WE INVEST VENTURE CAPITAL TO BUILD GROUNDBREAKING ENERGY START-UPS

JASON BLUMBERG - MANAGING DIRECTOR & CEO
Energy VC is very small investment class... but is important because it focuses on disruption.
The market for early Energy VC followed the “Hyper Cycle”, leaving untapped opportunities.

Venture capital follows the “Hot” sectors creating a “Hyper Cycle” in the sectors impacted.

Venture capital is driven by market trends (Google Trends: News Appearance Score > 20)

... Capital flooded the Energy seed/early-stage market then left, leaving mostly late stage funding.

Early-Stage Energy/Cleantech VC investment dropped off dramatically in 2013

A majority of energy VC dollars go into follow-on / later stage deals.

The Energy/Cleantech VC boom is following the Hyper Cycle.
... the early gap in early energy VC funding, is structural, driven by the actors in the value chain

<table>
<thead>
<tr>
<th>Number</th>
<th>1,000</th>
<th>10</th>
<th>4</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>$’s Invested</td>
<td>$0-25M+</td>
<td>0-$100k</td>
<td>$1M</td>
<td>$2-4M</td>
<td>$5M+</td>
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<tr>
<td>Typical Investor</td>
<td>Gov &amp; Universities</td>
<td>Ent &amp; FF</td>
<td>FF, Angel &amp; VC</td>
<td>VC</td>
<td>CVC, Large VC + Others</td>
</tr>
<tr>
<td># of Investors</td>
<td>Many</td>
<td>Some</td>
<td>Few</td>
<td>Some</td>
<td>Many</td>
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</tbody>
</table>
With that backdrop, Energy Foundry was created, focused on Seed/A stage Energy VC investment and the model is proving out.

Our Start

- Shortage of capital
- Shortage of Illinois HQ VC funds
- $3.2B legislation to invest in grid modernization
- $25M energy VC fund created through state legislation, funded by ComEd/Exelon and Ameren
- Evergreen model

A Strong Platform

- Strong support from Corp, Research, NGO/Gov partners
- An unparalleled platform to deploy technology, enhance innovation, and deliver returns
- Diverse portfolio of investments across the energy sector

Success

- Thesis proving out....
- 14 investments, with 3 successful exits and others with offers
- Achieving top venture returns
- Building a hub of energy innovation centered in Illinois
- Path for growth of fund, with additional LP capital
And we are taking a different approach than typical VC or past energy/cleantech VC funds

1. Understand commodity nature of energy markets
2. Target large unique niches to disrupt
3. Leverage platform, so business can focus on tech and sales
4. Partner with customers
5. Capitalize correctly, limit major CapEx expenses (i.e. no plants) & expect slow sales cycle
6. Leverage non-dilutive money where possible
7. Develop Hard Tech, expecting long cycles
Example: RedWave

ADVANCED MATERIALS

• Capture 20% of available waste heat in a facility
• Platform technology

Increases capacity of a 1GW power plant by ~100MW
Very low LCOE

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Example: OpenEE

Software As A Service

- Platform that uses smart meters to calculate EE savings
- Platform technology

Disrupt how everyone executes on energy efficiency

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