January 24, 2023

Pineapple Energy Provides Pro Forma Information Reflecting SUNation Acquisition

- **Pro forma combined revenue of $63 million in 2021, $71 million for 12 months trailing as of 9/30/22**
- **Pro forma gross profit margin over 30%**
- **Pro forma cash and cash equivalents of $5 million as of 9/30/22**

MINNETONKA, Minn., Jan. 24, 2023 (GLOBE NEWSWIRE) -- Pineapple Energy Inc. (NASDAQ:PEGY), a leading provider of sustainable solar energy and back-up power to households and small businesses, filed a Form 8-K/A on January 23, 2023 that includes unaudited pro forma financial information illustrating the financial impact of the acquisition of SUNation, which closed on November 9, 2022.

Pro Forma Financial Highlights

	YTD 2022[1]	Full Year 2021
Revenue	$50,547,785	$62,753,152
Gross Profit	$16,234,845	$21,578,807
Operating Expense[2]	$24,070,229	$36,410,834
Net Loss	($2,480,214)	($15,151,060)
Adjusted EBITDA[3]	($1,991,613)	($5,372,979)
Cash and cash equivalents[4]	$4,971,519	

The unaudited pro forma financial information is not necessarily indicative of consolidated results of operations of the combined business had the acquisition occurred at the beginning of the respective period, nor is it necessarily indicative of future results of operations of the combined company. The unaudited pro forma financial information is based on various assumptions and estimates and should be read in conjunction with the full set of pro forma financial information and the accompanying notes, as presented in the Form 8-K/A filed by Company on January 23, 2023.

Pineapple CEO Kyle Udseth commented, “The SUNation acquisition has been transformative for Pineapple, proving our ability to execute our growth-by-acquisition strategy, and providing a solid financial and operating foundation to drive further growth. We believe that this critical mass will assist us as we pursue other attractive regional installers, with a focus on expanding our geographic footprint and enabling meaningful synergies as our family of companies grows.”

Pineapple CFO Eric Ingvaldson commented, “With trailing twelve months pro forma revenue of $71 million and healthy gross profit margins, we believe that Pineapple has reached a size and scale where it can cover the costs of being a public company and with prudent expense management has an ability to attain profitability."

About Pineapple Energy

Pineapple 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, Sungevity, and Horizon Solar Power) provide homeowners and small businesses with an end-to-end product offering spanning solar, battery storage, and grid services.

Forward Looking Statements

This press release includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding future financial performance, future growth or growth opportunities, future opportunities, future flexibility to pursue acquisitions, future cash flows, and the expected financial impact of, and results following, the SUNation acquisition. These statements are based on the Company's current expectations or beliefs and are subject to uncertainty and changes in circumstances. Actual results may vary materially from those expressed or implied by the statements here due to changes in economic, business, competitive or regulatory factors, and other risks and uncertainties, including those set forth in the Company's filings with the Securities and Exchange Commission. The forward-looking statements in this press release speak only as of the date of this press release. The Company does not undertake any obligation to update or revise these forward-looking statements for any reason, except as required by law.

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Pro Forma Results and Non-GAAP Financial Measures

This press release includes unaudited pro forma information, which represents the results of operations as if the Company had completed the CSI merger, the HEC and E-Gear asset acquisitions and the SUNation acquisition as of January 1, 2021. The unaudited pro forma financial information presented in this press release is not necessarily indicative of consolidated results of operations of the combined business had the acquisition occurred at the beginning of the respective period, nor is it necessarily indicative of future results of operations of the combined company.

This press release includes non-GAAP financial measures that differ from financial measures calculated in accordance with U.S. generally accepted accounting principles ("GAAP").

Adjusted EBITDA is a non-GAAP financial measure provided in this release, and is net loss, calculated in accordance with GAAP, adjusted for interest, income taxes, depreciation, amortization, transaction costs, impairment loss, restructuring expense, paycheck protection program loan forgiveness, non-cash fair value remeasurement adjustments, and employee retention credit income as detailed in the reconciliations presented below in this press release.

These non-GAAP financial measures are presented because the Company believes they are useful indicators of its operating performance. Management uses these measures principally as measures of the Company's operating performance and for planning purposes, including the preparation of the Company's annual operating plan and financial projections. The Company believes these measures are useful to investors as supplemental information and because they are frequently used by analysts, investors, and other interested parties to evaluate companies in its industry. The Company also believes these non-GAAP financial measures are useful to its management and investors as a measure of comparative operating performance from period to period.

The non-GAAP financial measures presented in this release should not be considered as an alternative to, or superior to, their respective GAAP financial measures, as measures of financial performance or cash flows from operations as a measure of liquidity, or any other performance measure derived in accordance with GAAP, and they should not be construed to imply that the Company's future results will be unaffected by unusual or non-recurring items. In addition, these measures do not reflect certain cash requirements such as tax payments, debt service requirements, capital expenditures and certain other cash costs that may recur in the future. Adjusted EBITDA contains certain other limitations, including the failure to reflect our cash expenditures, cash requirements for working capital needs and cash costs to replace assets being depreciated and amortized. In evaluating non-GAAP financial measures, you should be aware that in the future the Company may incur expenses that are the same as or similar to some of the adjustments in this presentation. The Company's presentation of non-GAAP financial measures should not be construed to imply that its future results will be unaffected by any such adjustments. Management compensates for these limitations by primarily relying on the Company's GAAP results in addition to using non-GAAP financial measures on a supplemental basis. The Company's definition of these non-GAAP financial measures is not necessarily comparable to other similarly titled captions of other companies due to different methods of calculation.

Reconciliation of Non-GAAP to GAAP Financial Information

Reconciliation of Pro Forma Net Loss to Pro Forma Adjusted EBITDA:

		Year Ended December 31, 2021		Nine Months Ended September 30, 2022
Pro Forma Net Loss	**$**	**(15,151,060)**	**$**	**(2,480,214)**
Interest expense		1,495,374		1,175,985
Interest income		(20,092)		(16,729)
Income taxes		33,946		209,635
Depreciation		728,496		291,532
Amortization		4,116,228		2,906,920
Transaction costs		4,757,837		2,510,240
Impairment loss		206,261		-
Restructuring expense		467,827		-
Paycheck Protection Program loan forgiveness		(2,007,796)		-
Fair value remeasurement of earnout consideration		-		(4,684,000)
Employee retention credit		-		(1,904,981)
Pro Forma Adjusted EBITDA	**$**	**(5,372,979)**	**$**	**(1,991,613)**

[1] Results for the nine months ended September 30, 2022

[2] YTD 2022 pro forma operating expense includes $2.5 million of transaction costs related to the Company's merger with Communications Systems Inc., the asset acquisitions of Hawaii Energy Connection and E-Gear, and the SUNation acquisition. 2021 pro forma operating expense includes $4.8 million of transaction costs related to the merger with Communications Systems, Inc.

[3] Adjusted EBITDA is a non-GAAP financial measure. See "Pro Forma Results and Non-GAAP Financial Measures" and the reconciliations in this release for further information.

[4] As of 9/30/22. Excludes restricted cash and liquid investments of $4,578,099 as of September 30, 2022, earmarked for payment of contingent value rights.

Pineapple ENERGY

Source: Pineapple Energy