

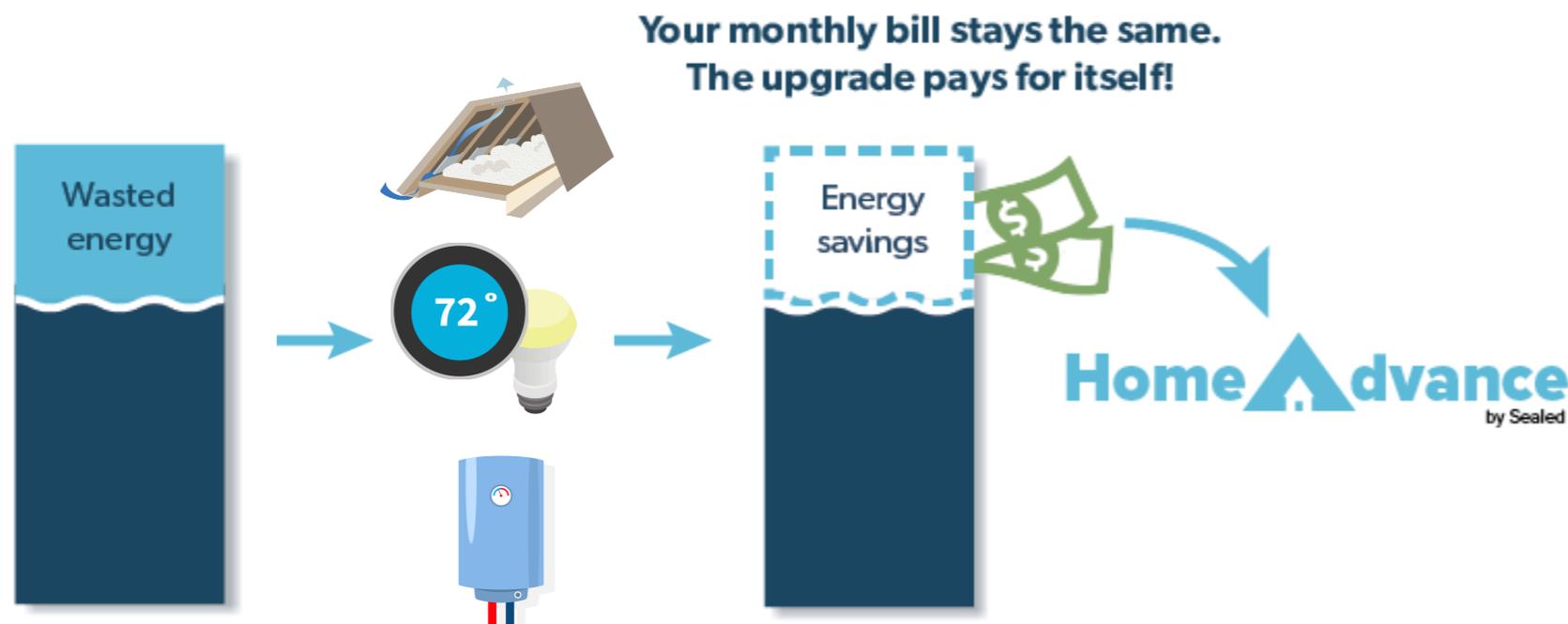


Residential Energy Savings Agreements ("ESAs") In Practice

Andy Frank, Sealed
May 22, 2018

Sealed makes home efficiency upgrades affordable

HomeAdvance pre-pays to install insulation, thermostats, lighting and HVAC; the difference between old and new bills covers the work



“

I am usually skeptical of such things as a win-win but this is clearly one of them! ...Your home increases in value... you are just more comfortable ...and it helps the utility company by reducing the demand of outdated homes.

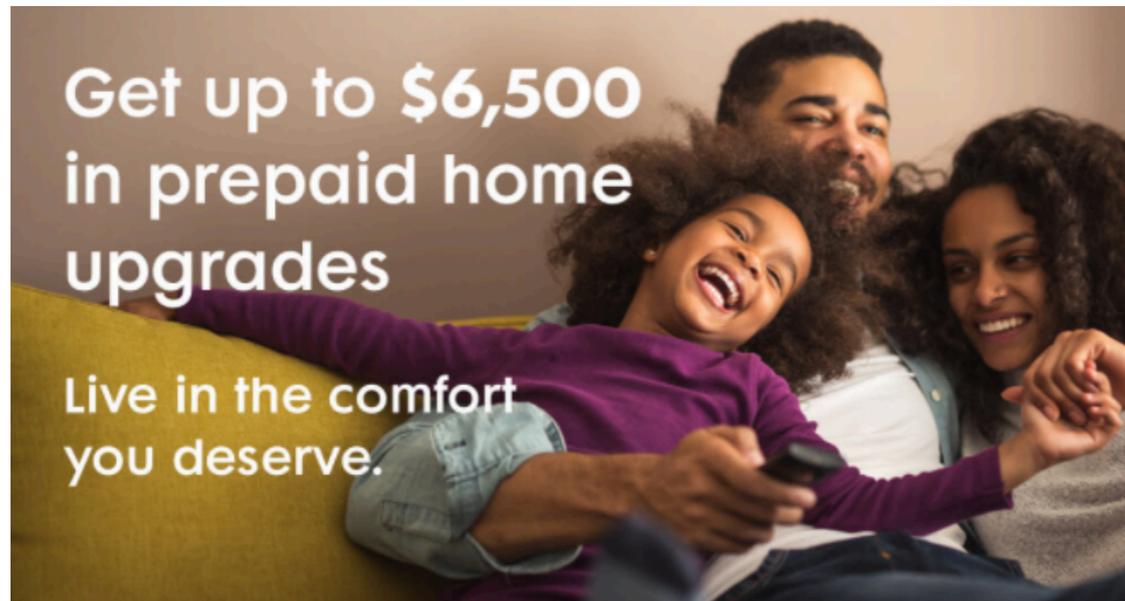
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Rick C.
Pelham, NY.

1. With multiple partners Sealed has seen 2-3x increase in average conversion rate per email campaign with HomeAdvance messaging as compared to prior home energy audit / home energy consultation

Customer value proposition focused on opportunity to improve quality of life with prepaid home upgrades



Get up to \$6,500
in prepaid home
upgrades

Live in the comfort
you deserve.

If your home is cold and drafty in the winter, that's a sign you're wasting energy—and money! Con Edison is partnering with Sealed to offer the HomeAdvance program for qualified customers.



HomeAdvance pre-pays up to \$6,500 for professionally-installed insulation and smart home technology that keeps you warm in the winter and cool in the summer. **And the money you'll save covers the work, guaranteed.**

Live in the comfort you deserve. Start with a FREE home profile.

[See if You Qualify](#)



homeadvance@sealed.com

1 (844) 473-2533

Prepared for

John Smith
123 Main Street, Anytown, NY 12345

Your HomeAdvance Pro

Matt Soble
917.983.2728

YOUR HOMEADVANCE PROGRAM

Electr.: 13.047
Heating: 1.517

Average Annual
Energy Usage

Based on data we gathered from your energy companies and local weather.

\$ 376

Average Monthly
Energy Budget

Includes heating, electric and HomeAdvance. The exact amount varies with the weather and energy prices - like before!

\$1,348

Upfront
Contribution

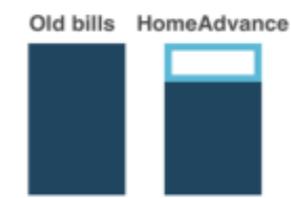
This is the difference between the value of the project and your HomeAdvance coverage.

*Project Value: \$ 9,714

*Optional \$0-Down Adder: \$32



HomeAdvance upgrades make your home more comfortable, safe, and valuable.



Your lower energy use covers the HomeAdvance upgrades.

If you are not saving energy, you only pay your heating and electric costs.



There are no early payment fees. Pay off the balance or transfer the agreement at any time.

Synthetic on-bill repayment and ACH ensure good credit profile

- Customers receive a Sealed bill each month that replaces their utility bill, enabling ongoing engagement and up-selling
- Billing charges include a pass-through of utility charges plus Sealed charges
- Sealed charges calculated based on the difference between baseline energy usage and actual energy usage
- Sealed pays customers' utility bills as authorized billing agent
- Bill is paid by customer via ACH (auto bank debit)



1 (844) 4-SEALED
sealed.com/homeadvance
helpdesk@sealed.com

Jane Doe's Energy Bill
For 6/24/17- 7/25/17

\$160.75

Customer ID: 12345

During this billing period you used 475.0 kWh and saved 25.0 kWh of electricity.

Electricity Charges Breakdown

Electricity Usage Cost	(Charged by Con Edison)	\$ 95.00
HomeAdvance Payment	(25.0 kWh x \$0.19/kWh)	\$ 4.75
Total Electricity Cost		\$ 99.75

During this billing period you used 40.0 therms and saved 10.0 therms of natural gas.

Natural Gas Charges Breakdown

Natural Gas Usage Cost	(Charged by Con Edison)	\$ 46.00
HomeAdvance Payment	(10 therms x \$1.50/therm)	\$ 15.00
Total Natural Gas Cost		\$ 61.00

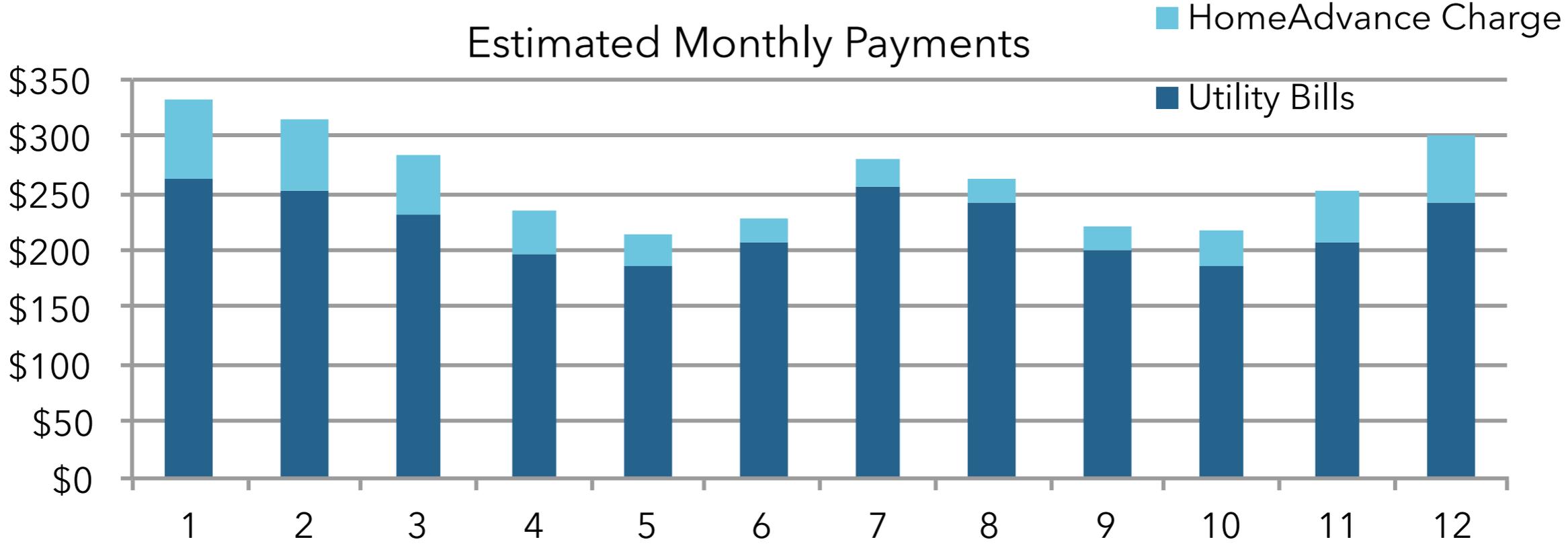
Your bill will be processed automatically from your bank account ending in 1234 on August 7, 2017. If you have any questions, please contact our customer support team at helpdesk@sealed.com or 1 (844) 4-SEALED.

If you have a power outage or a gas leak, please contact Con Edison at 1 (800) 752-6633.



Customer payments vary by month¹

Based on energy savings, reflecting typical energy patterns



1. Most customers pay larger HomeAdvance charge in the winter months when their upgrades save the most energy

Homeowners ♥ ESAs!!

HomeAdvance (i.e. Sealed ESA) dramatically outperforms traditional marketing and payment solutions

50%

More than half of homeowners likely to proceed with a home energy upgrade project prefer HomeAdvance¹

300%

HomeAdvance marketing messaging converts up to 3 times better than energy audit offer²

1. Utility partner survey of single family homeowners, n=209, when presented with options to pay with HomeAdvance (52%), credit card (25%), cash/check (12%), home equity line of credit (8%), or other (3%)
2. With multiple partners Sealed has seen 2-3x increase in average conversion rate per email campaign with HomeAdvance messaging as compared to prior home energy audit / home energy consultation

“

The reason we went with the HomeAdvance program was because it was backed up, guaranteed. And I said, 'well, okay, if they're doing this, everybody's gonna win.' And I think that's born to be true.

”



Charles Carini
Rifton, NY

~\$10k average project price¹, with ~30% typically covered by utility incentives and customer OOP

Close rate heavily correlated to customer OOP (<\$2,000) and HomeAdvance coverage (50%+)

	Project Price	% Project Price
Project Price	\$9,750	100%
Utility Incentives	\$1,000	10%
Customer Out of Pocket	\$2,000	21%
HomeAdvance Coverage	\$6,750	69%

1. Project price is the amount of money that a contractor would normally charge for an average Sealed home upgrade package.

Secure, long-term cashflows that can be aggregated and securitized at scale

\$800

Average 1st year
contract ARR²

20 yrs

Contract length³

\$22k

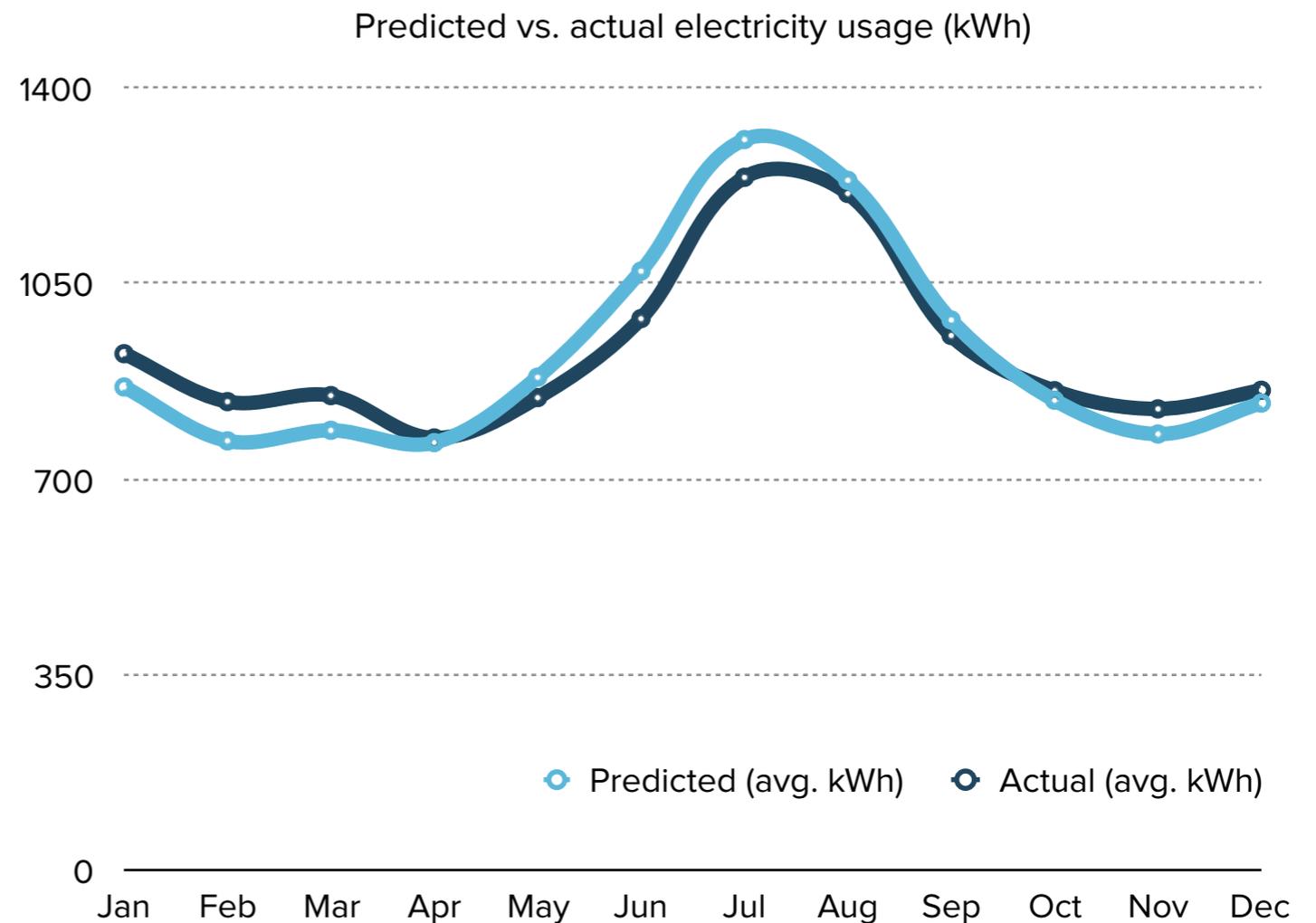
Average total
contract value
(TCV)⁴

1. Gross margins defined by gross profit (TCV minus COGS), assuming 6% annual interest rate, divided by TCV
2. ARR based on 1st year annual energy savings (expected)
3. Sealed offers lower contract lengths, but all customers have chosen maximum contract length to date
4. TCV is calculated based on 1st year ARR, contractual annual escalator of 2.99%, and \$500 in one-time lead generation fees

Investment-grade accuracy key to residential ESA

Predictive analytics paired to high quality data sets ensure insurance and investment-grade energy savings predictions

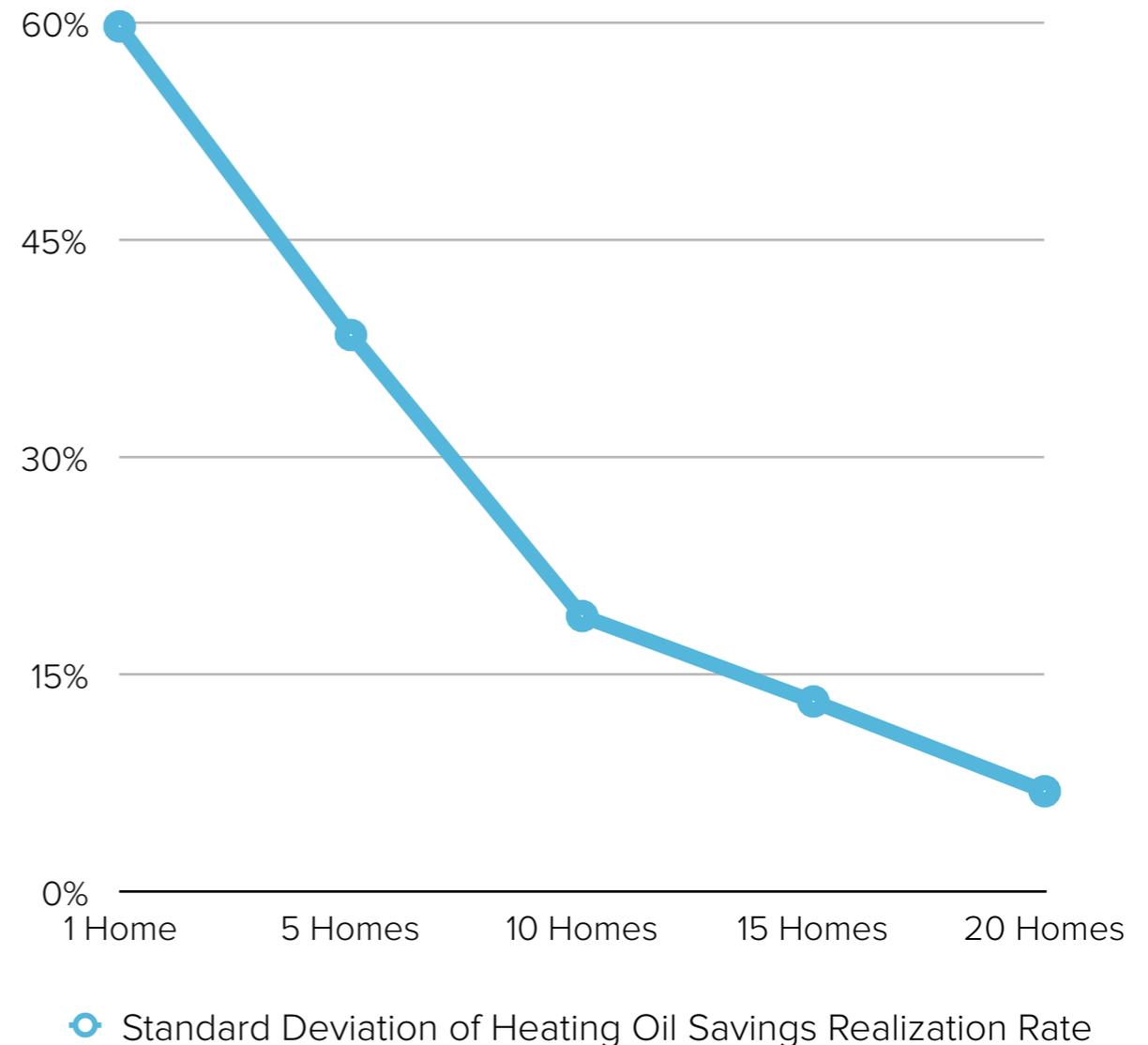
99%+
Accuracy of energy usage predictions across a portfolio of homes¹



1. Percentage of annual predicted electricity usage compared to actual annual electricity usage in a population of homes in New York; n=338

Portfolio approach to energy savings predictions

- Sealed tests accuracy of test vs. training set data to determine whether a particular population of homes / upgrades can be predicted
- HomeAdvance qualifications increase as more homes / upgrades pass this test
- Accuracy increases based on size, quality, and diversity of data sets
- Post-upgrade energy usage compared to baseline energy usage to find predictive relationships in a portfolio of homes



Residential ESA Learnings

- Residential ESAs turn a \$10k decision into a <\$2k decision
- Residential ESAs can be sold remotely with the right marketing message and sales systems
- Residential ESAs are bankable with a portfolio approach combined with predictive analytics
- High quality data sets key to unlock potential of residential ESAs
- Biggest challenge is shifting the sales and marketing value proposition from “energy bill savings” to “comfort” and other non-energy benefits



Live in the comfort you deserve.



Andy Frank
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