

THESE ACCOUNTS
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COMPANY ACCOUNTS

Utiligroup Limited

Annual Report and Financial Statements

Registered No. 09007042

Year ended 31 December 2020

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COMPANIES HOUSE

Utiligroup Limited

Directors

M C Hirst

S Gosling

Secretary

Brodies Secretarial Services Limited

Independent Auditors

RSM UK Audit LLP

Bluebell House

Brian Johnson Way

Preston

PR2 5PE

Registered Office

Brisance House

Fuxton Lane

Euxton

Chorley

Lancashire

PR7 6AQ

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Strategic report

The directors present their strategic report for the year ended 31 December 2020.

Principal activities and review of the business

The principal activity of the company during the year was that of a holding company, it did not trade during the year. The Utiligroup group of companies are a leading provider of innovative SAAS solutions to the utilities and energy industry.

Key performance indicators (KPIs)

The company had no financial transactions during the year and it did not trade.

Approved by the Board on 26 March 2021 and signed on its behalf by:



S Gosling
Director
26 March 2021

Registered No. 09007042

Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2020.

The principal activity of the company during the year was that of a holding company, it did not trade during the year.

Results and dividends

The company did not trade during the year and accordingly there was neither a profit nor a loss for the year (year ended 31 December 2019: £nil). The directors do not recommend a final dividend (period ended 31 December 2019: £nil).

Future developments

Following the Utiligroup Limited acquisition on 14 April 2017 by Accel-KKR the company continued to have no trade in the year. The directors have no intention to commence trading in the foreseeable future.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

M C Hirst

S Gosling

P Galati (resigned 14 August 2020)

Going concern

The directors believe that the use of the going concern basis of accounting is appropriate. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Charitable and political donations

No charitable or political donations were made by the company in the year (year ended 31 December 2019: £nil).

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditors are unaware. Having made enquiries of fellow directors and the company's auditors, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent Auditors

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

On behalf of the Board



S Gosling

Director

26 March 2021

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Strategic Report, the Directors report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Independent auditor's report to the members of Utiligroup Limited

Opinion

We have audited the financial statements of Utiligroup Limited (the 'company') for the year ended 31 December 2020 which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of Utiligroup Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

Independent auditor's report to the members of Utiligroup Limited (continued)

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and compliance with the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included, reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls as the area which the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgements and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Alastair John Richard Nuttall ACA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Bluebell House

Brian Johnson Way

Preston

Lancashire, PR2 5PE

Date 26 March 2021

Profit and loss account and other comprehensive income

for the year ended 31 December 2020

The company did not trade in the year (year ended 31 December 2019: did not trade)

Balance sheet

as at 31 December 2020

		<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>Note</i>	<i>£</i>	<i>£</i>
Fixed assets			
Investments	6	1	1
Current assets			
Debtors	7	61,004	61,004
Net current assets		<u>61,004</u>	<u>61,004</u>
Total assets less current liabilities		<u>61,005</u>	<u>61,005</u>
Net assets		<u>61,005</u>	<u>61,005</u>
Capital and reserves			
Called up share capital	8	104	104
Share premium account	9	60,901	60,901
Total shareholders' funds		<u>61,005</u>	<u>61,005</u>

The financial statements on pages 7 to 16 were approved by the Board of Directors on 26 March 2021 and are signed on their behalf by:



S Gosling

Director

Registered No. 09007042

Statement of changes in equity

for the year ended 31 December 2020

	<i>Called up share capital</i>	<i>Share premium account</i>	<i>Profit and loss account</i>	<i>Total Shareholders' funds</i>
	£	£	£	£
At 1 January 2019	104	60.901	-	61.005
Result for the financial year	-	-	-	-
At 31 December 2019 & 1 January 2020	104	60.901	-	61.005
Result for the financial year	-	-	-	-
At 31 December 2020	104	60,901	-	61,005

Notes to the financial statements

For the year ended 31 December 2020

Utiligroup Limited (the "Company") is a private company limited by shares and registered, incorporated and domiciled in England and Wales. The registered office and principal place of business is: Brisanice House, Euxton Lane, Euxton, Chorley, Lancashire, PR7 6AQ.

1. Accounting policies

The company's principal activities are disclosed in the director's report.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") and in accordance with Companies Act 2006 including the provisions of the Large and Medium sized companies and groups (Accounts and Reports) regulations 2008, and under the historical cost convention. The accounting policies have been applied consistently. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

The Company adopted the amendments to FRS102 published in the triennial review in 2017.

The Company's parent undertaking at the year end, ESG-Utiligroup Holdings LLC includes the Company in its consolidated financial statements. The consolidated financial statements of ESG-Utiligroup Holdings LLC are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes.

As the consolidated financial statements of ESG-Utiligroup Holdings LLC include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Consolidated financial statements

The Company has taken advantage of the exemption in section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. Consequently, these financial statements present the financial position and financial performance of the company as a single entity.

Going concern

The directors believe that the use of the going concern basis of accounting is appropriate. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries, associates and jointly controlled entities are assessed for impairment at each reporting date. Any impairments losses or reversals of impairment losses are recognised immediately in profit or loss.

Notes to the financial statements (*continued*)

For the year ended 31 December 2020

Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102, in full, to all of its financial instruments.

Recognition and measurement of financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Classification of financial instruments

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial assets and liabilities at amortised cost

Group debtors

Group debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost using the effective interest method. The effective interest rate is the market rate used to determine initial measurement adjusted to amortise directly attributable transaction costs.

Equity

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of transaction costs, unless the equity instruments are issued to extinguish a financial liability due to a shareholder or a party under common control, or in accordance with the original terms of the financial liability.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some (but not substantially all) risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

There are no judgements that have a significant effect on the amounts recognised in the financial statements.

Notes to the financial statements *(continued)*

For the year ended 31 December 2020

2. Revenue

The company has not traded in the year (year ended 31 December 2019: did not trade).

3. Operating profit

There has been no trade during the year (year ended 31 December 2019: no trade).

All audit and non-audit costs paid to the company's auditors in the current year and prior period was borne by ESG Global (Energy) Limited and no recharge was made. Total costs for the year were £84,325 (year ended 31 December 2019: £68,000), with £1,000 (year ended 31 December 2019: £1,000) attributing to Utiligroup Limited.

4. Particulars of employees

The company had no employees (year ended 31 December 2019: none) and therefore no employee costs during the year (year ended 31 December 2019: £nil).

5. Directors' remuneration and employees

The Directors remuneration in relation to their services to the Utiligroup Group as a whole. These costs were borne by ESG Global (Energy) Limited, a fellow group undertaking and no other recharge was made. The directors of the company are also directors of the holding company and fellow subsidiaries. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the holding and fellow subsidiary companies.

6. Investments

<i>Company</i>	<i>Subsidiary undertakings</i>
	<i>£</i>
Cost and net book value:	
At 1 January 2020	1
Additions	-
At 31 December 2020	<u>1</u>

Notes to the financial statements (continued)

For the year ended 31 December 2020

6. Investments (continued)

Details of subsidiaries are as follows:

	<i>Country of incorporation</i>	<i>Holding</i>	<i>Ownership</i>	<i>Nature of business</i>
Utiligroup Acquisitions Limited	England	Ordinary shares	100%	Holding company
Utiligroup Holdings Limited*	England	Ordinary shares	100%	Holding company
ESG Global (Energy) Limited*	England	Ordinary shares	100%	Software and managed data services
Utiliserve Limited*	England	Ordinary shares	100%	Dormant
Draig Technology Ltd*	England	Ordinary shares	100%	Dormant

* Denotes held through a subsidiary

All subsidiaries are registered at Brisance House, Euxton Lane, Euxton, Chorley, Lancashire, PR7 6AQ.

7. Debtors

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>£</i>	<i>£</i>
Amounts owed by group undertakings	61,004	61,004
	61,004	61,004

8. Called up share capital

	<i>No.</i>	<i>31 December 2020 £</i>	<i>No.</i>	<i>31 December 2019 £</i>
<i>Allotted, called up and fully paid</i>				
A1 Ordinary shares of £0.01 each	6,272	63	6,272	63
A2 Ordinary shares of £0.01 each	274	3	274	3
B Ordinary shares of £0.01 each	1,613	16	1,613	16
C Ordinary shares of £0.01 each	1,233	12	1,233	12

Notes to the financial statements (continued)

For the year ended 31 December 2020

D Ordinary shares of £0.01 each	577	6	577	6
E Ordinary shares of £0.01 each	86	1	86	1
F Ordinary shares of £0.01 each	98	1	98	1
G Ordinary shares of £0.01 each	122	1	122	1
H Ordinary shares of £0.01 each	72	1	72	1
I Ordinary shares of £0.01 each	100	1	100	1
J Ordinary shares of £0.001 each	73	-	73	-
K Ordinary shares of £0.001 each	82	-	82	-
	10,602	104	10,602	104

No further Shares have been issued during the year.

The following rights attach to each class of share:

A1 Ordinary Shares 6,272 of £0.01 each

Non-redeemable, one vote per share on a poll, is entitled to a pro rata proportion of any dividend declared (together with the holders of all other classes of share save for the D Ordinary Shares), is entitled to receive the A1 Return in priority on a return of capital and after the payment of: the A1 Return, 2 times the issue price of the D Ordinary Shares and the unit price of the deferred share on a return of capital is also then entitled to a pro rata proportion of any proceeds remaining (together with the holders of all other classes of shares save for the D Ordinary Shares and any Deferred Shares in issue).

A2 Ordinary Shares 274 of £0.01 each

Non-redeemable, one vote per share on a poll, is entitled to a pro rata proportion of any dividend declared (together with the holders of all other classes of share save for the D Ordinary Shares), on a return of capital after the payment of: the A1 Return, 2 times the issue price of the D Ordinary Shares and the unit price of the deferred shares on a return of capital is also then entitled to a pro rata proportion of any proceeds remaining (together with the holders of all other classes of shares save for the D Ordinary Shares and any Deferred Shares in issue).

B Ordinary Shares 1,613 of £0.01 each

Redeemable at any time at the option of the holder at a redemption price of £3.77 per share. They have one vote per share on a poll, is entitled to a pro rata proportion of any dividend declared (together with the holders of all other classes of share save for the D Ordinary Shares), on a return of capital after the payment of: the A1 Return to the A1 Ordinary Shares, 2 times the issue price of the D Ordinary Shares and the unit price of the deferred shares on a return of capital is also then entitled to a pro rata proportion of any proceeds remaining (together with the holders of all other classes of shares save for the D Ordinary Shares and any Deferred Shares in issue).

Notes to the financial statements *(continued)*

For the year ended 31 December 2020

8. Called up share capital *(continued)*

C Ordinary Shares 1,233 of £0.01 each

Redeemable at any time at the option of the holder at a redemption price of £10.55 per share. They have one vote per share on a poll, is entitled to a pro rata proportion of any dividend declared (together with the holders of all other classes of share save for the D Ordinary Shares), on a return of capital after the payment of: the A1 Return to the A1 Ordinary Shares, 2 times the issue price of the D Ordinary Shares and the unit price of the deferred shares on a return of capital is also then entitled to a pro rata proportion of any proceeds remaining (together with the holders of all other classes of shares save for the D Ordinary Shares and any Deferred Shares in issue).

D Ordinary Shares 577 of £0.01 each

Non-redeemable, one vote per share on a poll, is entitled to a pro rata proportion of any dividend equal to 0.1% of any Ordinary Dividend (being the aggregate dividend amount paid to the other classes of shares of the Company), on a return of capital after the payment of: the A1 Return, 2 times the issue price.

E Ordinary Shares 86 of £0.01 each

Non-redeemable, one vote per share on a poll, is entitled to a pro rata proportion of any dividend declared (together with the holders of all other classes of share save for the D Ordinary Shares), on a return of capital after the payment of: the A1 Return, 2 times the issue price of the D Ordinary Shares and the unit price of deferred shares on a return of capital is also then entitled to a pro rata proportion of any proceeds remaining above a certain value (together with the holders of all other classes of shares save for the D Ordinary Shares and any Deferred Shares in issue).

F Ordinary shares 98 of £0.01 each

Non-redeemable, non-voting share with no right to dividends. On a return of capital after the payment of: the A1 Return, 2 times the issue price of the D Ordinary Shares and the unit price of the deferred shares on a return of capital is also then entitled to a pro rata proportion of any proceeds remaining above a certain value (together with the holders of all other classes of shares save for the D Ordinary Shares and any Deferred Shares in issue).

G Ordinary shares 122 of £0.01 each

Non-redeemable, non-voting share with no right to dividends. On a return of capital after the payment of: the A1 Return, 2 times the issue price of the D Ordinary Shares and the unit price of the deferred shares on a return of capital is also then entitled to a pro rata proportion of any proceeds remaining above a certain value (together with the holders of all other classes of shares save for the D Ordinary Shares and any Deferred Shares in issue).

H Ordinary shares 72 of £0.01 each

Non-redeemable, non-voting share with no right to dividends. On a return of capital after the payment of: the A1 Return, 2 times the issue price of the D Ordinary Shares and the unit price of the deferred shares on a return of capital is also then entitled to a pro rata proportion of any proceeds remaining above a certain value (together with the holders of all other classes of shares save for the D Ordinary Shares and any Deferred Shares in issue).

I Ordinary shares 100 of £0.01 each

Non-redeemable, non-voting share with no right to dividends. On a return of capital after the payment of: the A1 Return 2 times the issue price of the D Ordinary Share and the unit price of the deferred shares on a return of capital is also then entitled to a pro rata proportion of any proceeds remaining above a certain value (together with the holders of all other classes of shares save for the D Ordinary Shares and any Deferred Shares in issue).

Notes to the financial statements (*continued*)

For the year ended 31 December 2020

8. Called up share capital (*continued*)

J Ordinary shares 73 of £0.001 each

Non-redeemable, non-voting share with no right to dividends. On a return of capital after the payment of: the A1 Return, 2 times the issue price of the D Ordinary Shares and the unit price of the deferred shares on a return of capital is also then entitled to a pro rata proportion of any proceeds remaining above a certain value (together with the holders of all other classes of shares save for the D Ordinary Shares and any Deferred Shares in issue).

K Ordinary shares 82 of £0.001 each

Non-redeemable, non-voting share with no right to dividends. On a return of capital after the payment of: the A1 Return, 2 times the issue price of the D Ordinary Shares and the unit price of the deferred shares on a return of capital is also then entitled to a pro rata proportion of any proceeds remaining above a certain value (together with the holders of all other classes of shares save for the D Ordinary Shares and any Deferred Shares in issue).

Following the company sale by its owners on 22nd May 2017 all shares are now owned by ESG-Utiligroup Bidco Limited and retain the above rights.

9. Reserves

The reserves of the company represent the following:

Share premium

Consideration received for shares issues above their nominal value of transaction cash

10. Related party transactions

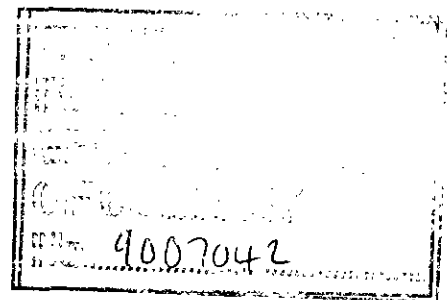
The company has taken advantage of the exemption available under FRS 102 not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate controlling parent.

11. Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary of ESG-Utiligroup Bidco Limited a company incorporated in England & Wales. Following the company sale by its owners on 14 April 2017, the Ultimate parent is Accel-KKR by virtue of its controlling holding in ESG-Utiligroup Holdings LLC. ESG-Utiligroup Holdings LLC is both the smallest and largest group for which group financial statement are prepared and in which the company is included. The consolidated financial statements of ESG-Utiligroup Holdings LLC are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

ESG-Utiligroup Holdings, LLC and Subsidiaries

**Consolidated Financial Statements
December 31, 2020 and 2019**



ESG-Utiligroup Holdings, LLC and Subsidiaries

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December 31, 2020 and 2019

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Report of Independent Auditors

To the Board of Directors and Management of
ESG-Utiligroup Holdings, LLC

We have audited the accompanying consolidated financial statements of ESG-Utiligroup Holdings, LLC and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of operations, of comprehensive loss, of changes in members' capital, and of cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ESG-Utiligroup Holdings, LLC and its subsidiaries as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

Boston, Massachusetts
March 30, 2021

ESG-Utiligroup Holdings, LLC and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2020 and 2019

<i>(in thousands)</i>	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 21,146	\$ 8,684
Accounts receivable, net	10,075	13,527
Unbilled accounts receivable, net	3,987	3,648
Prepaid expenses and other current assets	3,684	3,115
Total current assets	38,892	28,974
Property and equipment, net	7,145	6,809
Goodwill, net	126,980	144,766
Intangible assets, net	21,128	33,043
Deferred costs, net	2,696	1,973
Other assets, net	7,317	5,484
Total assets	<u>\$ 204,158</u>	<u>\$ 221,049</u>
Liabilities and Members' Capital		
Current liabilities		
Accounts payable	\$ 1,332	\$ 903
Accrued expenses	4,796	6,948
Term loan, current portion	9,205	8,525
Deferred revenue, current portion	4,067	2,604
Income tax payable	33	814
Total current liabilities	19,433	19,794
Long-term liabilities		
Term loan, net of current portion	153,240	160,318
Deferred revenue, net of current portion	1,579	2,632
Deferred tax liabilities	1,131	1,722
Other liabilities	540	311
Total long-term liabilities	156,490	164,983
Total liabilities	175,923	184,777
Commitments and contingencies (Note 8)		
Members' capital		
Contributed capital	108,407	108,407
Accumulated deficit	(88,709)	(79,701)
Accumulated other comprehensive income	3,959	2,688
Total members' capital - ESG-Utiligroup Holdings, LLC	23,657	31,394
Noncontrolling interest in consolidated subsidiaries	4,578	4,878
Total members' capital	28,235	36,272
Total liabilities and members' capital	<u>\$ 204,158</u>	<u>\$ 221,049</u>

The accompanying notes are an integral part of these consolidated financial statements.

ESG-Utiligroup Holdings, LLC and Subsidiaries
Consolidated Statements of Operations
Years Ended December 31, 2020 and 2019

<i>(in thousands)</i>	2020	2019
Revenues		
Subscription	\$ 85,562	\$ 85,768
Services	9,129	9,860
Total revenues	<u>94,691</u>	<u>95,628</u>
Operating expenses		
Selling, general and administrative	54,792	62,346
Amortization expense	32,318	35,832
Depreciation expense	3,198	2,813
Loss on disposal of equipment	15	290
Total operating expenses	<u>90,323</u>	<u>101,281</u>
Income (loss) from operations	<u>4,368</u>	<u>(5,653)</u>
Other expense (income)		
Interest expense, net	12,741	14,610
Rental income	(288)	(72)
Foreign currency transaction gains, net	(550)	(568)
Total other expenses, net	<u>11,903</u>	<u>13,970</u>
Loss before income taxes	<u>(7,535)</u>	<u>(19,623)</u>
Provision for income taxes	<u>(2,067)</u>	<u>(759)</u>
Net loss	<u>(9,602)</u>	<u>(20,382)</u>
Net loss attributable to noncontrolling interests	<u>(348)</u>	<u>(738)</u>
Net loss attributable to ESG-Utiligroup Holdings, LLC	<u>\$ (9,254)</u>	<u>\$ (19,644)</u>

The accompanying notes are an integral part of these consolidated financial statements.

ESG-Utiligroup Holdings, LLC and Subsidiaries
Consolidated Statements of Comprehensive Loss
Years Ended December 31, 2020 and 2019

<i>(in thousands)</i>	2020	2019
Net loss	\$ (9,602)	\$ (20,382)
Other comprehensive income		
Foreign currency translation adjustments	<u>1,319</u>	<u>560</u>
Comprehensive loss	<u>(8,283)</u>	<u>(19,822)</u>
Less: Comprehensive loss attributable to noncontrolling interests, net of tax	<u>(300)</u>	<u>(718)</u>
Comprehensive loss attributable to ESG-Utiligroup Holdings, LLC	<u>\$ (7,983)</u>	<u>\$ (19,104)</u>

The accompanying notes are an integral part of these consolidated financial statements.

ESG-Utiligroup Holdings, LLC and Subsidiaries
Consolidated Statements of Changes in Members' Capital
Years Ended December 31, 2020 and 2019

<i>(in thousands, except per unit amounts)</i>	Class A-1 Preferred Units	Class A-2 Preferred Units	Accumulated Deficit	Contributed Capital	Accumulated Other Comprehensive Income	Noncontrolling Interest	Total Members' Capital
Balance at December 31, 2018	50,105,067	22,203,458	\$ (61,348)	\$ 108,407	\$ 2,148	\$ 5,558	\$ 54,765
Adoption of new accounting standard (Note 3)	-	-	1,016	-	-	38	1,054
Unit-based compensation expense	-	-	275	-	-	-	275
Other comprehensive income	-	-	-	-	540	20	560
Net loss	-	-	(19,644)	-	-	(738)	(20,382)
Balance at December 31, 2019	50,105,067	22,203,458	(79,701)	108,407	2,688	4,878	36,272
Unit-based compensation expense	-	-	246	-	-	-	246
Other comprehensive income	-	-	-	-	1,271	48	1,319
Net loss	-	-	(9,254)	-	-	(348)	(9,602)
Balance at December 31, 2020	50,105,067	22,203,458	\$ (88,709)	\$ 108,407	\$ 3,959	\$ 4,578	\$ 28,235

The accompanying notes are an integral part of these consolidated financial statements.

ESG-Uttiligroup Holdings, LLC and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2020 and 2019

<i>(in thousands)</i>	2020	2019
Cash flows from operating activities		
Net loss	\$ (9,602)	\$ (20,382)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and amortization	35,515	38,609
Bad debt expense	413	47
Unit-based compensation expense	246	275
Loss on disposal of equipment	15	273
Noncash interest expense	705	757
Deferred taxes	(675)	(2,207)
Changes in operating assets and liabilities		
(Increase) decrease in		
Billed and unbilled accounts receivable	2,983	243
Prepaid expenses and other current assets	(520)	660
Income tax payable	(737)	550
Deferred costs, net	(698)	(522)
Other assets, net	(1,761)	(3,299)
Increase (decrease) in		
Accounts payable and accrued expenses	169	992
Other liabilities	229	(1,833)
Deferred revenue	262	95
Net cash provided by operating activities	<u>26,544</u>	<u>14,258</u>
Cash flows from investing activities		
Purchases of property and equipment	(3,353)	(4,131)
Acquisition of software assets	-	(2,000)
Net cash used in investing activities	<u>(3,353)</u>	<u>(6,131)</u>
Cash flows from financing activities		
Contingent consideration payments	(2,000)	(2,000)
Payments on term loan	(8,995)	(8,989)
Net cash used in financing activities	<u>(10,995)</u>	<u>(10,989)</u>
Effect of foreign exchange rates on cash and cash equivalents	266	622
Net increase (decrease) in cash and cash equivalents	<u>12,462</u>	<u>(2,240)</u>
Cash and cash equivalents		
Beginning of year	8,684	10,924
Ending of year	<u>\$ 21,146</u>	<u>\$ 8,684</u>
Supplemental disclosures of cash flow information		
Cash paid for interest	\$ 14,190	\$ 13,782
Cash paid for taxes	3,116	962

The accompanying notes are an integral part of these consolidated financial statements.

ESG-Utiligroup Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in thousands, except per unit amounts)

1. Nature of Business

ESG-Utiligroup Holdings, LLC and Subsidiaries (collectively, the "Company") provides flexible, scalable, end-to-end Software as a Service ("SaaS") solutions for retail energy suppliers and utilities. The Company's back office technologies allow clients to streamline operations and maintain regulatory compliance within the retail energy markets of the United States of America ("U.S."), the United Kingdom ("U.K.") and Japan. These solutions enable energy companies to profile, acquire, contract, enroll, price, invoice, forecast, schedule, settle and service end user energy customers in many utility service territories.

2. Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned and majority-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

3. Summary of Significant Accounting Policies

Basis of Presentation

The Company's consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

Noncontrolling Interests

Noncontrolling interests represent the ownership interests in the consolidated entities that are owned by minority members and are reported as equity in the accompanying consolidated statements of financial position. Net loss allocated to both the Company and the noncontrolling interests are included in the consolidated statements of operations but excluded from the consolidated statements of comprehensive loss.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the fiscal year. Actual results could differ from those estimates. Estimates are used in the following areas: allowance for doubtful accounts, accrued expenses, deferred costs, revenue recognition, accounting for acquisitions, unit-based compensation expense, and contingent consideration.

Revenue and Cost Recognition

Overview

The Company is a provider to the retail energy sector for SaaS solutions including data and transaction management, billing and customer information systems, wholesale energy services, and sales and pricing. The Company also provides comprehensive support for the business process needs of start-up retail suppliers, established global suppliers of natural gas and electricity, and to everyone in between. The Company is an enabler of new energy suppliers, metering service providers and other market roles.

ESG-Utligroup Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in thousands, except per unit amounts)

The Company does not deliver a software product for installation on the customer's in-house systems. Rather, it makes the software available to the customer through a hosting arrangement. The Company installs and runs the software application on its own or other dedicated servers, giving customers access to the application via the internet or a dedicated line. The customer does not have the contractual right to take possession of the software at any time during the hosting period.

Revenue Recognition Policy

Revenue is recognized when a customer obtains control of promised goods or services, in an amount that reflects the consideration expected to be received in exchange for those goods or services. To determine revenue recognition for arrangements within the scope of ASC 606, *Revenue from Contracts with Customers* ("ASC 606"), the following five steps are performed: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the performance obligations are satisfied. The five-step model is only applied to contracts when it is probable that the Company will collect the consideration it is entitled to in exchange for the goods or services transferred.

At contract inception, the Company assesses the goods or services promised within each contract, determines those that are performance obligations and assesses whether each promised good or service is distinct. Revenue is recognized as the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. The payment terms for services are stated within each contract and agreed upon with the customer. Revenue for these services is recognized over time.

Revenue is measured as the amount of consideration expected to be received in exchange for transferring services to a customer. The Company uses the output method to recognize revenue over time for each distinct monthly service period. Sales, value add, and other taxes collected on behalf of third parties are excluded from revenue.

The Company estimates the collectability of contracts upon execution. The Company's contracts with customers generally do not include a significant financing component as payment from customers does not occur either significantly before or significantly after performance.

Performance Obligations

The Company's service agreements will typically have multiple components to its revenue stream, such as an up-front fee to cover the set-up and an ongoing periodic charge to cover hosting. An up-front fee can take the form of either a payment for initial set-up services or a license fee received at the inception of an arrangement. On-going periodic charges are recognized over time as services are rendered. It is also possible that additional services may be made available under the arrangement, such as hardware, training, consulting, enhancements, and support.

Operational services provided by the Company are a series of distinct performance obligations. Implementation fees are considered 'setup activities' and are not distinct performance obligations. Any change management, professional services, and other supplemental services are distinct performance obligations within the context of the contract and are separate performance obligations. Professional services the Company provides typically have value on a stand-alone basis because such services are sold separately by the Company and its competitors (i.e. without hosted services).

ESG-Utiligroup Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in thousands, except per unit amounts)

Support services are considered a stand-ready obligation and are therefore bundled with the operational service it supports. Each of the performance obligations described above are satisfied over the time of the services being rendered to the customer.

If the Company promises specified upgrades, enhancements, or other deliverables in a manner that is deemed to represent a substantive commitment, the obligation is treated as a separate performance obligation.

The Company regularly assesses its ability to collect the related receivables and if it is determined that collection is no longer probable, ratable revenue recognition ceases at that time. Revenue is only recognized as the payments are considered collectible. The Company estimates collectability of contracts upon execution.

Deferred Costs

Deferred costs consist of costs to obtain customer contracts, such as commissions paid to sales personnel. It also consists of costs to fulfill customer contracts, such as customer implementation costs that are not separate performance obligations. These costs are deferred and amortized over the life of the contract with the customer. Amortization expense is included in selling, general, and administrative expenses in the accompanying consolidated statements of operations.

The following table includes the opening and closing balances of deferred costs at December 31, 2020 and 2019, respectively:

	2020	2019
Deferred commissions, net	\$ 1,672	\$ 1,035
Deferred upfront costs, net	1,024	938
Total deferred costs, net	<u>\$ 2,696</u>	<u>\$ 1,973</u>

Capitalized Software Development Costs

Software development costs are capitalized in accordance with ASC 985, *Costs of Software to be Sold, Leased, or Marketed*, once technological feasibility has been established. Subsequent costs are capitalized until the software reaches general availability. Software development costs are amortized over their useful life, which is generally between 3 - 7 years. Capitalized software development costs, net of accumulated amortization, of \$5,398 and \$3,555 at December 31, 2020 and 2019, respectively, are included as a component of other assets, net in the accompanying consolidated statements of financial position. These costs are amortized on a straight-line basis over the assigned estimated useful life and are included in selling, general, and administrative expenses in the accompanying consolidated statements of financial position.

Foreign Currency Translation

Assets and liabilities of the Company's subsidiaries whose primary operations are outside of the United States of America are translated to U.S. Dollars at current exchange rates while the results of operations are translated at the period average exchange rates. Unrealized gains or losses resulting from translating foreign currency financial statements are recorded in currency translation adjustment, a component of accumulated other comprehensive income within members' capital.

ESG-Utiligroup Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in thousands, except per unit amounts)

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturity dates of three months or less, when purchased, to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is provided for those accounts receivable considered to be uncollectible based upon historical experience and management's evaluation of outstanding accounts receivable as of the end of the year. Bad debts are written off against the allowance when identified. Bad debt expense for the years ended December 31, 2020 and 2019 was \$413 and \$47, respectively. The allowance for doubtful accounts as of December 31, 2020 and 2019 was \$577 and \$261, respectively.

Unbilled Accounts Receivable

Revenues from subscription services and monthly usage fees that are earned by the Company, but not yet billed to customers, are reported within unbilled accounts receivable, net in the accompanying consolidated statements of financial position.

Concentration of Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company maintains its cash and cash equivalents balance in bank accounts, which at times may exceed federally insured limits. Certain amounts on deposit during the years ended December 31, 2020 and 2019 exceeded the \$250,000 federally insured limit. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on its cash and cash equivalents.

There was no significant concentration of credit or sales to any one customer as of December 31, 2020 and 2019. During the years ended December 31, 2020 and 2019, approximately 49%, 50% and 1% of the Company's consolidated revenue was concentrated with sales to customers within the U.S., U.K. and other geographies, respectively.

Property and Equipment

Additions to property and equipment are recorded at cost. Expenditures for additions, renewals, and betterments of property are capitalized and depreciated over the estimated useful life. Expenditures for repairs and maintenance are expensed as incurred. The Company provides for depreciation and amortization of assets recorded using the straight-line method over estimated useful lives as follows:

Furniture and fixtures	5 - 10 years
Equipment	3 - 10 years
Leasehold improvements	Lesser of asset life or lease term

ESG-Utiligroup Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in thousands, except per unit amounts)

Income Taxes

The Company accounts for income taxes in accordance with Accounting Standards Codification ("ASC") 740, *Income Taxes*, which requires the use of the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized, and income or expense is recorded, for the estimated future tax consequences attributable to differences between the consolidated financial statements carrying value of existing assets and liabilities and their respective tax bases. Deferred tax assets, representing future tax benefits, are recognized to the extent that their realization is more likely than not to occur. The Company's international operations are subject to income taxes in accordance with local jurisdictional tax regulations.

The Company follows the provisions of the accounting standard for uncertainty in income taxes which prescribes a comprehensive model for how a company should recognize, measure, present and disclose in its consolidated financial statements uncertain tax positions that a company has taken or expects to take on a tax return. The consolidated financial statements reflect expected future tax consequences of such positions presuming the taxing authorities' full knowledge of the position and all relevant facts, but without considering time values.

Advertising Costs

Costs related to advertising are expensed as incurred. Advertising expense for the years ended December 31, 2020 and 2019 was \$149 and \$413, respectively.

Long-Lived Assets

Long-lived assets to be held and used are reviewed for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. Long-lived assets consist primarily of property, equipment, and intangible assets. No impairment losses were recorded during the years ended December 31, 2020 and 2019.

Debt Issuance Costs

Loan origination fees and related expenses are capitalized and amortized over the term of the long-term debt under the effective interest method of accounting. Amortization expense recorded during 2020 and 2019 was \$705 and \$757. As of December 31, 2020 and 2019, \$954 and \$1,656 has been recorded as a reduction to the Company's long-term debt balance, respectively.

Fair Value Measurements

ASC 820, *Fair Value Measurements*, establishes a hierarchy that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques (market approach, income approach and cost approach). The levels of the hierarchy are described as follows:

- | | |
|---------|---|
| Level 1 | Observable inputs such as quoted prices in active markets for identical assets or liabilities. |
| Level 2 | Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active. |
| Level 3 | Unobservable inputs that reflect the reporting entity's own assumptions. |

ESG-Utiligroup Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in thousands, except per unit amounts)

The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of financial assets and liabilities and their placement within the fair value hierarchy. There were no changes in the valuation techniques used during the years ended December 31, 2020 and 2019.

As of December 31, 2020 and 2019, the Company maintained a money market account of approximately \$245 and \$243, respectively. The Company determined this to be a Level 1 financial instrument based on the availability of quoted prices for similar financial instruments.

The Company determined the fair value of the contingent consideration based upon a probability weighted assessment with respect to the likelihood of achieving the defined criteria. The measurement is based upon significant inputs not observable in the market and therefore the estimate has been classified as Level 3 in the fair value hierarchy. Changes in the fair value of the Company's contingent consideration are recorded as income or expense within earnings. As of December 31, 2019, the fair value of contingent consideration in the amount of \$2,000 has been recorded within the consolidated statements of financial position as accrued expenses (current). At December 31, 2020, there was no contingent consideration recorded within the consolidated statements of financial position.

Comprehensive Loss

Comprehensive loss includes all changes in equity during a period, except those resulting from investments by and distributions to members. Other comprehensive income refers to revenues, expenses, gains, and losses that are excluded from net loss. For the Company, other comprehensive income consists of cumulative translation adjustments resulting from the translation of the Company's U.K. operations from its Great British Pound functional currency to the U.S. Dollar reporting currency.

Foreign Currency Transaction Gains and Losses

The Company has transactions in currencies other than its functional currency. Transaction gains and losses relating to the recurring measurement and settlement of such transactions are recorded in other expenses (income) within the consolidated statements of operations.

Goodwill and Intangible Assets

In January 2014, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2014-02 *Intangibles – Goodwill and Other (Topic 350): Accounting for Goodwill*, which provides an accounting alternative for private companies related to the subsequent accounting for goodwill. The Company applies ASU No. 2014-02 and, as such, the Company amortizes goodwill on a straight-line basis over a period of 10 years (Note 5). Also pursuant to the accounting alternative, the Company will test its goodwill for impairment at the entity level only upon the occurrence of an event or circumstance that may indicate the fair value of the entity is less than its carrying amount. During the years ended December 31, 2020 and 2019, there were no events or circumstances identified by the Company which would be indicative of potential goodwill impairment.

ESG-Utiligroup Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in thousands, except per unit amounts)

In December 2014, the FASB issued ASU No. 2014-18 *Business Combinations (Topic 805): Accounting for Identifiable Intangible Assets in a Business Combination*, which provides nonpublic entities with an option to not recognize separately from goodwill (1) customer-related intangible assets unless they are capable of being sold or licensed independently from the other assets of the business and (2) noncompetition agreements. The Company adopted the provisions of this standard effective April 13, 2017. Intangible assets are subject to impairment testing only upon the occurrence of a triggering event as defined in the related accounting guidance. During the years ended December 31, 2020 and 2019, there were no intangible asset impairments recorded.

Intangible assets consist of costs recognized in accounting for business combination transactions and are amortized on a straight-line basis over their useful lives as follows:

Developed technology	3 - 7 years
Customer relationships	7 years
Trademarks and tradenames	3 years
Noncompete agreements	3 years

Equity-Based Compensation

The Company accounts for equity-based compensation in accordance with relevant authoritative guidance, which requires all equity-based compensation to be recognized in the consolidated statements of operations as an expense, based on their fair values, over the requisite service period on a straight-line basis. The Company accounts for forfeitures as they occur.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This standard is intended to improve financial reporting about leasing transactions. Amongst other changes, the standard will require both operating and capital leases to be recognized on the consolidated statements of financial position and require incremental disclosures around the amount, timing, and uncertainty of cash flows arising from leases. The new standard is effective for the Company for its annual reporting periods beginning after December 15, 2021. The Company is currently evaluating the impact that the adoption of the standard will have on its consolidated financial statements.

Subsequent Events

The Company has evaluated subsequent events through March 30, 2021, which is the date the consolidated financial statements were issued.

ESG-Utiligroup Holdings, LLC and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

(in thousands, except per unit amounts)

4. Property and Equipment

Property and equipment consist of the following at December 31, 2020 and 2019:

	2020	2019
Furniture and fixtures	\$ 2,310	\$ 2,173
Equipment	14,142	10,493
Leasehold improvements	1,436	1,421
	<u>17,888</u>	<u>14,087</u>
Less: Accumulated depreciation	(10,743)	(7,278)
	<u>\$ 7,145</u>	<u>\$ 6,809</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$3,198 and \$2,813, respectively.

5. Goodwill

The following is a summary of the Company's goodwill balance as of December 31, 2020 and 2019:

	2020	2019
Beginning balance	\$ 144,766	\$ 161,940
Additions	-	-
Amortization	(20,099)	(20,416)
Currency translation adjustment	2,313	3,242
	<u>\$ 126,980</u>	<u>\$ 144,766</u>

The estimated goodwill amortization expense for each of the five succeeding fiscal years and thereafter is as follows:

2021	\$ 20,099
2022	20,099
2023	20,099
2024	20,099
2025	20,099
Thereafter	<u>26,485</u>
	<u>\$ 126,980</u>

ESG-Utiligroup Holdings, LLC and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

(in thousands, except per unit amounts)

6. Intangible Assets

Intangible assets as of December 31, 2020 and 2019 consisted of the following:

2020				
	Cost	Accumulated Amortization	Currency Translation Adjustments	Net Book Value
Trademarks and tradenames	\$ 13,725	\$ (13,725)	\$ -	\$ -
Customer relationships	18,290	(12,313)	-	5,977
Developed technology	54,321	(40,434)	1,264	15,151
Noncompete agreements	6,780	(6,780)	-	-
	<u>\$ 93,116</u>	<u>\$ (73,252)</u>	<u>\$ 1,264</u>	<u>\$ 21,128</u>

2019				
	Cost	Accumulated Amortization	Currency Translation Adjustments	Net Book Value
Trademarks and tradenames	\$ 13,725	\$ (13,521)	\$ 206	\$ 410
Customer relationships	18,290	(9,700)	-	8,590
Developed technology	54,321	(31,326)	1,048	24,043
Noncompete agreements	6,780	(6,780)	-	-
	<u>\$ 93,116</u>	<u>\$ (61,327)</u>	<u>\$ 1,254</u>	<u>\$ 33,043</u>

Amortization expense related to intangible assets for the years ended December 31, 2020 and 2019 was \$12,218 and \$15,380, respectively.

The estimated amortization expense for each of the five succeeding fiscal years is approximately as follows:

2021	\$ 8,106
2022	6,444
2023	4,417
2024	1,774
2025	387
	<u>\$ 21,128</u>

ESG-Utiligroup Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in thousands, except per unit amounts)

7. Other Assets

Included in other assets at December 31, 2020 are capitalized software development costs and asset acquisitions, net of accumulated amortization, as well as noncurrent portions of prepaid expenses.

Expected future yearly amortization of other assets at December 31, 2020 are as follows:

2021	\$	1,065
2022		1,329
2023		1,176
2024		1,104
2025		1,104
Thereafter		1,539
	\$	<u>7,317</u>

Amortization expense related to capitalized software costs and software assets for the years ended December 31, 2020 and 2019 was \$618 and \$143, respectively.

Acquisition of Software Assets

On June 10, 2019, the Company acquired certain assets from a third party for \$2,000 in total cash consideration paid. The acquired assets allow the Company to expand its service offerings to be able to provide a more diversified suite of solutions to its customers. Substantially all the fair value of assets acquired is concentrated within developed software; as such, the Company has accounted for this transaction as an asset acquisition. Costs are amortized on a straight-line basis over the assigned estimated useful life and is included in selling, general, and administrative expenses in the accompanying consolidated statements of operations.

8. Commitments and Contingencies

Operating Leases

The Company leases its facilities under noncancelable operating leases that extend through 2029. These leases include fixed rental agreements as well as agreements with rent escalation clauses. The effects of variable rent disbursements have been expensed on a straight-line basis over the life of the leases.

Rent expense for the years ended December 31, 2020 and 2019 was \$1,847 and \$1,721, respectively, and is included in selling, general and administrative expenses in the consolidated statements of operations, respectively. As of December 31, 2020 and 2019, there was \$224 and \$269, respectively, of deferred rent included in accrued expenses in the consolidated statements of financial position.

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Future minimum rent payments under operating leases for each of the five succeeding fiscal years and thereafter is as follows:

2021	\$	1,899
2022		1,936
2023		1,811
2024		1,328
2025		1,257
Thereafter		3,027
	\$	<u>11,258</u>

Litigation

From time to time, the Company may be exposed to litigation relating to services and operations. The Company is not currently engaged in any legal proceedings that are expected, individually or in the aggregate, to have a material effect on the Company's financial condition or results of operations.

9. Profit Interest Units

The Board of Directors has approved the grant of profit interest units to existing or new executives pursuant to executive investment agreement approved by the Board or a committee thereof. As of the grant date, the profit interest units include a participation threshold that are subject to adjustment in the discretion and as determined by the Board of Directors.

The Company issues profit interest units at the discretion of the Board of Directors, all of which were subject to time-based vesting provisions for the years ended December 31, 2020 and 2019, respectively. Vesting for these awards may be subject to acceleration upon a qualified sale of the Company and the achievement of a specified return on investment for the Company's members.

Profit interest unit activity for the years ended December 31, 2020 and 2019 was as follows:

	Number of Shares	Weighted Average Fair Value Per Unit	Aggregate Intrinsic Value
Outstanding as of December 31, 2018	9,306,385	\$ 0.15	
Granted	474,347	0.23	
Exercised	-	-	
Forfeited	<u>(1,120,327)</u>	0.18	
Outstanding as of December 31, 2019	8,660,405	0.15	
Granted	-	-	
Exercised	-	-	
Forfeited	<u>-</u>	-	
Outstanding as of December 31, 2020	8,660,405	0.15	
Vested as of December 31, 2020	<u>6,045,567</u>	\$ 0.15	
Non-vested as of December 31, 2020	<u>2,614,838</u>	\$ 0.16	\$ 418

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The Company measures the cost of employee services received in exchange for an award of profit interest units based on the fair value of the award on the grant date. That cost is recognized on a straight-line basis over the vesting period of the underlying award. The fair value of profit interest unit awards was determined using a Black-Scholes pricing model. The assumptions used in calculating the fair value of profit interest unit awards represent management's best estimates. As with all estimates, these involve inherent uncertainties and the application of management judgment.

The following are the key assumptions used to estimate the profit interest units' fair value:

- *Exercise Price* – Each award contains a distribution threshold, as defined in the award, which establishes a price level at which the share will begin to participate in the event of a liquidity event.
- *Term* – Management estimates the term to be 2 years for shares granted during 2019.
- *Volatility* – Management has determined the volatility for awards based on analysis of reported data for a group of peer guideline companies over a period that matches the term assumption for these units. Management has determined the volatility for awards to be 35% for shares granted during 2019.
- *Risk-Free Rate* – A risk-free rate for a security with a 5 year maturity was used based on an interpolation of the U.S. Treasury bond rates for securities with 5 year maturities for shares granted during 2019.
- *Dividend Rate* – The Company does not anticipate paying regular dividends, other than dividends to members for tax obligations, in the foreseeable future; therefore the expected dividend yield is expected to be zero for shares granted in 2019.

Based on the above factors the Company determined the weighted average fair value of its profit interest units granted during 2019 to be \$0.23.

The Company has determined the fair value of the time-based profit interest units granted during 2019 to be \$109 and is recognizing the expense over the vesting period. No profit interest units were issued during 2020. The grant date fair value of the 537,040 performance-based awards issued in 2016 was determined to be \$61 and expense recognition will begin once management determines that it is probable that the performance criteria will be met. The Company recognized a total of \$246 and \$275 of unit-based compensation expense during 2020 and 2019, respectively. As of December 31, 2020, unrecognized compensation expense was \$325 and will be recognized over a weighted average period of approximately 2 years. During 2019, 1,120,327 profit interest units with a remaining unrecognized compensation expense of \$206, respectively, were forfeited. The Company has elected to account for forfeitures as they occur.

10. Related Party Transactions

During the years ended December 31, 2020 and 2019, the Company also made payments of totaling \$63 and \$5 to a related party for consulting and management services provided.

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11. Employee Benefits

The Company has defined contribution benefit plans covering substantially all full-time employees. For the years ended December 31, 2020 and 2019, the Company made contributions to the plans totaling \$1,075 and \$1,257, respectively.

12. Income Taxes

The income tax provision (benefit) for the years ended December 31, 2020 and 2019 is as follows:

	2020	2019
Current		
Federal	\$ -	\$ -
State	36	34
Foreign	2,706	1,943
Total current	<u>2,742</u>	<u>1,977</u>
Deferred		
Federal	-	-
State	-	-
Foreign	(675)	(1,218)
Total deferred	<u>(675)</u>	<u>(1,218)</u>
Total provision for income taxes	<u>\$ 2,067</u>	<u>\$ 759</u>

The income tax provision differs from the amount of income tax determined by applying the statutory U.S. Federal income tax rate to pre-tax loss as a result of goodwill amortization, nondeductible transaction expenses and changes in the valuation allowance. In jurisdictions where the Company operates its businesses, management analyzes the ability to utilize its deferred tax assets arising from losses in its business. As of December 31, 2020 and 2019, the Company has recorded a valuation allowance in the U.S., based on their determination that it is more likely than not that the deferred tax assets will not be utilized.

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Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of December 31, 2020 and 2019 are as follows:

	2020	2019
Deferred tax assets		
Accruals and reserves	\$ 493	\$ 339
Interest expense	849	2,102
Net operating loss carryforwards	3,724	2,296
U.S. intangibles	14,568	10,893
Foreign deferred taxes	23	24
Other	204	298
Total deferred tax assets	<u>19,861</u>	<u>15,952</u>
Deferred tax liabilities		
Depreciation	(1,708)	(1,469)
Deferred costs	(527)	(315)
Foreign intangibles	(1,060)	(1,746)
Foreign deferred taxes	(94)	-
Total deferred tax liabilities	<u>(3,389)</u>	<u>(3,530)</u>
Valuation allowance	<u>(17,603)</u>	<u>(14,144)</u>
Net deferred tax liabilities	<u>\$ (1,131)</u>	<u>\$ (1,722)</u>

As of December 31, 2020, the Company has U.S. federal net operating loss ("NOL") carryforwards of \$14,561 and U.S. state NOL carryforwards of \$118,177. Of this amount, \$3,601 of federal and \$14,103 of state NOLs can be carried forward indefinitely. Federal NOLs begin to expire in 2036 and state NOLs begin to expire in 2028.

The Tax Cuts and Jobs Act was enacted on December 22, 2017 changing existing U.S. tax law impacting businesses, including a one-time deemed repatriation of cumulative undistributed foreign earnings and a permanent reduction in the U.S. Federal statutory rate from 34% to 21%, effective January 1, 2018. Under U.S. GAAP, changes in tax rate and tax law are accounted for in the period of enactment and deferred tax assets and liabilities are remeasured at the enacted tax rate. In 2017, the remeasurement of U.S. net deferred tax assets as a result of the rate change was offset by a change in the valuation allowance, except for the impact on currency transaction adjustments of \$749, which has been recorded in earnings in the consolidated statements of operations. The Company estimates the net cumulative undistributed foreign earnings to be a cumulative loss and therefore recorded no additional income tax expense related to the one-time deemed repatriation toll charge. In 2018, the Company has asserted permanent reinvestment of its foreign earnings, and accordingly has reversed the tax effect on currency translation adjustment of \$1,201 through the deferred provision.

In the United States of America, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was signed into law on March 27, 2020 and amended some of the tax provisions introduced by the Tax Cuts and Jobs Act. Specifically, the CARES Act favorably adjusted the business

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interest limitation for net operating loss in tax years 2020, 2019, and 2018. The Consolidated Appropriations Act ("CAA") was signed into law on December 27, 2020 and largely extended and expanded many of the provisions introduced by the CARES Act, and also included dozens of extensions for expiring tax deductions, credits, and incentives that were scheduled to expire on December 31, 2020. The tax effects of the various provisions from the CARES Act and the CAA have been accounted for; however, neither tax law change had a material impact to the Company's consolidated financial statements.

In the United Kingdom, the Coronavirus Act 2020 received royal assent on March 25, 2020 and was followed by primary and secondary legislation to aid businesses and provide relief through the COVID-19 pandemic. The Coronavirus Job Retention Scheme ("CJRS") was made available to businesses to provide grants to employers to assist in payment of staff wages and employment costs each month. The tax effects and various provisions of the United Kingdom legislation have been accounted for and did not have a material impact to the Company's consolidated financial statements.

Tax years 2020, 2019, and 2018 for Federal taxes and certain U.S. state jurisdictions remain open for examination. The Company performed an analysis of its tax positions and determined that no material uncertain tax positions exist as of December 31, 2020 and 2019.

13. Members' Capital

The Amended and Restated Limited Liability Company Agreement (the "LLC Agreement") provides for the issuance of an unlimited number of preferred units, common units and profit interest units.

The rights and preferences of the preferred units are as follows:

Preferred Yield

Holders of Class A-1 and Class A-2 preferred units are entitled to a preferred yield. The preferred yield is calculated at a rate of 10% per annum, compounded on the last day of each calendar quarter, on the preferred unreturned capital of the preferred units plus the preferred unpaid yield from all prior quarters. The preferred yield totaled \$60,103 and \$43,288 as of December 31, 2020 and 2019, respectively.

Liquidation and Distributions

Distributions shall be made to holders of the preferred units and profit interest units in accordance with the LLC Agreement.

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14. Debt

Long-term debt consists of the following at December 31, 2020 and 2019:

	2020	2019
U.S. term loans	\$ 101,429	\$ 107,143
U.K. term loans	61,970	63,356
Less: Debt issuance costs, net	(954)	(1,656)
	162,445	168,843
Less: Current portion	(9,205)	(8,525)
	<u>\$ 153,240</u>	<u>\$ 160,318</u>

Principal maturities on outstanding borrowings are as follows at December 31, 2020:

2021	\$ 9,205
2022	144,035
	<u>\$ 153,240</u>

Credit Agreement

In April 2016, the Company entered into a Credit Agreement ("Agreement") with a syndicate of lenders. Since the original Agreement, multiple amendments have been executed primarily to increase availability and broaden the syndicate of lenders. In May 2018, the Agreement was again amended ("Amended Agreement") primarily to increase availability.

The Amended Agreement consists of aggregate term loan capacity of \$187,375, and a revolving line-of-credit facility of \$1,500. Interest rates for borrowing under the Restated Agreement are based upon several factors including the Company's leverage, LIBOR rates and applicable base rates, as defined in the Amended Agreement.

The Amended Agreement is secured by substantially all of the Company's assets including the capital stock of the domestic subsidiaries and 65% of the capital stock of the foreign subsidiaries, and requires the Company to comply with a fixed charge coverage ratio, net leverage ratio, adjusted EBITDA thresholds, and a minimum liquidity amount. The Company was in compliance with financial covenants for the fiscal years ended December 31, 2020 and 2019.

The term loans and revolving line-of-credit bear interest at the rate of LIBOR plus the applicable margin, as defined in the agreement (6% as of December 31, 2020 and 2019). The Company deferred \$362 of financing costs in connection with the Amended Agreement, and the amortization of deferred financing costs was recorded as interest expense in the accompanying consolidated statements of operations.