Note: Financials are not shared publicly at this time.

Dear fellow shareholders,

A couple of weeks ago, we celebrated Palmetto's 16th anniversary. In many ways, we are at the beginning of our journey, just scratching the surface of the broader future energy opportunity. That said, I am pleased to share the 2025 company newsletter with you.

A Mission-Driven Company & 2025 Results

Palmetto exists to mitigate and, increasingly, adapt to climate change. We use a distributed, tech-enabled consumer energy platform to help people transition from fossil fuels (and their associated greenhouse gases) to clean technologies, decarbonizing the planet. Each consumer who creates an account or purchases our products effectively votes to support our broader climate mission and their personal energy savings journey.

In 2025 alone, we produced 1,134 gigawatt-hours of clean electricity. Our community reduced carbon emissions by 1.68 billion pounds of carbon dioxide, equivalent to nearly 12.6 million trees growing for 10 years. We also created 669,000 customer accounts in 2025 (1.32 million overall) and doubled our paying customer base for the fifth consecutive year, effectively compounding customer growth at 100% per year over the trailing five years.

We helped our customers save $2.75M per month on their energy spend, totaling $33M for the year. We also supported our broader industry, with over 15,000 field technicians and over $2.85 billion in project value across our 25 listed products on our marketplace.

Cumulatively (since our platform data began in 2017), we've produced 1,985 GWh of clean electricity, and our community has reduced carbon emissions by 2.94 billion pounds, equivalent to the impact of 22 million trees growing for 10 years.

In 2025, Palmetto's service customer base would make us a top-200 utility in the United States. That's larger than the likes of Hawaii Electric Light Co. and Black Hills Colorado Electric, and we have aspirations to become the largest utility on the planet.

As I say in almost every annual newsletter, the faster we grow (profitably), the faster we make an impact. Time is of the essence.

Tech-Enablement & Long-Term Growth

Our Platform Evolution

Over the past 16 years, Palmetto has executed on three phases of building our model, which closely resembles a marketplace; we believe that we have the winning model when it comes to efficiently scaling distributed energy because it has yielded profitable results for our partners in the delivery of affordable and reliable energy to our consumers. In the early days, we borrowed many concepts from other marketplaces, such as Amazon and Uber. Then, we developed a plan to sequence the buildout of both the demand and supply sides to achieve a *balanced marketplace*. Here was our sequence:

- DEMAND GENERATION: In our early days, we built our first software platform, Alchemy, which was a simple *sales enablement platform*. With support from our Series A investors in 2018, we pursued a simple objective: lower customer acquisition costs by expanding lower-cost distribution channels, making our products more affordable to consumers, and, in turn, delivering a best-in-class savings offering.
- SUPPLY SIDE: Alchemy's growth led to our second build-out, funded by our Series B investors in 2020, to build a *project fulfillment platform* to better deliver high-quality field-level operations.
- SERVICES: The insights we gathered led us to develop services to support our consumers with more transparent pricing and a better, more reliable experience. With support from our Series C investors, we then built out our first major service, a consumer finance and asset management business.

Financial Discipline

This model has proven viable, flexible, and scalable. And, while we borrowed lessons from others in the beginning, we learned some important lessons of our own, of which the biggest lesson has been about the importance of financial discipline.

Keep costs low to improve consumer savings and ensure our partners generate sustainable profits. The financial discipline principles that have helped us scale profitably are:

- *Relentlessly efficient*: Our mindset is to keep costs low and drive cash flow. In 2025, we achieved a 3.8% operating-to-revenue ratio, making us a lean operator (substantially leaner than our competitors) that can share economics with our partners and consumers. We can achieve this because we are tech-enabled.
- *Cash flow*: A lean operation with stable margins means cash flow. We use cash flow as our primary metric and to drive incentive-aligned behavior across our team and partners.
- *Long-term cash distributions*: Most customers finance large ticket items (e.g. solar, storage, HVAC) with Palmetto. Palmetto owns those assets; we earn when the consumer saves. That means we generate cash flows over the asset's life. That provides our company with significant cash flow visibility. In 2025, we added hundreds of millions of dollars in long-term cash distributions.
- *Capital allocation*: We allocate a small portion of surplus cash flows to conduct 'small tests' that allow us to innovate and drive long-term growth by helping consumers save more and by equipping our partners with a diversified set of products and services to help them grow their businesses. In 2025, we conducted numerous tests and identified new areas to help our consumers. Initiatives included our Comfort Plan (HVAC & heat pump solutions), retail energy plans, and virtual power plant plans. We also

demonstrated financial discipline by shutting down tests that didn't warrant the capital allocation at this time. We developed a detailed capital allocation model, managed by our Laboratory team.

- *Subsidy independence*: Our short-term goal is to operate without policy-related incentives. The subsidies have helped launch our industry, but are not meant to sustain it in the long term. While subsidies are in place, we will leverage them to drive higher margins and reinvest the resulting excess profits into the company's growth. But we plan to operate subsidy-independently by 2028, meaning our cash flows will support our company and growth, regardless of subsidies. This is a major step towards derisking the company in the long-term.

Where We Are Going

Long-term outlook & investor alignment

There can be a mismatch between short- and long-term investment objectives, and we want to be clear and careful in selecting the right, patient investors who share our vision for a large-scale enterprise over the very long term. And while we manage our business results on a short-term cadence, we do so to ensure we are well-calibrated to the long-term outcome for our Company.

We are prioritizing cash flows and recurring cash flows
Longevity is a core value at Palmetto. We are focused on building long-term relationships with our customers and partners, and we need to be around in the long term to continue supporting them. For that reason, we measure success by the Company's underlying cash flows generated from operations. We focus on cash flow generated from operations (not including working capital because of the standard swings in capital expenditures to build projects), as well as recurring cash flows that are generated from our operations; this can range from long-term service contracts across a number of our business segments as well as fund-level cash distributions.

Tech-enablement means continued growth — even in the very long term
We have initiated business segments that will continue to grow in the energy transition market. Even though we've surpassed $2b in revenue, we are just beginning to scratch the surface of a multi-trillion-dollar market opportunity. Our businesses are designed to support both end consumers and all our partners.

Goals for 2026

For the year ahead, we have a few simple goals:

- *Continue to drive topline growth and outpace industry growth substantially*: it's important to become the market leader in our category.
- *Display operating leverage*: driving profitability at a substantial annual growth rate

- *Expand product offerings*: enabling the consumer to purchase a wider variety of cost-saving products and services.
- *Grow supply-side*: grow the range of products and services our partners can install and service for our customers.
- *Increase software services*: expand our technology service offerings to help our partners become more efficient and profitable.
- *Accelerate demand*: continue to build out our consumer brand and digital experience for customers

To Our Highly-Valued Team

It’s always important to acknowledge and thank our team. With a small headcount of less than 400, we can perform what our competitors do with 10,000 or more. As stated, to drive economies of scale and share those savings with our customers and, in part, with our partners, we must operate extremely lean. To do so, we must continue leveraging technology tools, building data libraries, and sharing ideas on how to further innovate and proactively drive positive change.

We also continue to differentiate our offering beyond consumer expectations to ensure we become their trusted brand for reliable, affordable energy.

Lastly, I just want to say that I’m proud of our team. Over the past few years, I’ve seen our Company accelerate through market conditions, including policy changes such as the One Big Beautiful Bill Act, interest rate fluctuations, and business line evolution. Our team continues to thrive across a wide range of macro environments; I believe our resilience is what makes us strong in the long term.

Thank you!

Conclusion

In closing, I continue to believe, even more strongly than ever before, that Palmetto is the right company, at the right time, to solve financial and reliability issues for our customers and, as part of that, continue to take tangible, concrete, actionable steps toward our mission statement.

Thank you for your continued support in Palmetto, and special thanks to our team members for continuing to execute our mission.

Onwards and upwards,
C. Chris Kemper