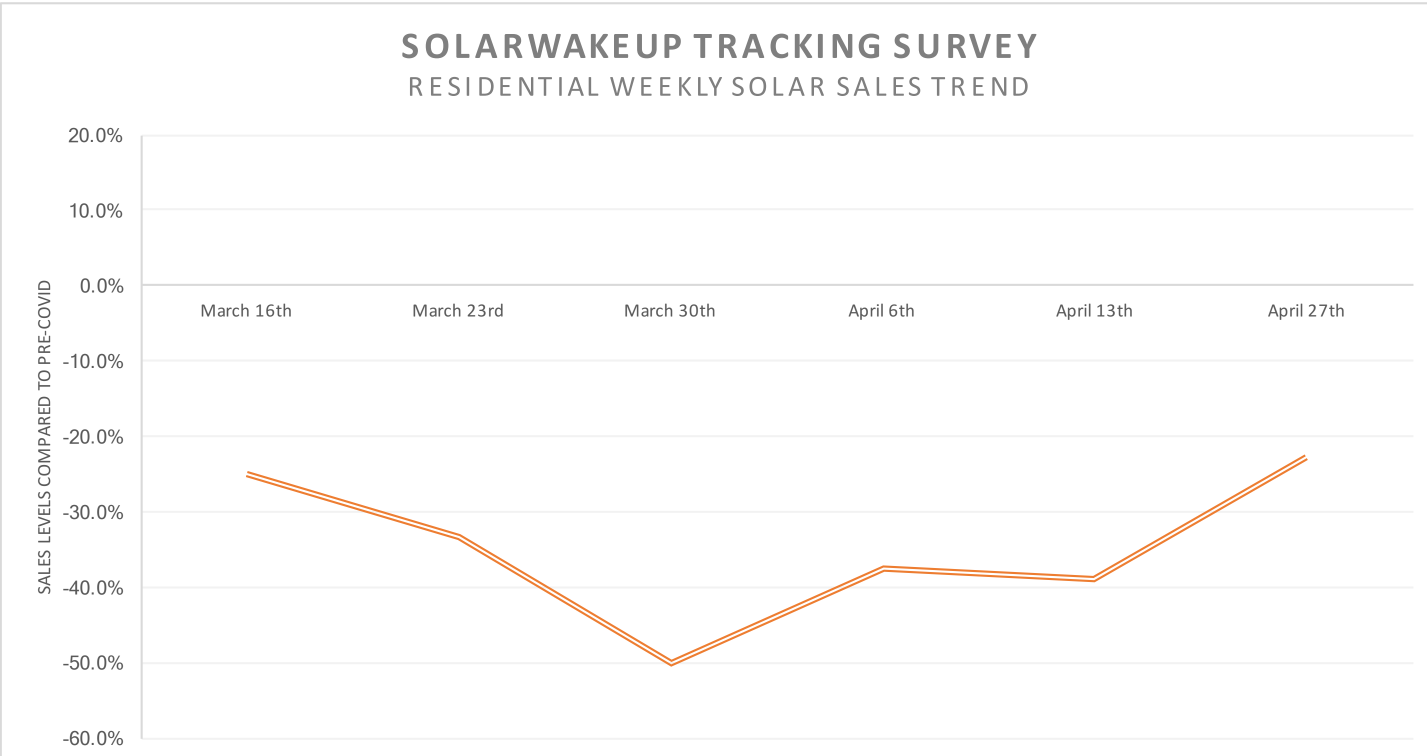
May 19th, 2020



For media contacts

Yann Brandt
Managing Editor, SolarWakeup
yann@solarwakeup.com

SolarWakeup Tracking Survey - Week of April 27th

Residential Installer Response Results

- Sales levels are improving compared to average week in February (pre-COVID)
    - Overall new sales levels, total sales week of April 27th versus February average, are down 22.8%
    - There is a deviation based on geography and size
        - 58% of responses are same or increasing sales compared to February
        - If New York and Massachusetts are removed from sample, sales are down 14.7%
- Lead volume is nearing pre-pandemic levels
    - 73.7% are saying that lead volume has increased
    - 31% report lead volume higher than pre-COVID
    - 21% say that lead volume is declining
    - Organic and Referral leads still represent that primary channels, social media now the highest paid lead source
        - 72.3% say that they have increased their investments in lead generation
- Projects are now closing in new ways and sales rations are adjusting, representing a need for higher lead volume
    - 55% of installers say that sales closing ratio is more than 20% down from pre-COVID sales methods
    - 89% are now selling via phone or video
        - Installers in Texas report closing deals in person
- Higher or increasing sales means growth for many installers
    - 42.1% are now saying that they are currently hiring for sales positions
    - Nobody is cutting sales headcount
    - Channels report more focus on sales networks, i.e. 1099 sales positions

Residential Market Conditions

- Good trends still haven't adjusted overall business sentiment or realigned expectations
    - 94.7% report adjusting their 2020 forecast down relative to their original budget
    - Installers were forecasting big growth for the year
    - Sentiment does appear to be favoring a 2020 that is up or even from 2019
- Installers are pulling in their expectations for return to normal, 89% expect sales to match pre-COVID levels by August
    - 21% say in June
    - 52.6% say in July
    - 15.7% say in August
- 57% of the residential installers say that their backlog is growing, which means more work when authorities allow
- In the biggest shift since the last survey, building departments have adjusted their processes in a big way, which is likely to lead to major positive changes in the market
    - 79% of the building departments now have digital permitting
    - 68% have adopted virtual inspections or video submittals
    - SolarAPP is now targeting Q3 pilots with increased fundraising for the digital platform, being led by NREL
- Only 10.5% of installers say that they are looking to change products
    - 42% report lower module prices by at least 5%
    - 21% report lower inverter pricing by 5%
- Working capital positions are improving, solar installers appear to be successful with PPP funding
    - only 26% are still delaying payments to vendors and suppliers

Total Market Condition (All Respondents)

- Hiring only occurring in residential segment, others are holding off
- 76% of the overall market expects return to normal levels by August
- 12% of the companies say that they are considering merger or sale due to the pandemic
- 26% of the respondents say that they would attend SPI if held as planned
    - many companies need to finalize their planning now, a decision by organizers is expected soon

SolarWakeup SURVEYS

<u>SolarWakeup Tracking Survey - Week of April 13th</u>

<u>Residential Installers</u>

- Sales are down 39% in the week of April 13th versus average February week (pre-COVID), flat week over week
  - 57% are closing sales via video chat
  - 46% via phone/text
  - storage attachment is in the 15-20% range, very geographically dependent
- Leads are up 18% compared to average week in February
  - Top sources remain referral/organic
  - Social media becoming greater source of leads
    - people staying home
    - shifting from door to door
    - homes with parents more interested according to LG Solar/Harris poll
  - 25% of respondents report lead volume is greater than pre-COVID
  - 17% report increasing leads but less than pre-COVID
    - delta is those that have shifted to restart of investment in lead flow (i.e. paid social media)
- 42% report customers have canceled a project
  - 45% report growing backlog (sales happening faster than installations)
  - A growing backlog is a positive outlook for when shelter in place orders are relaxed
- Building departments are adapting
  - a third of the respondents report more than 50% now have digital permitting
  - however, 45% report that none of them have remote inspections
    - this could take some more time but expected to increase
- 64% have delayed payables to vendors, suppliers and service providers
- 77% have had customers delay payment
  - working capital sentiment is cautious to pessimistic

<u>Overall Market</u>

- When do you forecast return to pre-COVID levels?
  - June 17.5%
  - July 22%
  - August 12%
  - September 22%
- Did you receive or pending receipt of PPP? (these responses came before the round 2 funding was passed)
  - Yes 71%
  - No due to funding depletion 13%

SolarWakeup Tracking Survey - Week of April 6th

- Residential Installers are reporting new sales are down 37.5% compared to the average week in Q1 prior to the global pandemic
    - This improves over the prior week which had a 50% decline when compared to Q1 average
        - The difference could be statistically insignificant
        - Or, installers are getting better doing remote sales
    - 52% of residential installers say that they closed a sale via Zoom or video conference
        - Alternative is phone and text instead of video, no door to door sales is happening
- This week's survey included a review of solar software used to share best practices
    - Software has been the recent winner of venture capital interest in the solar industry
        - Software companies report better sales since the start of 'shelter in place' orders
    - However, the survey shows that the market is still completely fragmented
        - Aurora Solar had the highest utilization with 13% of the responses
        - Sighten came in next with 8%
        - Energy Toolbase, Scanifly, Solargraf and Solo round up the responses with 4.6%

- Uncertainty in consumer behavior going forward and lack of progress on government funding is causing reductions in 2020 budget forecasts
    - The overall market sentiment is negative and budget forecasts have been cut as follows:
        - 12% report no change to their forecast
        - 14.6% will reduce 2020 targets by 20%
        - 29.2% will reduce 2020 targets by 30%
        - 24.3% will reduce 2020 targets by 50% or more
        - 4.8% are saying forecast is increasing by 10%.
            - In personal discussions with this limited group it was based on a strong Q1 and backlog

- Building departments continue to be a roadblock for the residential solar market with negative data points but promising outlook
    - Ohm Analytics' Weekly Tracker found ongoing decline in new permits
    - SolarWakeup's Tracking Survey explains why
        - 33% of responses state that a building department has closed
        - 76% report that inspections are delayed, a potential barrier to payment for installers
    - Looking forward there are positive developments for permitting
        - San Luis Obispo County in California made some solar permits available via their instant e-permit platform
        - 57% of the responses say that a building department is offering some form of no-touch permitting
        - 19% are getting access to remote inspections

- Companies are trying to manage their businesses through the pandemic while waiting for SBA PPA funds to become available
    - 20% of the companies have had to terminate employees
    - 37.5% have furloughed workers
        - 15% of all responses say that furloughs have affected more than 40% of their workforce
    - If Congress were to pass an ITC extension
        - 66% say that would increase headcount by at least 10%
        - 87% would increase their 2020 budget forecast

- The next 30 days presents working capital challenges to residential solar companies
    - Payment due dates for pre-pandemic projects are coming up
    - SBA PPP funds are relied on to maintain operations
        - 85.7% of residential solar installer responses say they are worried about their working capital position
        - 47% have delayed payments to vendors, suppliers or service providers
        - 42.8% say that a customer has delayed a payment to them

SolarWakeup Tracking Survey - Week of March 30th

- Installers are reporting that new sales are down 50% from their weekly average in Q1, a further reduction 33% the prior survey.
  - This is a reduction compared to residential solar companies' average sales in Q1
  - Reduction is consistent from large to small installers
- Installers are working through their backlog and finding it difficult to get new permits
  - 36% have a building department that has closed
  - 38% have an AHJ that delayed an inspection
- Remote work from the building departments is starting
  - Consistent with permit tracking data, areas that dipped in prior week saw an increase last week
  - 42% of the survey show that a building department has adopted no-touch or FaceTime inspection
- Installers are reporting delays but not as many cancellations from homeowners
  - 57% of respondents had a customer that postponed
  - 21% had a customer that canceled
- Installers are navigating their business through the pandemic
  - Note: this survey was open before the details on the payroll protection program was released
  - 43% of installers have laid off or furloughed workforce
  - 36% of the residential installers will eliminate headcount in April or May
  - Many non-residential solar companies are able to work from home
    - 25% of the market will have to do furloughs or terminations in April or May
    - This comes from less reliance from building departments or shelter in place orders

Capital Market Data

The capital markets for non-residential and working capital for installers is going to feel pressure that can potentially impact the entire market.

- Residential installers once again said that there are no changes to residential solar loan standards or underwriting
- When opened up to the entire market, 26% now say that it is harder for loans to be approved
  - This percentage is higher when the residential installers are removed from the denominator
  - This is consistent with channel checks that capital markets are not looking to close loans this week
  - If this holds for duration, projects will get pushed out or canceled especially if tight projects are subject to higher costs of capital

There is a trickle up effect of delayed building inspections, if a building department doesn't issue a permit or give the final inspection some loans are not paid fully to the installers. This could force a cash crunch to the installer now operating with lower new sales numbers.

- 57% of the residential installers have delayed payables
  - 43% have had a customer delay payment to them
- 38% of the overall market has delayed payables to a vendor, supplier or service provider
  - 47% has had a customer delay a receivable that was due to them

SolarWakeup Tracking Survey - Week of March 23rd

Residential Installer Segment

- Installers are reporting that closed sales are down 33.5% from their weekly average in Q1, up from the 25% reduction in the prior week
    - Installers are in some instances reporting higher close rate
    - Software companies and webinars report higher traffic
    - Benefits in the market could be seen by installers with knowledge and capabilities in remote sales
- Door to door sales have completely stopped
    - Backlog is allowing companies to continue at some volume
    - 62% have already terminated/furloughed or will be terminating employees
- Building departments are a barrier to continued operations
    - 24.1% are seeing delayed inspections
    - 44.8% report that some or all of their building departments are closed
    - This will show itself in the Ohm Analytics weekly tracking data (delayed by about 10 days)
        - Permits are delayed from the sales cycle but preview installation volume
- Operating status ranges across the Country
    - CALSSA and SEIA have both published reports that solar installers are essential/critical businesses
    - 68.9% are continuing installations
    - 51.7% are considering themselves essential/critical
    - 27.5% are abiding to local/state shelters in place orders
- Homeowner sentiment is varying by installer and region
    - 48.2% of responses report homeowners have postponed installations
    - Only 10.3% of the survey responders say that homeowners have canceled
        - Some reports from installers say that homeowners are asking about cancellation
    - Loan standards are mostly steady from last week
        - This is differing from residential loans to project finance
    - 37.9% are pushing off new purchases due to the economic worries
        - This increases when general negative sentiment is considered (wait until things calm down, general concerns, prioritization)

Marketwide Response

- 47.1% are abiding by a shelter in place order
    - Most companies report that all employees working from home if able to
- Loan conditions are deteriorating
    - 20.4% now say that capital is harder to get approved
    - Some are also touting better cost of capital
- 36.9% of respondents are worried about being able to get materials from suppliers
- 94.6% are very or somewhat concerned about the coronavirus situation

SolarWakeup Tracking Survey - Week of March 16th

- Installers are reporting that closed sales are down 25.1% from their weekly average in Q1, still operating at 74.9% close rates
    - Individual conversations show that larger customers are still proceedings, i.e. richer homeowners
    - Respondents come from 15 different states, so a nice diversity in viewpoint
    - One company states that sales went up 5% last week over the week prior, urgency creating action
- 30% of them are saying that some customers have canceled or postponed
- 44.8% say that building departments have closed or delayed inspections.
    - This could create a backlog of projects or delay in new orders for racking coming in
- Here is the current homeowner's buying sentiment
    - 35.7% waiting for things to calm down
    - 28.6% worried about the economy and can't make the commitment
    - 17.9% proceeding with business as usual
- There are no changes to the loan market, rates and underwriting standards have not adjusted
- Here is the market sentiment
    - 48% are no longer in a position to sell because they sell door to door or via appointments
    - 45% will experience a cash crunch without new business
        - This could mean distributors encounter bad debt issues
        - Installers with a dealer network could have similar issues handling working capital delays
    - 38% say that their existing backlog will continue to fund their operations
    - 29% will reduce their workforce
    - 62% are very concerned about COVID-19
    - 38% are somewhat concerned
- 35% of installers are worried that suppliers will not be able to deliver