

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

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (date of earliest event reported): September 9, 2024

Pineapple Energy Inc.

(Exact name of Registrant as Specified in its Charter)

Minnesota

(State Or Other Jurisdiction Of Incorporation)

001-31588

(Commission File Number)

41-0957999

(I.R.S. Employer Identification No.)

10900 Red Circle Drive

Minnetonka, MN

(Address of Principal Executive Offices)

55343

(Zip Code)

(952) 996-1674

Registrant's Telephone Number, Including Area Code

Securities registered pursuant to Section 12(b) of the Act

Title of Each Class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value, \$.05 per share	PEGY	The Nasdaq Stock Market, LLC

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01. Entry into a Material Definitive Agreement.

As previously disclosed, on July 22, 2024, Pineapple Energy Inc. (the “Company”) obtained bridge loan financing for working capital purposes from Conduit Capital U.S. Holdings LLC (“Conduit”), an unaffiliated lender. On such date, Conduit loaned the principal sum of \$500,000.00 to the Company on an original issue (“OID”) basis of 20% and accordingly, Conduit advanced \$400,000.00 to the Company (the “Initial Conduit Loan”). The Initial Conduit Loan will accrue interest on the unpaid principal amount, without deduction for the OID, at an annual rate of 20%. Commencing on October 21, 2024 through and including July 21, 2025 (the “Maturity Date”), the Company may request that Conduit provide additional advances for working capital on identical terms, conditions and interest rate as the Initial Conduit Loan on an OID basis, up to an aggregate principal sum of \$500,000.00, and Conduit shall have the right, without commitment or obligation to make such requested loan(s) by advancing 80% of the principal thereof. All such loans are secured by a pledge of all of the Company’s assets. The agreement was evidenced by the Secured Credit Agreement, dated July 22, 2024, between the Company and Conduit and the Secured Credit Note, dated July 22, 2024, between the Company and Conduit (the “Original Note”).

On September 9, 2024, the Company and Conduit entered into an Amended and Restated Convertible Secured Note (the “Amended Note”) which amended the Original Note, which provides for an additional principal advance of \$120,000.00 (the “Advance”). The Amended Note also provides that Conduit may convert all or any portion of the Advance and all accrued but unpaid interest thereon into a number of shares (the “Note Conversion Shares”) of the Company’s common stock, par value \$0.05 per share (the “Common Stock”), calculated as the total dollar amount to be converted divided by \$0.45 (the “Conversion Price”).

As a result of the issuance of the Amended Note, the adjustment provisions in the Series A Convertible Preferred Stock (the “Series A Preferred Stock”) and Common Stock Purchase Warrants (the “Warrants”) of the Company, dated March 28, 2022, were triggered and caused certain adjustments in the currently effective conversion price of the Series A Preferred Stock, or exercise price of the Warrants, as applicable, to the Conversion Price, and a proportional increase in the amount of shares of common stock issuable under the Warrants (the “Reset”).

As a result of the Reset, the holders of the Preferred Stock and Warrants (the “Holders”) were able to convert their Series A Preferred Stock for an aggregate of 28,942,573 shares of Common Stock at the Conversion Price and exercise their Warrants for an aggregate of 66,741,065 shares of Common Stock at the Conversion Price.

Prior to any conversion of the Series A Preferred Stock or exercise of the Warrants after the Reset, on September 9, 2024, the Company entered into a Securities Exchange Agreement with the holders of the Series A Preferred Stock and Warrants to cancel and retire the Series A Preferred Stock and the Warrants in exchange for shares of Series C Convertible Preferred Stock of the Company (the “Series C Preferred Stock”), convertible at the Conversion Price for up to an aggregate of 62,313,111 shares of Common Stock (the “Exchange”). The Series C Preferred Stock does not contain any of the price resets set forth in the Series A Preferred Stock, except in the case of stock splits, recapitalizations and similar transactions by the Company. See “Terms of the Series C Preferred Stock” set forth below.

The closing of the Exchange will occur on September 10, 2024, subject to the satisfaction of certain closing conditions.

The Exchange Agreement contains customary representations, warranties and agreements by the Company and the Holders and other obligations of the parties. The representations and warranties contained in the Exchange Agreement were made only for the purposes of such agreement and as of specific dates, were solely for the benefit of the parties to such agreement, and may be subject to limitations agreed upon by the contracting parties.

Terms of the Series C Preferred Stock

Under the Certificate of Designation of Preferences, Rights and Limitations of Series C Convertible Preferred Stock (the “Certificate of Designation”), each share of Series C Preferred Stock will be convertible, at any time after issuance and at the option of the holder, into a number of shares of Common Stock determined by dividing the Stated Value of such share by the Conversion Price. The Stated Value per share of Series C Preferred Stock is \$1,000.00 and the Conversion Price per share of Series C Preferred Stock is \$0.45. The shares of Common Stock issuable upon conversion of the Series C Preferred Stock are referred to as the “Series C Conversion Shares.” The Series C Preferred Stock is convertible into an aggregate of 62,313,111 shares of Common Stock.

The Company will not effect any conversion of the Series C Preferred Stock, and a holder will not have the right to convert any portion of the Series C Preferred Stock, to the extent that, after giving effect to the conversion, such holder together with such holder's affiliates and other attribution parties would beneficially own in excess of the beneficial ownership limitation. The beneficial ownership limitation is 4.99% (or, upon election by a holder prior to the issuance of any Series C Preferred Stock, 9.99%) of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of Common Stock issuable upon conversion of the Series C Preferred Stock held by the applicable holder. A holder, upon notice to the Company, may increase or decrease its applicable beneficial ownership limitation provided that the beneficial ownership limitation in no event exceeds 9.99% of the number of shares of Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon conversion of Series C Preferred Stock held by the holder. Any increase in the beneficial ownership limitation will not be effective until the 61st day after such notice is delivered to the Company and will only apply to the holder giving the notice and no other holder.

The holders of Series C Preferred Stock are entitled to vote exclusively with respect to a proposal submitted to the Company's shareholders at a meeting of shareholders to be held by the Company to approve the changing of the Company's state of incorporation from the State of Minnesota to the State of Delaware together as a single class with the Common Stock on an as-converted basis, subject to the beneficial ownership limitations set forth above, as follows: each share of Preferred Stock shall be entitled to such number of votes equal to the quotient obtained by dividing: (i) the Stated Value by (ii) \$0.79146 (the "Minimum Price" as defined under Nasdaq rules at the time immediately prior to the effective time of the Exchange Agreement). As long as any shares of Preferred Stock are outstanding, the Company shall not, without the affirmative vote of the holders of a majority of the then outstanding shares of Series C Preferred Stock, (a) alter or change adversely the powers, preferences or rights given to the Series C Preferred Stock or alter or amend the Certificate of Designation, (b) authorize or create any class of stock ranking as to redemption senior to the Series C Preferred Stock, (c) amend its articles of incorporation or other charter documents in any manner that adversely affects any rights of the holders of the Series C Preferred Stock, (d) increase the number of authorized shares of the Company's preferred stock, or (e) enter into any agreement with respect to any of the foregoing. The holders of Series C Preferred Stock are not entitled to voting rights except for the foregoing and to the extent required by law.

If there is any Fundamental Transaction while the Series C Preferred Stock is outstanding, then, upon any subsequent conversion of the Series C Preferred Stock, the holder will have the right to receive, for each Series C Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction (without regard to any beneficial ownership limitation), the number of shares of common stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which the Series C Preferred Stock is convertible immediately prior to such Fundamental Transaction (without regard to any beneficial ownership limitation). The Company must cause any successor entity in a Fundamental Transaction in which the Company is not the survivor to assume in writing all of the obligations of the Company under the Certificate of Designation.

The Series C Preferred Stock does not contain any of the price resets set forth in the Series A Preferred Stock, except in the case of stock splits, recapitalizations and similar transactions by the Company.

The summary above is qualified by the full texts of the form of Securities Exchange Agreement and the Certificate of Designation and are attached as Exhibits 10.3 and 3.1, respectively, to this Current Report on Form 8-K.

The information set forth below in Item 2.03 is incorporated by reference into this Item 1.01.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth above in Item 1.01 is hereby incorporated by reference into this Item 2.03.

The summary above is qualified by the full texts of the Secured Credit Note, dated July 22, 2024, and the Amended Note, dated September 9, 2024, between the Company and Conduit, which are attached as Exhibits 10.1 and 10.2, respectively, to this Current Report on Form 8-K and are incorporated herein by reference.

Item 3.02. Unregistered Sales of Equity Securities.

The information set forth above in Item 1.01 is hereby incorporated by reference into this Item 3.02. The issuance of the Series C Preferred Stock and any shares of Common Stock issuable upon conversion of the Series C Preferred Stock was made pursuant to Section 3(a)(9) of the Securities Act of 1933, as amended, and the rules promulgated thereunder.

Item 3.03. Material Modification to Rights of Security Holders.

On September 9, 2024, the Company filed with the Secretary of State of Minnesota the Certificate of Designation. The information contained in Item 1.01 related to the Certificate of Designation and the terms of the Series C Preferred Stock is hereby incorporated by reference into this Item 3.03.

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

In connection with the Exchange Agreement as described in Item 1.01 above, on September 9, 2024, the Company filed with the Secretary of State of the State of Minnesota the Certificate of Designation. The information contained in Item 1.01 related to the Certificate of Designation and the terms of the Series C Preferred Stock is hereby incorporated by reference into this Item 5.03. The Certificate of Designation is attached hereto as Exhibit 3.1 and is incorporated herein by reference.

Item 7.01. Regulation FD Disclosure.

On September 9, 2024, the Company issued a press release relating to the information set forth above, a copy of which is furnished as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits.

The following exhibits are being filed with this Current Report on Form 8-K:

Exhibit No.	Description
3.1	Certificate of Designation
10.1	Secured Credit Note, dated July 22, 2024, between Pineapple Energy Inc. and Conduit Capital U.S. Holdings, LLC (incorporated by reference to Exhibit 10.2 of the Current Report on Form 8-K filed on July 26, 2024).
10.2	Amended and Restated Convertible Secured Credit Note, dated September 9, 2024, between Pineapple Energy Inc. and Conduit Capital U.S. Holdings, LLC.
10.3	Form of Securities Exchange Agreement.
99.1	Press Release dated September 9, 2024.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

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

PINEAPPLE ENERGY INC.

By: /s/ Scott Maskin
Scott Maskin
Interim Chief Executive Officer

Date: September 9, 2024

**PINEAPPLE ENERGY INC.
CERTIFICATE OF DESIGNATION OF PREFERENCES,
RIGHTS AND LIMITATIONS
OF
SERIES C CONVERTIBLE PREFERRED STOCK**

PURSUANT TO SECTION 302A.401 AND 302A.133 OF THE
MINNESOTA BUSINESS CORPORATION LAW

The undersigned, Scott Maskin, does hereby certify that:

1. I am the Interim Chief Executive Officer of Pineapple Energy Inc., a Minnesota corporation (the "Corporation").
2. The Corporation is authorized to issue three million shares of preferred stock, of which 32,000 shares have been designated as Series A Convertible Preferred Stock.
3. The following resolutions were duly adopted by the board of directors of the Corporation (the "Board of Directors") on September 7, 2024:

WHEREAS, the articles of incorporation of the Corporation provide for a class of its authorized stock known as preferred stock, consisting of three million shares, \$1.00 par value per share, issuable from time to time in one or more series;

WHEREAS, the Board of Directors is authorized to fix the dividend rights, dividend rate, voting rights, conversion rights, rights and terms of redemption and liquidation preferences of any wholly unissued series of preferred stock and the number of shares constituting any series and the designation thereof, of any of them; and

WHEREAS, it is the desire of the Board of Directors, pursuant to its authority as aforesaid, to fix the rights, preferences, restrictions and other matters relating to a series of the preferred stock, which shall consist of up to 35,000 shares of the preferred stock which the Corporation has the authority to issue, as follows:

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby provide for the issuance of a series of preferred stock for cash or exchange of other securities, rights or property and does hereby fix and determine the rights, preferences, restrictions and other matters relating to such series of preferred stock as follows:

TERMS OF PREFERRED STOCK

Section 1. Definitions. For the purposes hereof, the following terms shall have the following meanings:

“Affiliate” means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 of the Securities Act.

“Alternate Consideration” shall have the meaning set forth in Section 6(e).

“Attribution Parties” shall have the meaning set forth in Section 5(d).

“Beneficial Ownership Limitation” shall have the meaning set forth in Section 5(d).

“Bloomberg” means Bloomberg Financial Markets.

“Business Day” means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

“Buy-In” shall have the meaning set forth in Section 5(c)(iv).

“Change of Control Transaction” means the occurrence after the date hereof of any of (a) an acquisition after the date hereof by an individual or legal entity or “group” (as described in Rule 13d-5(b)(1) promulgated under the Exchange Act) of effective control (whether through legal or beneficial ownership of capital stock of the Corporation, by contract or otherwise) of in excess of 33% of the voting securities of the Corporation (other than by means of conversion or exercise of Preferred Stock and the Warrants), (b) the Corporation merges into or consolidates with any other Person, or any Person merges into or consolidates with the Corporation and, after giving effect to such transaction, the stockholders of the Corporation immediately prior to such transaction own less than 67% of the aggregate voting power of the Corporation or the successor entity of such transaction, (c) the Corporation (and all of its Subsidiaries, taken as a whole), directly or indirectly, sells or transfers all or substantially all of its assets to another Person and the stockholders of the Corporation immediately prior to such transaction own less than 67% of the aggregate voting power of the acquiring Person immediately after the transaction, (d) a replacement at one time or within a one year period of more than one-half of the members of the Board of Directors which is not approved by a majority of those individuals who are members of the Board of Directors on the Original Issue Date (or by those individuals who are serving as members of the Board of Directors on any date whose nomination to the Board of Directors was approved by a majority of the members of the Board of Directors who are members on the Original Issue Date), or (e) the execution by the Corporation of an agreement to which the Corporation is a party or by which it is bound, providing for any of the events set forth in clauses (a) through (d) above.

“Commission” means the United States Securities and Exchange Commission.

“Common Stock” means the Corporation’s common stock, par value \$0.05 per share, and any other class of securities into which such common stock may hereafter be reclassified or changed.

“Common Stock Equivalents” means any securities of the Corporation or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

“Conversion Amount” means the sum of the Stated Value at issue.

“Conversion Date” shall have the meaning set forth in Section 5(a).

“Conversion Price” shall have the meaning set forth in Section 5(b).

“Conversion Shares” means, collectively, the shares of Common Stock issuable upon conversion of the shares of Preferred Stock in accordance with the terms hereof.

“Distribution” shall have the meaning set forth in Section 6(d).

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Fundamental Transaction” shall have the meaning set forth in Section 6(e).

“Holder” means a holder of the Preferred Stock.

“Minimum Price” means \$0.79146.

“New York Courts” shall have the meaning set forth in Section 10(d).

“Notice of Conversion” shall have the meaning set forth in Section 5(a).

“Original Issue Date” means the date of the first issuance of any shares of the Preferred Stock regardless of the number of transfers of any particular shares of Preferred Stock and regardless of the number of certificates which may be issued to evidence such Preferred Stock.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Preferred Stock” shall have the meaning set forth in Section 2.

“Purchase Rights” shall have the meaning set forth in Section 6(c).

“Reincorporation Proposal” shall mean the proposal submitted to the Corporation’s shareholders at a meeting of shareholders to be held by the Corporation to approve the changing of the Corporation’s state of incorporation from the State of Minnesota to the State of Delaware.

“Required Holders” shall have the meaning set forth in Section 4.

“Securities” means the Preferred Stock and the Underlying Shares.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Securities Exchange Agreement” means the Securities Exchange Agreements, each dated as of September 9, 2024, by and among the Corporation and each of the Holders.

“Share Delivery Date” shall have the meaning set forth in Section 5(c).

“Standard Settlement Period” shall have the meaning set forth in Section 5(c).

“Stated Value” shall have the meaning set forth in Section 2.

“Successor Entity” shall have the meaning set forth in Section 6(e).

“Trading Day” means a day on which the principal Trading Market is open for business.

“Trading Market” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, or the New York Stock Exchange (or any successors to any of the foregoing).

“Transfer Agent” means Equiniti Trust Company, the current transfer agent of the Corporation, and any successor transfer agent of the Corporation.

“Underlying Shares” means the shares of Common Stock issued and issuable upon conversion of the Preferred Stock and the exercise of the Warrants.

“Warrants” means the Warrants to purchase Common Stock issued by the Corporation to the Holders on March 28, 2022.

Section 2. Designation, Amount and Par Value. The series of preferred stock shall be designated as its Series C Convertible Preferred Stock (the “Preferred Stock”) and the number of shares so designated shall be up to 35,000 (which shall not be subject to increase without the written consent of the Holders of a majority of the then outstanding shares of the Preferred Stock). Each share of Preferred Stock shall have a par value of \$1.00 per share and a stated value equal to \$1,000.00 (the “Stated Value”).

Section 3. Dividends. If the Corporation declares, pays or sets aside any dividends on shares of Common Stock of the Corporation (other than dividends on shares of Common Stock payable in shares of Common Stock), the Holders of the Preferred Stock then outstanding shall be entitled to participate in such dividend on each outstanding share of Preferred Stock in an amount at least equal to that dividend per share of Preferred Stock as would equal the product of (A) the dividend payable on each share of Common Stock determined, if applicable, as if all shares of such class or series had been converted into Common Stock and (B) the number of shares of Common Stock issuable upon conversion of a share of Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend.

Section 4. Voting Rights. Except as otherwise provided herein or as otherwise required by law, the Preferred Stock shall entitle the holder thereof to vote exclusively with respect to the Reincorporation Proposal (and the Preferred Stock shall not be entitled to vote on any other matter except to the extent required by law) together as a single class with the Common Stock on an as-converted basis as follows: each share of the Preferred Stock shall be entitled to such number of votes equal to the quotient obtained by dividing (i) the Stated Value by (ii) the Minimum Price of the Common Stock immediately prior to the effective time of the Securities Exchange Agreements. As long as any shares of Preferred Stock are outstanding, the Corporation shall not, without the affirmative vote of the Holders of a majority of the then outstanding shares of the Preferred Stock (the “Required Holders”), (a) alter or change adversely the powers, preferences or rights given to the Preferred Stock or alter or amend this Certificate of Designation, (b) authorize or create any class of stock ranking as to redemption senior to the Preferred Stock, (c) amend its articles of incorporation or other charter documents in any manner that adversely affects any rights of the Holders, (d) increase the number of authorized shares of Preferred Stock, or (e) enter into any agreement with respect to any of the foregoing.

Section 5. Conversion.

a) Conversions at Option of Holder. Each share of Preferred Stock shall be convertible, at any time and from time to time from and after the Original Issue Date at the option of the Holder thereof, into that number of shares of Common Stock (subject to the limitations set forth in Section 5(d)) determined by dividing the Stated Value of such share of Preferred Stock by the Conversion Price. Holders shall effect conversions by providing the Corporation with the form of conversion notice attached hereto as Annex A (a “Notice of Conversion”). Each Notice of Conversion shall specify the number of shares of Preferred Stock to be converted, the number of shares of Preferred Stock owned prior to the conversion at issue, the number of shares of Preferred Stock owned subsequent to the conversion at issue and the date on which such conversion is to be effected, which date may not be prior to the date the applicable Holder delivers by facsimile such Notice of Conversion to the Corporation (such date, the “Conversion Date”). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion to the Corporation is deemed delivered hereunder. No ink-original Notice of Conversion shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Conversion form be required. The calculations and entries set forth in the Notice of Conversion shall control in the absence of manifest or mathematical error. To effect conversions of shares of Preferred Stock, a Holder shall not be required to surrender the certificate(s) representing the shares of Preferred Stock to the Corporation unless all of the shares of Preferred Stock represented thereby are so converted, in which case such Holder shall deliver the certificate representing such shares of Preferred Stock promptly following the Conversion Date at issue. Shares of Preferred Stock converted into Common Stock in accordance with the terms hereof shall be canceled and shall not be reissued.

b) Conversion Price. The conversion price for the Preferred Stock shall equal \$0.45, subject to adjustment herein (the "Conversion Price").

c) Mechanics of Conversion.

i. Delivery of Conversion Shares Upon Conversion. Not later than the earlier of (i) one (1) Trading Day and (ii) the number of Trading Days comprising the Standard Settlement Period (as defined below) after each Conversion Date (the "Share Delivery Date"), the Corporation shall deliver, or cause to be delivered, to the converting Holder the number of Conversion Shares being acquired upon the conversion of the Preferred Stock which shall be free of restrictive legends and trading restrictions. The Corporation shall deliver the Conversion Shares required to be delivered by the Corporation under this Section 5 electronically through the Depository Trust Company or another established clearing corporation performing similar functions. As used herein, "Standard Settlement Period" means the standard settlement period, expressed in a number of Trading Days, on the Corporation's primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the Notice of Conversion.

ii. Failure to Deliver Conversion Shares. If, in the case of any Notice of Conversion, such Conversion Shares are not delivered to or as directed by the applicable Holder by the Share Delivery Date, the Holder shall be entitled to elect by written notice to the Corporation at any time on or before its receipt of such Conversion Shares, to rescind such Conversion, in which event the Corporation shall promptly return to the Holder any original Preferred Stock certificate delivered to the Corporation and the Holder shall promptly return to the Corporation the Conversion Shares issued to such Holder pursuant to the rescinded Notice of Conversion.

iii. Obligation Absolute; Partial Liquidated Damages. The Corporation's obligation to issue and deliver the Conversion Shares upon conversion of Preferred Stock in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by a Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by such Holder or any other Person of any obligation to the Corporation or any violation or alleged violation of law by such Holder or any other person, and irrespective of any other circumstance which might otherwise limit such obligation of the Corporation to such Holder in connection with the issuance of such Conversion Shares; provided, however, that such delivery shall not operate as a waiver by the Corporation of any such action that the Corporation may have against such Holder. In the event a Holder shall elect to convert any or all of the Stated Value of its Preferred Stock, the Corporation may not refuse conversion based on any claim that such Holder or any one associated or affiliated with such Holder has been engaged in any violation of law, agreement or for any other reason, unless an injunction from a court, on notice to Holder, restraining and/or enjoining conversion of all or part of the Preferred Stock of such Holder shall have been sought and obtained, and the Corporation posts a surety bond for the benefit of such Holder in the amount of 150% of the Stated Value of Preferred Stock which is subject to the injunction, which bond shall remain in effect until the completion of arbitration/litigation of the underlying dispute and the proceeds of which shall be payable to such Holder to the extent it obtains judgment. In the absence of such injunction, the Corporation shall issue Conversion Shares and, if applicable, cash, upon a properly noticed conversion. If the Corporation fails to deliver to a Holder such Conversion Shares pursuant to Section 5(c)(i) by the Share Delivery Date applicable to such conversion, the Corporation shall pay to such Holder, in cash, as liquidated damages and not as a penalty, for each \$5,000 of Stated Value of Preferred Stock being converted, \$50 per Trading Day (increasing to \$100 per Trading Day on the third Trading Day and increasing to \$200 per Trading Day on the sixth Trading Day after such damages begin to accrue) for each Trading Day after the Share Delivery Date until such Conversion Shares are delivered or Holder rescinds such conversion. Nothing herein shall limit a Holder's right to pursue actual damages for the Corporation's failure to deliver Conversion Shares within the period specified herein and such Holder shall have the right to pursue all remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief. The exercise of any such rights shall not prohibit a Holder from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

iv. Compensation for Buy-In on Failure to Timely Deliver Conversion Shares Upon Conversion. In addition to any other rights available to the Holder, if the Corporation fails for any reason to deliver to a Holder the applicable Conversion Shares by the Share Delivery Date pursuant to Section 5(c)(i), and if after such Share Delivery Date such Holder is required by its brokerage firm to purchase (in an open market transaction or otherwise), or such Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by such Holder of the Conversion Shares which such Holder was entitled to receive upon the conversion relating to such Share Delivery Date (a "Buy-In"), then the Corporation shall (A) pay in cash to such Holder (in addition to any other remedies available to or elected by such Holder) the amount, if any, by which (x) such Holder's total purchase price (including any brokerage commissions) for the Common Stock so purchased exceeds (y) the product of (1) the aggregate number of shares of Common Stock that such Holder was entitled to receive from the conversion at issue multiplied by (2) the actual sale price at which the sell order giving rise to such purchase obligation was executed (including any brokerage commissions) and (B) at the option of such Holder, either reissue (if surrendered) the shares of Preferred Stock equal to the number of shares of Preferred Stock submitted for conversion (in which case, such conversion shall be deemed rescinded) or deliver to such Holder the number of shares of Common Stock that would have been issued if the Corporation had timely complied with its delivery requirements under Section 5(c)(i). For example, if a Holder purchases shares of Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted conversion of shares of Preferred Stock with respect to which the actual sale price of the Conversion Shares (including any brokerage commissions) giving rise to such purchase obligation was a total of \$10,000 under clause (A) of the immediately preceding sentence, the Corporation shall be required to pay such Holder \$1,000. The Holder shall provide the Corporation written notice indicating the amounts payable to such Holder in respect of the Buy-In and, upon request of the Corporation, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Corporation's failure to timely deliver the Conversion Shares upon conversion of the shares of Preferred Stock as required pursuant to the terms hereof.

v. Reservation of Shares Issuable Upon Conversion. The Corporation covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock for the sole purpose of issuance upon conversion of the Preferred Stock, as herein provided, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holder (and the other Holders of the Preferred Stock), not less than such aggregate number of shares of the Common Stock as shall be issuable (taking into account the adjustments and restrictions of Section 6) upon the conversion of the then outstanding shares of Preferred Stock. The Corporation covenants that all shares of Common Stock that shall be so issuable shall, upon issuance, be duly authorized, validly issued, fully paid and nonassessable.

vi. Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of the Preferred Stock. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such conversion, the Corporation shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Conversion Price or round up to the next whole share. Notwithstanding anything to the contrary contained herein, but consistent with the provisions of this subsection with respect to fractional Conversion Shares, nothing shall prevent any Holder from converting fractional shares of Preferred Stock.

vii. Transfer Taxes and Expenses. The issuance of Conversion Shares on conversion of the Preferred Stock shall be made without charge to any Holder for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such Conversion Shares, provided that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such Conversion Shares upon conversion in a name other than that of the Holders of such shares of Preferred Stock and the Corporation shall not be required to issue or deliver such Conversion Shares unless or until the Person or Persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid. The Corporation shall pay all Transfer Agent fees required for same-day processing of any Notice of Conversion and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Conversion Shares.

d) Beneficial Ownership Limitation. The Corporation shall not effect any conversion of the Preferred Stock, and a Holder shall not have the right to convert any portion of the Preferred Stock, to the extent that, after giving effect to the conversion set forth on the applicable Notice of Conversion, such Holder (together with such Holder's Affiliates, and any Persons acting as a group together with such Holder or any of such Holder's Affiliates (such Persons, "Attribution Parties")) would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by such Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon conversion of the Preferred Stock with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which are issuable upon (i) conversion of the remaining, unconverted Stated Value of Preferred Stock beneficially owned by such Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or unconverted portion of any other securities of the Corporation subject to a limitation on conversion or exercise analogous to the limitation contained herein (including, without limitation, the Preferred Stock or the Warrants) beneficially owned by such Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 5(d), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. To the extent that the limitation contained in this Section 5(d) applies, the determination of whether the Preferred Stock is convertible (in relation to other securities owned by such Holder together with any Affiliates and Attribution Parties) and of how many shares of Preferred Stock are convertible shall be in the sole discretion of such Holder, and the submission of a Notice of Conversion shall be deemed to be such Holder's determination of whether the shares of Preferred Stock may be converted (in relation to other securities owned by such Holder together with any Affiliates and Attribution Parties) and how many shares of the Preferred Stock are convertible, in each case subject to the Beneficial Ownership Limitation. To ensure compliance with this restriction, each Holder will be deemed to represent to the Corporation each time it delivers a Notice of Conversion that such Notice of Conversion has not violated the restrictions set forth in this paragraph and the Corporation shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 5(d), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as stated in the most recent of the following: (i) the Corporation's most recent periodic or annual report filed with the Commission, as the case may be, (ii) a more recent public announcement by the Corporation or (iii) a more recent written notice by the Corporation or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request (which may be via email) of a Holder, the Corporation shall within one Trading Day confirm orally and in writing to such Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Corporation, including the Preferred Stock, by such Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% (or, upon election by a Holder prior to the issuance of any shares of Preferred Stock, 9.99%) of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon conversion of Preferred Stock held by the applicable Holder. A Holder, upon notice to the Corporation, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 5(d) applicable to its Preferred Stock provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon conversion of this Preferred Stock held by the Holder and the provisions of this Section 5(d) shall continue to apply. Any such increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Corporation and shall only apply to such Holder and no other Holder. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 5(d) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation contained herein or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor Holder of Preferred Stock. Notwithstanding anything in this Certificate of Designation to the contrary, upon the election of a Holder made prior to the issuance of any shares of Preferred Stock, the Beneficial Ownership Limitation and this Section 5(d) shall not apply to any conversion of Preferred Stock in connection with a Change of Control Transaction.

Section 6. Certain Adjustments.

a) Stock Dividends and Stock Splits. If the Corporation, at any time while this Preferred Stock is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock or any other Common Stock Equivalents (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Corporation upon conversion of this Preferred Stock), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of the Corporation, then the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Corporation) outstanding immediately before such event, and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section 6(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) [RESERVED]

c) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 6(a), if at any time the Corporation grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete conversion of such Holder's Preferred Stock (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, that, to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such shares of Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

d) Pro Rata Distributions. During such time as this Preferred Stock is outstanding, if the Corporation declares or makes any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Preferred Stock, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete conversion of this Preferred Stock (without regard to any limitations on conversion hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

e) Fundamental Transaction. If, at any time while this Preferred Stock is outstanding, (A) the Corporation shall, directly or indirectly, including through subsidiaries, Affiliates or otherwise, in one or more related transactions, (i) consolidate or merge with or into (whether or not the Corporation is the surviving corporation) another Person, Affiliate or group (as that term is used in Section 13(d) of the Exchange Act and as defined in Rule 13d-5 thereunder) (“Subject Entity”), or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Corporation or any of its “significant subsidiaries” (as defined in Rule 1-02 of Regulation S-X) to one or more Subject Entities, or (iii) make, or allow one or more Subject Entities to make, or allow the Corporation to be subject to or have its shares of Common Stock be subject to or party to one or more Subject Entities making, a purchase, tender or exchange offer that is accepted by the holders of at least either (x) 50% of the outstanding shares of Common Stock, (y) 50% of the outstanding shares of Common Stock calculated as if any shares of Common Stock held by all Subject Entities making or party to, or Affiliated with any Subject Entities making or party to, such purchase, tender or exchange offer were not outstanding; or (z) such number of shares of Common Stock such that all Subject Entities making or party to, or Affiliated with any Subject Entity making or party to, such purchase, tender or exchange offer, become collectively the beneficial owners (as defined in Rule 13d-3 under the Exchange Act) of at least 50% of the outstanding shares of Common Stock, or (iv) consummate a stock purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with one or more Subject Entities whereby all such Subject Entities, individually or in the aggregate, acquire, either (x) at least 50% of the outstanding shares of Common Stock, (y) at least 50% of the outstanding shares of Common Stock calculated as if any shares of Common Stock held by all the Subject Entities making or party to, or Affiliated with any Subject Entity making or party to, such stock purchase agreement or other business combination were not outstanding; or (z) such number of shares of Common Stock such that the Subject Entities become collectively the beneficial owners (as defined in Rule 13d-3 under the Exchange Act) of at least 50% of the outstanding shares of Common Stock, or (v) reorganize, recapitalize or reclassify its shares of Common Stock, (B) the Corporation shall, directly or indirectly, including through subsidiaries, Affiliates or otherwise, in one or more related transactions, allow any Subject Entity individually or the Subject Entities in the aggregate to be or become the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, whether through acquisition, purchase, assignment, conveyance, tender, tender offer, exchange, reduction in outstanding shares of Common Stock, merger, consolidation, business combination, reorganization, recapitalization, spin-off, scheme of arrangement, reorganization, recapitalization or reclassification or otherwise in any manner whatsoever, of either (x) at least 50% of the aggregate ordinary voting power represented by issued and outstanding shares of Common Stock, (y) at least 50% of the aggregate ordinary voting power represented by issued and outstanding shares of Common Stock not held by all such Subject Entities as of the effective date of the Securities Exchange Agreements calculated as if any shares of Common Stock held by all such Subject Entities were not outstanding, or (z) a percentage of the aggregate ordinary voting power represented by issued and outstanding shares of Common Stock or other equity securities of the Corporation sufficient to allow such Subject Entities to effect a statutory short form merger or other transaction requiring other shareholders of the Corporation to surrender their Common Stock without approval of the shareholders of the Corporation or (C) directly or indirectly, including through subsidiaries, Affiliates or otherwise, in one or more related transactions, the issuance of or the entering into any other instrument or transaction structured in a manner to circumvent, or that circumvents, the intent of this definition in which case this definition shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this definition to the extent necessary to correct this definition or any portion of this definition which may be defective or inconsistent with the intended treatment of such instrument or transaction (each a “Fundamental Transaction”), then, upon any subsequent conversion of this Preferred Stock, the Holder shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction (without regard to any limitation in Section 5(d) on the conversion of this Preferred Stock), the number of shares of Common Stock of the successor or acquiring corporation or of the Corporation, if it is the surviving corporation, and any additional consideration (the “Alternate Consideration”) receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Preferred Stock is convertible immediately prior to such Fundamental Transaction (without regard to any limitation in Section 5(d) on the conversion of this Preferred Stock). For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Corporation shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Preferred Stock following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Corporation or surviving entity in such Fundamental Transaction shall file a new Certificate of Designation with the same terms and conditions and issue to the Holders new preferred stock consistent with the foregoing provisions and evidencing the Holders’ right to convert such preferred stock into Alternate Consideration. The Corporation shall cause any successor entity in a Fundamental Transaction in which the Corporation is not the survivor (the “Successor Entity”) to assume in writing all of the obligations of the Corporation under this Certificate of Designation and the Warrants in accordance with the provisions of this Section 6(e) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder of this Preferred Stock, deliver to the Holder in exchange for this Preferred Stock a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Preferred Stock which is convertible for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon conversion of this Preferred Stock (without regard to any limitations on the conversion of this Preferred Stock) prior to such Fundamental Transaction, and with a conversion price which applies the conversion price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such conversion price being for the purpose of protecting the economic value of this Preferred Stock immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Certificate of Designation and the Warrants referring to the “Corporation” shall refer instead to the Successor Entity), and may exercise every right and power of the Corporation and shall assume all of the obligations of the Corporation under this Certificate of Designation and the Warrants with the same effect as if such Successor Entity had been named as the Corporation herein.

f) Calculations. All calculations under this Section 6 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 6, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Corporation) issued and outstanding.

g) Notice to the Holders.

i. Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any provision of this Section 6, the Corporation shall promptly deliver to each Holder by facsimile or email a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Conversion by Holder. If (A) the Corporation shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Corporation shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Corporation shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Corporation shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Corporation is a party, any sale or transfer of all or substantially all of the assets of the Corporation (and all of its Subsidiaries, taken as a whole), or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) the Corporation shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, then, in each case, the Corporation shall cause to be filed at each office or agency maintained for the purpose of conversion of this Preferred Stock, and shall cause to be delivered by facsimile or email to each Holder at its last facsimile number or email address as it shall appear upon the stock books of the Corporation, at least twenty (20) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Corporation or any of the Subsidiaries, the Corporation shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to convert the Conversion Amount of the Preferred Stock (or any part hereof) during the 20-day period commencing on the date of such notice through the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

Section 7. [RESERVED]

Section 8. [RESERVED]

Section 9. [RESERVED]

Section 10. Miscellaneous.

a) Notices. Any and all notices or other communications or deliveries to be provided by the Holders hereunder including, without limitation, any Notice of Conversion, shall be in writing and delivered personally, by facsimile or e-mail attachment, or sent by a nationally recognized overnight courier service, addressed to the Corporation, at the address set forth above Attention: Andy Childs, facsimile number 631-750-9455, e-mail address andy.childs@pineappleenergy.com, or such other facsimile number, e-mail address or address as the Corporation may specify for such purposes by notice to the Holders delivered in accordance with this Section 10. Any and all notices or other communications or deliveries to be provided by the Corporation hereunder shall be in writing and delivered personally, by facsimile or e-mail attachment, or sent by a nationally recognized overnight courier service addressed to each Holder at the facsimile number, e-mail address or address of such Holder appearing on the books of the Corporation, or if no such facsimile number, e-mail address or address appears on the books of the Corporation, at the principal place of business of such Holder, as set forth in the Securities Exchange Agreements. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the time of transmission, if such notice or communication is delivered via facsimile at the facsimile number or e-mail attachment at the e-mail address set forth or referenced in this Section prior to 5:30 p.m. (New York City time) on any date, (ii) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number or e-mail attachment at the e-mail address set forth or referenced in this Section on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (iii) the second Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given.

b) Absolute Obligation. Except as expressly provided herein, no provision of this Certificate of Designation shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay liquidated damages, accrued dividends and accrued interest, as applicable, on the shares of Preferred Stock at the time, place, and rate, and in the coin or currency, herein prescribed.

c) Lost or Mutilated Preferred Stock Certificate. If a Holder's Preferred Stock certificate shall be mutilated, lost, stolen or destroyed, the Corporation shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated certificate, or in lieu of or in substitution for a lost, stolen or destroyed certificate, a new certificate for the shares of Preferred Stock so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such certificate, and of the ownership thereof reasonably satisfactory to the Corporation.

d) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Certificate of Designation shall be governed by and construed and enforced in accordance with the internal laws of the State of Minnesota, without regard to the principles of conflict of laws thereof. All legal proceedings concerning the interpretation, enforcement and defense of the transactions contemplated by this Certificate of Designation (whether brought against a party hereto or its respective Affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state and federal courts sitting in the City of New York, Borough of Manhattan (the "New York Courts"). The Corporation and each Holder hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such New York Courts, or such New York Courts are improper or inconvenient venue for such proceeding. The Corporation and each Holder hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Certificate of Designation and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by applicable law. The Corporation and each Holder hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Certificate of Designation or the transactions contemplated hereby. If the Corporation or any Holder shall commence an action or proceeding to enforce any provisions of this Certificate of Designation, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorneys' fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

e) Waiver. Any waiver by the Corporation or a Holder of a breach of any provision of this Certificate of Designation shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Certificate of Designation or a waiver by any other Holders. The failure of the Corporation or a Holder to insist upon strict adherence to any term of this Certificate of Designation on one or more occasions shall not be considered a waiver or deprive that party (or any other Holder) of the right thereafter to insist upon strict adherence to that term or any other term of this Certificate of Designation on any other occasion. Any waiver by the Corporation or a Holder must be in writing.

f) Severability. If any provision of this Certificate of Designation is invalid, illegal or unenforceable, the balance of this Certificate of Designation shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law.

g) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment or other obligation shall be made or performed on the next succeeding Business Day.

h) Headings. The headings contained herein are for convenience only, do not constitute a part of this Certificate of Designation and shall not be deemed to limit or affect any of the provisions hereof.

i) Status of Converted or Reacquired Preferred Stock. Shares of Preferred Stock may only be issued pursuant to the Securities Exchange Agreements. If any shares of Preferred Stock shall be converted or reacquired by the Corporation, such shares shall resume the status of authorized but unissued shares of preferred stock and shall no longer be designated as its Series C class of Preferred Stock.

RESOLVED, FURTHER, that the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the president or any vice-president, and the secretary or any assistant secretary, of the Corporation be and they hereby are authorized and directed to prepare and file this Certificate of Designation of Preferences, Rights and Limitations in accordance with the foregoing resolution and the provisions of Minnesota law.

IN WITNESS WHEREOF, the undersigned have executed this Certificate this 9th day of September 2024.

/s/ Scott Maskin

Name: Scott Maskin

Title: Interim Chief Executive Officer

ANNEX A

NOTICE OF CONVERSION

(TO BE EXECUTED BY THE REGISTERED HOLDER IN ORDER TO CONVERT SHARES OF PREFERRED STOCK)

The undersigned hereby elects to convert the number of shares of Series C Convertible Preferred Stock indicated below into shares of common stock, par value \$0.05 per share (the "Common Stock"), of Pineapple Energy Inc., a Minnesota corporation (the "Corporation"), according to the conditions hereof, as of the date written below. The undersigned hereby certifies that it has held the Series C Convertible Preferred Stock indicated below for a period of at least one (1) year as computed in accordance with paragraph (d) of Rule 144 and is not, and has not been during the preceding three (3) months, an "affiliate" of the Corporation as that term is defined in paragraph (a)(1) of Rule 144. If shares of Common Stock are to be issued in the name of a Person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as may be required by the Corporation. No fee will be charged to the Holders for any conversion, except for any such transfer taxes.

Conversion calculations:

Date to Effect Conversion: _____

Number of shares of Preferred Stock owned prior to Conversion: _____

Number of shares of Preferred Stock to be Converted: _____

Stated Value of shares of Preferred Stock to be Converted: _____

Number of shares of Common Stock to be Issued: _____

Applicable Conversion Price: _____

Number of shares of Preferred Stock subsequent to Conversion: _____

Address for Delivery: _____

Or

DWAC Instructions:

Broker no: _____

Account no: _____

[HOLDER]

By: _____

Name:

Title:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, PLEDGED, ASSIGNED, OR OTHERWISE TRANSFERRED UNLESS A REGISTRATION STATEMENT WITH RESPECT THERETO IS EFFECTIVE UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR BORROWER (AS DEFINED BELOW) RECEIVES AN OPINION OF COUNSEL SATISFACTORY TO BORROWER THAT THIS NOTE MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED, OR OTHERWISE TRANSFERRED IN THE MANNER CONTEMPLATED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR APPLICABLE STATE SECURITIES LAWS.

AMENDED AND RESTATED CONVERTIBLE SECURED CREDIT NOTE
(Original Issue Discount)

Not to Exceed the Principal Sum of \$1,000,000.00

September 9, 2024

FOR VALUE RECEIVED, Pineapple Energy, Inc., a corporation having an office located at 10900 Red Circle Drive, Minnetonka, Minnesota 55343 and its successors and assigns (the "Borrower"), promises to pay to the order of **Conduit Capital U.S. Holdings LLC**, a Delaware limited liability company having an office located at 1451 Fort Cassin Road, Ferrisburg, Vermont 05456 ("Lender") or at such other place as the holder hereof may from time to time designate in writing, in federal funds immediately available in New York, all Loans (defined herein) made by Lender to Borrower hereunder in an amount not to exceed the aggregate principal sum of **One Million (\$1,000,000.00) Dollars** as indicated on the Grid Schedule attached hereto as Annex 1, as same shall be amended from time to time subsequent to the date hereof, in accordance with the Credit Agreement (defined herein). This Amended and Restated Convertible Secured Credit Note (this "Note") amends and restates, in its entirety, that certain Secured Credit Note by Borrower in favor of Lender dated July 24, 2024 in the principal sum (the "Principal Sum") of \$1,000,000.00 United States Dollars (the "Original Note").

This Note, as amended hereby, is the Secured Credit Note referred to in that certain Secured Credit Agreement dated July 24, 2024 between Borrower and Lender (as the same may be amended, modified or supplemented from time to time, the "Credit Agreement"). This Note is secured by that certain Security Agreement dated July 24, 2024 between the Borrower and Lender (the "Security Agreement"). This Note is subject to the terms and provisions of that certain Subordination Agreement of even date herewith among Borrower, Lender, Decathlon Specialty Finance, LLC, MBB Energy, LLC, and Hercules Capital, Inc. Certain capitalized terms used in this Note which are not defined herein shall have the meanings ascribed to them in the Credit Agreement.

EXECUTION VERSION

1

1. **Loans.**

a. **Initial Loan.** Lender made an initial loan (the "Initial Loan") to Borrower in the principal sum of Five Hundred Thousand (\$500,000.00) Dollars to Borrower on July 24, 2024, on the terms and conditions set forth herein (the "Initial Loan") and in accordance with the Credit Agreement, Lender advanced the Initial Loan to Borrower in an amount equal to such principal sum minus the Original Issue Discount.

b. **Discretionary Advances.** Commencing on the date of this Note and terminating on July 23, 2025 (the "Termination Date"), Lender shall have the right, without commitment or obligation, to make one or more loans (each a "Loan" and collectively with the Initial Loan, the "Loans") to Borrower from time to time upon Borrower's written request as set forth in the Credit Agreement; provided that no Loan shall be made if, after giving effect to such Loan, the aggregate of all outstanding Loans would exceed the principal sum of One Million (\$1,000,000.00) Dollars. Lender shall advance any Loan to Borrower in an amount equal to the principal sum of such Loan minus the Original Issue Discount. Lender is authorized to record the date, amount of each Loan, and the date and amount of each payment or prepayment of principal of each Loan by the Borrower in Lender's records and/or on the Grid Schedule as set forth in the Credit Agreement. The Grid Schedule and the books and records of Lender shall constitute presumptive evidence of the information so recorded, absent manifest error.

c. **First Discretionary Principal Advance.** As of the date of this Note, Borrower has requested in writing that Lender loan and advance the principal sum of One Hundred Twenty Thousand (\$120,000.00) Dollars (the "First Discretionary Principal Advance") to Borrower in accordance with Section 1.b. Lender has agreed to loan and advance such funds, minus the Original Issue Discount, to Borrower on the terms and conditions set forth herein. For the avoidance of doubt and giving effect to the First Discretionary Principal Advance, the aggregate principal sum of Six Hundred Twenty Thousand (\$620,000.00) Dollars is currently outstanding as of the date of this Note.

d. **Original Issue Discount.** Notwithstanding any such deduction of the Original Issue Discount, Borrower is and shall remain liable to pay (a) the full principal amount of all Loans, inclusive of the Original Issue Discount and without giving effect to such deduction, and (b) interest, which shall accrue on the outstanding principal amount of such Loans, inclusive of the Original Issue Discount and without giving effect to such deduction from and after the Maturity Date. All calculations of interest and fees in respect of the Loans shall be calculated on the basis of their full stated principal sum. For the avoidance of doubt, the Original Issue Discount is and shall be deemed to be a part of the aggregate outstanding principal sum due under this Note.

2. **Interest Rate.** Each Loan shall bear interest on the unpaid principal amount thereof (without deduction for the Ordinary Issue Discount) at an interest rate equal to Twenty Percent (20.0%) per annum; provided that payment in full of the Repayment Amount, inclusive of the Original Issue Discount, on the Maturity Date satisfies the interest accrual on the Loan from initial issuance to the Maturity Date. Upon the occurrence and during the continuance of an Event of Default, the outstanding principal amount of the Loans hereunder shall bear interest payable on demand at a rate of interest of five (5.0%) percent per annum in excess of the interest rate otherwise then in effect or, if less, the maximum lawful rate of interest. Interest on each Loan shall be calculated on the basis year of 360 days and shall be payable for the actual days elapsed.

3 . **Maturity.** On the Maturity Date, the entire outstanding Repayment Amount (including the Original Issue Discount) shall be due and payable in full without any notice or demand whatsoever being required.

4 . **Application of Payments.** All payments received by Lender hereunder shall be applied first, to interest in accordance with the Credit Agreement, second, to the unpaid principal amount of all Loans then outstanding (including the Original Issue Discount), and third, to the payment of any fees, costs, expenses or charges then payable by Borrower to Lender hereunder, under the Credit Agreement or under any other document executed and delivered by Borrower to Lender or the holder hereof (or to either of their respective successors, assigns or Affiliates).

5 . **Event of Default.** Upon the occurrence of an Event of Default, Lender shall have the unconditional right, but not the obligation, to accelerate and declare this Note to be forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived.

6 . **Usury Savings Clause.** Notwithstanding anything in to the contrary stated in this Note or the Credit Agreement, the obligation of the Borrower to make payments of interest shall be subject to the limitation that payments of interest shall not be required to be paid to Lender to the extent that the charging or receipt thereof would not be permissible under the law or laws applicable to Lender limiting the rates of interest that may be charged or collected by Lender. If the provisions of this Note or the Credit Agreement would at any time otherwise require payment by the Borrower to Lender of any amount of interest in excess of the maximum amount then permitted by applicable law, the interest payments shall be reduced to the extent necessary so that Lender shall not receive interest in excess of such maximum amount.

7 . **Time of the essence.** Time is of the essence as to all dates set forth herein; provided, however that whenever any payment to be made under this Note shall be stated to be due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computations of payment of interest. "Business Day" shall mean any day except a Saturday, Sunday or other day on which commercial banks are required or permitted to close in the State of New York.

8. **Borrower's Absolute Obligation.** No provision of this Note or the Credit Agreement shall alter or impair the obligation of Borrower, which is absolute and unconditional, to pay the principal of and interest due with respect to this Note at the place, at the respective times, and in the currency herein prescribed.

9. **Conversion of this Note.**

a. **Conversion Shares.** Lender shall have the right, but not the obligation, at any time and from time-to-time so long as not less than an amount equal to the First Discretionary Principal Advance remains unpaid under this Note, to convert all or any portion of the outstanding First Discretionary Principal Advance and all accrued but unpaid interest thereon into a number of shares (the "**Conversion Shares**") of the Borrower's common stock (the "**Common Stock**"), calculated as the total dollar amount to be converted divided by \$0.45 (the "**Conversion Price**").

i. For the avoidance of doubt, the First Discretionary Principal Advance is the sole portion of the Principal Sum that is subject to conversion herein.

ii. In the event that Lender wishes to exercise the conversion rights set forth in this Section 9(a), the Lender shall give the Borrower written notice (the "**Conversion Notice**") of such conversion, which notice shall be effective on the date of such Conversion Notice, if such Conversion Notice is received by the Borrower not later than 4:00 p.m. Eastern Time on such date or, if such Conversion Notice is received by the Borrower after 4:00 p.m. Eastern Time on such date, then on the next succeeding Business Day. The date on which such Conversion Notice is deemed to be effective is hereinafter referred to as the "**Conversion Date**."

b. **Transfer Agent.** Not later than two (2) Business Days after any Conversion Date, the Borrower will cause the transfer agent for the Common Stock to deliver to the Lender, a book-entry receipt evidencing the issuance of the Conversion Shares to the Lender and containing a restrictive legend similar in tone and tenor to the legend on the first page of this Note.

c. **No Fractional Shares.** Upon any conversion hereunder, the Borrower shall not issue fractions of any Conversion Shares, and the aggregate number of Conversion Shares shall be rounded up or down to the nearest whole number.

d. **Annotation of Note.** Not later than three (3) Business Days following the Conversion Date, the Borrower shall prepare and the Lender shall acknowledge an annotated version of the Note and the Grid Schedule hereto reflecting the conversion and corresponding reduction of the Principal Amount outstanding under this Note.

e. Adjustments.

i. If, at any time while any portion of this Note remains outstanding, Borrower effectuates a stock split or reverse stock split of its Common Stock or issues a dividend on Common Stock consisting of shares of Common Stock, the Conversion Price shall be equitably adjusted to reflect such action. By way of illustration, and not in limitation, of the foregoing, (i) if Borrower effectuates a 2:1 split of its Common Stock, thereafter, with respect to any conversion for which the Borrower issues shares after the record date of such split, the Conversion Price shall be deemed to be one-half of what it had been immediately prior to such split; (ii) if Borrower effectuates a 1:10 reverse split of its Common Stock, thereafter, with respect to any conversion for which Borrower issues shares after the record date of such reverse split, the Conversion Price shall be deemed to be ten times what it had been calculated to be immediately prior to such split; and (iii) if Borrower declares a stock dividend of one share of Common Stock for every 10 shares outstanding, thereafter, with respect to any conversion for which Borrower issues shares after the record date of such dividend, the Conversion Price shall be deemed to be such amount multiplied by a fraction, of which the numerator is the number of shares (10 in the example) for which a dividend share will be issued and the denominator is such number of shares plus the dividend share(s) issuable or issued thereon (11 in the example).

ii. In case of any capital reorganization or of any reclassification of the capital of Borrower or in case of the consolidation or merger of Borrower with or into any other company or of the sale of all or substantially all of the assets of Borrower, this Note shall, after such capital reorganization, reclassification of capital, consolidation, merger or sale ("Equity Transaction"), confer the right to convert into that number of shares or other securities or property of the Borrower or of the entity resulting from such Equity Transaction or to which such sale shall be made, as the case may be, to which the holder of the shares deliverable at the time of such Equity Transaction would have been entitled as a result of such Equity Transaction had the Note been converted immediately prior thereto, and in any such case, if necessary, appropriate adjustments shall be made in the application of the provisions set forth herein with respect to the rights and interest thereafter of the Lender to the end that the provisions set forth herein shall thereafter correspondingly be made applicable as nearly as may reasonable be expected in relation to any shares or other securities or property thereafter deliverable. The subdivision or consolidation of the shares at any time outstanding into a greater or lesser number of shares (whether with or without par value) shall not be deemed to be a capital reorganization or a reclassification of the capital of the Borrower for the purposes of this Section 9.

f. Covenants regarding Common Stock. Borrower covenants and agrees that it shall at all times reserve and keep available out of its authorized Common Stock solely for the purpose of issuing the Conversion Shares as provided in this Note, such number of shares of Common Stock as shall then be issuable upon conversion of this Note as herein provided. In the event Borrower does not have a sufficient number of shares of authorized Common Stock available for the issuance of any or all of the Conversion Shares, Borrower covenants and agrees to take all steps necessary or desirable to effectuate the authorization of such Conversion Shares, including without limitation amending its charter documents to increase the number of authorized shares of Common Stock. Borrower covenants and agrees that all shares that may be issued upon conversion of this Note will, upon such issuance, be duly and validly issued, fully paid and non-assessable, free of all liens and charges, and not subject to any preemptive rights.

10. Piggyback Registration Rights.

a. Generally. If Borrower determines to register any of its securities, other than a registration relating solely to employee benefit plans or a registration relating solely to a corporate reorganization or other transaction on Form S-4, S-8 or similar forms that may be promulgated in the future, then Borrower shall:

i. promptly give written notice thereof to Lender on a date (the "Notice Date") that is at least ten (10) days before filing any such registration statement; and

ii. use its commercially reasonable efforts to include in such registration (and any related qualification under blue sky laws or other compliance), except as set forth in Section 3.2(b), and in any underwriting involved therein, all the Conversion Shares specified in a written request made by Lender and received by Borrower within five (5) days after the Notice Date. Such written request may specify all or a part of Lender's Conversion Shares. If Lender decides not to include all of its Conversion Shares in such registration statement, then Lender shall continue to have the right to include any Conversion Shares held by it any subsequent registration statement or registration statements as may be filed by Borrower with respect to offerings of Borrower's securities upon the terms and conditions set forth herein.

b. Underwriting.

i. If the registration for which Borrower gives notice is for a registered public offering involving an underwriting, then Borrower shall so advise Lender as a part of the written notice given pursuant to Section 3.2(a)(i). In such event, the right of Lender to registration pursuant to this Section 3.2 shall be conditioned upon Lender's participation in such underwriting and the inclusion of the Conversion Shares in the underwriting to the extent provided herein. Lender shall enter into a written underwriting agreement in customary form with Borrower and the representative of the underwriter or underwriters selected by Borrower.

ii. Notwithstanding any other provision of this Section 3.2, if the underwriters' representative advises Borrower in good faith and in writing (which notice Borrower, in turn, shall promptly provide to Lender) that marketing factors require a limitation on the number of shares to be underwritten, then the representative may (subject to the limitations set forth below) exclude any or all Conversion Shares from, or limit the number of Conversion Shares to be included in, the registration and underwriting. If Lender does not agree to the terms of any such underwriting, then Lender shall be excluded from the underwriting by written notice from Borrower or the underwriter. Any Conversion Shares excluded or withdrawn from such underwriting in accordance with the terms hereof shall be withdrawn from such registration.

c. Right to Terminate Registration. Borrower shall have the right to terminate or withdraw any registration it has initiated, to which this Section 3.2 is applicable, prior to the effectiveness of such registration, whether or not Lender elected to include its Conversion Shares in such registration.

d. Expenses of Registration. All Registration Expenses incurred in connection with any registration, qualification or compliance pursuant to this Section 3.2 shall be borne by Borrower. All registration fees, underwriting discounts and selling commissions relating to Conversion Shares so registered shall be borne by Lender.

e. Change of Control. In the event of a change of control of the Borrower during the term hereof, the Lender (a) shall have the right to convert and sell any Conversion Shares alongside any such transaction and (b) for any portion of the Note not converted the outstanding balance of this Note shall be immediately payable and the Borrower shall repay in full any amounts due or outstanding under this Note.

11. **Prepayment.** Borrower shall prepay the Loans prior to Maturity in accordance with the Credit Agreement.

12. **Waivers.** The Borrower and all endorsers of this Note waive presentment, diligence, demand, protest, and notice of any kind in connection with this Note.

13. **Governing Laws.** This Agreement and the performance hereunder will be governed in all respects by the laws of the State of New York, without giving effect to principles of conflicts of laws or statutes. The parties agree that the sole and exclusive jurisdiction and venue for any litigation arising from or relating to this Agreement or the subject matter hereof will be a federal or state court located in Suffolk County in the State of New York. Each party knowingly and voluntarily submits to personal jurisdiction over it in New York and to the exercise of jurisdiction over it by such court. Borrower knowingly and voluntarily waives and agrees not to assert by way of motion, as a defense or otherwise in any such suit, action or proceeding any claim that it is not personally subject to the jurisdiction of such federal or state courts, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper, or that this Note may not be litigated in or by such federal or state courts. BORROWER AND LENDER EACH HEREBY WAIVE ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION OR PROCEEDING, AT LAW OR IN EQUITY, DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE.

[signature page follows]

EXECUTION VERSION

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[signature page to Amended Secured Convertible Credit Note]

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed and delivered by its duly authorized officer, as of the day and year and at the place first above written.

PINEAPPLE ENERGY, INC.

By: James R. Brennan

Name: James R. Brennan

Title: Chief Operating Officer

EXECUTION VERSION

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ANNEX 1

**Grid Schedule to Revolving Credit Note
between Pineapple Energy, Inc. and Conduit Capital U.S. Holdings LLC**

Date of Loan Disbursement	Principal Amount of Loan	Amount of Principal Repaid	Notation Made by
July 24, 2024	\$500,000.00	-0-	JRB
September 9, 2024	\$120,000.00	-0-	JRB

PINEAPPLE ENERGY, INC.

SECURITIES EXCHANGE AGREEMENT

This Securities Exchange Agreement (this "Agreement") is made as of September 9, 2024 ("Effective Date"), by and between Pineapple Energy, Inc., a Minnesota corporation (the "Company"), and the holder signatory hereto. (collectively, the "Holder").

RECITALS

WHEREAS, the Holder currently holds a number of shares of Series A Convertible Preferred Stock of the Company (the "Existing Preferred Stock") and Common Stock Purchase Warrants (the "Warrants") to purchase shares of the Company's common stock, par value \$0.05 per share ("Common Stock") and the Common Stock underlying the Warrants, the "Warrant Shares"), each as set forth on the Holder's signature page attached hereto; and

WHEREAS, subject to the terms and conditions set forth herein, the Company and the Holder desire to cancel and retire the Existing Preferred Stock and the Warrants in exchange (the "Exchange") for shares of Series C Convertible Preferred Stock of the Company (the "Exchange Preferred Stock"), in reliance on the exemption from registration provided by Section 3(a)(9) of the Securities Act of 1933, as amended (the "Securities Act"), which Exchange Preferred Stock shall have the rights and preferences set forth in the Certificate of Designation to be filed prior to the Closing by the Company with the Secretary of State of Minnesota, in the form of Exhibit A attached hereto ("Certificate of Designation").

In consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Company and the Holder hereby agree as follows:

AGREEMENT

SECTION 1. EXCHANGE AND TERMINATION.

a) In consideration of, and in express reliance upon, the representations, warranties, covenants, terms and conditions of this Agreement, the Holder agrees to deliver and surrender to the Company for cancellation all of the Existing Preferred Stock and all Warrants in exchange for the Exchange Preferred Stock, and the Company agrees to issue and deliver the Exchange Preferred Stock to the Holder.

b) The number of Exchange Preferred Stock to be issued to the Holder in connection with the Exchange shall be as set forth on Schedule B hereto.

c) The closing under this Agreement (the "Closing") shall take place upon the satisfaction of each of the conditions set forth in Sections 4 and 5 hereof (the "Closing Date"), and in any event on or before the Trading Day (as defined in the Certificate of Designation) after the date hereof. At the Closing, (i) the Company shall issue and deliver the Exchange Preferred Stock duly registered to the Holder and (ii) the Holder shall deliver and surrender or cause to be delivered and surrendered (or the Holder shall provide evidence reasonably acceptable to the Company that such securities have been destroyed) to the Company for cancellation the Existing Preferred Stock and Warrants (in the event that the Existing Preferred Stock and Warrants are electronic, the Company shall instruct the transfer agent to cancel such securities).

d) If the Closing has not occurred by September 11, 2024, this Agreement shall terminate.

e) Notwithstanding the foregoing, prior to the issuance of the shares of Exchange Preferred Stock, the Holder, in its sole discretion, may elect to receive shares of Common Stock ("Pre-Issuance Shares") in lieu of a portion of the Exchange Preferred Stock (on an as converted basis) by delivering to the Company a Notice(s) of Conversion ("Pre-Issuance Notice(s)"). Upon receipt of a duly delivered Pre-Issuance Notice(s), the Company shall deliver to the Holder, in lieu of the applicable portion of Exchange Preferred Stock otherwise issuable pursuant to this Agreement, the Pre-Issuance Shares pursuant to this Agreement. In respect of the issuance of Pre-Issuance Shares, the terms, conditions and timing of such issuance shall be as if the Pre-Issuance Shares are Conversion Shares being delivered pursuant to the Certificate of Designation (including rights and obligations under this Agreement) and the Share Delivery Date in respect of the issuance of the Pre-Issuance Shares shall be the Closing Date. In the event of a Pre-Issuance Notice(s), the number of Conversion Shares issuable upon conversion of the Exchange Preferred Stock issued at Closing shall have the effect of lowering the outstanding number of Conversion Shares issuable upon conversion of the Exchange Preferred Stock in an amount equal to the applicable number of Pre-Issuance Shares issued hereunder.

SECTION 2. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY.

The Company hereby represents and warrants as of the date hereof to, and covenants with, the Holder as follows:

a) **Organization and Standing.** The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of Minnesota, has full corporate power and authority to own or lease its properties and conduct its business as presently conducted, and is duly qualified as a foreign corporation and in good standing in each jurisdiction in which the character of the property owned or leased or the nature of the business transacted by it makes qualification necessary, except where the failure to be so qualified would not have a material adverse effect on the business, properties, financial condition or results or operations of the Company (a "Material Adverse Effect").

b) **Authorization; Corporate Power.** This Agreement has been duly authorized, validly executed and delivered on behalf of the Company and is a valid and binding obligation of the Company enforceable against the Company in accordance with its terms (except as limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, and (ii) equitable principles generally, including any specific performance), and the Company has the requisite corporate power and authority to execute and deliver this Agreement and the other agreements and documents contemplated hereby and to perform its obligations hereunder and thereunder.

c) **Issuance and Delivery of the Exchange Preferred Stock.** The shares of Exchange Preferred Stock have been duly authorized and, will be validly issued, fully paid and nonassessable. Subject to receipt by the Company of a conversion notice for the Exchange Preferred Stock that the Holder has held such securities for the requisite period for tacking pursuant to Rule 144 under the Securities Act and that such Holder is not an affiliate of the Company (both of which the Company acknowledges and confirms, to its knowledge, are true and correct as of the date hereof), the shares underlying the Exchange Preferred Stock will be issued and issuable to the Holder without legend and will be freely tradable by the Holder. The Company shall cause its counsel to issue a legal opinion to the Company's transfer agent to effect the removal of the legend hereunder.

d) **Governmental Consents.** No consent, approval or authorization of or designation, declaration or filing with any governmental authority on the part of the Company is required in connection with the valid execution and delivery of this Agreement or the offer, sale or issuance of the shares of Exchange Preferred Stock or the consummation of any other transaction contemplated by this Agreement.

e) **No Default or Violation.** The execution and delivery of the Agreement and the consummation of the transactions contemplated by this Agreement by the Company will not (i) result in a breach of or a default under any of the terms or provisions of (A) the Company's certificate of incorporation or by-laws, or (B) any material provision of any indenture, mortgage, deed of trust or other material agreement or instrument to which the Company is a party or by which it or any of its material properties or assets is bound or (ii) result in a violation of any provision of any law, statute, rule, regulation, or any existing applicable decree, judgment or order by any court, Federal or state regulatory body, administrative agency, or other governmental body having jurisdiction over the Company, or any of its material properties or assets except in the case of clauses (i)(B) or (ii) for any such breaches, defaults or violations which would not have a Material Adverse Effect.

f) **Disclosure of Agreement.** The Company shall, on or before 9:30 a.m., New York City time, on September 9, 2024 file with the SEC a Current Report on Form 8-K disclosing all material terms of the transactions contemplated hereby (the "Public Disclosure"). From and after the filing of the Public Disclosure, the Holder shall not be in possession of any material, nonpublic information received from the Company or any of its subsidiaries or any of their respective officers, directors, employees, affiliates or agents, that is not disclosed in the Public Disclosure. The Company shall not, and shall cause its officers, directors, employees, affiliates and agents, not to, provide the Holder with any material, nonpublic information regarding the Company from and after the filing of the Public Disclosure without the express written consent of the Holder. To the extent that the Company delivers any material, non-public information to the Holder without the Holder's express prior written consent, the Company hereby covenants and agrees that the Holder shall not have any duty of confidentiality to the Company, any of its subsidiaries or any of their respective officers, directors, employees, affiliates or agents with respect to, or a duty to the Company, any of its subsidiaries or any of their respective officers, directors, employees, affiliates or agents not to trade on the basis of, such material, non-public information. The Company shall not disclose the name of the Holder in any filing, announcement, release or otherwise, unless such disclosure is required by law or regulation. In addition, effective upon the filing of the Public Disclosure, the Company acknowledges and agrees that any and all confidentiality or similar obligations under any agreement, whether written or oral, between the Company, any of its subsidiaries or any of their respective officers, directors, affiliates, employees or agents, on the one hand, and the Holder or any of its affiliates, on the other hand, shall terminate and be of no further force or effect. The Company understands and confirms that the Holder will rely on the foregoing representations in effecting transactions in securities of the Company.

g) **Most Favored Nations.** The Company hereby represents and warrants and covenants and agrees that none of the terms offered to any Other Holder (as defined in Section 7(c)) with respect to any Other Agreement (or any amendment, modification or waiver thereof, as defined in Section 7(c)) relating to the shares of Existing Preferred Stock or Warrants, is or will be more favorable to such Other Holder than those of the Holder and this Agreement unless such terms are concurrently offered to the Holder.

h) **Market Standstill.** From the date hereof until 30 days after the date hereof, neither the Company nor any Subsidiary shall (A) other than an Exempt Issuance (as defined below), enter into any agreement to issue or announce the issuance or proposed issuance of any Common Stock or securities of the Company or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock or (B) file any registration statement or any amendment or supplement to any existing registration statement. "Exempt Issuance" shall mean (1) shares of Common Stock or options to employees, officers or directors of the Company pursuant to any stock or option plan duly adopted for such purpose, by a majority of the non-employee members of the Board of Directors or a majority of the members of a committee of non-employee directors established for such purpose for services rendered to the Company or (2) securities upon the exercise or exchange of or conversion of any shares of Exchange Preferred Stock issued hereunder and/or other securities exercisable or exchangeable for or convertible into shares of Common Stock issued and outstanding on the date of this Agreement, provided that such securities have not been amended since the date of this Agreement to increase the number of such securities or to decrease the exercise price, exchange price or conversion price of such securities (other than in connection with stock splits or combinations) or to extend the term of such securities issue, other than with respect to drawdowns pursuant to the Amended and Restated Convertible Secured Credit Note dated September 9, 2024 between the Company and Conduit Capital U.S. Holdings LLC.

SECTION 3. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE HOLDER.

(i) The Holder represents and warrants to and covenants with the Company that:

(a) **Valid Existence; Good Standing.** To the extent the Holder is a corporation, limited liability company or other type of entity, the Holder is validly existing and in good standing under the laws of the jurisdiction of its organization.

(b) **Authority; Authorization.** The Holder has full right, power, authority and capacity to enter into this Agreement and the other agreements and documents contemplated hereby and to perform its obligations hereunder and thereunder and has taken all necessary action to authorize the execution, delivery and performance of this Agreement. Upon the execution and delivery of this Agreement by the Holder, this Agreement shall constitute a valid and binding obligation of the Holder, enforceable in accordance with its terms (except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, and (ii) as limited by equitable principles generally, including any specific performance).

(c) **Title.** The Holder owns and holds the entire right, title and interest in and to, and is the record and beneficial owner of, the Warrants and the Holder owns the Warrants free and clear of all Encumbrances (as defined below). The Holder has the full power and authority to vote, transfer and dispose of the Warrants free and clear of any right or Encumbrances. There is no restriction affecting the ability of the Holder to transfer the legal and beneficial title and ownership of the Warrants to the Company and, at the Closing, the Company will acquire legal and valid title to the Warrants, free and clear of all Encumbrances. Other than the transactions contemplated by this Agreement, there is no outstanding vote, plan, pending proposal, or other right of any Person (as defined in the Certificate of Designation) to acquire all or any of the Warrants. "Encumbrances" shall mean any security or other property interest or right, claim, lien, pledge, option, charge, security interest, contingent or conditional sale, or other title claim or retention agreement, interest or other right or claim of third parties, whether perfected or not perfected, voluntarily incurred or arising by operation of law, and including any agreement (other than this Agreement) to grant or submit to any of the foregoing in the future.

(d) **Purchase of Existing Preferred Stock and Warrants.** The Holder purchased the shares of Existing Preferred Stock and Warrants in the Registered Offering on March 22, 2022 and has beneficially owned such shares of Existing Preferred Stock and Warrants since such date.

(e) **Securities Act Exemption.** Neither the Holder nor anyone acting on behalf of the Holder has received any commission or remuneration directly or indirectly in connection with or in order to solicit or facilitate the Exchange. The Holder understands that the Exchange contemplated hereby is intended to be exempt from registration by virtue of Section 3(a)(9) of the Securities Act. The Holder understands that the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings of the Holder set forth herein for purposes of qualifying for the exemption under Section 3(a)(9) of the Securities Act as well as qualifying for exemptions under applicable state securities laws.

(f) **Non-Affiliate.** The Holder is not an Affiliate of the Company and has not been an Affiliate during the three months prior to the date hereof.

(g) **Information.** The Holder has, in connection with its decision to acquire the Exchange Preferred Stock, relied with respect to the Company and its affairs solely upon the Company's filings with the SEC and the representations and warranties of the Company contained herein.

(h) **Advisors.** The Holder understands that nothing in this Agreement or any other materials presented to the Holder in connection with the exchange of the Warrants and issuance and acquisition of the Exchange Preferred Stock constitutes legal, tax or investment advice. The Holder has consulted such legal, tax and investment advisors as it, in its sole discretion, has deemed necessary or appropriate in connection with its acquisition of the Exchange Preferred Stock. With respect to such matters, the Holder relies solely on such advisors and not on any statements or representations of the Company or any of its agents, written or oral. The Holder understands that it (and not the Company) shall be responsible for its own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

(i) **Confirmation.** Notwithstanding the provisions set forth in the Existing Preferred Stock, the Holder acknowledges and agrees that the number of shares of Common Stock underlying the Exchange Preferred Stock as set forth on Schedule A hereto are all of the shares of Common Stock and Exchange Preferred Stock that the Holder is entitled to in connection with the Exchange.

SECTION 4. CONDITIONS TO COMPANY'S OBLIGATIONS AT THE CLOSING.

The Company's obligation to complete the issuance of the Exchange Preferred Stock and deliver the Exchange Preferred Stock to the Holder at the Closing shall be subject to the following conditions to the extent not waived by the Company:

- a) **Execution and Delivery.** The Holder shall have executed and delivered this Agreement.
- b) **Covenants.** The Holder shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Holder at or prior to the Closing Date.
- c) **Surrender of Warrants.** The Company shall have received in physical form or through book-entry transfer from the Holder all certificates or book-entry notation representing the Exchange Preferred Stock and Warrants to be exchanged for the Exchange Preferred Stock.
- d) **Representations and Warranties.** The representations and warranties of the Holder shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made at that time, except for representations and warranties that are expressly made as of a particular date, which shall be true and correct in all material respects as of such date.

SECTION 5. CONDITIONS TO THE HOLDER'S OBLIGATIONS AT THE CLOSING.

The Holder's obligation to deliver the Warrants and accept delivery of the Exchange Preferred Stock shall be subject to the following conditions to the extent not waived by the Holder:

(a) **Covenants.** The Company shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Company at or prior to the Closing Date.

(b) **Delivery of Exchange Preferred Stock.** The Company shall have filed the Certificate of Designation with the Secretary of State of Minnesota and delivered the Exchange Preferred Stock in accordance with the instructions provided pursuant to Section 1.b) hereof provided, subject to the Company's compliance with Section 1.e), the Company may deliver such Exchange Preferred Stock promptly following the Closing Date if acceptance of the filing of the Certificate of Designation does not occur on or before the Closing Date.

(c) **Representations and Warranties.** Each of the representations and warranties of the Company shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made at that time, except for representations and warranties that are expressly made as of a particular date, which shall be true and correct in all material respects as of such date.

SECTION 6. NOTICES.

All notices, requests, consents and other communications hereunder shall be in writing, shall be sent by confirmed electronic mail, or mailed by first-class registered or certified airmail, or nationally recognized overnight express courier, postage prepaid, and shall be deemed given when so sent in the case of electronic mail transmission, or when so received in the case of mail or courier, and addressed as follows:

(a) if to the Company, to:
10900 Red Circle Drive
Minnetonka, MN 55343
Attn: Andy Childs
e-mail: PreferredConversion@PineappleEnergy.com

or to such other Person at such other place as the Company shall designate to the Holder in writing; and

(b) if to the Holder, at the address as set on the Holder's signature page attached hereto, or at such other address as may have been furnished by the Holder to the Company in writing.

SECTION 7. MISCELLANEOUS.

a) **Headings.** The headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be part of this Agreement.

b) **Severability.** In case any provision contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

c) **Several and Not Joint Obligations.** The Company acknowledges and agrees that the obligations of the Holder under this letter agreement are several and not joint with the obligations of any other holder or holders of the Existing Preferred Stock and Warrants (each, an “Other Holder”) under any other agreement related to any other exchange agreement with such Other Holders (“Other Agreements”), and the Holder shall not be responsible in any way for the performance of the obligations of any Other Holder or under any such Other Agreement. Nothing contained in this letter agreement, and no action taken by the Holders pursuant hereto, shall be deemed to constitute the Holder and the Other Holders as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Holder and the Other Holders are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by this letter agreement and the Company acknowledges that the Holder and the Other Holders are not acting in concert or as a group with respect to such obligations or the transactions contemplated by this letter agreement or any Other Agreement. The Company and the Holder confirm that the Holder has independently participated in the negotiation of the transactions contemplated hereby with the advice of its own counsel and advisors. The Holder shall be entitled to independently protect and enforce its rights, including, without limitation, the rights arising out of this Agreement, and it shall not be necessary for any Other Holder to be joined as an additional party in any proceeding for such purpose.

d) **Governing Law.** This Agreement shall be governed by and construed under the laws of the State of New York without regard to the choice of law principles thereof. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the State of New York located in The City of New York, Borough of Manhattan for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or thereby, and hereby irrevocably waives any objection that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

e) **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one instrument, and shall become effective when one or more counterparts have been signed by each party hereto and delivered to the other parties. In the event that any signature is delivered by facsimile transmission or by an e-mail which contains an electronic file of an executed signature page, such signature page shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or electronic file signature page (as the case may be) were an original thereof.

f) **Successors and Assigns.** Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, permitted assigns, heirs, executors and administrators of the parties hereto.

g) **Entire Agreement; Amendments.** This Agreement and other documents delivered pursuant hereto constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof. This Agreement may be amended, modified, superseded, cancelled, renewed or extended, and the terms and conditions hereof may be waived, only by a written instrument signed by all parties, or, in the case of a waiver, by the party waiving compliance. Except as expressly stated herein, no delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege hereunder preclude any other or future exercise of any other right, power or privilege hereunder.

h) **Survival.** The representations, warranties, covenants and agreements made in this Agreement shall survive the closing of the transactions contemplated hereby and the exchange and delivery of the Warrants and the Exchange Preferred Stock.

i) **No Third-Party Beneficiaries.** This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person.

[signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

PINEAPPLE ENERGY Inc.

By: _____
Name:
Title:

COMPANY SIGNATURE PAGE TO
EXCHANGE AGREEMENT

IN WITNESS WHEREOF, the undersigned Holder caused this Agreement to be duly executed by its respective authorized signatories as of the date first indicated above.

Name of Holder: _____

Signature of Authorized Signatory of Holder: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Email Address of Authorized Signatory: _____

Address for Notice to Holder:

Address for Delivery of Shares to Holder (if not same as address for notice):

Shares of Existing Preferred Stock:

Warrant Shares underlying Warrants:

Shares of Exchange Preferred Stock:

[SIGNATURE PAGES CONTINUE]

HOLDER SIGNATURE PAGE TO
EXCHANGE AGREEMENT

**PINEAPPLE ENERGY ANNOUNCES RESTRUCTURING OF EXISTING SERIES A
CONVERTIBLE PREFERRED STOCK AND RELATED WARRANTS**

MINNETONKA, MN – SEPTEMBER 9, 2024 – Pineapple Energy Inc. (Nasdaq: PEGY) (“Pineapple” or the “Company”), a leading provider of sustainable solar energy and back-up power to households and small businesses, announced today that they have entered into Securities Exchange Agreements (the “Exchange Agreements”) with the holders of the Company’s Series A convertible preferred stock (the “Series A Preferred Stock”) and related warrants (the “Warrants”) pursuant to which the holders have agreed to exchange the Series A Preferred Stock and Warrants for shares of the Company’s Series C convertible preferred stock (the “Series C Preferred Stock”).

Immediately prior to the execution of the Exchange Agreements, the Company entered into an Amended and Restated Convertible Secured Note with the lender party to the Company’s Secured Credit Note, dated July 22, 2024 (the “Amended Note”), providing for an additional principal advance of \$120,000 which amount is convertible into shares of the Company’s common stock at a conversion price of \$0.45 per share. As a result of the issuance of the Amended Note, the adjustment provisions in the Series A Preferred Stock were triggered and caused certain adjustments in the currently effective conversion price of the Series A Preferred Stock and exercise price of the Warrants to \$0.45 per share, and a proportional increase in the number of shares of the Company’s common stock issuable under the Warrants (the “Reset”).

As a result of the Reset, the holders of the Series A Preferred Stock and Warrants would be able to convert their Series A Preferred Stock into an aggregate of 28,942,573 shares of the Company’s common stock at \$0.45 per share, and exercise their Warrants for an aggregate of 66,741,065 shares of the Company’s common stock at \$0.45 per share. In connection with the Exchange Agreements, the holders agreed to cancel and retire the Series A Preferred Stock and the Warrants in exchange for shares of Series C Preferred Stock, convertible at \$0.45 per share for up to an aggregate of 62,313,111 shares of the Company’s common stock. The Series C Preferred Stock does not contain any of the price resets set forth in the Series A Preferred Stock.

For a further description of the transaction and the terms of the Series C Preferred Stock, see the Company’s Current Report on Form 8-K to be filed with the Securities and Exchange Commission today.

The closing of the transactions contemplated by the Exchange Agreements and the Amended Note will occur on September 10, 2024, subject to the satisfaction of certain closing conditions.

The securities issued pursuant to the Exchange Agreements and Amended Note have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), or any state or other applicable jurisdiction’s securities laws, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and applicable state or other jurisdictions’ securities laws.

This press release shall not constitute an offer to sell or a solicitation of an offer to buy these securities, nor shall there be any sale of these securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such state or other jurisdiction.

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 Energy, Hawaii Energy Connection, E-Gear) provide those within the Residential and Commercial sectors 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, and future opportunities, including the prospect of future capital-raising activities. These statements are based on Pineapple'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, set forth in Pineapple'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. Pineapple 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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