

Solar Integrated Roofing Corp. Reports Record Third Quarter 2022 Financial Results

Revenue Grew 333% to \$57.3 Million with Net Income of \$6.2 Million; Filing of Form 10 Registration Statement Represents Key Milestone Achievement in Uplisting Strategy

HENDERSON, Nev., Nov. 21, 2022 (GLOBE NEWSWIRE) -- Solar Integrated Roofing Corp. (OTC: SIRC), an integrated, single-source solutions provider for solar power, roofing systems installation and EV charging company, today reported its financial and operational results for the third quarter ended September 30, 2022.

Key Operational and Financial Highlights

- Revenue in the third quarter increased 333% to \$57.3 million, as compared to \$13.2 million in the third quarter of 2021.
- Net income in the third quarter increased to \$6.2 million, or \$0.01 per diluted share, as compared to a net loss of \$1.7 million, or \$(0.00) per diluted share, in the third quarter of 2021.
- Revenue expected to be realized from remaining performance obligations for commercial solar contracts totaled \$291.6 million as of September 30, 2022.
- Filed a Form 10 Registration Statement with the U.S. Securities and Exchange Commission to register its common stock under the Securities Exchange Act of 1934; Transition to a fully reporting company represents a key milestone towards the Company's goal of a NASDAQ listing.

Management Commentary

"The third quarter of 2022 was highlighted by the increasing pace of operational execution, as evidenced by our 333%, year-over-year, revenue growth and strong profitability," said David Massey, Chief Executive Officer of Solar Integrated Roofing Corp. "Our continued success in cross-selling the complimentary solutions in our portfolio are allowing us to make the most of our acquisitions. The momentum we have, paired with the forecasted synergies and operational efficiencies, have allowed us to reduce operating expenses despite our impressive revenue growth. We believe this positions us extremely well to finish out 2022 and expand aggressively in 2023.

"During the quarter we achieved a crucial milestone on our journey to uplist to NASDAQ, with the filing of a Form 10 Registration Statement with the U.S. Securities and Exchange Commission. The transition to a fully reporting company represents an exciting achievement as we strive towards our goal of a NASDAQ listing in 2023, which we expect to improve liquidity and broaden our institutional shareholder base through an enhanced profile within the investment community.

"To prepare ourselves for a future NASDAQ listing, we are strengthening our management team on several fronts - most recently with the appointment of veteran operations executive Stefan Abbruzzese as President. Stefan has already begun to lend his extensive functional knowledge to drive operational improvements across our integrated family of companies, with these productivity and resource optimization efforts expected to support sustained growth and our pace of geographic expansion. Stefan's 360-degree view will empower critical decisions in marketing, sales, product development, and customer service, and his deep commercial financing experience will support our pursuit of the capital needed to scale operations and capitalize on the macro trends impacting our target markets, including the recently passed Inflation Reduction Act.

"Looking forward into 2023, we are well positioned for continued execution upon the foundation that we have built. There remains plenty of work to be done, though I have never been more confident in the future of our business as I am today. I look forward to reporting on exciting milestone achievements in the months ahead as we strive to create sustainable, long-term value for our shareholders," concluded Massey.

Third Quarter 2022 Financial Summary

Revenue in the third quarter of 2022 increased 333% to \$57.3 million, as compared to \$13.2 million in the third quarter of 2021.

Gross profit increased 195% to \$14.2 million, or 24.8% of revenues, in the third quarter of 2022, as compared to \$4.8 million, or 36.3% of total revenues, in the third quarter of 2021.

Operating expenses in the third quarter of 2022 totaled to \$6.8 million, as compared to \$6.2 million in the third quarter of 2021.

Net income in the third quarter of 2022 increased to \$6.2 million, or \$0.01 per diluted share, as compared to a net loss of \$1.7 million, or \$(0.00) per diluted share, in the third quarter of 2021.

Cash and cash equivalents totaled \$0.5 million as of September 30, 2022, as compared to \$1.1 million as of December 31, 2021.

About Solar Integrated Roofing Corp.

Solar Integrated Roofing Corp. (OTC: SIRC), is an integrated, single-source solutions provider for solar power, roofing systems and EV charging installations, specializing in commercial and residential projects throughout North America. The Company serves communities by delivering the best experience through constant innovation & legacy-focused leadership. For more information, please visit the Company's website at www.solarintegratedroofing.com or join us on [Twitter](https://twitter.com/SolarIR).

Forward-Looking Statements

Any statements made in this press release which are not historical facts contain certain forward-looking statements; as such term is defined in the Private Security Litigation Reform Act of 1995, concerning potential developments affecting the business, prospects, financial condition and other aspects of the company to which this release pertains. The actual results of the specific items described in this release, and the company's operations generally, may differ materially from what is projected in such forward-looking statements. Although such statements are based upon the best judgments of management of the company as of the date of this release, significant deviations in magnitude, timing and other factors may result from business risks and uncertainties including, without limitation, the company's dependence on third parties, general market and economic conditions, technical factors, the availability of outside capital, receipt of revenues and other factors, many of which are beyond the control of the company. The company disclaims any obligation to update the information contained in any forward-looking statement. This press release shall not be deemed a general solicitation.

Investor Relations Contact:

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SOLAR INTEGRATED ROOFING CORP.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
ASSETS		
Cash	\$ 480,141	\$ 1,124,533
Accounts receivable, net	5,511,696	3,652,176
Work in progress receivable, net	76,976,192	33,242,296
Note receivable	4,200,000	4,200,000
Prepaid and other current assets	273,826	736,548
Inventory	151,363	142,955
TOTAL CURRENT ASSETS	87,593,218	43,098,508
OTHER ASSETS		
Operating lease right-of-use assets	2,888,171	1,646,049
Property and equipment, net	1,004,016	1,122,057
Goodwill	62,047,800	58,401,851
Other assets	154,390	265,071
TOTAL ASSETS	153,687,595	104,533,536
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 8,516,321	\$ 7,984,710
Accrued interest	1,519,387	1,157,113
Due to related parties	11,204,126	11,510,413
Operating lease liabilities, current portion	504,981	115,623
Notes payable	21,955,667	5,112,773
Debenture payable	2,400,000	2,400,000
Convertible note payable, net of unamortized discounts	10,684,800	23,688,886
Derivative liabilities	53,295	10,049
Total Current Liabilities	56,838,577	51,979,567
OTHER LIABILITIES		
Note payable, long-term	2,273,531	2,426,698
Operating lease liabilities, non-current portion	2,383,190	1,530,426
TOTAL LIABILITIES	61,495,298	55,936,691
COMMITMENTS AND CONTINGENCIES (Note 13)		
STOCKHOLDER'S EQUITY		
Preferred stock, \$0.00001 par value: authorized 25,000,041 shares	-	-
Series A Preferred stock, \$0.00001 par value: 5,000,000 shares authorized, 2,500,000 shares issued and outstanding, respectively	25	25
Series B Preferred stock, \$0.00001 par value: 20,000,000 shares authorized, 5,701,000 and 8,000,000 shares issued and outstanding, respectively	57	80
Series C Preferred stock, \$0.00001 par value: 1 share authorized, 1 share issued and outstanding, respectively	-	-
Series D Preferred stock, \$0.00001 par value: 40 shares authorized, 40 shares issued and outstanding, respectively	-	-
Common stock, \$0.00001 par value: 900,000,000 shares authorized, 542,817,941 and 453,498,555 shares issued and outstanding, respectively	5,428	4,535
Stock payable	2,652,300	11,790,200
Stock receivable	-	(36,450,000)
Additional paid-in capital	59,570,943	74,087,246
Non-controlling interest	(415,389)	(60,487)
Retained earnings (accumulated deficit)	30,378,933	(774,754)
TOTAL STOCKHOLDER'S EQUITY	92,192,297	48,596,845
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 153,687,595	\$ 104,533,536

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue	\$ 57,267,460	\$ 13,224,759	\$ 150,541,535	\$ 24,674,807
Cost of Sales	43,071,432	8,418,340	94,558,164	19,484,806
Gross Profit	14,196,028	4,806,419	55,983,371	5,190,001
Operating expenses				
Salaries and wages	3,989,043	2,863,858	12,437,116	5,488,167
Professional fees	1,400,473	1,585,673	4,499,397	4,474,413
Depreciation expense	69,807	222,613	277,601	303,982
Marketing	186,093	229,259	445,828	575,038
General and administrative	1,179,561	1,275,383	3,768,121	3,136,619
Total operating expenses	6,824,977	6,176,786	21,428,063	13,978,219
Income (loss) from operations	7,371,051	(1,370,367)	34,555,308	(8,788,218)
Other income (expense)				
Interest expense	(1,077,710)	(586,638)	(2,190,637)	(949,454)
Other income (expense)	-	(108,489)	(253,707)	90,793
PPP loans forgiveness	-	20,830	-	1,018,130
Loss on debt modification	-	-	(1,268,933)	-
Gain (loss) on change in fair value of derivative liabilities	(53,295)	359,009	(43,246)	1,285,675
Total other income (expense)	(1,131,005)	(315,288)	(3,756,523)	1,445,144
Income (loss) before taxes	6,240,046	(1,685,655)	30,798,785	(7,343,074)
Provision for income taxes	-	-	-	-
Net income (loss)	6,240,046	(1,685,655)	30,798,785	(7,343,074)
Net income (loss) attributable to non-controlling interest	(331,918)	(24,233)	(354,902)	(40,415)
Net income (loss) attributable to the Company	\$ 6,571,964	(1,661,422)	\$ 31,153,687	(7,302,659)
Basic income (loss) per Common Share	\$ 0.01	\$ (0.00)	\$ 0.06	\$ (0.02)
Diluted income (loss) per Common Share	\$ 0.01	\$ (0.00)	\$ 0.06	\$ (0.02)
Basic weighted average number of common shares outstanding	539,902,975	378,468,171	502,470,756	343,348,974
Diluted weighted average number of common shares outstanding	616,917,439	481,083,476	579,485,220	445,964,279

SOLAR INTEGRATED ROOFING CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

For the Nine Months Ended

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 30,798,785	\$ (7,343,074)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Stock-based compensation	3,260,418	928,650
Loss on debt modification	1,268,933	-
Amortization of debt discount	6,724	186,146
(Gain) Loss on change in fair value of derivative liabilities	43,246	(1,285,675)
Depreciation	277,601	303,982
Warrant expense	147,500	-
Stock option expense	1,259,300	-
PPP loans forgiveness	-	(1,018,130)
Changes in operating assets and liabilities:		
Accounts and work in progress receivable	(45,593,416)	(2,456,396)
Prepaid expenses and other assets	462,722	(617,892)
Inventory	(8,408)	141,162
Accounts payables and accrued liabilities	2,773,650	1,734,326
Due to related parties	(306,287)	8,104,145
Net Cash Used in Operating Activities	(5,609,232)	(1,322,756)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash paid in acquisition of subsidiaries	(600,000)	(10,100,000)
Purchase of property and equipment	(159,560)	(1,112,644)
Net Cash Used in Investing Activities	(759,560)	(11,212,644)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	5,452,105	6,813,218
Repayments of notes payable	(2,762,245)	(1,841,218)
Proceeds from convertible notes payable	2,440,000	21,055,610
Proceeds from warrant exercise	-	16,480
Repurchase of preferred stock class B		(10,000,000)
Repurchase of common stock		(100,000)
Proceeds from sale of common stock	594,540	140,000
Net Cash Provided by Financing Activities	5,724,400	16,084,090
Net change in cash and cash equivalents	(644,392)	3,548,690
Cash and cash equivalents, beginning of period	1,124,533	710,091
Cash and cash equivalents, end of period	\$ 480,141	\$ 4,258,781
Supplemental cash flow information		
Cash paid for interest	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -
Non-cash investing and financing transactions:		
Issuance of common stock for conversion of debt and accrued interest	\$ 2,840,575	\$ 1,398,647
Common stock issued for acquisition of subsidiaries	\$ 12,011,849	\$ 63,532,400
Modification of convertible notes in exchange for promissory note	\$ 14,000,000	\$ -
Acquisition of subsidiary via issuance of preferred stock class B	\$ -	\$ 4,870,000
Net assets acquired in acquisition	\$ -	\$ 1,007,535
Assets acquired from financing	\$ -	\$ 54,807
Net assets acquired in acquisitions	\$ -	\$ 866,000
Return and cancellation of common stock	\$ 36,450,000	\$ -
Right-of-use assets and corresponding liabilities on new building leases	\$ 1,454,939	\$ -

