

August 3, 2022



# Pineapple Energy Announces First Distribution to CVR Holders of \$3.60 per CVR

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Pursuant to the merger of Communications Systems Inc. (CSI) and Pineapple Energy, Inc., which was completed on March 28, 2022, CSI shareholders of record at the close of business on March 25, 2022 (the "CVR Holders") received one contractual, non-transferable contingent value right ("CVR") per share of CSI common stock. Each CVR represents the right to receive a pro rata portion of proceeds available from the disposition of CSI's pre-merger assets during the 24-month period following the effective time of the merger.

On August 3, 2022, Pineapple Energy Inc. and the CVR Holders' Representative jointly determined that \$8,745,627.60 was available for distribution to the CVR Holders from the disposition of CSI's pre-merger assets between March 28 and June 30, 2022. This represents a distribution of \$3.60 per CVR. CVR Holders are reminded that prior to the merger, on March 18, 2022, pursuant to a 1-for-4 reverse stock split, the number of outstanding shares of CSI stock was reduced from 9,720,627 to 2,429,341.

This payment of \$3.60 per CVR is not a taxable event, but the CVRs distributed to the CVR Holders following the merger are taxable as a dividend and the taxable value of the dividend will be based on the Company's accumulated earnings and profits as of December 31, 2021. Please refer to Pineapple's IRS Form 8937 posted at <https://ir.pineappleenergy.com/financial-information/cvr> for more information.

We expect that the \$3.60 per CVR distribution to the CVR Holders will commence by August 12, 2022. Additional information regarding the federal income tax treatment of the CVRs and distributions pursuant to the CVRs will be supplied following the filing of Pineapple's December 31, 2021 federal tax return which is expected to occur by October 15, 2022.