PosiGen
Solar for All … Especially Now
July 2020
Company Overview

PosiGen At-A-Glance

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Established:</td>
<td>2011</td>
</tr>
<tr>
<td>Headquarters:</td>
<td>New Orleans, LA</td>
</tr>
<tr>
<td>Active State Markets:</td>
<td>Connecticut, Louisiana &amp; New Jersey</td>
</tr>
<tr>
<td>Total Customers:</td>
<td>16,000+</td>
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<tr>
<td>LMI Customers:</td>
<td>70+%</td>
</tr>
<tr>
<td>Installed Capacity:</td>
<td>96+ MW&lt;sub&gt;DC&lt;/sub&gt;</td>
</tr>
<tr>
<td>Total Employees:</td>
<td>200+</td>
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<tr>
<td>LMI Employees:</td>
<td>60+%</td>
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PosiGen's mission is to improve the lives of LMI customers by providing solar systems and energy efficiency upgrades, enhancing the communities PosiGen serves, creating jobs and saving the environment.

Source: findCRA “Ever Wondered What is Low-and Moderate-Income or LMI?”

What is Low- and Moderate-Income or LMI?

The federal Community Reinvestment Act or CRA encourages U.S. banks to support low- and moderate-income people and areas. But what exactly does it mean to be low- and moderate-income or LMI in the United States?

A low-income person is anyone whose annual income is 50% or less of the Area Median Income for the community where they live.

Low-Income: $28,809

Moderate-Income: $46,094

A moderate-income person is anyone whose annual income is between 51% and 80% of the Area Median Income for the community where they live.

$57,617 U.S. 2017 Median Income

LMI jobs are more common than you think.

- Factory Worker: $36,641
- Teacher: $44,113
- Loan Officer: $45,077
- Server: $37,391
- Retail Manager: $45,660
- Farmer: $40,649
- Flight Attendant: $38,938
- Mailperson: $33,426
**Product Offering**

### Product Features

- Lease for solar system and energy efficiency upgrades
- No money down required for customers
- 20 year lease term
- Fixed payments with no escalators
- Underwritten to a minimum customer savings amount
- Target monthly savings of $50; Minimum savings of $20
- No FICO score cut-off
- First year savings guarantee (only for customers with energy efficiency upgrades)
- No long-term performance guarantee
- System monitoring and maintenance included
- Standardized kit model

### Customer Value Proposition

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<table>
<thead>
<tr>
<th>Monthly Home Energy Cost ($)</th>
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</thead>
<tbody>
<tr>
<td>Utility Electric Bill</td>
</tr>
<tr>
<td>PosiGen Lease Payment</td>
</tr>
<tr>
<td>Utility Fuel Bill</td>
</tr>
<tr>
<td>Customer Savings</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer before PosiGen</th>
<th>Customer with PosiGen</th>
</tr>
</thead>
<tbody>
<tr>
<td>$140</td>
<td>$50</td>
</tr>
<tr>
<td>$20</td>
<td>$30</td>
</tr>
</tbody>
</table>
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“The savings that I'm saving on my energy is my vacation money. My wife can go shopping a little bit more, we can go and do a little other things. I can do a little bit more things around the house, I can help my daughter out when she need to [sic]. It almost helps you get financial freedom. It also helps our city, our climate, everything that's trying to go green in order to help our atmosphere, our planet.”

- Kevin Harris, PosiGen Customer

**PosiGen's core product offering is a lease for a solar system and energy efficiency upgrades for LMI customers**
The Virtuous Cycle

(1) Front-End Sales:
- Code of Conduct:
  1) "Correctly explain benefits";
  2) "Exercise every effort" to ensure understanding;
  3) "Set realistic, accurate and independently cited expectations regarding savings";
  4) "Refrain from... high pressure sales tactics"
- Pricing Tools: 0% utility bill escalator in solar proposal tool over life of lease to protect against future savings erosion
- Consumer Disclosures: Written disclosures; Post-sale confirm terms call (system size, payment amount, other requirements)

(2) Underwriting:
- STEP 1 - Core Underwriting:
  1) Property owner;
  2) No foreclosure / bankruptcy proceedings;
  3) Utility bill showing prior month usage and account status;
  4) Two references;
  5) Income verification in CT;
  6) No FICO floor in credit decision-making
- STEP 2 - Savings Underwriting: Assuming Step 1, automatic approval at savings of +$32/month; three-tiered approval process below $32/month to ensure positive savings-to-investment ratio

(3) System Performance:
- Front-End:
  1) Tailored EE improvements based on in-home test;
  2) Contractor incentives to maximize post-EE savings (bonuses at 20% and 50% savings)
  3) Solar kit matched to home energy use / needs
- Back-End: If savings not realized, PosiGen
  1) Adds more solar panels to home;
  2) Adds additional EE improvements; or
  3) Writes down monthly lease amount as last resort

(4) Servicing:
- Collections:
  1) Took servicing in-house 2015-2016;
  2) Account management responsible for dedicated customers (relationship model);
  3) Designed to keep customers out of default / never worse off (~40 charge-offs in 9 years);
  4) Account management reflects community
- Code of Conduct:
  1) "Positive attitude";
  2) Obligation to “provide best-in-class customer service”;
  3) Non-aggressive / solution-oriented

(5) Satisfied Customers:
- 35% of all sales leads come from referrals with +54% application approval rate = lower customer acquisition costs
- Community partnerships / acceptance further support growth / efficiency

Slide credit: Purpose Venture Advisors
Historically, 54% of customers experience at least $30 in monthly net savings after lease payment, and as of 2018, no customers are approved for new leases without experiencing positive net savings.

Customers in Connecticut experience higher net savings, with 52% experiencing at least $60 in monthly savings.

Savings experience holds regardless of household income level.
... Generating a Very Different Customer Profile

FICO & Income Bands

- Black: 40%
- Hispanic: 8%
- Asian: 2%
- Native American: 0%

Income Band:
- <25000
- 25000 - 50000
- 50000 - 75000
- 75000 - 100000
- 100000 - 125000
- >125000

FICO Range:
Delinquency rates continued to decline in June 2020 month-over-month and remain at historically low levels at 1.3% for 61+ days and 0.2% for 181+ days.
PosiGen redeploy a significant portion of the systems it removes. As of May 2019, PosiGen has removed 1,055 systems and redeployed 860 or approximately 81.5% of those systems.
PosiGen sold 412 systems in June, an increase of 16% month-over-month and 30% year-over-year.
# The Catalytic CT Green Bank Partnership … and the Growth Equity Challenge

**Facility Summary**

<table>
<thead>
<tr>
<th>Facility Name</th>
<th>Facility Size</th>
<th>Allocations</th>
<th>Interest Rate</th>
<th>CT Green Bank Change</th>
<th>Others Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CT Green Bank / LibreMax Back Leverage Facility</strong></td>
<td>$82,611,139</td>
<td></td>
<td>L + 8.25%, (min 9.25% - max 12.25%)</td>
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<tr>
<td>LibreMax (68%)</td>
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<td>$70,000,000</td>
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<tr>
<td>Borrowing Base (First Lien)</td>
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<td></td>
<td>7.50%</td>
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<tr>
<td>CT Green Bank (17%)</td>
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<td>$12,611,139</td>
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<tr>
<td>Borrowing Base (Second Lien)</td>
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<tr>
<td><strong>CT Green Bank / New Island Back Leverage Facility</strong></td>
<td>$6,722,403</td>
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<td>L + 8.25%, (min 9.25% - max 12.25%)</td>
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<td>New Island (72%)</td>
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<td>$5,377,923</td>
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<tr>
<td>CT Green Bank (First Lien)</td>
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<tr>
<td>CT Green Bank (Second Lien)</td>
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<td>$1,344,480</td>
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<td><strong>CT Green Bank / IPC PBI Funding Facility</strong></td>
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<td>7.50%</td>
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<td>IPC (72%)</td>
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<td>$3,624,618</td>
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<td>CT Green Bank (First Lien)</td>
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<td>6.75%</td>
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<td>CT Green Bank (Second Lien)</td>
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<td>$1,044,381</td>
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<td><strong>TOTAL CT GREEN BANK</strong></td>
<td>$15,000,000</td>
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**Key Insights**

- **Debt Utilization**: The debt structure is designed to reduce leverage, allowing for growth at the company level.
- **Funding Sources**: The structure includes various funding sources such as CT Green Bank, LibreMax, and New Island.
- **Equity Incentives**: Equity incentives are provided to align with the strategic goals of the partnership.

**Diagram**

The diagram illustrates the relationship between various entities, including PosiGen, LLC, PosiGen, Inc. ("TopCo"), and different funding sources. It highlights the flow of funds, equity, and the strategic partnerships involved in the project.
"PosiGen has continuously proved its resiliency over the last nine years, overcoming the entire industry’s disbelief in providing solar and energy efficiency leases to low-to-moderate income families, getting tax equity investors and lenders to buy into our thesis, and emerging from every challenge we have faced stronger and more resolute in our determination to help those families that need it the most. Despite the challenges created by the coronavirus, our sales team is still selling new systems every day and our operations team is still installing new systems every day. I believe investors should be looking at our ability to both sell and install when everyone else sits idle, and recognize that PosiGen is the long-term, no-incentive-needed answer to providing solar for the masses in the U.S.”

- Tom Neyhart, PosiGen Founder & CEO

- PosiGen continues to track towards a record year with 412 sales and 239 installs in June 2020, both near historic records
- Creditworthiness of LMI customers demonstrated by PosiGen collecting 100+% of invoiced amounts for the lease portfolio
I am going solar with PosiGen to lower my utility bills.

I chose PosiGen to make my home energy efficient.