

Energy Efficiency & Conservation

Case Study

Zero Cost Program TM



ZENERGY
YOUR VIRTUAL UTILITY

Introduction

Our Mission, Case Study and Purpose of this document

Zenergy Brands, Inc. (“Zenergy”), is a next-generation energy and technology company operating in the emerging smart energy and utility industry. The Company provides energy conservation, smart controls, efficiency-based products and services to commercial, industrial and municipal end-use customers of electricity, natural gas and water utility services.

Zenergy Mission:

- to increase the enterprise value & bottom line for our customers
- to build a portfolio of customers for life
- to drastically reduce the carbon footprint in our nation
- to substantially reduce the demand on our national energy grid and our nation’s water supply

Zenergy’s flagship offering is its trademarked Zero Cost Program™, which allows end-use customers to achieve material reductions of the consumption of these essential commodities, via the implementation of conservation, Internet of Things (IoT) and smart controls- based technologies without incurring capital expense related burdens. This sustainability-as-a-service offering provides a guarantee on the reduction of consumption and may qualify as an off-balance-sheet transaction. It also can be used for conservation, infrastructure or modernization projects and has an immediate impact to the bottom line.

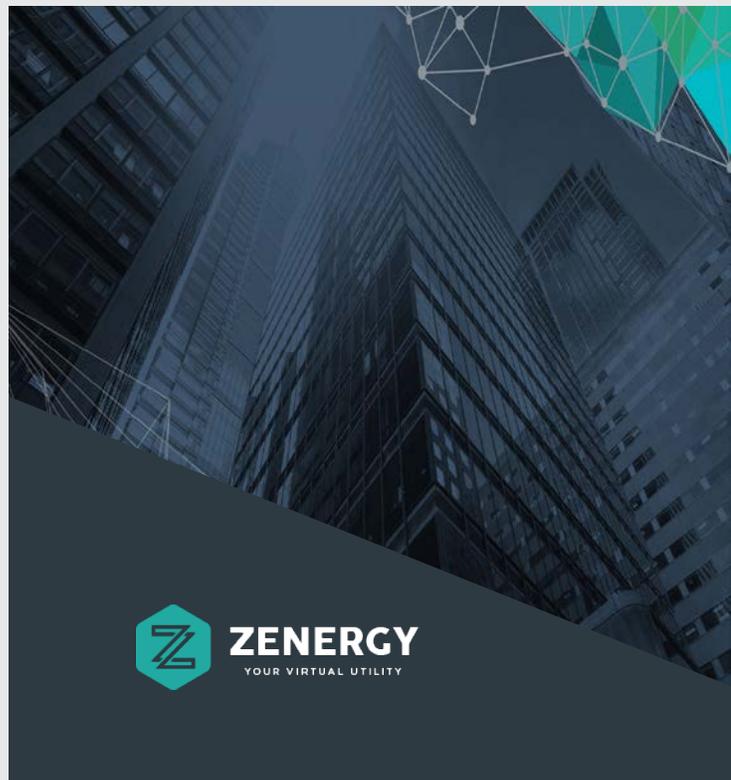
The purpose of this document is to demonstrate the performance, results and relevant findings of the Zero Cost Program™ while utilizing the data compiled over

the 2018 calendar year from an actual Zenergy Customer.

The primary and most critical element to compare is the actual Consumption of commodity – in this case, the main concern is with kilowatt-hours (kWh); this speaks to the Conservation benefit associated with the Zero Cost Program™.

The secondary item of comparison of concern deals with the improvement in Load Factor, which addresses the Efficiency benefit associated with the Zero Cost Program™.

To learn more, visit www.whatiszenergy.com or contact us at info@whatiszenergy.com



Terms and Definitions

For purposes of this document, the following terms shall have the following meanings:

Actual kWh: represents the amount of electricity used by the Customer in a post Zero Cost installation state.

Baseline kWh: represents the agreed upon baseline of Consumption used by the Customer prior to a Zero Cost installation; furthermore, it represents the amount by which the Zero Cost Program™ will be measured, determining the ultimate success of the same.

Conservation: A year over year, by calendar month or utility meter read cycle reduction in the consumption of an essential commodity (electricity, natural gas and or water).

Consumption: The actual amount of commodity being used by the respective customer, as measured by the utility or local distribution company. Measured in kWh of electricity, thermal units or dekatherms of natural gas and gallons of water.

Efficiency: Determined by measuring the overall highest peak demand of an essential commodity on a running 12-month look-back basis compared to the lowest demand over that same period. Any reduction in the delta between those two factors considered an improvement in efficiency.

Forecast kWh: Represents the new usage curve or new consumption curve that the Customer will use in a post Zero Cost installation state; this forecast comes from the Zenergy team.

Load Factor: Pertains strictly to electricity; is the measure of the utilization rate (“efficiency”) of electricity usage – this is the utilization measured against the required allocation, as prescribed by the respective ISO or Reliability Council. This is not to be confused with “Peak Factor” or “Peak Factor Correction” measures. The formula used by Zenergy was applied monthly and made a difference in charges incurred from the local distribution company. The formula is as follows:

Consumption

$$\text{Demand} * \text{Cycle Days} * 24 \text{ Hours}$$

Weather Data: The weather tracking is conducted by using the nearest measurement devices to each of the Customer’s service location and is deployed and compiled by the National Oceanic and Atmospheric Administration (NOAA). It is important to note that usage and weather is tracked and compared daily. It is easier to observe the contrast and correlations in usage and weather variances when the comparisons are on a calendar monthly basis (not annually). Prospective customers or strategic partners who wish to view more detailed charts, please send an email to info@whatiszenergy.com

About the Customer

For confidentiality purposes, our Customer shall remain nameless – however; they can be described as a high net worth family office with a focus on real estate investments. Holdings include convenient stores, gas stations, hotels and fast food restaurants. Note: this was our very first Zero Cost Program™ customer; the installation was completed in September of 2017. Admittedly, the Customer knew that their business was Zenergy's first customer, and as a result, only granted a small fraction of the portfolio for this specific Zero Cost agreement.

The Zero Cost agreement is a 7-year Managed Energy Services Agreement, otherwise referred to as a “MESA” – it encompassed three (3) convenient stores and one (1) laundromat. All of the locations are located in Texas, in the ERCOT ISO and in the North Zone, otherwise referred to as the Oncor Service Area.

Our Approach

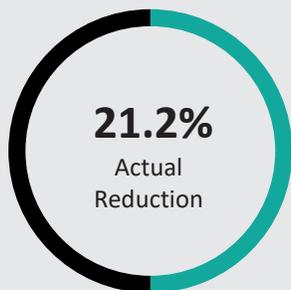
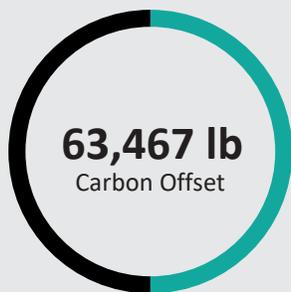
For these purposes and for the sake of simplicity, Zenergy has narrowed its focus down to two of the four locations. These selections include, a Convenient Store with a Gas Station on site, and a Laundromat location.

The Convenient Store will be referred to as “Berry Street,” and the Laundromat location, simply as, “Laundromat.” Admittedly, the Laundromat location was selected because of challenges encountered, which were worth expounding upon. Moreover, these challenges have been the inspiration behind the service, methodology and quality control measures in place today.

In respect of both of these locations, we utilized the following Zenergy conservation solutions:

- LED Lighting
- Zenergy Smart HVAC Devices
- Zenergy Smart Refrigeration Devices (Berry Street Only)
- Zenergy Smart Sensors

Berry Street Findings Summary



Energy Consumption and Forecast Data Summary

192,630 kWh Annual Baseline Consumption

143,331 kWh Annual Forecasted Consumption

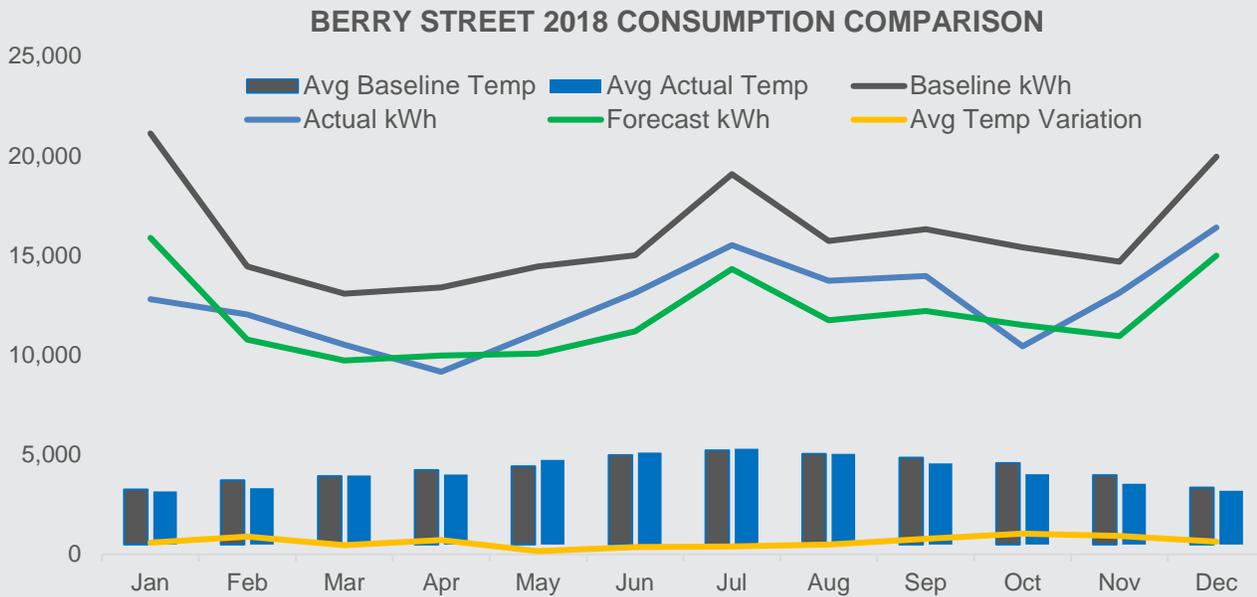
151,920 kWh Annual Actual Consumption

4.4% Deviation from Forecast

21.2% Actual Reduction

Berry Street 2018 Case Study

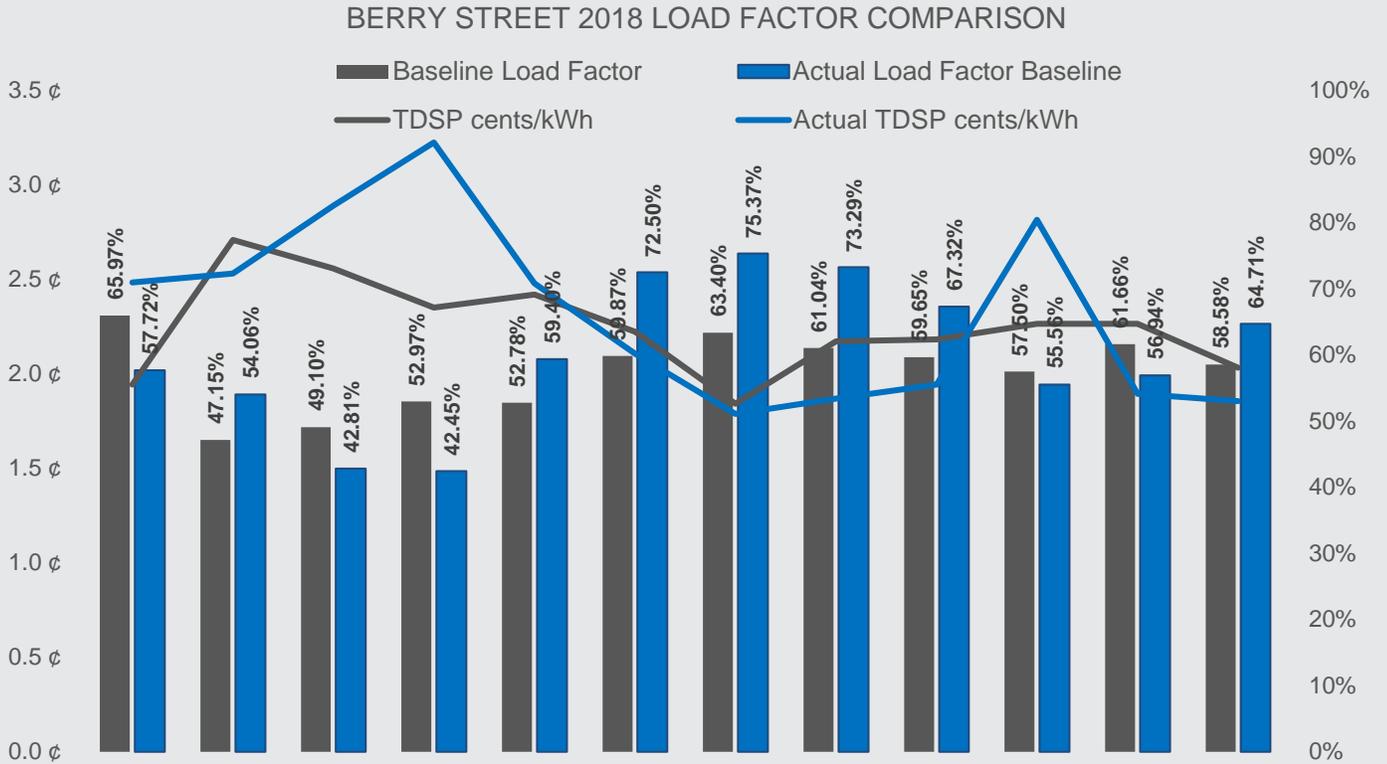
The chart below shows a by calendar month comparison between the above-mentioned Consumption lines. In addition to the usages shown, a weather comparison between the time frame associated with the Baseline and the Actual interims is also illustrated.



The chart below is a comparison of Load Factor on a month to month basis; this demonstrates an improvement in overall Efficiency. As defined above, The Zero Cost Program™ delivers savings from a reduction of Consumption perspective, depending on the market (U.S. State, ISO) where a customer's service location may exist. This can lead to a significant amount of additional dollar savings in terms of fees incurred from the respective local distribution company. The value proposition will vary on a location by location basis; however, this is worth customers, utilities and even ISO's to consider – as everyone benefits from improved efficiencies.

The example below is only an approximate 3% improvement on an annual average basis; however, during peak summer months, there was an 11% improvement in Load Factor. For instance, in Berry Street there was a 20% reduction in transmission and distribution fees from local distribution utility, which is expected to drop further as the Load Factor improves as 12-month lookback ratchets reset.

Berry Street 2018 Case Study – Continued.



40,710 kWh

Total kWh Reduction

20%

Reduction in Transmission and Distribution Fees

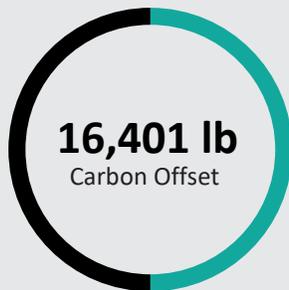
11%

Load Factor Improvement
*Summer Months

21.2%

Reduction in Energy Consumption

Laundromat Findings Summary



Energy Consumption and Forecast Data Summary

124,840 kWh Annual Baseline Consumption

95,567 kWh Annual Forecasted Consumption

114,320 kWh Annual Actual Consumption

15% Deviation from Forecast**

8.5% Actual Reduction **

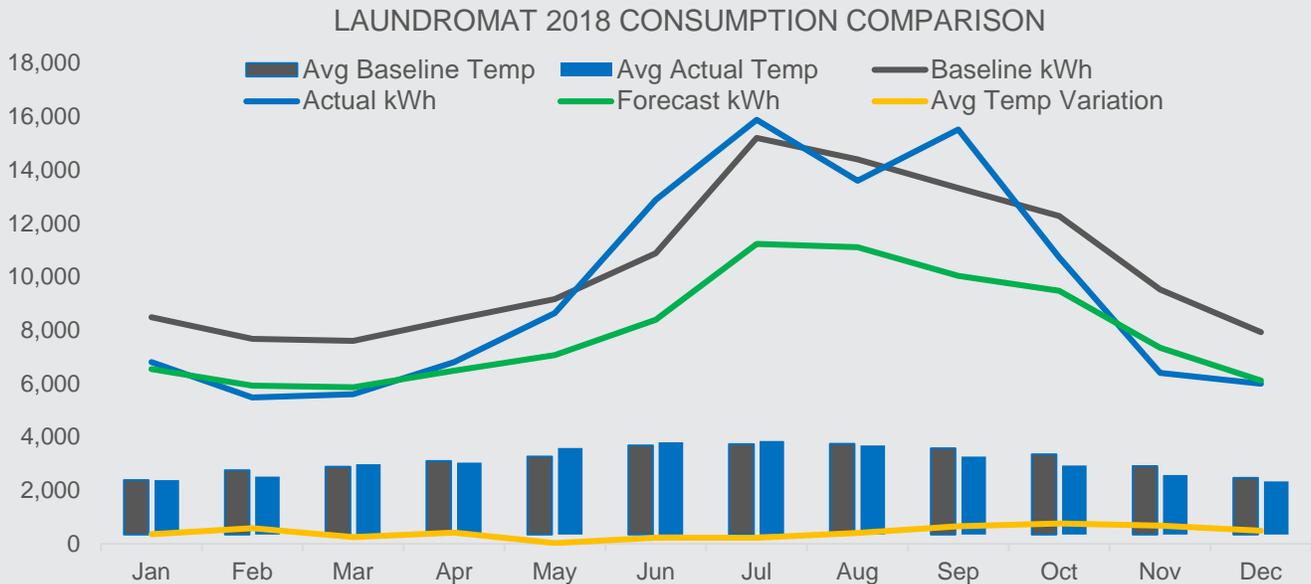
** Unfortunately, a material service challenge was encountered at this location as the Customer inadvertently tampered with the equipment and commissioned unauthorized vendors to service HVAC equipment, during the summer months.

Zero Cost Program™ Performance Benchmarks Not Met

Unfortunately, a material service challenge was encountered at this location as the Customer inadvertently tampered with the equipment and commissioned unauthorized vendors to service HVAC equipment, during the summer months.

Laundromat 2018 Case Study

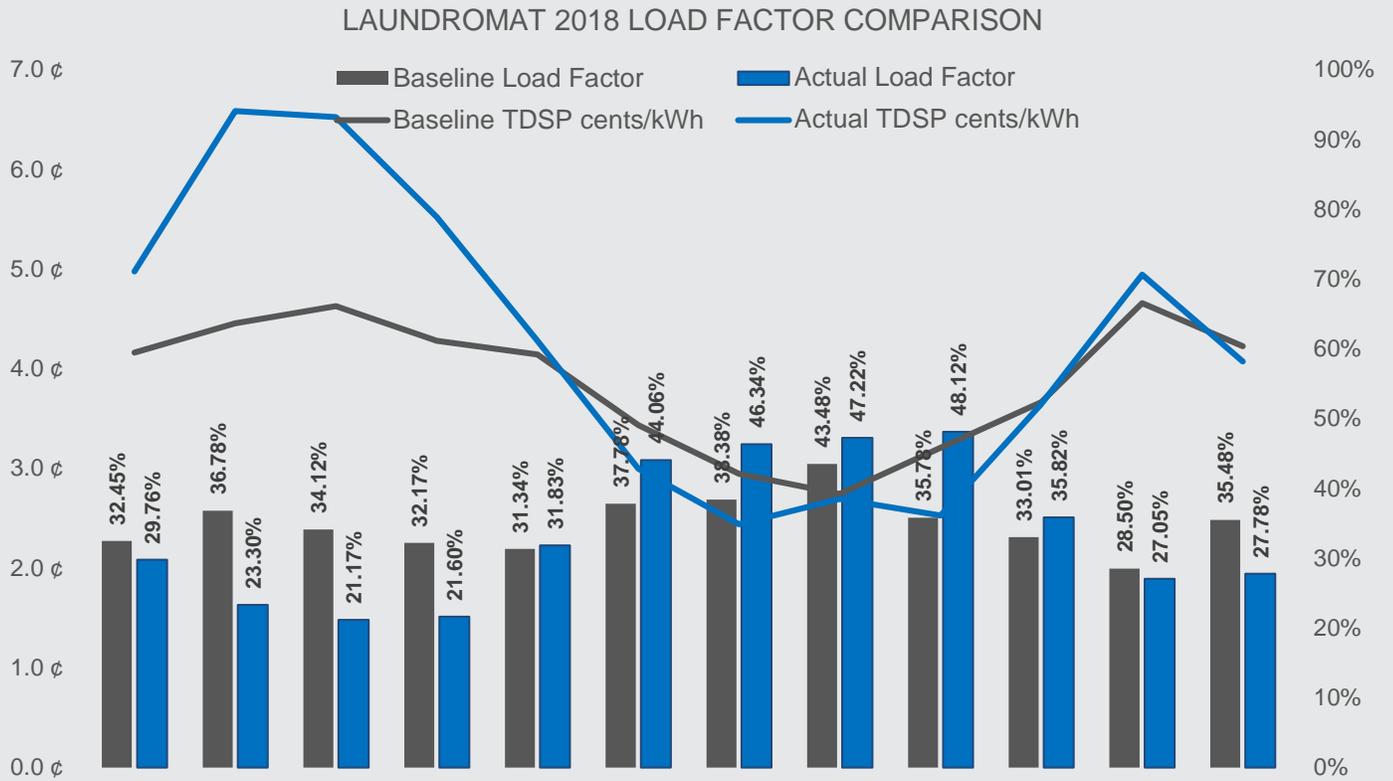
The chart below shows a by calendar month comparison between all of the above-mentioned Consumption lines. In addition to the usages shown, a weather comparison between the time frame associated with the Baseline and the Actual interims is also illustrated.



As previously stated, this account incurred some significant and material challenges due to outside factors beyond Zenergy's control. However, this was a great example to demonstrate: (a) the maturation of the Zero Cost Program™, especially since it is a new and innovative offering; (b) the effectiveness of Zenergy's various technologies deployed; (c) the advent of Zenergy's ongoing development of intellectual property, specifically around IoT and smart controls and (d) the importance of better and thorough customer on-boarding. Since this installation, over 18 months ago, a number of new procedures, policies and most importantly technologies have been adopted providing real time reporting and alerts in contrast to more manual reporting on a quarterly basis, as initially done at the start of the program.

The chart below is a comparison of Load Factor on a month to month basis; this demonstrates an improvement in overall Efficiency. As defined above, The Zero Cost Program™ delivers savings from a reduction of Consumption perspective, depending on the market (U.S. State, ISO) where a customer's service location may exist. This can lead to a significant amount of additional dollar savings in terms of fees incurred from the respective local distribution company. The value proposition will vary on a location by location basis; however, this is worth customers, utilities and even ISO's to consider – as everyone benefits from improved efficiencies. As expounded above, due to service issues at the Laundromat location, there was no improvement in Load Factor on an annualized average basis. However, during the peak summer months, there was a 5% improvement in Load Factor and a reduction in transmission and distribution fees from the local distribution company– which contributed to an overall 8% reduction in related fees.

Laundromat 2018 Case Study – Continued.



10,520 kWh

Total kWh Reduction

8%

Reduction in Transmission and Distribution Fees

5%

Load Factor Improvement
*Summer Months

8.5%

Reduction in Energy Consumption



Conclusion

Zenergy is pleased to have shared these findings regarding its first Zero Cost Program™ customer.

Zenergy strongly believes that transparency best tells the story of the value proposition, as well as, the evolution maturation of this value proposition.

While challenges incurred at the Laundromat location were mainly out of Zenergy's control— they revealed the importance of addressing many factors as described herein. The overall Customer agreement for all four locations performed within the contractual obligations of our performance forecast and reduction guarantees.

Above and beyond these lessons, Zenergy's business relationship with this Customer is expanding as a result of the performance and responsiveness of the company.

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For prospective customers or strategic partners who wish to see more detailed charts or would like to schedule a visit with our team, please email us at info@whatiszenergy.com

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