

Driving Progress in Renewable Energy

2021 Annual Report

Timeline

Q3 2018

Initiated our first tax equity investment, with explosive growth, 2018-2021.

Q4 2019

Launched our unique tax equity co-investment platform – delivering \$66 million in after-tax benefits returned life-to-date.

Q2 2020

Started community solar subscriber acquisition and management, with impressive growth despite the challenges of a global pandemic.

Q1 2021

Received the first ever U.S. tax equity green evaluation rating (E1) by S&P Global.

Q2 2021

Launched our Campus Solar division, leveraging our higher education expertise to power the next generation.

Q3 2021

Launched our CleanTech Innovation division, with focus on strategic partnerships and investments in innovative renewable energy technologies, services, and solutions.

Q4 2021

Named ‘Green Company of the Year’ by the Lincoln Chamber of Commerce for our longstanding culture of service and commitment to environmental, social, and governance (ESG).

With our first tax equity investment, we knew we were embarking on a new and exciting journey. As a purpose-driven organization that focuses on serving others, we believe there's nothing better than making a smart financial decision that also creates positive impact.

We appreciate what we've been able to do – together with our developers, partners and co-investors – as we all work together toward a clean, sustainable, and resilient world for all. We're excited about the partnerships we've built with established developers to help bring clean, renewable energy to community residents, businesses, nonprofits, and higher ed campuses.

We continue to be both excited and focused on long-term impact and growth in the renewables industry, as it is forecasted to experience explosive growth in the next decade. Join us in our continued commitment to making an impact with renewable energy.

Best,

Scott Gubbels
Executive Director – Renewable Energy

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Nelnet Renewable Energy: Who We Are

For over 40 years, Nelnet has been serving our communities and making our customers' dreams possible. A Nelnet brand, Nelnet Renewable Energy has brought that mission of service, as well as deep operational and financial strength, to the renewable energy industry – where we've built a full vertical integration of solutions in just three years.



Tax Equity Funding: Converting income tax liabilities into earning assets – strengthening returns and impact by integrating ESG factors into the investment process, as well as traditional factors in investment selection.

Co-Investment Platform: Management of third party tax equity investments – simplifying investing, providing attractive returns, creating shared value, and aligning incentives through co-investment.

Community Solar: Subscription acquisition and management for community solar developers – making renewable energy accessible and supporting it with exceptional service.

Campus Solar: Solar development for higher education campuses – providing all financing, development, and management of arrays while offering cost savings, recruiting, and environmental benefits.

CleanTech Innovation: Venture capital and creative partnerships in cleantech – bringing cutting-edge, high-margin ideas to market for great environmental impact.

Measuring Our Impact

We measure our success, not only in traditional financial terms, but also by our impact on the environment, people, and teams with whom we interact.



**50,000 Homes
Powered by Nelnet
Renewable Energy**



**9.2 Million Estimated
Tons of Carbon
Emissions Avoided**



**7.34 Million Cars Off the
Road = Our Greenhouse
Gas Emissions Avoided**

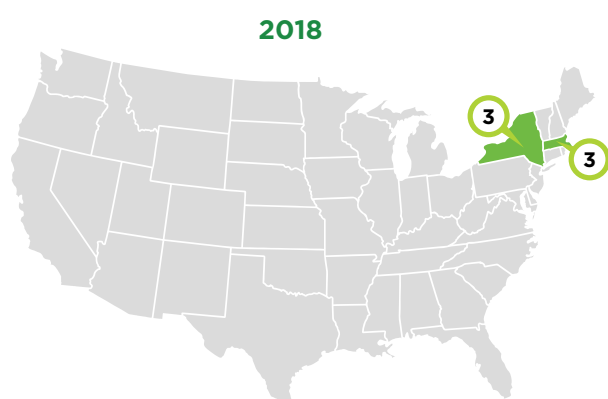


**12 New
Co-Investors
in 2021**

Tax Equity Funding: Optimizing Projects For Stakeholders and the Environment

Since our first solar tax equity investments totaling \$14 million in 2018, our growth and impact have been remarkable. We incorporate both traditional financial factors and ESG factors into investment selection, underwriting/due diligence, and management processes. We believe this approach strengthens our investment profile by increasing risk-adjusted returns and maximizing benefits to communities and the environment.

Solar Tax Equity Portfolio Project Growth



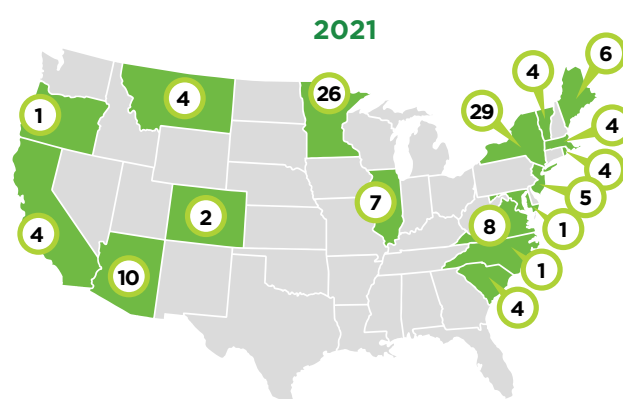
2 States | 6 Projects

2,000 homes powered/year

13.5 MWs financed

Total \$14 million committed

\$38 million of projects constructed



16 States | 116 Projects

50,000 homes powered/year

336.3 MWs financed

Total \$173 million committed

\$870 million of projects constructed

Updates

- Executive Director Scott Gubbels was a featured panelist at conferences sponsored by Infocast, Solar Energy Industries Association, and Novogradac & Company, furthering brand awareness and thought leadership.
- Six professionals originate, negotiate, underwrite, fund, and manage our tax equity portfolio.
- We completed investments with five repeat developers while diversifying the developer group and increasing project size.
- We maintained a strong performance track record for existing investments and projects, achieving an internal compliance score of 91.25%.
- We continued refinement of our proprietary due diligence checklist and portfolio performance metrics.

Co-Investment Platform: Offering A Socially Good, Financially Smart, Seamless Experience

Providing a unique tax equity co-investment platform makes it easy for our investors to reap numerous sustainability and investment benefits. Consistent with Nelnet’s core values, our team prides itself on delivering best-in-class customer service and seamless integration of accounting and tax reporting for all co-investors. Our investors expect an investment horizon of 5 to 6 years and typically achieve a breakeven on invested capital within 8 to 16 months, targeting a double-digit after-tax return on investment. Aggregating all co-investment through 2021, we have delivered \$66 million of after-tax return to our co-investors, consisting of federal tax credits, cash distributions, and depreciation benefits, which can be re-invested back into their companies and communities. With a high level of interest in our co-investment platform, we project significant growth in 2022.



Updates

- **Our co-investment platform received the first ever S&P Global Green Evaluation** for a solar tax equity investment. We scored an E1 rating, which is the highest possible score. This asset-level environmental credential weighs scores in climate resilience, environmental impact, governance, and transparency.
- **Our platform was featured in *Novogradac Journal of Tax Credits*** (September 2021). The article highlighted our unique co-investment structure and the positive impact these investments will have on the environment and local communities.
- **Director of Tax Equity Capital Markets Jon Miller received his ESG Investing certificate from the CFA Institute**, further expanding his ability to analyze and integrate material ESG factors into his role as an investment professional.
- **Our tax credit team acted as a thought leader in the tax equity space** by working with the state level banking and finance regulators in Nebraska and Kansas during 2021 to facilitate guidance and interpretation that allows state-chartered banks to hold these tax credit investments.

Community Solar: Making Solar Accessible for All

Our solution draws from our financial strength and stability, proven operational excellence and ability to scale, a passion for positive customer experiences, and a strong drive to deliver on promises left unfulfilled by others.

We help our developer partners achieve and maintain fully subscribed projects – on time and to their unique requirements. Our team develops marketing plans for eligible residential and commercial subscribers, incorporating project-specific research and tested marketing tactics. Nelnet Renewable Energy manages the ongoing relationship with the subscriber for the agreement term, providing online resources, a dashboard to see their environmental impact and monthly statements, and a dedicated team of contact center professionals to answer questions throughout the subscriber’s enrollment.

Community Solar By the Numbers

- **Number of Projects:** 21
- **Total MWs:** 79 MW under management
- **Subscribers:** Over 6,500 subscribers, and approximately 25% meeting low to moderate income guidelines.
- **Electricity Produced:** 3,736,121 kWh of renewable energy produced in the last six months of 2021.
- **Environmental Impact:** Reducing the carbon footprint by 4,396 metric tons of CO₂ – the same amount of CO₂ emissions produced by 534 million smartphones charged.
- **Educational Impact:** Nelnet Renewable Energy’s “How Community Solar Works” video was viewed 87,784 times in 2021.
- **Customer Support:** Our team handled 912 inbound calls and made 55,358 outbound calls in 2021.



Nelnet is dedicated to the success of our developer clients – and that begins with leveraging our long history of servicing and extends to how we serve and engage with our community solar development and investment partners. This commitment includes:

- **Onboarding and Support Services.**

We streamline and simplify the onboarding process, providing a point of contact for ongoing collaboration and progress throughout the project life cycle.

- **Utility Company Liaison.** Our dedicated utility liaison partners with each utility company to ensure compliance with state-specific requirements, complete set-up tasks, execute on agreements, and resolve any issues that arise.
- **Developer Portal and Reporting.** Nelnet keeps developers well informed of the project status by delivering a robust set of progress reports within our platform, including detailed subscriber information and success milestones to satisfy their financial partners' reporting and documentation needs throughout the project life cycle.
- **Funds Management.** Our financial accounting team oversees payment processing activities, including payment reconciliation and facilitating the timely delivery of funds to the project's designated account. Controls at each step of the process ensure financial integrity in the flow of funds.

Updates

- **In 2021, we relaunched NelnetEnergy.com** our consumer-facing community solar website, to showcase the clear and simple benefits community solar offers to potential subscribers.
- **With more than 20 projects underway in NY,** we are targeting expansion into new states in 2022, including CO, IL, MA, MD, MN, NJ, NM, OR, PA, and VA.
- **Our team has grown by 44% in 2021,** with talented resources added in business development, product management, and business analysis.
- **Our first nine projects have been energized,** with a mix of dual-billed and consolidated bill projects.



Campus Solar: Powering the Next Generation

In July of 2021, we launched Campus Solar to help higher education institutions meet their climate action goals, uniting our expertise in solar financing and deployment with Nelnet's broad and deep experience working with these valued customers. We create value for campuses throughout the country by leveraging our history, financial strength, and operational expertise with an insightful, comprehensive solution. We can fully finance, develop, operate, and maintain solar arrays; implement battery storage solutions for peak demand shaving of electric bills; establish microgrids for critical system electrical loads and reliability; and offer EV and e-bike charging infrastructure — all while offering campuses cost savings and ESG benefits to help them meet their climate action goals, diversify investments within endowments, boost recruitment, and even gain research/collaborative learning opportunities. We are excited to power the next generation with this phase of Nelnet Renewable Energy's diversified growth.

In addition to the focus of serving higher education institutions, Nelnet Renewable Energy is growing this division into several other channels. This includes solar development for K-12 schools and other commercial entities within Nelnet's existing client network, in addition to project acquisition, co-development of assets, and other strategic partnerships. We continually analyze new and existing geographic environments and regulatory proposals to stay abreast of opportunities to construct, own, and operate projects for the long-term. Similar to other areas of Nelnet, Nelnet Renewable Energy is looking for ways to generate long-term cash flow streams by adding value to customers and utilizing its core competencies.



CleanTech Innovation: Building Our Energy Future Now

In Q3 of 2021, we launched our CleanTech Innovation division, focused on identifying and supporting new companies and technologies and those who develop them. We have already committed to invest \$2 million in two venture capital investments by the end of 2021, and we have a robust pipeline of opportunities under evaluation for 2022. Key in our considerations are identifying business opportunities that leverage Nelnet's core strengths, add value to the renewable energy landscape/ecosystem, and are expected to make a long-term, positive impact.

Our innovation partnership principles include:

- A target of 15+% ROI.
- A preference toward Nelnet's core strengths of payment processing, asset origination and financing, and business process outsourcing.
- Recurring revenue, preferably in low capital, high margin (>25%) businesses.
- Providing financial value with a focus on long-term cash flow.
- A preference for technology and doing business with many, diversified customers.
- Doing business with people we like and who share our values.
- Focusing on the why and the environmental/social impact.

Just a few of the likely innovation partnerships we are exploring may include battery storage, panel efficiency and disposal/recycling, grid intelligence and modernization, renewable energy finance, bi-directional charging, electric vehicle services, and price optimization. We also seek partnerships with clean energy companies in our core areas of finance/lending, insurance products, investment advisory services, LMI opportunities, back-office SaaS, utility collaboration, real estate, and more.



Nelnet Serves

In 2021, Nelnet embarked on a purpose-driven endeavor called “Nelnet Serves” to communicate and amplify current efforts by which Nelnet serves its key stakeholders: our customers, associates, communities, shareholders, and environment. As part of this effort, Nelnet identified a preliminary set of metrics and initiatives that exemplify Nelnet’s commitment to serving others. Areas of focus include:

- Cultivating a culture of purpose and service.
- Board diversity and oversight.
- Ethical behavior and anonymous reporting.
- Promoting financial literacy.
- Consumer protection and data privacy.
- Fostering associate well-being.
- Associate diversity and belonging.
- Opportunities for lifelong learning and professional growth.
- Volunteering and philanthropy.
- Community impact investments.
- Renewable energy investments.
- Innovation in products and services.

“Nelnet was extremely honored to be awarded Green Company of the Year by the Lincoln Chamber of Commerce.”

- Scott Gubbels,

Executive Director - Renewable Energy

Helping others accomplish their goals instead of focusing on ourselves makes it possible to have a huge impact in the lives of our customers, clients, stakeholders, and the community. Our core values reflect this.



While gathered on site for meetings, associates found an opportunity to better the environment in Lincoln by participating in a beautification project at Sunken Gardens.

We believe in:

- Providing superior customer experiences.
- Creating an awesome work environment.
- Pursuing opportunities for diversification and growth.
- Communicating openly and honestly.
- Giving back to the communities in which we live and work.

Our purpose-driven, experienced Nelnet Renewable Energy team attracts people who share these values and have expertise to add to our growth, ESG commitment and reputation, and diversified approach to supporting renewable energy.

Looking Forward

We're excited about the many opportunities awaiting us as we work together to improve our environment. We appreciate our partnership with you, and what it has enabled us to accomplish. We look forward to working with you in 2022 and beyond as we find innovative ways to make our planet better for future generations through expansion of renewable energy.

Visit NelnetInc.com/capabilities/renewable-energy/



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