects, meet our debt service obligations, or otherwise respond to competitive pressures would be significantly impaired. Our inability to do any of the foregoing could have a material adverse effect on our business, results of operations, cash flows, and financial condition. We have a significant amount of debt outstanding and debt service requirements. Our substantial indebtedness and other contractual commitments could adversely affect our business, results of operations, cash flows, and financial condition, as well as our ability to meet our payment obligations under **such the debentures and our other debt. As of January 2-1, 2022-2023, we had approximately \$ 536-507 . 7-6 million of outstanding debt . On January 17, 2023, we repaid the outstanding principal amount of \$ 425. 0 million of our 4. 00 % debentures due 2023 (refer to “ Item 8. Financial Statements and Supplementary Data- Notes to Consolidated Financial Statements- Note 1. Organization and Summary of Significant Accounting Policies- Liquidity ”)**. This level of debt could have material consequences on our future operations, including: • making it more difficult for us to meet our payment and other obligations under ~~the debentures and our other~~ outstanding debt; • resulting in an event of default if we fail to

comply with the financial and other restrictive covenants contained in our debt agreements (with certain covenants becoming more restrictive over time), which event of default could result in all or a significant portion of our debt becoming immediately due and payable; • reducing the availability of our cash flows to fund working capital, capital expenditures, project development, acquisitions and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes; • subjecting us to the risk of increased sensitivity to interest rate increases on our indebtedness with variable interest rates, including borrowings under our **Credit Loan and Security Agreement** with Bank of America, N. A. **, as administrative agent and collateral agent and the L / C issuers and lenders party thereto** . :- limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate, and the general economy; and • placing us at a competitive disadvantage compared with our competitors that have less debt or have lower leverage ratios. In the event, expected or unexpected, that any of our joint ventures are consolidated with our financial statements, such consolidation could significantly increase our indebtedness. Our ability to meet our payment and other obligations under our debt instruments depends on our ability to generate significant cash flows, which, to some extent, is subject to general economic, financial, competitive, legislative, and regulatory factors as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flows from operations, or that future borrowings will be available to us under our existing or any future credit facilities or otherwise, in an amount sufficient to enable us to meet our payment obligations under our ~~debentures and our other~~ debt and to fund other liquidity needs. If we are unable to generate sufficient cash flows to service our debt obligations, we may need to refinance or restructure our debt ~~,-including our debentures~~ , sell assets, reduce or delay capital investments, or seek to raise additional capital. There can be no assurance that we will be successful in any sale of assets, refinancing, or restructuring effort. See also under this section, “ Risks Related to Our Operations- We may in the future be required to consolidate the assets, liabilities, and results of operations of certain of our existing or future joint ventures, which could have an adverse impact on our **results of operations,** financial position, **and** gross margin **and results of operations-**”, “ Risks Related to Our Sales Channels- Changes in international trade policies, tariffs, or trade disputes could significantly and adversely affect our business, revenues, margins, results of operations, and cash flows, ” and “ Item 8. Financial Statements and Supplementary Data- Notes to Consolidated Financial Statements- Note 1. Organization and Summary of Significant Accounting Policies- Liquidity. ” Although we are currently in compliance with the **affirmative and negative** covenants ~~contained~~ in our debt agreements, we cannot assure you that we will be able to remain in compliance with such covenants in the future. We may not be able to cure future violations or obtain waivers from our creditors in order to avoid a default. An event of default under any of our debt agreements could have a material adverse effect on our liquidity, financial condition, and results of operations. Our credit and other agreements contain restrictions that may limit our ability to operate our business. We may be unable to respond to changes in business and economic conditions, engage in transactions or make investments that might otherwise be beneficial to us, or obtain additional financing, because our debt agreements ~~,-and our~~ Affiliation Agreement with Total ~~,-foreign exchange hedging agreements, and equity derivative agreements~~ contain, and any of our other future similar agreements may contain, restrictions that limit our ability to, among other things: • incur additional debt, assume obligations in connection with letters of credit, or issue guarantees; • create liens; • make certain investments or acquisitions; • enter into transactions with our affiliates; • sell certain assets; • redeem capital stock or make other restricted payments; • declare or pay dividends or make other distributions to stockholders; and • merge or consolidate with any person. Our ability to comply with these covenants is dependent on our future performance, which will be subject to many factors, some of which are beyond our control, including prevailing economic conditions. In addition, our failure to comply with these covenants could result in a default under our other debt instruments, which could permit the holders to accelerate such debt. If any of our debt is accelerated, we may not have sufficient funds available to repay such debt, which could materially and negatively affect our results of operations and financial condition. Risks Related to Our Supply Chain We depend on a limited number of suppliers ~~,-including Maxeon Solar,~~ for certain critical ~~raw materials,~~ components, and finished products, including our solar ~~cells and~~ modules, microinverters, and storage solutions. Any shortage, interruption or delay, deterioration of our relationships with, or price change from these suppliers could adversely affect our business, prevent us from delivering products to our customers within required timeframes, and could in turn result in sales and installation delays, cancellations, penalty payments, or loss of market share. We are party to ~~a master supply agreement agreements pursuant to which with a limited~~ **number of suppliers for critical components of our solar systems, including** Maxeon Solar **for the exclusively-- exclusive** supplies us with certain products (the “ Supply **supply of high efficiency** Agreement ”), including solar **modules** cells and panels, for use in residential and commercial solar applications in the Domestic Territory (as defined in the Supply Agreement). The Supply Agreement extends until December 31, 2023, subject to customary early termination provisions triggered by a breach of the other party (with or without the right to cure depending on the breach) and insolvency events affecting the other party. Under the **these Supply supply Agreement agreements** , we are required to purchase, and Maxeon Solar is **our suppliers are** required to supply, specified amounts of certain products during each calendar quarter of the **their respective term terms** . For products designated, **at prices that may be subject to periodic adjustment based on agreed commodity price indices, and** for installation on **which we and our suppliers may be subject to penalties or early termination relating to delivery delays, failure to purchase minimum product volumes, and other customary provisions. Because we have a limited number** residence, the exclusivity provisions 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. The exclusivity provisions do not apply to solar panels installed for the benefit and use of multiple customers, such as community solar projects, off- ~~of~~ grid applications, certain portable or mobile small- scale applications (including applications where solar cells are integrated into consumer products), commercial, or power plant, front- ~~of the meter~~ applications where the electricity generated is sold to a utility or other reseller. Because Maxeon Solar is currently our sole supplier **suppliers** of such critical products, any delay or failure ~~of Maxeon Solar~~ to supply the necessary products, or supply such products in a manner that meets our quality and

quantity requirements, **substantial changes to commodity price indices**, and any significant deterioration in our relationship with ~~Maxeon Solar~~ **our key suppliers**, could have a material adverse effect on our business, results of operations, cash flows, and financial condition. In addition, we purchase microinverters, batteries, and other system components from a limited number of suppliers, which means we may be exposed to supply issues, price changes, and quality issues. If we fail to maintain our relationships with these and other suppliers, we may not be able to meet anticipated demand, and we may be impacted by price changes and delays. If one or more of the suppliers we rely on ceases or reduces production, we may be unable to quickly identify alternate suppliers or to qualify alternative products on commercially reasonable terms, and our business and financial performance may suffer. The manufacturing process for our components may have long lead times, and in some cases relies on the continued availability of key raw materials, which could impact our ~~supplies~~ **suppliers'** ability to meet our demand for these components. To the extent the processes and technologies that our suppliers use to manufacture components are proprietary, we may be unable to obtain comparable components from alternative suppliers. The financial markets could limit our suppliers' ability to raise capital if required to expand their production **to** satisfy their operating capital requirements or make the necessary investments in new technologies. As a result, they could be unable to supply necessary products, including new products, raw materials, inventory, and capital equipment which we would require to support our planned sales operations to us, which would in turn negatively impact our sales volume, profitability, and cash flows. The failure of a supplier to supply raw materials or components in a timely manner, or to supply raw materials or components that meet our quality, quantity, and cost requirements, could impair our ability to manufacture our products or could increase our cost of production. If we cannot obtain substitute materials or components on a timely basis or on acceptable terms, we could be prevented from delivering our products to our customers within required time frames . **While global solar cell and panel production capacity has materially increased overall, supply chain constraints have led to an environment of constrained capacity among solar cell and solar panel manufacturers. Supply chain constraints and inflationary pressures may cause the cost of solar cells and panels, and other components of the products we sell, to rise, and our suppliers may seek to pass these costs on to us, which would increase our costs and could result in lower margins and revenues, and could have a material adverse impact on our business, cash flows, and financial condition. Conversely, an increase in the global supply of solar cells and panels, and increasing competition, may cause substantial downward pressure on the prices of such products, limiting our ability to sell our differentiated panels at a premium, causing us to lose sales or market share, resulting in lower revenues, earnings, and cash flows. For example, we have received requests from multiple suppliers to adjust pricing based on cost increases pertaining to raw materials, shipping and logistics, and finished goods, and are evaluating whether these requests are valid or permitted under our contracts. We ultimately may have to accept these and other future cost increases, whether for business or contractual reasons** . In addition, our supply chain is subject to natural disasters and other events beyond our control, such as raw material, component, and labor shortages, global and regional shipping and logistics constraints, work stoppages, epidemics or pandemics, including effects experienced as a result of pandemics, such as COVID- 19, earthquakes, floods, fires, volcanic eruptions, power outages, or other natural disasters, and the physical effects of climate change, including changes in weather patterns (including floods, fires, tsunamis, drought, and rainfall levels), water availability, storm patterns and intensities, and temperature levels. Human rights concerns, including forced labor and human trafficking, in foreign countries and associated governmental responses have the potential to disrupt our supply chain, and our operations could be adversely impacted. For example, the U. S. Department of Homeland Security issued a withhold release order on June 24, 2021 applicable to silica- based products made by a major producer of polysilicon used by manufacturers of solar panels in China' s Xinjiang Uyghur autonomous region, over allegations of widespread, state- backed forced labor in the region, and on December 23, 2021, the President of the United States signed the Uyghur Forced Labor Prevention Act (" UFLPA ") into law, which creates a rebuttable presumption that all goods manufactured even partially in China' s Xinjiang Uyghur autonomous region are the product of forced labor and therefore not entitled to entry at U. S. ports. The UFLPA also builds on **the 2020' s** Uyghur Human Rights Policy Act by expanding its authorization of sanctions to cover foreign individuals responsible for human rights abuses related to forced labor. Although we do not believe that raw materials used in the products we sell are sourced from this or other regions with forced labor concerns, any delays or other supply chain disruption resulting from these concerns or any of the supply chain risks articulated above, associated governmental responses, or a desire to source products, components, or materials from other manufacturers or regions could result in shipping, sales and installation delays, cancellations, penalty payments, or loss of revenue and market share, or may cause our key suppliers to seek to re- negotiate terms and pricing with us, any of which could have a material adverse effect on our business, results of operations, cash flows, and financial condition. In addition, the requirements of these laws and other legislation that has been introduced, or may be introduced in the future relating to these issues, may cause us to incur substantially higher compliance and due diligence costs in connection with procurement and may result in higher import costs and potentially import bans, any of which could have additional adverse impacts on our business and results of operations. We utilize ~~construction loans, term loans, sale- leaseback, partnership flip, preferred equity,~~ and other financing structures to fund acquisitions, development, construction, and expansion of certain solar projects, and such funds may or may not continue to be available as required to further our plans. Furthermore, such project financing increases our consolidated debt ~~and may be structurally senior to other debt such as our outstanding convertible debentures~~ . Certain of our subsidiaries and other affiliates are separate and distinct legal entities and, except in limited circumstances, have no obligation to pay any amounts due with respect to our indebtedness or indebtedness of other subsidiaries or affiliates, and do not guarantee the payment of interest on or principal of such indebtedness. Such subsidiaries may borrow funds to finance particular projects. In the event of a default under a project financing which we do not cure, the lenders or lessors generally have rights to the project and related assets. In the event of foreclosure after a default, we may not be able to retain any interest in the ~~power plant project or other~~ collateral supporting such financing. In addition, any such default or foreclosure may trigger cross default provisions in our other financing agreements,

including our corporate debt obligations, which could materially and adversely affect our financial condition. In the event of our bankruptcy, liquidation, or reorganization (or the bankruptcy, liquidation, or reorganization of a subsidiary or affiliate), such subsidiaries' or other affiliates' creditors, including trade creditors and holders of debt issued by such subsidiaries or affiliates, will generally be entitled to payment of their claims from the assets of those subsidiaries or affiliates before any assets are made available for distribution to us or the holders of our indebtedness. As a result, holders of our corporate indebtedness will be effectively subordinated to all present and future debts and other liabilities (including trade payables) of certain of our subsidiaries. ~~As of January 2, 2022 our subsidiaries had no outstanding non-recourse project financing.~~ If we have quality issues with our solar and related products, such as the third- party connector issue we ~~have recently~~ experienced **in fiscal 2021**, our sales, profit, and cash flows could decrease and our relationships with our customers and our reputation may be harmed. Products as complex as ours may contain undetected errors or defects, especially when first introduced. For example, we identified an issue with third- party connectors used in certain of our products, ~~have and~~ recorded accounting charges of \$ **26-19 . 5-8** million related to repair costs **during**, ~~and expect to record additional accounting charges of approximately \$ 4. 0 million in the first quarter of fiscal 2022~~ **2021**. In addition, our solar panels may contain defects that are not detected until after they are shipped or are installed because we and our suppliers cannot test for all possible scenarios. These defects could cause us to incur significant warranty, non- warranty, and re- engineering costs, which may not be covered by manufacturer warranties, and could significantly affect our customer relations and business reputation. If we deliver products with errors or defects, or if there is a perception that such products contain errors or defects, our credibility and the market acceptance and sales of our products could be harmed. In addition, some of our arrangements with customers include termination or put rights for non- performance. In certain limited cases, we could incur liquidated damages or even be required to buy back a customer' s system at fair value on specified future dates if certain minimum performance thresholds are not met. ~~We may not achieve some or all..... obligations to investors who receive ITCs.~~ Acquisitions of other companies, project development pipelines, and other assets, or investments in or joint ventures with other companies, as well as divestitures and other significant transactions, could materially and adversely affect our results of operations, cash flows, and financial condition, and dilute our stockholders' equity. To further our business strategy and maintain our competitive position, we have acquired a number of other companies and entered into joint ventures in past years, including our SunStrong and Solar Sail joint ventures with Hannon Armstrong Sustainable Infrastructure Capital, Inc. (" Hannon Armstrong "), ~~our acquisition the sale of certain assets of SolarWorld Americas~~ **our C & I Solutions business** in fiscal ~~2018-2022~~, and our acquisition of Blue Raven Solar in fiscal 2021. In the future, we may acquire additional companies, project pipelines, products, or technologies, make strategic investments, and enter into additional joint ventures or other strategic initiatives. Acquisitions, joint ventures, and divestitures involve a number of risks that could harm our business and performance, including: • insufficient experience with technologies and markets in which an acquired business or joint venture is involved, which may be necessary to successfully operate and / or integrate the business or the joint venture; • problems integrating ~~the~~ acquired operations, personnel, IT infrastructure, technologies, or products with the existing business and products **, or potential failure to satisfy post- closing obligations with respect to strategic initiatives**; • diversion of management time and attention from the core business to an acquired business or joint venture or in connection with a strategic transaction **; • potential litigation or claims relating to such acquisitions, divestitures or joint ventures, including litigation arising from disagreements with counterparties or claims by or on behalf of our stockholders, such as the pending dispute regarding certain post- closing purchase price adjustments and the lawsuit purportedly filed by our stockholders, in each case, in connection with the disposition of our C & I Solutions business, which are described in more detail in " Item 8. Financial Statements and Supplementary Data- Notes to Consolidated Financial Statements- Note 2. Discontinued Operations and Note 17. Subsequent Events, " respectively**; • potential failure to retain or hire key technical, management, sales, and other personnel of the acquired business or joint venture; • difficulties in retaining or building relationships with suppliers and customers of the acquired business or joint venture, particularly where such customers or suppliers compete with us; • potential failure of the due diligence processes to identify significant issues with product quality and development or legal and financial liabilities, among other things; • potential inability to obtain, or obtain in a timely manner, approvals from governmental authorities or work councils, which could delay or prevent acquisitions, delay our ability to achieve synergies, or adversely impact our successful operation of acquired companies or joint ventures; • potential necessity to re- apply for permits as a result of acquired or divested projects; • problems managing joint ventures with our partners, meeting capital requirements for expansion, potential litigation with joint venture partners and reliance upon joint ventures which we do not control; • differences in philosophy, strategy, or goals with our joint venture partners; • subsequent impairment of the acquired assets, including intangible assets; and • assumption **or retention** of liabilities including, but not limited to, lawsuits, tax examinations, warranty issues, environmental matters, and liabilities associated with compliance with laws (for example, the **Foreign Corrupt Practices Act ("FCPA ")**). Additionally, we may decide that it is in our best interests to enter into acquisitions or joint ventures that are dilutive to earnings per share or that negatively impact margins or cash flow as a whole in the short to medium term. In an effort to reduce our cost of revenues, we have and may continue to enter into acquisitions or joint ventures involving suppliers or manufacturing partners, which would expose us to additional supply chain risks. Acquisitions or joint ventures could also require investment of significant financial resources and require us to obtain additional equity financing, which may dilute our stockholders' equity, or require us to incur additional indebtedness. Such equity or debt financing may not be available on terms acceptable to us, or at all. In addition, we could in the future make additional investments in our joint ventures or guarantee certain financial obligations of our joint ventures, which could reduce our cash flows, increase our indebtedness, and expose us to the credit risk of our joint ventures. To the extent that we invest in upstream suppliers or downstream channel capabilities, we may experience competition or channel conflict with certain of our existing and potential suppliers and customers. Specifically, existing and potential suppliers and customers may perceive that we are competing directly with them by virtue of such investments and may decide to reduce or eliminate their supply volume to

us or order volume from us. Acquisitions could also result in dilutive issuances of equity securities, the use of our available cash, or the incurrence of debt, which could harm our financial results. Further, we may not realize some or all of the anticipated strategic, financial, operational, marketing, or other benefits from the acquisitions, joint ventures, or other strategic initiatives. We cannot predict with certainty when the benefits expected from these transactions will occur or the extent to which they will be achieved. If we cannot offer residential lease customers an attractive value proposition due to an inability to continue to monetize tax benefits in connection with our residential lease arrangements, an inability to obtain financing for our residential lease programs, challenges implementing our third- party ownership model in new jurisdictions, declining costs of retail electricity, or other reasons, we may be unable to continue to increase the size of our residential lease program, which could have a material, adverse effect on our business, results of operations, cash flows, and financial condition. Our residential lease program has been, and continues to be, eligible for the ITC. We have relied on, and expect to continue to rely on, financing structures that monetize a substantial portion of those benefits. If we were unable to continue to monetize the tax benefits in our financing structures or such tax benefits were reduced or eliminated, we might be unable to provide financing or pricing that is attractive to our customers. ~~Under current law, the ITC was reduced from approximately 30 % of the cost of the solar power systems to approximately 26 % for solar power systems that commenced construction after December 31, 2019. With the extension of the ITC passed in January 2021, the current 26 % ITC will continue for solar power systems that commence construction before December 31, 2022, before being reduced to 22 % for solar power systems that commence construction after December 31, 2022, and permanently reduced to 10 % for commercial projects and 0 % for residential projects for solar power systems that commence construction after December 31, 2023.~~ Changes in existing law and interpretations by the IRS and the courts could reduce the willingness of financing partners to invest in funds associated with our residential lease program. Additionally, benefits under the ITC programs are tied, in part, to the fair market value of our systems, as ultimately determined by the federal agency administering the benefit program. This means that, in connection with implementing financing structures that monetize such benefits, we need to, among other things, assess the fair market value of our systems in order to arrive at an estimate of the amount of tax benefit expected to be derived from the benefit programs. We incorporate third- party valuation reports that we believe to be reliable into our methodology for assessing the fair market value of our systems, but these reports or other elements of our methodology may cause our fair market value estimates to differ from those ultimately determined by the federal agency administering the applicable benefit program. If the amount or timing of the ITC received in connection with our residential lease program varies from what we have projected, due to discrepancies in our fair value assessments or otherwise, our revenues, cash flows, and margins could be adversely affected. Additionally, if any of our financing partners that currently provide financing for our solar systems decide not to continue to provide financing due to general market conditions, changes in tax benefits associated with our solar systems, concerns about our business or prospects, or any other reason, or if they materially change the terms under which they are willing to provide future financing, we will need to identify new financing partners and negotiate new financing terms. See also under this section, “ Risks Related to Our Supply Chain — A change in the solar investment tax credit could adversely affect our business, revenues, margins, results of operations, and cash flows. ” We have to continuously build and improve infrastructure to support our residential lease program, and any failure or delay in implementing the necessary processes and infrastructure could adversely affect our results of operations. We establish credit approval limits based on the credit quality of our customers. We may be unable to collect rent payments from our residential lease customers in the event they enter into bankruptcy or otherwise fail to make payments when due. If we experience higher customer default rates than we currently experience or if we lower credit rating requirements for new customers, it could be more difficult or costly to attract future financing. See also under this section, “ Risks Related to Our Sales Channels — The execution of our growth strategy is dependent upon the continued availability of third- party financing arrangements for our **projects solar power plants, including our residential finance lease and loan programs, and our customers offerings through SunPower Financial**, and is affected by general economic conditions **and other factors**. ” We make certain assumptions in accounting for our residential lease program, including, among others, assumptions in accounting for our residual value of the leased systems. As our residential lease program grows, if the residual value of leased systems does not materialize as assumed, it will adversely affect our results. At the end of the term of the lease, our customers have the option to extend the lease and certain of those customers may either purchase the leased systems at fair market value or return them to us. Should there be a large number of returns, we may incur de- installation costs in excess of amounts reserved. We believe that, as with our other customers, retail electricity prices factor significantly into the value proposition of our products for our residential lease customers. If prices for retail electricity or electricity from other renewable sources decrease, our ability to offer competitive pricing in our residential lease program could be jeopardized because such decreases would make the purchase of our solar systems or the purchase of energy under our lease agreements and PPAs less economically attractive. Our leases are third- party ownership arrangements. Sales of electricity by third parties face regulatory challenges in some states and jurisdictions. Other challenges pertain to whether third- party owned systems qualify for the same levels of rebates or other non- tax incentives available for customer- owned solar energy systems. Reductions in, or eliminations of, this treatment of these third- party arrangements could reduce demand for our residential lease program. ~~Project development or construction activities may not be successful, and we may make significant investments without first obtaining project financing, which could increase our costs and impair our ability to recover our investments. The development and construction of solar power electric generation facilities and other energy infrastructure projects involve numerous risks. We **install** may be required to spend significant sums for preliminary engineering, permitting, legal, and other expenses before we can determine whether a project is feasible, economically attractive, or capable of being built. In addition, we will often choose to bear the costs of such efforts prior to obtaining project financing, prior to getting final regulatory approval, and prior to our final sale to a customer, if any. Successful completion of a particular project may be adversely affected by numerous factors, including: • failures or delays in obtaining desired or necessary land rights, including ownership, leases and / or easements; • failures or delays in obtaining necessary~~

permits, licenses, or other governmental support or approvals, or in overcoming objections from members of the public or adjoining land owners; • unforeseen engineering problems; • uncertainties relating to access to available transmission for electricity generated by our solar power systems and delays in interconnection of such systems; • construction delays and contractor performance shortfalls; • work stoppages or labor disruptions and compliance with labor regulations; • cost overruns; • availability of products and components from suppliers; • adverse weather conditions; • environmental, archaeological, and geological conditions; and • availability of construction and permanent financing. If we are unable to complete the development of a solar power project, or fail to meet one or more agreed target construction milestone dates, we may be subject to liquidated damages and / or penalties under the EPC agreement or other agreements relating to the power plant, and we typically will not be able to recover our investment in the project. We invest a significant **portion** amount of capital to develop projects initially owned by us or ultimately owned by third parties. If we are unable to complete the development of a solar power project, we may write down or write off **of residential** some or all of these capitalized investments, which would have an adverse impact on our net income in the period in which the loss is recognized. We act as the general contractor for many of our customers in connection with the installations of our solar power systems and are subject to risks associated with construction, safety, cost overruns, delays, and other contingencies tied to performance bonds and letters of credit, indemnifications, or other required credit and liquidity support guarantees, any of which could have a material adverse effect on our business and financial results. We **install** act as the general contractor for many of our **residential** customers in connection with the installation of our solar power systems. Some customers require performance bonds issued by a bonding agency or letters of credit issued by financial institutions, or may require other forms of liquidity support. Due to the general performance risk inherent in construction activities, it has become increasingly difficult to attain suitable bonding agencies willing to provide performance bonding. Obtaining letters of credit may require collateral. In the event we are unable to obtain bonding, sufficient letters of credit, or other liquidity support, we will be unable to bid on, or enter into, sales contracts requiring such bonding. Almost all of our EPC contracts are fixed-price contracts. We attempt to estimate all essential costs at the time **we** of entering into the EPC contract **construct** for a particular project **solar power systems; however**, and these are reflected in the overall price that we charge our customers for the project. These cost estimates are preliminary and may or may not be covered by contracts between us or the subcontractors, suppliers, and any other parties that may become necessary to complete the project. In addition, we require qualified, licensed subcontractors to install most of our systems. Thus, if the cost of materials or skilled labor were to rise dramatically, **an installation faced substantial delays**, or if financing costs were to increase, our results of operations and cash flows could be adversely affected. In addition, the contracts with some of our larger customers obligate us to pay substantial penalty payments for each day or other period beyond an agreed target date that a solar installation for any such customer is not completed, up to and including the return of the entire project sale price. We face material financial penalties in the event we fail to meet the completion deadlines, including but not limited to a full refund of the contract price paid by the customers. In certain cases, we do not control all of the events which could give rise to these penalties, such as reliance on the local utility to timely complete electrical substation construction. Furthermore, investors often require that the solar power system generate specified levels of electricity in order to maintain their investment returns, allocating substantial risk and financial penalties to us if those levels are not achieved, up to and including the return of the entire project sale price. Also, our customers often require protections in the form of conditional payments, payment retentions or hold-backs, and similar arrangements that condition its future payments on performance. Delays in solar panel or other supply shipments, other construction delays, unexpected performance problems in electricity generation or other events could cause us to fail to meet these performance criteria, resulting in unanticipated and severe revenue and earnings losses and financial penalties. Construction delays are often caused by inclement weather, failure to timely receive necessary approvals and permits, or delays in obtaining necessary solar panels, inverters, or other materials. Additionally, we sometimes purchase land in connection with project development and assume the risk of project completion. All such risks could have a material adverse effect on our business and financial results. We have significant supplier relationships outside the United States, as well as certain international activities and customers, which may subject us to additional business risks, including logistical complexity and political instability. A portion of our supply agreements are with manufacturers and equipment vendors located outside of the United States, and, although our business is primarily U. S.- focused, we do have legacy customers and projects as well as assets located outside of the United States. Risks we face in conducting business internationally include: • multiple, conflicting, and changing laws and regulations relating to employment, environmental protection, international trade, and other government approvals, permits, and licenses and regulatory requirements; • financial risks, such as longer sales and payment cycles, greater difficulty enforcing rights and remedies under, including collecting accounts receivable, and capital controls or other restrictions on the transfer of funds; • currency fluctuations, government- fixed foreign exchange rates, the effects of currency hedging activity, and the potential inability to hedge currency fluctuations; • political and economic instability, including wars, acts of terrorism, political unrest, boycotts, curtailments of trade, nationalization of assets, and other business restrictions; • trade barriers such as import and export requirements or restrictions, licensing requirements, tariffs, taxes and other restrictions and expenses for which we may have responsibility, which could increase the prices of our products and make us less competitive in some countries; and • liabilities associated with compliance with laws (for example, the Foreign Corrupt Practices Act (“FCPA”) in the United States and similar laws outside of the United States). We have a complex organizational structure that includes global entities. This increases the potential impact of adverse changes in laws, rules, and regulations affecting the free flow of goods and personnel, and therefore heightens some of the risks noted above. Further, we must work with our suppliers to effectively manage the flow of products in light of these risks. If we fail to do so, our available inventory may not correspond with product demand. If we are unable to successfully manage any such risks, any one or more could materially and adversely affect our business, results of operations, cash flows, and financial condition. **Fluctuations in capitalized costs or the demand for our products may cause impairment of our project assets and other long-lived assets, including goodwill, or cause us to write off**

equipment or inventory, and each of these events would adversely affect our financial results. We have tangible project assets on our Consolidated Balance Sheets related to capitalized costs incurred in connection with the development of solar power systems. Project assets consist primarily of capitalized costs relating to solar power system projects in various stages of development that we incur prior to the sale of the solar power system to a third party. These costs include costs for land and costs for developing and constructing a solar power system. These project assets could become impaired if there are changes in the fair value of these capitalized costs. If these project assets become impaired, we may write off some or all of the capitalized project assets, which would have an adverse impact on our results of operations in the period in which the loss is recognized. We may not be able to expand our business or manage our future growth effectively. We may not be able to expand our business or manage future growth. We plan to continue to improve our operations and processes and expand our sales and operations, which will require: • enhancing our customer resource management and other systems; • implementing and improving additional and existing administrative, financial and operations systems, procedures and controls, including the need to centralize, update and integrate our global financial internal controls; • hiring additional employees and expanding our contractor relationships; • expanding and upgrading our technological capabilities; • managing numerous relationships with our customers, suppliers, and other third parties; • maintaining adequate liquidity and financial resources; and • continuing to increase our revenues from operations. Maintaining adequate liquidity is dependent upon a variety of factors, including continued earnings from operations, working capital improvements, and compliance with our indentures and credit agreements. If we are unsuccessful in any of these areas, we may not be able to achieve our growth strategy as planned during the foreseeable future. In addition, we need to manage our organizational growth, including rationalizing reporting structures, support teams, and enabling efficient decision making. If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities, develop new products, satisfy customer requirements, execute our business plan, or respond to competitive pressures. Our success depends on the continuing contributions..... at any time for any reason. We may incur unexpected warranty and product liability claims that could materially and adversely affect our financial condition, cash flows, and results of operations. In our project installations, our current standard warranty for our solar power systems differs by geography and end- customer application and usually includes a limited warranty of up to 10 years for defects in workmanship, after which the customer may typically extend the period covered by its warranty for an additional fee. We also typically provide a system output performance warranty, separate from our standard solar panel product warranty, to customers that have subscribed to our post- installation O & M services. The long warranty period and nature of the warranties create a risk of extensive warranty claims long after we have completed a project and recognized revenues. Warranty and product liability claims may also result from defects or quality issues in certain technology and components (whether manufactured by us or third parties) that we incorporate into our solar power systems, such as solar cells, panels, inverters, and microinverters, over which we may have little or no control. See also under this section “ Risks Related to Our Supply Chain --- We will continue to be dependent --- depend on a limited number of third- party suppliers for certain critical raw materials and components for our , and finished products, which including our solar modules, microinverters, and storage solutions. Any shortage, interruption or delay, deterioration of our relationships with, or price change from these suppliers could adversely affect our business, prevent us from delivering our products to our customers within required time frames timeframes , and could in turn result in sales and installation delays, cancellations, penalty payments and, or loss of market share. ” While we generally pass have recourse through the manufacturer warranties we receive from our suppliers , to our customers, in some circumstances, we may be responsible for repairing or replacing defective parts during our warranty period, often including those covered by manufacturers’ warranties, or incur other non- warranty costs. If a manufacturer disputes or otherwise fails to honor its warranty obligations, we may be required to incur substantial costs before we are compensated, if at all, by the manufacturer. Furthermore, our warranties may exceed the period of any warranties from our suppliers covering components, such as third- party solar cells, third- party panels, and third- party inverters, included in our systems. In addition, manufacturer warranties may not fully compensate us for losses associated with third- party claims caused by defects or quality issues in their products. For example, most manufacturer warranties exclude certain losses that may result from a system component’ s failure or defect, such as the cost of de- installation, re- installation, shipping, lost electricity, lost renewable energy credits or other solar incentives, personal injury, property damage, and other losses. In certain cases, the direct warranty coverage we provide to our customers, and therefore our financial exposure, may exceed our recourse available against cell, panel, or other manufacturers for defects in their products. In addition, in the event we seek recourse through warranties, we will also be dependent on the creditworthiness and continued existence of the suppliers to our business. In the past, certain of our suppliers have entered bankruptcy and our likelihood of a successful warranty claim against such suppliers is minimal. Increases in the defect rate of SunPower or third- party products, including components, could cause us to increase the amount of warranty reserves and have a corresponding material, negative impact on our results of operations. Further, potential future product or component failures could cause us to incur substantial expense to repair or replace defective products or components, and we have agreed in some circumstances to indemnify our customers and our distributors against liability from some defects in our solar products. A successful indemnification claim against us could require us to make significant damage payments. Repair and replacement costs, as well as successful indemnification claims, could materially and negatively impact our financial condition, cash flows, and results of operations. Like other retailers, distributors, and manufacturers of products that are used by customers, we face an inherent risk of exposure to product liability claims in the event that the use of the solar power products into which solar cells, solar panels, and microinverters are incorporated results in injury, property damage, or other damages. We may be subject to warranty and product liability claims in the event that our solar power systems fail to perform as expected or if a failure of our solar power systems or any component thereof results, or is alleged to result, in bodily injury, property damage, or other damages. Since our solar power products are electricity- producing devices, it is possible that our systems could result in injury, whether by product malfunctions, defects, improper installation, or other causes. In addition, since we only began selling

our solar cells and solar panels in the early 2000s and the products we are developing incorporate new technologies and use new installation methods, we cannot predict the extent to which product liability claims may be brought against us in the future or the effect of any resulting negative publicity on our business. Moreover, we may not have adequate resources to satisfy a successful claim against us. We rely on our general liability insurance to cover product liability claims. A successful warranty or product liability claim against us that is not covered by insurance or is in excess of our available insurance limits could require us to make significant payments of damages. In addition, quality issues can have various other ramifications, including delays in the recognition of revenue, loss of revenue, loss of future sales opportunities, increased costs associated with repairing or replacing products, and a negative impact on our goodwill and reputation, any of which could adversely affect our business, results of operations, cash flows, and financial condition. We may in the future be required to consolidate the assets, liabilities, and results of operations of certain of our existing or future joint ventures, which could have an adverse impact on our results of operations, financial position, and gross margin. The Financial Accounting Standards Board has issued accounting guidance regarding variable interest entities (“VIEs”) that affects our accounting treatment of our existing and future joint ventures. To ascertain whether we are required to consolidate an entity, we determine whether it is a VIE and if we are the primary beneficiary in accordance with the accounting guidance. Factors we consider in determining whether we are the VIE’s primary beneficiary include the decision-making authority of each partner, which partner manages the day-to-day operations of the joint venture and each partner’s obligation to absorb losses or right to receive benefits from the joint venture in relation to that of the other partner. Changes in the financial accounting guidance, or changes in circumstances at each of these joint ventures, could lead us to determine that we have to consolidate the assets, liabilities, and results of operations of such joint ventures. The consolidation of our VIEs would significantly increase our indebtedness and could have a material adverse impact on our results of operations, financial position, and gross margin. In addition, we may enter into future joint ventures or make other equity investments, which could have an adverse impact on us because of the financial accounting guidance regarding VIEs. Our affiliation with TotalEnergies SE may require us to join in certain tax filings with TotalEnergies SE in the future. The allocation of tax liabilities between us and TotalEnergies SE, and any future agreements with TotalEnergies SE regarding tax indemnification and certain tax liabilities, may adversely affect our financial position. We have not joined in tax filings on a consolidated, combined, or unitary basis with TotalEnergies SE, and no tax sharing agreement is currently in place. We may in the future become required to join in certain tax filings with TotalEnergies SE on a consolidated, combined, or unitary basis in certain jurisdictions, at which point we may seek to enter into a tax sharing agreement with TotalEnergies SE, which would allocate the tax liabilities among the parties. The entry into any future agreement with TotalEnergies SE may result in less favorable allocation of certain liabilities than we experienced before becoming subject to consolidated, combined, or unitary filing requirements, and may adversely affect our financial position. Our headquarters and other facilities, as well as the facilities of certain subcontractors and suppliers, are located in regions that are subject to epidemics, earthquakes, floods, fires, and other natural disasters, and climate change and climate change regulation could have an adverse effect on our operations. Our headquarters and research and development operations are located in California, and we have significant operations in Texas and the Philippines, as well as offices and operations in several other U. S. states. Any significant epidemic, earthquake, flood, fire, or other natural disaster in these areas or in countries where our suppliers are located could materially disrupt our management operations and / or our production capabilities, could result in damage or destruction of all portion of our facilities or could result in our experiencing a significant delay in delivery, or substantial shortage, of our products and services. In addition, the potential physical impacts of climate change on our operations may include changes in weather patterns (including floods, fires, tsunamis, drought, and rainfall levels), water availability, storm patterns and intensities, and temperature levels. These potential physical effects may adversely affect the cost, sales, and financial performance of our operations. We sell our solar products to agencies of the U. S. government, and as a result, we are subject to a number of procurement rules and regulations, and our business could be adversely affected by an audit by the U. S. government if it were to identify errors or a failure to comply with regulations. We have sold our solar power systems to various U. S. government agencies. In connection with these contracts, we must comply with and are affected by laws and regulations relating to the award, administration, and performance of U. S. government contracts, which may impose added costs on our business. We are expected to perform in compliance with a vast array of federal laws and regulations, including, without limitation, the Federal Acquisition Regulation, the Truth in Negotiations Act, the Federal False Claims Act, the Anti-Kickback Act of 1986, the Trade Agreements Act, the Buy American Act, the Procurement Integrity Act, and the Davis Bacon Act. A violation of specific laws and regulations, even if prohibited by our policies, could result in the imposition of fines and penalties, reductions of the value of our contracts, contract modifications or termination, or suspension or debarment from government contracting for a period of time. In some instances, these laws and regulations impose terms or rights that are more favorable to the government than those typically available to commercial parties in negotiated transactions. For example, the U. S. government may terminate any of our government contracts either at its convenience or for default based on performance. A termination arising out of our default may expose us to liability and have a material adverse effect on our ability to compete for future contracts. U. S. government agencies may audit and investigate government contractors. These agencies review a contractor’s performance under its contracts, cost structure, and compliance with applicable laws, regulations, and standards. If an audit or investigation uncovers improper or illegal activities, we may be subject to civil or criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines, and suspension or prohibition from doing business with the U. S. government. In addition, we could suffer reputational harm if allegations of impropriety were made against us. Compliance with environmental regulations can be expensive, and noncompliance with these regulations may result in adverse publicity and potentially significant monetary damages and fines. We are required to comply with all foreign, U. S. federal, state, and local laws and regulations regarding pollution control and protection of the environment. In addition, under some statutes and regulations, a government agency, or other parties, may seek recovery and response costs from owners or operators of property

where releases of hazardous substances have occurred or are ongoing, even if the owner or operator was not responsible for such release or otherwise at fault. We use, generate, and discharge toxic, volatile and otherwise hazardous chemicals and wastes in our research and development. Any failure by us to control the use of, or to restrict adequately the discharge of, hazardous substances could subject us to, among other matters, potentially significant monetary damages and fines or liabilities or suspensions in our business operations. In addition, if more stringent laws and regulations are adopted in the future, the costs of compliance with these new laws and regulations could be substantial. If we fail to comply with present or future environmental laws and regulations, we may be required to pay substantial fines, suspend production or cease operations, or be subjected to other sanctions. In addition, U. S. legislation includes disclosure requirements regarding the use of “ conflict ” minerals mined from the Democratic Republic of Congo and adjoining countries and procedures regarding a manufacturer’ s efforts to prevent the sourcing of such “ conflict ” minerals. We have incurred and will incur additional costs to comply with the disclosure requirements, including costs related to determining the source of any of the relevant minerals and metals used in our products. The implementation of these requirements could affect the sourcing and availability of minerals used in the manufacture of solar products. As a result, there may only be a limited pool of suppliers who provide conflict free minerals, and we cannot be certain that we will be able to obtain products in sufficient quantities or at competitive prices. Since our supply chain is complex, we have not been able to sufficiently verify, and in the future we may not be able to sufficiently verify, the origins for these conflict minerals used in our products. As a result, we may face reputational challenges with our customers and other stakeholders if we are unable to sufficiently verify the origins for all conflict minerals used in our products.

Risks Related to Our Intellectual Property We depend on our intellectual property, and we may face intellectual property infringement claims that could be time-consuming and costly to defend and could result in the loss of significant rights. From time to time, we, our customers, or our third parties with whom we work may receive letters, including letters from other third parties, and may become subject to lawsuits with such third parties alleging infringement of their patents. Additionally, we are required by contract to indemnify some of our customers and our third- party intellectual property providers for certain costs and damages of patent infringement in circumstances where our products are a factor creating the customer’ s or these third- party providers’ infringement liability. This practice may subject us to significant indemnification claims by our customers and our third- party providers. We cannot assure investors that indemnification claims will not be made or that these claims will not harm our business, results of operations, cash flows, and / or financial condition. Intellectual property litigation is very expensive and time- consuming and could divert management’ s attention from our business and could have a material adverse effect on our business, results of operations, cash flows, and / or financial condition. If there is a successful claim of infringement against us, our customers or our third- party intellectual property providers, we may be required to pay substantial damages to the party claiming infringement, stop selling products or using technology that contains the allegedly infringing intellectual property, or enter into royalty or license agreements that may not be available on acceptable terms, if at all. Parties making infringement claims may also be able to bring an action before the International Trade Commission that could result in an order stopping the importation into the United States of solar products for our use. Any of these judgments could materially damage our business. We may have to develop non- infringing technology, and our failure in doing so or in obtaining licenses to the proprietary rights on a timely basis could have a material adverse effect on our business. We have filed, and may continue to file, claims against other parties for infringing our intellectual property that may be very costly and may not be resolved in our favor. To protect our intellectual property rights and to maintain our competitive advantage, we have filed, and may continue to file, suits against parties who we believe infringe or misappropriate our intellectual property. Intellectual property litigation is expensive and time consuming, could divert management’ s attention from our business, and could have a material adverse effect on our business, results of operations, cash flows, or financial condition, and our enforcement efforts may not be successful. In addition, the validity of our patents may be challenged in such litigation. Our participation in intellectual property enforcement actions may negatively impact our results. We rely substantially upon trade secret laws and contractual restrictions to protect our proprietary rights, and, if these rights are not sufficiently protected, our ability to compete and generate revenue could suffer. We seek to protect our proprietary manufacturing and design processes, documentation, and other written materials primarily under trade secret and copyright laws. We also typically require employees, consultants, and third parties, such as our vendors and customers, with access to our proprietary information to execute confidentiality agreements. The steps we take to protect our proprietary information may not be adequate to prevent misappropriation of our technology. Our systems may be subject to intrusions, security breaches, or targeted theft of our trade secrets. In addition, our proprietary rights may not be adequately protected because:

- others may not be deterred from misappropriating our technologies despite the existence of laws or contracts prohibiting such misappropriation and information security measures designed to deter or prevent misappropriation of our technologies;
- policing unauthorized use of our intellectual property may be difficult, expensive, and time- consuming, the remedy obtained may be inadequate to restore protection of our intellectual property, and moreover, we may be unable to determine the extent of any unauthorized use; and
- reports we file in connection with government- sponsored research contracts are generally available to the public and third parties may obtain some aspects of our sensitive confidential information. Reverse engineering, unauthorized copying, or other misappropriation of our proprietary technologies could enable third parties to benefit from our technologies without compensating us for doing so. Any such activities or any other inability to adequately protect our proprietary rights could harm our ability to compete, to generate revenue, and to grow our business. We may not obtain sufficient patent protection on the technology embodied in the solar and other products we currently manufacture and market, which could harm our competitive position and increase our expenses. Although we substantially rely on trade secret laws and contractual restrictions to protect the technology in the solar and other products we currently manufacture and market, our success and ability to compete in the future may also depend to a significant degree upon obtaining patent protection for our proprietary technology. We currently own multiple patents and patent applications which cover aspects of the technology in the solar and energy storage systems, software, and mounting systems that we currently manufacture and market. Material patents

that relate to our systems products and services primarily relate to our software offerings for our dealers and customers, energy storage products, rooftop mounting products and ground-mounted tracking products. We intend to continue to seek patent protection for those aspects of our technology, designs, and methodologies and processes that we believe provide significant competitive advantages. Our patent applications may not result in issued patents, and even if they result in issued patents, the patents may not have claims of the scope we seek or we may have to refile patent applications due to newly discovered prior art. In addition, any issued patents may be challenged, invalidated, or declared unenforceable, or even if we obtain an award of damages for infringement by a third party, such award could prove insufficient to compensate for all damages incurred as a result of such infringement. The term of any issued patent is generally 20 years from its earliest filing date and if our applications are pending for a long time period, we may have a correspondingly shorter term for any patent that may issue. Our present and future patents may provide only limited protection for our technology and may be insufficient to provide competitive advantages to us. For example, competitors could develop similar or more advantageous technologies on their own or design around our patents. Also, patent protection in certain foreign countries may not be available or may be limited in scope and any patents obtained may not be readily enforceable because of insufficient judicial effectiveness, making it difficult for us to aggressively protect our intellectual property from misuse or infringement by other companies in these countries. Our inability to obtain and enforce our intellectual property rights in some countries may harm our business. In addition, given the costs of obtaining patent protection, we may choose not to protect certain innovations that later turn out to be important. We may not be able to prevent others from using the term SunPower or similar terms, or other trademarks which we hold, in connection with their solar power products which could adversely affect the market recognition of our name, our revenue, and our brand value. “SunPower” and the SunPower logo are our registered trademarks in the United States for use with solar cells, solar panels, energy monitoring systems, inverters, and mounting systems. We hold registered trademarks for SunPower Equinox, EnergyLink, InvisiMount, The Power of One, SunVault, and many more marks, in certain countries, including the United States. We have not registered, and may not be able to register, these trademarks in other key countries. In addition, if there are jurisdictions where another proprietor has already established trademark rights in marks containing “SunPower,” or our other chosen brands, we may face trademark disputes and may have to market our products with other trademarks or without our trademarks, which may undermine our marketing efforts. We may encounter trademark disputes with companies using marks which are confusingly similar to the SunPower mark, or our other marks, which if not resolved favorably, could cause our branding efforts to suffer. In addition, we may have difficulty in establishing strong brand recognition with consumers if others use similar marks for similar products. Our past and possible future reliance on government programs to partially fund our research and development programs could impair our ability to commercialize our solar power products and services. Government funding of some of our research and development efforts imposed certain restrictions on our ability to commercialize results and could grant commercialization rights to the government. In some funding awards, the government is entitled to intellectual property rights arising from the related research. Such rights include a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced each subject invention developed under an award throughout the world by or on behalf of the government. Other rights include the right to require us to grant a license to the developed technology or products to a third party or, in some cases, if we refuse, the government may grant the license itself, if the government determines that action is necessary because we fail to achieve practical application of the technology, because action is necessary to alleviate health or safety needs, to meet requirements of federal regulations, or to give the United States industry preference. Accepting government funding can also require that manufacturing of products developed with federal funding be conducted in the United States.

Risks Related to Our Debt and Equity Securities **Total** Our debentures are effectively subordinated to our existing and **GIP’s ownership of our common stock may adversely affect** any future secured indebtedness and structurally subordinated to existing and future liabilities and other **the liquidity** indebtedness of our current and **value** any future subsidiaries. Our convertible debentures are general, unsecured obligations and rank equally in right of payment with all of our existing and any future unsubordinated **common stock. As of September 15, 2022, Total and GIP owned approximately 50.5% of our outstanding common stock. Total completed a cash tender offer, in June 2011, to acquire 60% of our then outstanding shares of common stock.** As of January 2, 2022, **ownership** we and our subsidiaries had \$425.0 million in principal amount of senior convertible debentures. Our debentures are effectively subordinated to our existing and any future secured indebtedness we may have, including for example, our Loan and Security Agreement with Bank of America, N. A., to the extent of the value of the assets securing such indebtedness, and structurally subordinated to our existing and any future liabilities and other indebtedness of our subsidiaries. In addition to our unsecured indebtedness described above, as of January 2, 2022, we and our subsidiaries had \$536.7 million in principal amount of other indebtedness outstanding, which includes \$4.6 million in non-recourse project debt. These liabilities may also include other indebtedness, trade payables, guarantees, lease obligations, and letter of credit obligations. Our debentures do not restrict us or our current or any future subsidiaries from incurring indebtedness, including senior secured indebtedness, in the future, nor do they limit the amount of indebtedness we can issue that is equal in right of payment. For a discussion of the impact of our liquidity on our ability to meet our payment obligations under our debentures, see also “Risks Related to Our Liquidity—We have a significant amount of debt outstanding and debt service requirements. Our substantial indebtedness and other contractual commitments could adversely affect our business, financial condition, cash flows, and results of operations, as well as our ability to meet our payment obligations under our debentures and our other debt.” Total’s majority ownership of our common stock **by** may adversely affect the liquidity and value of our common stock. As of January 2, 2022, **Total owned and its affiliates was approximately 51%. On May 24, 2022, Total and TotalEnergies Gaz & Electricité Holdings France SAS (collectively, “Sellers”) agreed to sell 50% less one unit of the equity interests in HoldCo, a newly formed Delaware limited liability company which upon closing of such transaction would be the record holder of all of the shares of our outstanding common stock held by Sellers, excluding to GIP Sol (the “Transaction”). In connection with the completion of the**

Transaction on September 12, 2022, TotalEnergies Renewables, GIP Sol, and HoldCo entered into a Letter Agreement concerning certain governance rights with respect to HoldCo and the shares of our common stock held directly by HoldCo issuable upon conversion of our 4.00% debentures or any unvested restricted stock units. The Board of Directors of SunPower currently includes six **five** designees from **Total HoldCo**, giving **Total HoldCo** majority control of our Board of Directors. As a result, subject to the restrictions in the Affiliation Agreement, **Total HoldCo** possesses significant influence and control over our affairs. Our non-**Total HoldCo** stockholders have reduced ownership and voting interest in the Company and, as a result, have less influence over the management and policies of the Company than they exercised prior to Total's tender offer. As long as **Total HoldCo** controls us, the ability of our other stockholders to influence matters requiring stockholder approval is limited. **Total HoldCo**'s stock ownership and relationships with members of our Board of Directors could have the effect of preventing minority stockholders from exercising significant control over our affairs, delaying or preventing a future change in control, impeding a merger, consolidation, takeover, or other business combination or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, limiting our financing options. These factors in turn could adversely affect the market price of our common stock or prevent our stockholders from realizing a premium over the market price of our common stock. The Affiliation Agreement limits **Total**, **any affiliate of Total** and any member of **a group under Section 13 (d) of the Exchange Act of which Total affiliated companies is a member, including GIP** (the "Total Group"), from effecting, seeking, or entering 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 during a standstill period. The Affiliation Agreement also 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. Such provisions may not be successful in preventing the Total Group from engaging in transactions which further increase their ownership and negatively impact the price of our common stock. See also "Risks Related to Our Liquidity- We may be unable to generate sufficient cash flows or obtain access to external financing necessary to fund our operations and make adequate capital investments as planned due to the general economic environment, cost inflation, and / or the market pressure driving down the average selling prices of our solar power products, among other factors." Finally, the market for our common stock has become less liquid and more thinly traded as a result of the Total tender offer. The lower number of shares available to be traded could result in greater volatility in the price of our common stock and affect our ability to raise capital on favorable terms in the capital markets. If we cease to be considered a "controlled company" within the meaning of the **NASDAQ Nasdaq** corporate governance rules, we will be subject to additional corporate governance requirements. If we cease to be considered a "controlled company" under the **NASDAQ Nasdaq** corporate governance rules, we will be subject to additional corporate governance requirements, including the requirements that: • a majority of our Board of Directors consist of independent directors; • our Nominating and Corporate Governance Committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; • our Compensation Committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and • there be an annual performance evaluation of the Nominating and Corporate Governance Committee and the Compensation Committee. The **NASDAQ Nasdaq** listing rules provide for phase-in periods for these requirements (including that each such committee consist of a majority of independent directors within 90 days of ceasing to be a "controlled company"), but we must be fully compliant with the requirements within one year of the date on which we cease to be a "controlled company." Currently, we do not have a majority of independent directors on our Board of Directors and only two of the four members of each of our Nominating and Governance Committee and our Compensation Committee are independent. During this transition period, our stockholders may not have the same protections afforded to stockholders of companies that are subject to all of the **NASDAQ Nasdaq** corporate governance rules and the ability of our independent directors to influence our business policies and affairs may be reduced. In addition, we may not be able to attract and retain the number of independent directors needed to comply with **NASDAQ Nasdaq** corporate governance rules during the transition period. In addition, as a result of potentially no longer being a "controlled company," we may need to obtain certain consents, waivers, and amendments in connection with our existing debt agreements. Any failure to obtain such consents, waivers, and amendments might cause cross defaults under other agreements and may have a material adverse effect on our results of operations, cash flows, and financial condition. **The issuance of shares of common stock, conversion of our outstanding 4.00% debentures, and future substantial Substantial** issuances or dispositions of our common stock or other securities, could dilute ownership and earnings per share or cause the market price of our stock to decrease. In our equity offering in 2019, we sold an aggregate of 25,300,000 shares of common stock, and we may in the future seek to sell additional common stock or other securities. Sales of our common stock in the public market or sales of any of our other securities will or could, as applicable, dilute ownership and earnings per share, and even the perception that such sales could occur could cause the market prices of our common stock to decline. **The price of our** To the extent we issue common stock upon conversion of our outstanding 4.00% debentures, the conversion of some or all of such debentures will dilute the ownership interests of existing stockholders, including holders who had previously converted their debentures. Any sales in the public market of the common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of our outstanding debentures may encourage short selling of our common stock by market participants who expect that the conversion of the debentures could depress the prices of our common stock. Future sales of our common stock in the public market could lower the market price for our common stock and adversely impact the trading price of our debentures. In the future, we may sell additional shares of our common stock to raise capital. We cannot predict the size of future issuances or the effect, if any, that they may have on the market price for our common stock. In addition, a substantial number of shares of our common stock is reserved for issuance upon the exercise of stock options, restricted stock awards, restricted stock units, warrants, and upon conversion of our outstanding 4.00% debentures. The issuance and sale of substantial amounts of common stock, or the perception that such issuances and sales may occur, could adversely affect the trading price of our debentures and the market price of our common

stock and impair our ability to raise capital through the sale of additional equity or equity-linked securities. The price of our common stock, and therefore of our outstanding 4.00% debentures, may fluctuate significantly. Our common stock has experienced extreme price and volume fluctuations. The trading price of our common stock could be subject to further wide fluctuations due to many factors, including the factors discussed in this risk factors section. In addition, the stock market in general, and The NASDAQ Nasdaq Global Select Market and the securities of technology companies and solar companies in particular, have experienced severe price and volume fluctuations. These trading prices and valuations, including our own market valuation and those of companies in our industry generally, may not be sustainable. These broad market and industry factors may decrease the market price of our common stock, regardless of our actual operating performance. ~~Because the 4.00% debentures are convertible into our common stock (and/or cash equivalent to the value of our common stock), volatility or depressed prices of our common stock could have a similar effect on the trading price of the debentures.~~ In the past, stockholders have initiated class action lawsuits against companies following periods of volatility in the market prices of their stock. Such litigation, if instituted against us, could cause us to incur substantial costs and divert management's attention and resources from our business. We do not intend to pay cash dividends on our common stock in the foreseeable future. We have never declared or paid cash dividends. For the foreseeable future, we intend to retain any earnings, after considering any dividends on any preferred stock, to finance the development of our business, and we do not anticipate paying any cash dividends on our common stock. Any future determination to pay cash dividends will be at the discretion of our Board of Directors and will be dependent upon then-existing conditions, including our results of operations, cash flows, and financial condition, capital requirements, contractual restrictions, business prospects, and other factors that our Board of Directors considers relevant. Accordingly, holders of our common stock must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize a return on their shares of common stock. Delaware law and our certificate of incorporation and by-laws contain anti-takeover provisions ~~and our outstanding 4.00% debentures provide for a right to convert upon certain events,~~ and our Board of Directors entered into a rights agreement and declared a rights dividend, any of which could delay or discourage takeover attempts that stockholders may consider favorable. Provisions in our certificate of incorporation and by-laws may have the effect of delaying or preventing a change of control or changes in our management. These provisions include the following: • the right of the Board of Directors to elect a director to fill a vacancy created by the expansion of the Board of Directors; • the prohibition of cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates; • the requirement for advance notice for nominations for election to the Board of Directors or for proposing matters that can be acted upon at a stockholders' meeting; • our Board of Directors is divided into three classes of directors, with the classes to be as nearly equal in number as possible; • stockholders may not call special meetings of the stockholders, except by Total under limited circumstances; and • our Board of Directors is able to alter our by-laws without obtaining stockholder approval. ~~Certain provisions of our outstanding debentures could make it more difficult or more expensive for a third party to acquire us. Upon the occurrence of certain transactions constituting a fundamental change, including an entity (such as Total) becoming the beneficial owner of 75% of our voting stock, holders of our outstanding debentures will have the right, at their option, to require us to repurchase, at a cash repurchase price equal to 100% of the principal amount plus accrued and unpaid interest on the debentures, all or a portion of their debentures. We may also be required to issue additional shares of our common stock upon conversion of such debentures in the event of certain fundamental changes.~~ Our ability to use our net operating loss and credit carryforwards to offset future taxable income may be subject to certain limitations. As of January 21, 2022 ~~2023~~, we had federal net operating loss carryforwards of \$ 548 ~~147~~ ~~13~~ million for tax purposes, California state net operating loss carryforwards of approximately \$ 841 ~~638~~ ~~41~~ million for tax purposes, credit carryforwards of approximately \$ 72 ~~74~~ ~~60~~ million for federal tax purposes, and California credit carryforwards of \$ 2.4 ~~7~~ million for state tax purposes. Our ability to utilize a portion of the net operating loss and credit carryforwards is dependent upon our being able to generate taxable income in future periods or being able to carryback net operating losses to prior year tax returns. Our ability to utilize net operating losses may be limited due to restrictions imposed on utilization of net operating loss and credit carryforwards under federal and state laws upon a change in ownership, ~~such as the transaction with Cypress Semiconductor Corporation ("Cypress") while we were deemed to be a member and subsidiary of the Cypress consolidated group or tax attributes from acquired companies.~~ Section 382 of the Code imposes restrictions on the use of a corporation's net operating losses, as well as certain recognized built-in losses and other carryforwards, after an "ownership change" occurs. A Section 382 "ownership change" occurs if one or more stockholders or groups of stockholders who own at least 5% of our stock increase their ownership by more than 50 percentage points over their lowest ownership percentage within the prior three-year period (calculated on a rolling basis). ~~A conversion of our outstanding convertible notes debentures, and/or other issuances~~ ~~Issuances~~ or sales of our stock (including certain transactions involving our stock that are outside of our control) could result in an ownership change under Section 382. If an "ownership change" occurs, Section 382 would impose an annual limit on the amount of pre-change net operating losses and other losses we can use to reduce our taxable income generally equal to the product of the total value of our outstanding equity immediately prior to the "ownership change" and the applicable federal long-term tax-exempt interest rate for the month of the "ownership change" (subject to certain adjustments). ~~The majority~~ ~~A portion~~ of our U. S. federal net operating losses were generated prior to 2018, and these losses may be carried forward for up to 20 years. The annual limitation may effectively provide a cap on the cumulative amount of pre-ownership change losses, including certain recognized built-in losses that may be utilized. Such pre-ownership change losses in excess of the cap may be lost. In addition, if an ownership change were to occur, it is possible that the limitations imposed on our ability to use pre-ownership change losses and certain recognized built-in losses could cause a net increase in our U. S. federal income tax liability and require U. S. federal income taxes to be paid earlier than otherwise would be paid if such limitations were not in effect. ~~Further, if for financial reporting purposes the amount or value of these deferred tax assets is reduced, such reduction would have a negative impact on the book value of our common stock.~~ On June 29, 2020, the

California Assembly Bill (“ AB 85 ”) suspended the use of California net operating loss deduction and limited the maximum business incentive tax credit utilization to \$ 5. 0 million annually starting with tax years beginning on or after January 1, 2020 through December 31, 2022. California Senate Bill (“ SB 113 ”) was enacted on February 9, 2022 and restores the use of net operating losses and business tax credits one year earlier. State legislatures may consider additional limitations on tax attributes in order to raise tax revenues. As a result, our state income tax may increase if more states adopt restrictions on the use of tax attributes. As discussed in “ Risk Factors — Risks Related to the Spin- Off, ” the Spin- Off has resulted in a fully taxable event to SunPower, for which we recognized taxable gain that was offset with prior year losses, thus resulting in a significant reduction in our net operating loss carryforwards. General Risk Factors A change in our effective tax rate could have a significant adverse impact on our business, and an adverse outcome resulting from examination of our income or other tax returns could adversely affect our results. A number of factors may adversely affect our future effective tax rates, such as the jurisdictions in which our profits are determined to be earned and taxed; changes in the valuation of our deferred tax assets and liabilities; adjustments to estimated taxes upon finalization of various tax returns; adjustments to our interpretation of transfer pricing standards; changes in available tax credits, grants and other incentives; changes in stock- based compensation expense; the availability of loss or credit carryforwards to offset taxable income; changes in tax laws or the interpretation of such tax laws (for example federal and state taxes); and changes in U. S. generally accepted accounting principles (U. S. GAAP). A change in our effective tax rate due to any of these factors may adversely affect our future results from operations. Significant judgment is required to determine the recognition and measurement attributes prescribed in the accounting guidance for uncertainty in income taxes. The accounting guidance for uncertainty in income taxes applies to all income tax positions, including the potential recovery of previously paid taxes, which if settled unfavorably could adversely affect our provision for income taxes. In addition, we are subject to examination of our income tax returns by various tax authorities. We regularly assess the likelihood of adverse outcomes resulting from any examination to determine the adequacy of our provision for income taxes. An adverse determination of an examination could have an adverse effect on our results of operations and financial condition. See also “ Item 8. Financial Statements and Supplementary Data- Notes to Consolidated Financial Statements- Note 13. Income Taxes. ” Additionally, U. S. tax reform may lead to further changes in (or departure from) these norms. As these and other tax laws and related regulations change, our results of operations, cash flows, and financial condition could be materially impacted. Given the unpredictability of these possible changes and their potential interdependency, it is very difficult to assess whether the overall effect of such potential tax changes would be cumulatively positive or negative for our earnings and cash flow. Fluctuations in interest rates could adversely affect our business and financial results. We are exposed to interest rate risk because many of our customers depend on debt financing to purchase our solar power systems. An increase in 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, and thus lower demand for our solar power products, reduce revenue and adversely affect our results of operations and cash flow. Our ability to directly finance the purchase of solar power systems using retail installment contracts at attractive pricing may be negatively impacted by rising interest rates. An increase in interest rates could lower a customer’ s return on investment in a system or make alternative investments more attractive relative to solar power systems, which, in each case, could cause our customers to seek alternative investments that promise higher returns or demand higher returns from our solar power systems, which could reduce our revenue and gross margin and adversely affect our financial results. Our interest expense would increase to the extent interest rates rise in connection with our variable interest rate borrowings. Conversely, lower interest rates have an adverse impact on our interest income. See also “ Item 7A. Quantitative and Qualitative Disclosures About Market Risk ” and under this section “ Risks Related to Our Sales Channels — ~~The execution of our growth strategy is dependent upon the continued availability of third- party financing arrangements for our projects solar power plants, including our residential finance lease and loan programs and our customers offerings through SunPower Financial~~, and is affected by general economic conditions ~~and other factors~~. ” ~~Uncertainty about the continuing availability of LIBOR may adversely affect our business, financial condition, results of operations, and cash flows. Borrowings under certain of our credit facilities bear interest at a floating rate based on the London Inter- bank Offered Rate (“ LIBOR ”). In July 2017, the United Kingdom’ s Financial Conduct Authority (the “ FCA ”), which regulates LIBOR, announced that after December 31, 2021, it would no longer compel banks to submit the rates required to calculate LIBOR. We cannot predict the effect of the FCA’ s decision not to sustain LIBOR or, if changes ultimately are made to LIBOR, the effect those changes may have on the payments we receive under our interest rate forward swap agreements. In anticipation of LIBOR’ s discontinuation, our credit facilities generally provide a transition mechanism to a LIBOR- replacement rate to be mutually agreed upon by us and our lenders. There can be no assurance, however, that we will be able to reach an agreement with our lenders on any such replacement benchmark before experiencing adverse effects due to changes in interest rates, if at all. In addition, any such changes under the credit facilities may result in interest rates and /or payments that are higher or lower than payments we presently are obligated to make. Any of these risks could adversely affect our business, financial condition, results of operations, and cash flows. 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 2022, 2021, and 2020, and 2019, our internal control over financial reporting and our disclosure controls and procedures were effective. 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. Our insurance for certain indemnity obligations we have to our officers and directors may be inadequate, and potential claims could materially and negatively impact our financial condition, cash flows, and results of operations. Pursuant to our certificate of incorporation, by-laws, and certain indemnification agreements, we indemnify our officers and directors for certain liabilities that may arise in the course of their service to us. Although we currently maintain directors and officers liability insurance for certain potential third-party claims for which we are legally or financially unable to indemnify them, such insurance may be inadequate to cover certain claims, or may prove prohibitively costly to maintain in the future. In addition, in previous years, we have primarily self-insured with respect to potential third-party claims. If we were required to pay a significant amount on account of these liabilities for which we self-insured, our business, financial condition, cash flows, and results of operations could be materially harmed. Our **Our** success depends on the continuing contributions of our key personnel, and the loss of services of any principal member of our management team could adversely affect our operations. We rely heavily on the services of our key executive officers. We are investing significant resources in developing new members of management as we complete our **restructuring and** strategic transformation, and the loss of services of any principal member of our management team could adversely affect our operations. The competition for qualified personnel is intense in our industry, and we may not be successful in attracting and retaining sufficient numbers of qualified personnel to support our anticipated growth. We also cannot guarantee that any employee will remain employed with us for any definite period of time since all of our employees, including our key executive officers, serve at-will and may terminate their employment at any time for any reason. ~~Future sales of~~ business is subject to a variety of U. S. and international laws, rules, policies, and other obligations regarding privacy, data protection, and other matters. We are subject to federal, state, and international laws and regulations relating to the collection, use, retention, security, and transfer of customer, employee, and business partner personally identifiable information (“ PII ”), including the California Consumer Privacy Act (“ CCPA ”) **and the California Privacy Rights Act (“ CPRA ”)**, **as well as regulation in other jurisdictions** ~~which came into effect on January 1, 2020~~. In many cases, these laws and regulations apply not only to third-party transactions, but also to transfers of information between one company and its subsidiaries, and among the subsidiaries and other parties with which it has commercial relations. We collect and use data that may be subject to these laws and regulations, including personal and financial data concerning customers, employees and business partners, in the ordinary course of our business. In addition, the introduction of new products or expansion of our activities in certain jurisdictions may subject us to additional laws and regulations. These U. S. federal and state and foreign laws and regulations, including the European Union’s General Data Protection Regulation (“ GDPR ”), which can be enforced by private parties or government entities, are constantly evolving and can be subject to significant change. In addition, the application and interpretation of these laws and regulations, including CCPA **and CPRA**, are often uncertain, particularly in the new and rapidly evolving industry in which we operate, and may be interpreted and applied inconsistently from country to country and inconsistently with our current policies and practices. These existing and proposed laws and regulations can be costly to comply with, require significant management time and attention and can delay or impede certain business practices or the development of new products or expansion into new jurisdictions. Furthermore, even if we comply with these laws and regulations in the ordinary course of our business, in the event of a breach of our information technology systems or other unauthorized access to the data we collect, use and store, we may incur significant costs, including negative publicity, resulting from the actions we are required to take in order to comply with applicable notice and other requirements. A failure by us, our suppliers, or other parties with whom we do business to comply with posted privacy policies or with federal, state, or international privacy-related or data protection laws and regulations, including CCPA **and CPRA**, could result in inquiries, investigations, proceedings, enforcement actions, claims, litigation or other actions by governmental entities or others, including customers or other affected individuals, any or all of which could subject us to fines or damages, which may be significant, demands or requirements that we modify or cease existing business practices, damage to our reputation and brand, loss of customers, employees, suppliers and partners, negative publicity and numerous other potential costs and liabilities. Any of these potential consequences, costs and other liabilities could detrimentally affect our business, results of operations, cash flows, and financial condition. **Significant Breaches** ~~breaches~~ of our information technology systems ~~which~~ could lead to disclosure of our internal information and customer data, impairment of our ability to protect our intellectual property, damage to our reputation or relationships with current or prospective dealers and customers, disrupted access to our online services and exposure to government investigations and enforcement actions, litigation and other liabilities, any or all of which could subject us to significant reputational, financial, legal, and operational consequences. Our business requires us to develop, collect, use and store confidential and proprietary information, intellectual property, commercial banking information, and personal and financial information concerning customers, employees, and business partners, and corporate information concerning internal processes and business functions. Despite our implementation of security measures and controls, we are subject to a wide variety of consistently evolving security threats, including that criminals or other unauthorized actors, which may include nation- state and nation- state- supported actors or organizations, may be able to breach our security measures and gain access to and misappropriate our confidential information or the confidential

information of customers and other third parties, disrupt access to our systems or introduce malware, ransomware or other vulnerabilities into our environment. Where appropriate, we use encryption and authentication technologies to secure the transmission and storage of data. However, the confidentiality, integrity or availability of our confidential data, or operational access to our network, systems or applications may be **materially** compromised as a result of security breaches (either of our systems and of the systems of third parties on which we rely), employee error, malfeasance, faulty password management, or other irregularity or malicious effort, and result in persons obtaining unauthorized access to our systems and confidential information. Likewise, while we devote resources to network security, data encryption, and other security measures to protect our systems and data, **and require similar measures from third parties on which we rely**, these measures cannot provide absolute security. Because the techniques used to obtain unauthorized access, disable, or degrade service, or sabotage systems change frequently, and / or target end users through phishing and other malicious techniques, and / or may be difficult to detect for long periods of time, we may be unable to anticipate these techniques, implement adequate preventative measures, or promptly identify, contain, and remediate intrusions. In addition, hardware, software, or applications we develop or procure from third parties may contain defects in design or manufacture or other problems, **or third parties on which we rely may fail to implement reasonable administrative, technical, and physical safeguards** that could unexpectedly compromise information security. Unauthorized parties may also attempt to gain access to our **or to third party** systems or facilities through fraud, trickery, or other forms of deceiving our team members, contractors, and temporary staff. We have experienced attacks and breaches of our systems in the past, and in February 2022, we discovered unauthorized access to certain of our systems. Together with an outside cybersecurity firm **firms**, we **conducted** ~~are conducting~~ an investigation into the circumstances of ~~the~~ **this** activity ~~discovered in February 2022~~ to determine its nature, scope, duration, and impacts. ~~Our~~ ~~While our investigation is ongoing~~ **has concluded**, and our analysis ~~showed to date shows~~ no indication that ~~data has been taken~~ **personally identifiable information has accessed**, and to our knowledge, ~~no~~ **evidence that** customer or financial data ~~were~~ **have been** impacted. ~~We~~ ~~Thus far, we have experienced limited interruptions to our business operations related to our containment and remediation efforts~~. ~~However, we cannot provide assurances that we will not experience, or that the investigation will not identify evidence of, further unauthorized access, or that our ongoing incident response activities or the cyber attack will not further disrupt our operations~~. We expect to continue to experience an increasing number of attacks on our systems, and there can be no assurance that we will not experience additional breaches in the future. If we experience, or are perceived to have experienced, a significant security breach, ~~including as a result of the activity discovered in February 2022~~, or fail to detect, contain, and remediate a significant security breach, or fail to implement disclosure controls and procedures that provide for timely and accurate disclosure of security breaches deemed material to our business, including corrections or updates to previous disclosures, we could be exposed to a risk of significant loss, impairment of our ability to protect our intellectual property, increased insurance costs, remediation and prospective prevention costs, damage to our reputation and brand, loss of customers, employees, suppliers, and partners, litigation and possible liability, government investigations and enforcement actions, costs to comply with, and potential penalties for any violations of, applicable laws or regulations, including laws and regulations relating to the collection, use, and security of personally identifiable information and data and consumer protection laws related to our financing activities with residential customers, and other damage to our business, any or all of which could detrimentally affect our business, results of operations, cash flows, and financial condition. Although we maintain insurance that is intended to address certain of these risks, our insurance coverage may not cover or be sufficient to cover all losses or claims that may result from a cyber breach or related incident. ~~We may also share information with contractors and third-party providers to conduct our business. While we generally review and typically request or require such contractors and third-party providers to implement security measures, such as encryption and authentication technologies to secure the transmission and storage of data, those third-party providers may experience a significant security breach, which may result in the misappropriation of any confidential or personally-identifying information that we have shared with such third parties and a detrimental effect on our business, results of operations, cash flows, and financial condition. See also under this section, "Risks Related to Our Intellectual Property. We rely substantially upon trade secret laws and contractual restrictions to protect our proprietary rights, and, if these rights are not sufficiently protected, our ability to compete and generate revenue could suffer."~~ We could be adversely affected by any violations of the FCPA and foreign anti-bribery laws. The FCPA generally prohibits companies and their intermediaries from making improper payments to non-U.S. government officials for the purpose of obtaining or retaining business. Other countries in which we operate or have supplier or vendor relationships also have anti-bribery laws, some of which prohibit improper payments to government and non-government persons and entities. Our policies mandate compliance with these anti-bribery laws. In addition, due to the level of regulation in our industry, the sale of our legacy international projects may require substantial government contact where norms can differ from U.S. standards. While we implement policies and procedures and conduct training designed to facilitate compliance with these anti-bribery laws, thereby mitigating the risk of violations of such laws, our employees, subcontractors and agents may take actions in violation of our policies and anti-bribery laws. Any such violation, even if prohibited by our policies, could subject us to criminal or civil penalties or other sanctions, which could have a material adverse effect on our business, financial condition, cash flows, and reputation. We may be subject to information technology system failures or network disruptions that could damage our business operations, financial conditions, or reputation. We may be subject to information technology system failures and network disruptions. These may be caused by natural disasters, accidents, power disruptions, telecommunications failures, acts of terrorism or war, computer viruses, physical or electronic break-ins, or similar events or disruptions. System redundancy may be ineffective or inadequate, and our disaster recovery planning may not be sufficient for all eventualities. Such failures or disruptions could result in delayed or canceled orders. System failures and disruptions could also impede the manufacturing and shipping of products, delivery of online services, transactions processing, and financial reporting. If securities or industry analysts change their recommendations regarding our stock adversely, our stock price and trading volume could decline. The trading market for our common stock is

influenced by the research and reports that industry or securities analysts publish about us, our business or our market. If one or more of the analysts who cover us change their recommendation regarding our stock adversely, our stock price would likely decline. If one or more of these analysts ceases coverage of our company or fails to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume, ~~and the value of our debentures,~~ to decline.