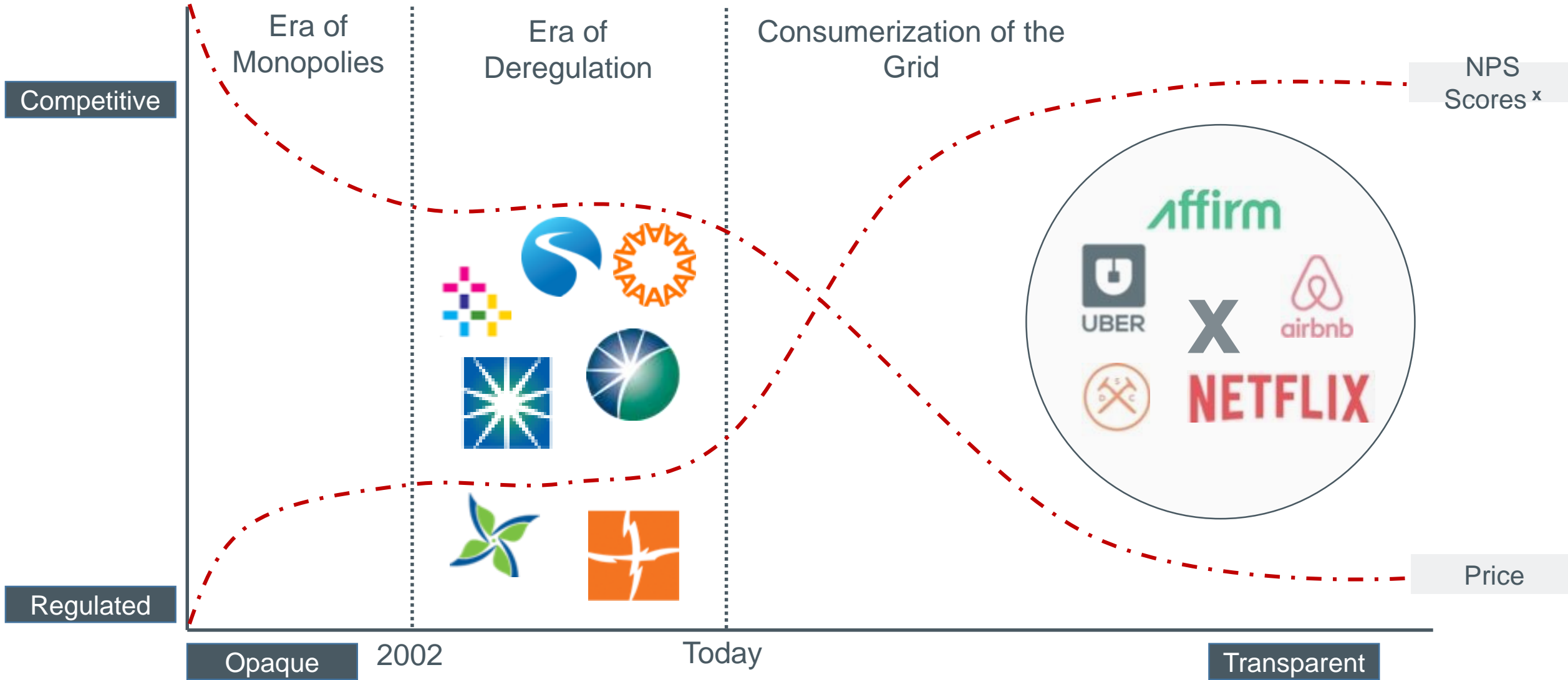




THE \$395B US RETAIL ENERGY INDUSTRY IS STUCK IN 2ND GEAR



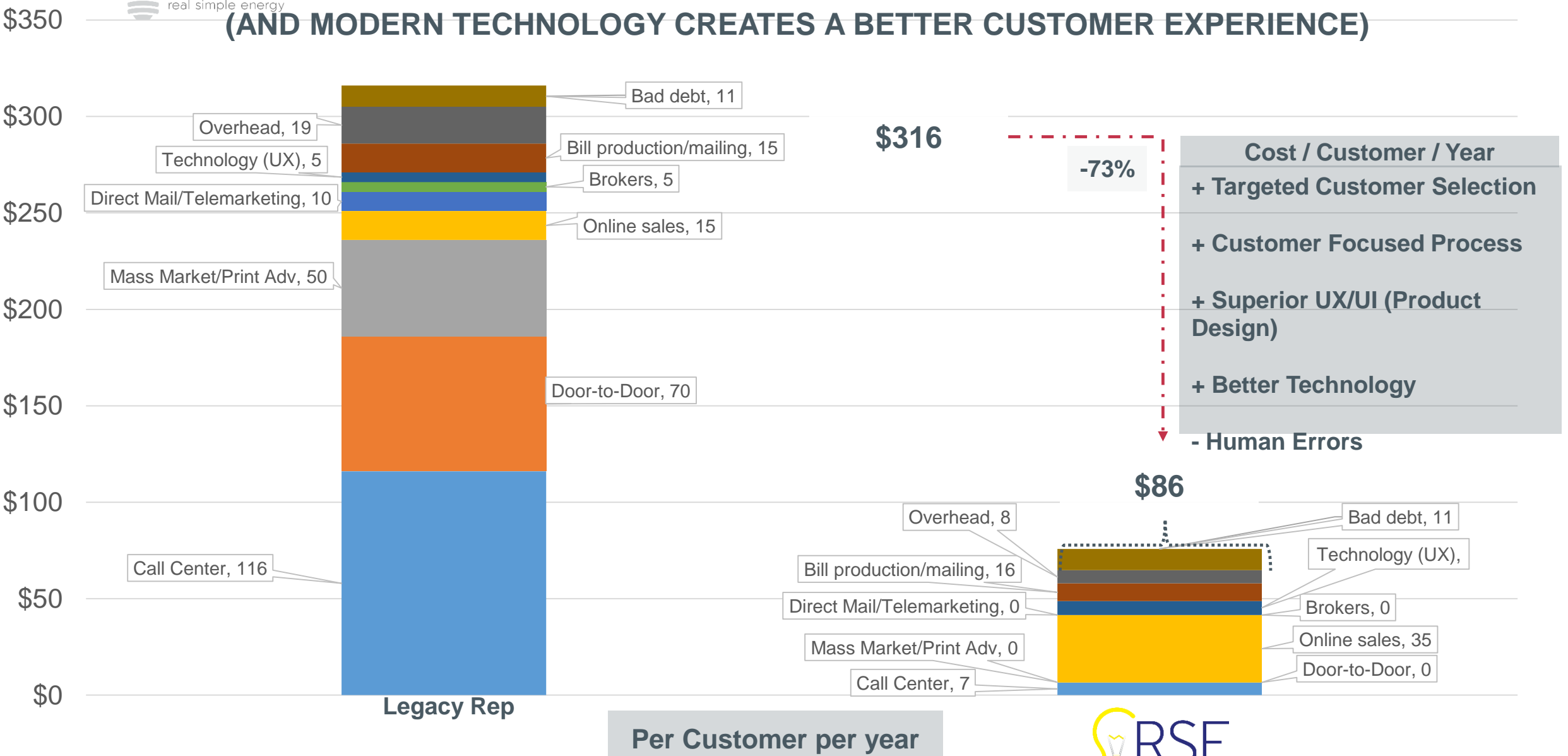
^x Source: Drawn from other deregulated market studies, CB Insights, JD Powers on Texas REP Market

^x NPS: Net Promoter Score (<https://www.netpromoter.com/know/>)



WINS WITH LOWER CHURN & SG&A

(AND MODERN TECHNOLOGY CREATES A BETTER CUSTOMER EXPERIENCE)

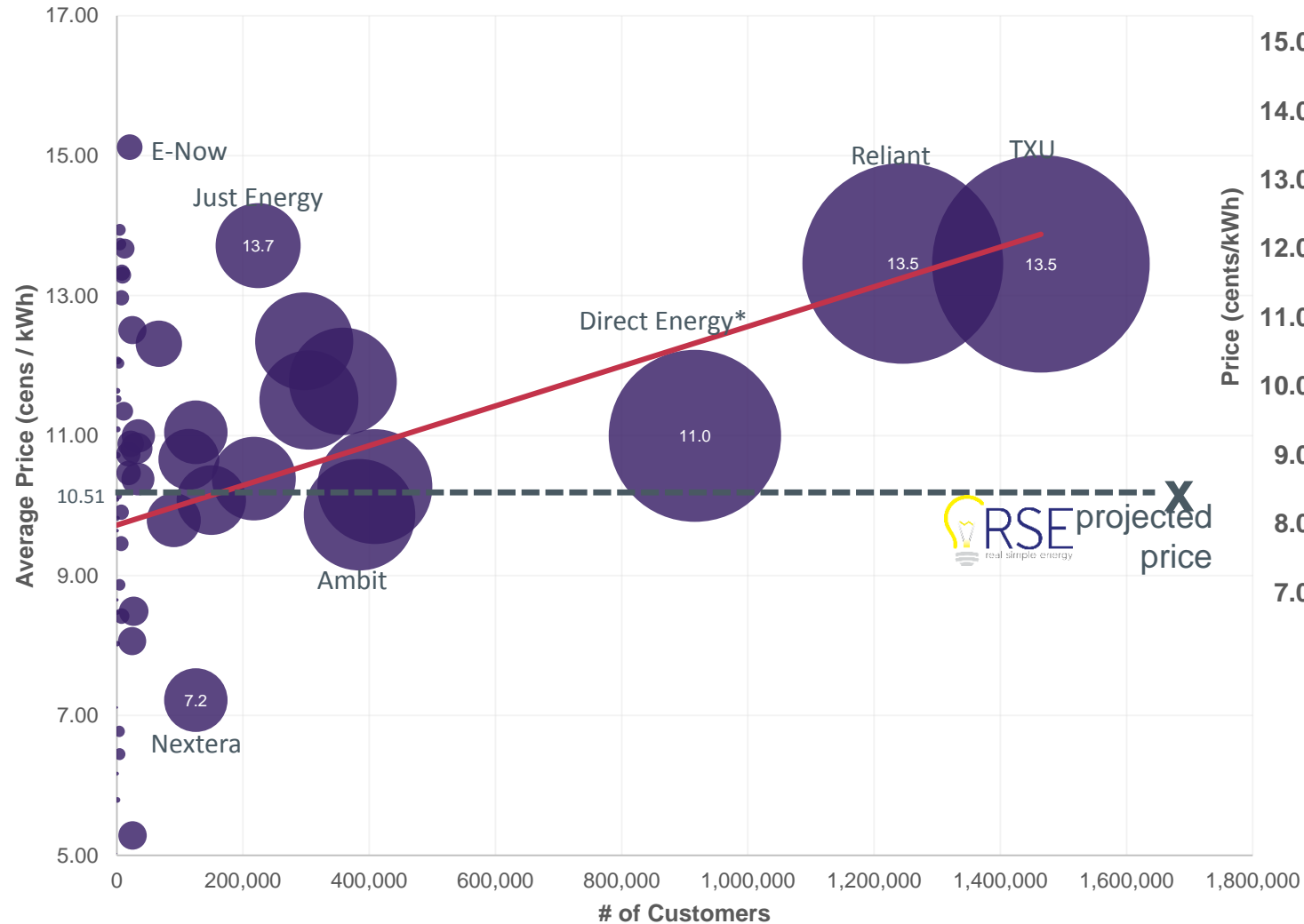


3 * Source: Legacy Data is Proprietary from large REP internal cost model
 * UX/UI = User Experience & User Interface. See Screenshots of RealSimpleEnergy.

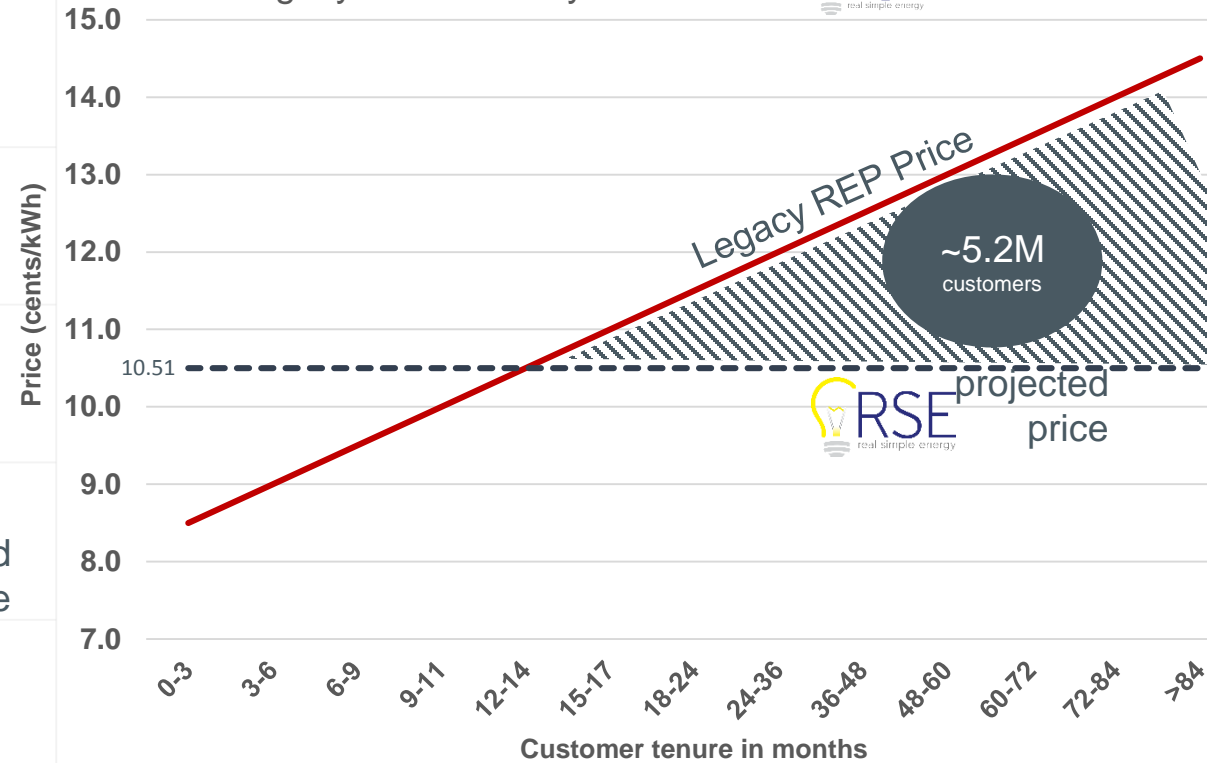


RESIDENTIAL RETAIL ENERGY IS OVERDUE FOR DISRUPTION

Legacy REPs Customer Count vs. Price (cents/kWh)



Legacy REP Price by Tenure Model 

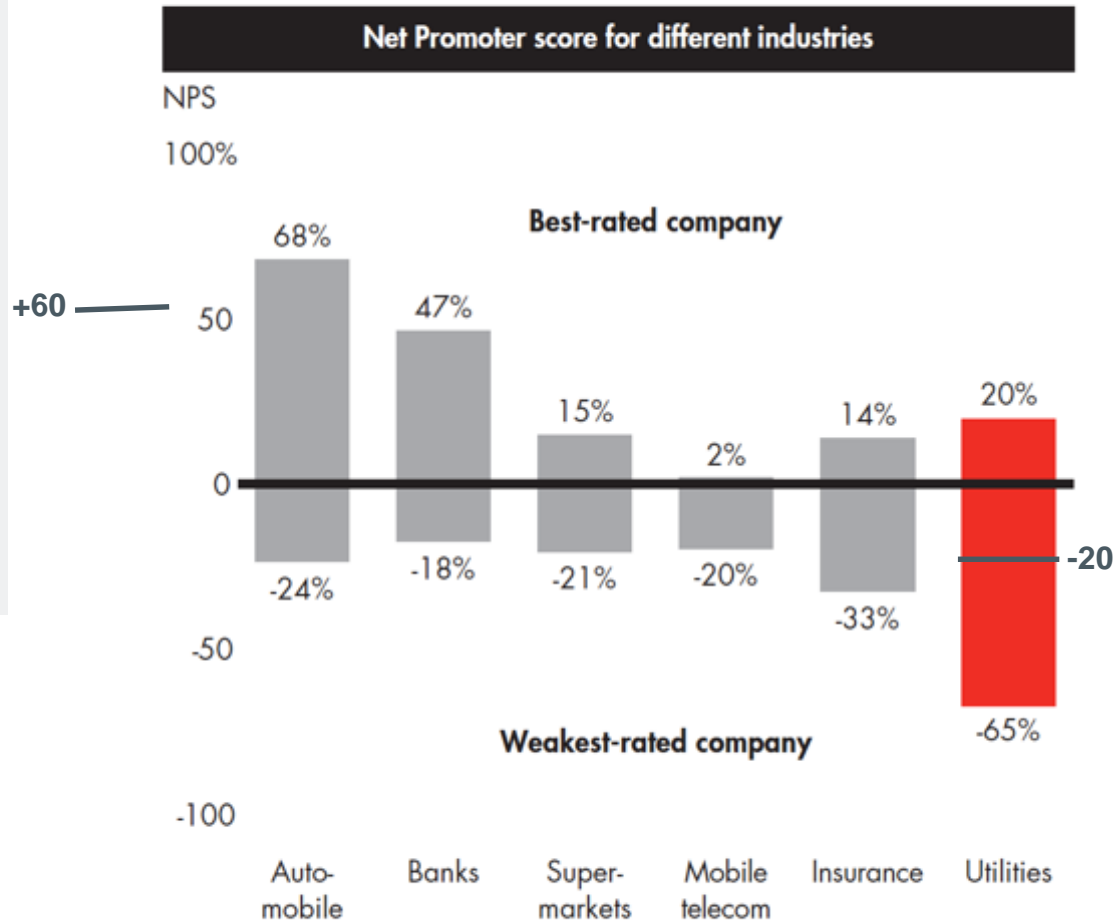


- Texas is \$10B+ market for electricity^x
- > 6.8M Customers in Texas
- > 4M (66%) have already switched REP's
- Texas is less than 15% of US Market

4 ^x Source: 2015 EIA 861 Report (Preliminary)
^x EIA data does not specifically attribute Direct Energy

CUSTOMER LOYALTY IS A PROBLEM FOR LEGACY REP'S (WORSE THAN INSURANCE & RAZOR BLADES)

Figure 2: Customer advocacy is lower in utilities than in other industries



Sources: Bain NPS studies; Bain analysis



Dollar Shave Club Case Study

- Launched in July 2011 with viral video
- 100% Internet = price advantages, information advantages, and higher customer loyalty
- Extraordinarily low churn rates
- 50% of new customers added organically
- Legacy unable to undercut own retail partners
- Legacy unable to build social presence due to lack of authenticity

Treasure NPS Scores

USAA: +81
Costco: +79
Vanguard: +65
Southwest: +62
Amazon: +60
Zappos: +60
Pandora: +56
E-Bay: +54
Discover: +52
Uber: +37

RETAIL ELECTRICITY IS RIPE FOR DISRUPTION

How Software is Eating the world?

“Software is disrupting across all the Industries”



Entertainment Industry

\$47 B Market Value



UBER

Transportation Industry

\$40 B Market Value



IoT Industry

(A Google Company)

\$3.2 B Market Value

Uber, the world's largest taxi company owns no vehicles, Facebook the world's most popular media owner creates no content, Alibaba, the most valuable retailer has no inventory & Airbnb the world's largest accommodation provider owns no real estate



Travel & Hospitality Industry

\$22 B Market Value



Social Media Industry

\$242 B Market Value



E-Commerce Industry

\$172 B Market Value