April 17, 2025

SUNation Energy Issues Letter to Shareholders in Conjunction With Filing of Form 10-K

Schedules Corporate Update Call for April 23, 2025

RONKONKOMA, N.Y., April 17, 2025 (GLOBE NEWSWIRE) -- **SUNation Energy, Inc. (Nasdaq: SUNE) ("SUNation" or the "Company")**, a leading provider of sustainable solar energy and backup power to households, businesses, municipalities, and for servicing existing systems, today issued a Letter to Shareholders from CEO Scott Maskin in connection with the filing of the Company's Form 10-K for the year ended December 31, 2024 ("FY 2024") on April 15, 2025. A copy of the Company's Form 10-K is available at www.sec.gov.

Dear Fellow Shareholder:

I am writing to you with a renewed sense of optimism for SUNation's future, tremendous pride in the dedication and hard work of our team, and appreciation for the continuing faith of our residential and commercial customers in our ability to provide an outstanding end-to-end solar experience. Over the last several quarters, we have made it a priority to address a variety of legacy financial, operational, and governance issues that impeded our growth potential, which included recruiting a new leadership team and a refreshed Board of Directors with relevant industry, capital markets, and public company experience.

This journey has not been easy, but nothing worth doing ever is. Many of these decisions were among the most difficult of my career, with a significant impact to our people and our investors; they were, however, necessary. While we still have work to do, we believe that we have positioned the Company to resume growth and thrive in the years ahead.

Our results for 2024 reflect both the encouraging and unpredictable aspects of our industry, as well as the specific issues that affected our operations. The last two years have been some of the most challenging in our space, and some companies – many larger than us – have not survived. While being a smaller company can make us more vulnerable to the effects of macro conditions, it also provides us with a significant advantage - specifically, the ability to act quickly and with resolve.

As we look ahead to 2025, we see a significant opportunity to pursue a myriad of commercial and residential opportunities in our core markets and surrounding regions, consider strategic acquisition opportunities, and fortify our operations to support a pivot to sustainable growth and profitability. For full year 2024 results, and other recent developments, please review our annual report on Form 10-K, which we filed on April 15, 2025, and can be found at www.sec.gov, free of charge.

2024 Performance Overview and Recent Events

Full Year 2024

- Total sales of $56.9 million declined as expected from last year's sales of $79.6 million driven by a decrease in residential and commercial solar projects, as well as lower service revenue. However, sales increased on a consecutive basis for each quarter of 2024 with Q4 2024 sales of $15.4 million up 9.3% from Q1 2024 sales of $13.2 million.
- Over 50% of our installed jobs in 2023 and 2024 came from referrals or repeat customers, a rate that ranks among the best in our industry. This also helped drive down year-over-year customer acquisition costs by approximately 8%.
- Gross margin for 2024 improved to 35.9% from 34.8%, reflecting tighter controls over direct costs.
- Total operating expenses declined by nearly 7% to $32.7 million from $35.2 million.
- The decline in total operating expenses in 2024 was offset by a $3.1 million non-cash goodwill impairment charge associated with Hawaii Energy Connection ("HEC") and a $750,000 intangible asset impairment loss related to technology related intangible assets within the HEC segment; there were no such charges realized in 2023.
- A series of cost optimization and efficiency measures implemented in 2024 are expected to produce annual selling, general and administrative expense cost savings in 2025 of over $2.0 million.
- Operating loss from continuing operations was $12.3 million compared to $7.5 million in 2023

Recent Developments

- We secured $20 million in aggregate gross proceeds via a securities purchase agreement with certain institutional investors ("the Offering").
- This fresh capital allowed us to eliminate $12.6 million of secured debt and other long-term contractual obligations. This included the repayment in full of $9.4 million of senior and junior secured debt that removed an average annual cash drain of approximately $3.4 million through 2027, and the payment in full of a $2.5 million earn out consideration.
- This reduction in debt has produced material benefits, including lowering our annual interest expense for 2025 by an estimated $1.4 million, while enhancing cash flows that provide the flexibility necessary to invest appropriately in our long-term expansion and/or other strategic options.

Q1 2025 Outlook

We expect that our financial position for the first quarter ended March 31, 2025 will reflect the positive effects of this deleveraging and the cost containment initiatives that began in 2024, including:

- cash and cash equivalents of approximately $1.4 million, up from cash and cash equivalents of $0.8 million at December 31, 2024; cash at March 31, 2025 did not include $5 million in gross proceeds raised as part of the Offering that closed in early

April 2025.
- total debt of approximately $9.3 million, a $9.8 million reduction from $19.1 million at December 31, 2024; this reduction does not include the impact of the above-mentioned $2.5 million earn out payment.

The Path Forward

Our strategy is designed to provide customers with sustainable energy security by leveraging our people, technology, and processes to deliver solutions that improve the performance, increase the reliability, and reduce the cost of energy.

Our industry is highly fragmented, consisting primarily of small, regional companies that control the majority of installations. We believe that this creates a great opportunity for a company like SUNation. With our corporate transformation substantially complete, an injection of fresh capital, and our outlook for the solar industry positive, we believe that the best pathway for long-term growth is a combination of organic expansion initiatives, while pursuing net profitable accretive strategic acquisition opportunities.

With respect to organic growth, we will continue to focus on lowering customer acquisition costs by capitalizing on our premier referral rates, achieve economies of scale that support a lower cost of goods sold, and explore opportunities that widen the scope of solar services to become a one-stop shop for solar and storage-related needs. By leveraging our two-decade reputation for high quality and dependable solar installation, we are investing heavily in the operations of our roofing division, a natural extension of our solar offerings, as well as strengthening our outreach to non-SUNation clients in need of service for their existing PV and battery systems. We also believe that we can increase our service revenue by addressing service gaps created by solar providers that are no longer in business.

Our approach to any potential acquisitions will be deliberate and thoughtful, with a focus on well-run residential and commercial solar companies in a select group of states that contain markets with the factors that are necessary for fruitful expansion. We believe that regional companies with robust corporate support are best suited to navigate their respective state and regulatory operating environments. Our acquisition criteria includes exposure to battery storage and value-added energy services, opportunities that can deliver meaningful cost and revenue synergies, and compatible business cultures, with a focus on the customer. Our goal is to achieve scale while maintaining the regional identity and connection to the community that these companies have developed over the years.

We believe that SUNation's value proposition of energy independence, our sterling reputation, customer-centric approach, and diversified service portfolio will help us navigate the macroeconomic environment, including tariffs, government subsidies, and interest rates.

In Closing

I founded SUNation in 2003 and built it into one of the largest and most respected solar installers on Long Island. This was accomplished through hard work, a respect for the customer, and surrounding myself with the best possible team. In 2022 we acquired HEC and E-GEAR, both Hawaii-based sustainable energy solution providers, as a reflection of our commitment to capitalize on the growing demand for solutions that provide home energy security.

After more than two decades, we are just beginning.

I am optimistic about the future of the solar and storage industry and SUNation. Our industry creates good paying jobs and generates substantial revenue at the regional level, positioning us as a significant contributor to the national energy mix alongside oil, coal, gas, and wind. Importantly, our distributed energy solutions fortify local energy infrastructures, making us a vital part of energy security. Our industry is resilient and has always aligned with economic expansion – a stronger economy equals strong energy demand.

I remain committed to capitalizing on the significant opportunities inherent in our industry and delivering long-term value to our shareholders.

Respectfully submitted,

Scott Maskin
Chief Executive Officer

Corporate Update Call / Submit Question in Advance

Management will host a Corporate Update call on Wednesday, April 23 at 10:00 am ET. Interested parties may participate in the call by dialing:

- Domestic: (800) 715-9871
- International: (646) 307-1963
- Passcode: 5681681

The conference call will also be accessible via the Investor Relations section of the Company's web site at https://ir.sunation.com/news-events or via this link: https://edge.media-server.com/mmc/p/2sjxvf6u.

Questions may be submitted in advance to ir@sunation.com with the subject line "Corporate Update Questions." The deadline for submitting questions is April 22 at 5:00 PM ET.

About SUNation Energy, Inc.

SUNation Energy, Inc. is focused on growing leading local and regional solar, storage, and energy services companies nationwide. Our vision is to power the energy transition through grass-roots growth of solar electricity paired with battery storage. Our portfolio of brands (SUNation, Hawaii Energy Connection, E-Gear) provide homeowners and businesses of all sizes with an end-to-end product offering spanning solar, battery storage, and grid services. SUNation Energy, Inc.'s largest markets include New York, Florida, and Hawaii, and the company operates in three (3) states.

Forward Looking Statements

Our prospects here at SUNation Energy Inc. are subject to uncertainties and risks. This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Act of 1934. The Company intends that such forward-looking statements be subject to the safe harbor provided by the foregoing Sections. These forward-

looking statements are based largely on the expectations or forecasts of future events, can be affected by inaccurate assumptions, and are subject to various business risks and known and unknown uncertainties, a number of which are beyond the control of management. Therefore, actual results could differ materially from the forward-looking statements contained in this presentation. The Company cannot predict or determine after the fact what factors would cause actual results to differ materially from those indicated by the forward-looking statements or other statements. The reader should consider statements that include the words "believes", "expects", "anticipates", "intends", "estimates", "plans", "projects", "should", or other expressions that are predictions of or indicate future events or trends, to be uncertain and forward-looking. We caution readers not to place undue reliance upon any such forward-looking statements. The Company does not undertake to publicly update or revise forward-looking statements, whether because of new information, future events or otherwise. Additional information respecting factors that could materially affect the Company and its operations are contained in the Company's filings with the SEC which can be found on the SEC's website at www.sec.gov.

Contacts:
Scott Maskin
Chief Executive Officer
+1 (631) 823-7131
smaskin@sunation.com

SUNation Energy Investor Relations
IR@sunation.com

Source: SUNation Energy, Inc.