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ADVISORY • ASSURANCE • TAX

PROJECT SOLAR
DUE DILIGENCE

January 30, 2022

PRIVATE & CONFIDENTIAL

Information contained herein is intended solely for the information and internal use of Solar Titan USA, and is not intended to be and should not be used by any other person or entity. No other person or entity is entitled to rely, in any manner, or for any purpose, on this report.

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Sarah Kirkland
Chief Executive Officer
Solar Titan USA
414 North Peters Road
Knoxville, TN 37992

January 30, 2022

Dear Ms. Kirkland:

At your request and direction, we performed certain procedures, the purpose of which is to assist Ideal Horizon Benefits LLC d/b/a Solar Titan USA (the "Client" or "Solar Titan" or "Company") in performing due diligence procedures with respect to a potential sale. This report presents our findings based on the results of our procedures.

The information presented is based on interviews with the representatives of the Company and information provided by the Company. We were not engaged to and did not conduct an audit, the objective of which is the expression of an opinion with respect to the historical statements and data included in this report. Accordingly, we do not express such an opinion.

Our engagement was directed to those certain business activities and financial information that were identified by you as being of concern to the engagement. In performing our services, we performed inquiries and analyses based on the information made available to us, and we relied on the sufficiency, accuracy, and reliability of information provided by the Company, its representatives and you.

We performed the procedures as described in our engagement letter dated October 19, 2021. The procedures were limited to those that you determined best met your informational needs and cannot be relied upon to disclose all significant matters about the Company or to disclose errors, fraud, or other illegal acts that may exist. Had we performed additional procedures or had we conducted an audit or review of the financial statements, other matters might have come to our attention that would have been reported to you.

We have not performed any procedures to evaluate the reliability or completeness of the information obtained, except for agreeing certain information received from the Company to its accounting records, or otherwise specified herein. The financial information and data included herein have not been audited, reviewed, or compiled by us, and, accordingly, we assume no responsibility for them.

The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Due to its special nature, our report may not be suitable for any purpose other than to assist you in your evaluation of the Company. Consequently, our report is for your information and use only and should not be used by anyone else. Notwithstanding the foregoing, you may provide copies of the report to your legal representatives and other professional advisors solely for their informational use in connection with this transaction, provided that any such legal representative or other professional advisor has agreed to keep the Report confidential.

In addition, our report is based on current circumstances. Given the fact that certain aspects of the transaction have either not been finalized or are not yet documented, certain changes may materially affect the financial information we received and are not considered in this report. We have no responsibility to update our report for events and circumstances that occur after the date of this report.

Yours,

CohnReznick LLP

IMPORTANT MESSAGE

For any person not authorized by CohnReznick LLP to have access to this report

Any person who is not an addressee of this report or who has not executed and delivered to CohnReznick LLP ("CohnReznick") a Release Letter acceptable to CohnReznick is not authorized to view or have access to this report.

Should any person who (i) is not CohnReznick's addressee client, or (ii) has not executed and delivered a release letter, obtain access to and read this report, by reading this report, such person accepts and agrees to the following terms without modification or reservation:

- The reader of this report understands that the work performed by CohnReznick was performed in accordance with instructions provided by our addressee client and was performed exclusively for our addressee client's sole benefit and use and not for the benefit or use of any other party.
- The reader of this report acknowledges that this report was prepared at the direction of our addressee client and may not include all procedures deemed necessary for the purposes of the reader.
- The reader agrees that CohnReznick, its partners, employees and agents neither owe nor accept any duty or responsibility to it, whether in contract or in tort (including without limitation, negligence and breach of statutory duty), and shall not be liable in respect of any loss, damage or expense whatsoever nature which is caused by any use the reader may choose to make of this report, or which is otherwise consequently relied upon, upon the gaining of access to the report by the reader.
- Further, the reader agrees that this report is not to be referred to or quoted, in whole or in part, in any prospectus, registration statement, offering circular, public filing, loan, other agreement or document and not to distribute the report without CohnReznick's prior consent.

If you have any questions regarding this report, please contact:

FINANCIAL DUE DILIGENCE

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GLOSSARY OF TERMS

Term	Definition
AICPA	American Institute of Certified Public Accountants
Company or Solar Titan	Ideal Horizon Benefits LLC d/b/a Solar Titan USA
CED	Consolidated Electrical Distributors, Inc.
CEO	Chief executive officer
CFO	Chief financial officer
EBITDA	Earnings before interest, taxes, depreciation and amortization
ERP	Enterprise resource planning
FY19	Fiscal year ended December 31, 2019
FY20	Fiscal year ended December 31, 2020
Historical balance sheet dates	December 31, 2019, December 31, 2020 and September 30, 2021
Historical period	The period between January 1, 2019 and September 30, 2021

Term	Definition
Management	Management of the Company, including (i) Sarah Kirkland, President and Co-founder, (ii) Craig Kelley, CEO and Co-founder, (iii) Kevin Parton, CFO, (iv) Stacey Monks, Corporate General Manager
PPP	Paycheck Protection Program
SG&A	Selling, general and administrative expenses
TTM Sep-21	Trailing twelve months ended September 30, 2021
US GAAP	Generally accepted accounting principles in the United States
VP	Vice president
YTD Sep-20	Nine months ended September 30, 2020
YTD Sep-21	Nine months ended September 30, 2021

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1 OVERVIEW AND SCOPE OF PROCEDURES

TRANSACTION OVERVIEW AND SCOPE OF PROCEDURES

Financial due diligence	• CohnReznick ("CR", "we", or "our") at your request, obtained certain financial data related to the Company and performed those procedures listed in Exhibits to the engagement letter dated October 19, 2021. Except as indicated otherwise herein, we did not test or otherwise verify the completeness or accuracy of any of the information provided to us, nor did we apply any computerized diagnostic or analytical tests to computerized data. • The following memorandum summarizes the findings of our due diligence procedures based on i) our analysis of the historical financial information received for the period of January 1, 2019 through September 30, 2021, ii) in-person meeting with the Company's Management on November 10-11, 2021, and iii) data received subsequent to fieldwork through the date of the report. • We primarily held discussions with the following personnel: (i) Stacey Monks, Corporate General Manager; and (ii) Kevin Parton, CFO (collectively referred to as "Management"). • The procedures we have described and our observations contained herein are subject to the scope limitations and disclaimers described in this Report and in our engagement letter. • The term "review" as it pertains to our performance of our procedures is not intended to be a review within the scope of the AICPA Standard for Accounting and Review Services.
Basis of preparation	• All US dollar ("US$") amounts presented within tables and charts are in thousands, unless otherwise noted. All US$ amounts presented within text and commentary are rounded to the nearest thousands, unless otherwise noted. • Financial statements presented herein are based on the Company's internal financial reporting and most of the supporting schedules were obtained via a third party data site from the Company.
Report approach	• Our report is an executive summary highlighting the following: (i) adjusted key financial results, (ii) EBITDA analysis, including pro forma EBITDA bridge, (iii) net working capital analysis, (iv) free cash flow and debt and debt-like items, and (v) other key deal observations. – Financial data and other relevant financial information that supplement our comments and findings are presented in the appendices.

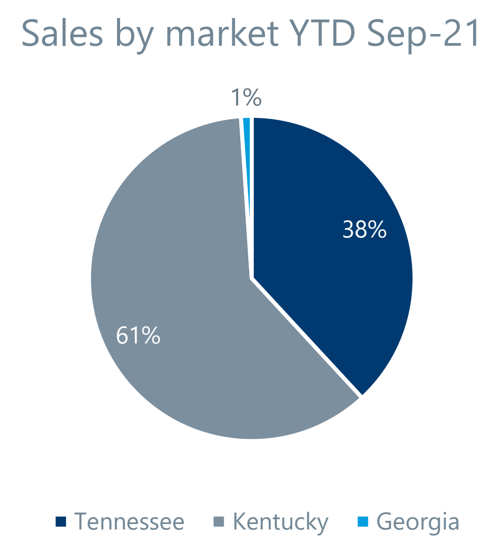
COMPANY BACKGROUND (1/2)

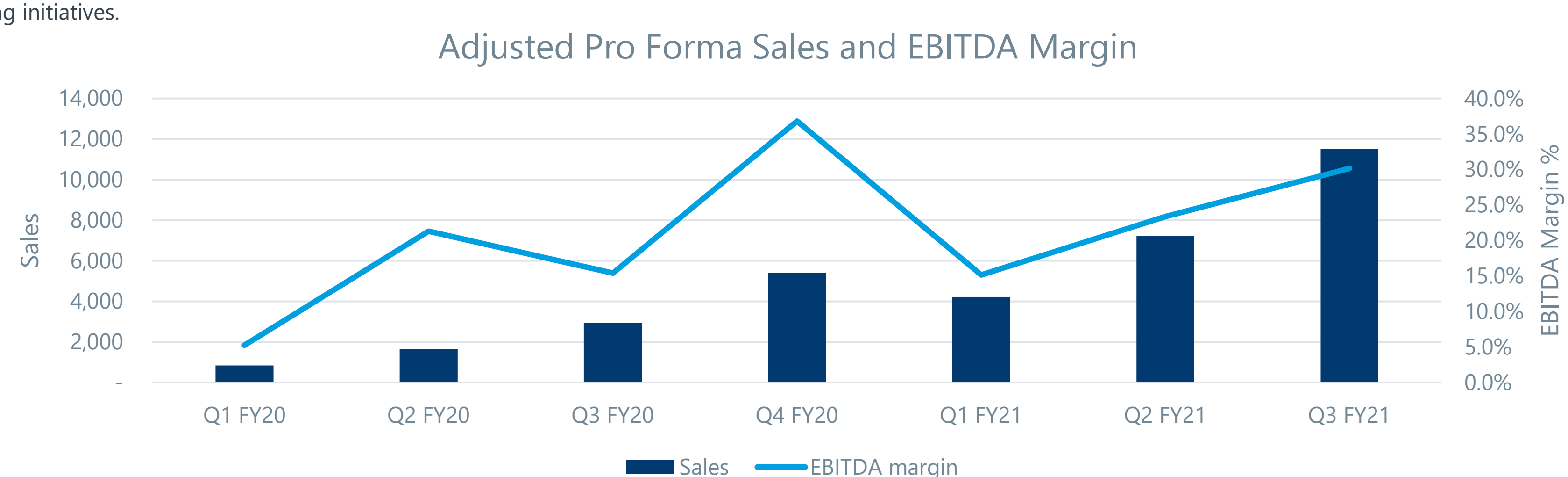
Business overview

- Ideal Horizon Benefits LLC d/b/a Solar Titan USA ("Solar Titan" or the "Company") was founded in Knoxville, TN in 2019 by Sarah Kirkland, President, and Craig Kelley, CEO, and is a full service provider and installer of customized residential solar panels. The Company's provides financing to its customers through network of financial services organizations. Approximately 90%-95% of sales are financed through a financial services organization.
- The Company primarily operates in the following markets: Tennessee, Kentucky, South Carolina and Georgia. The Company is in the process of expanding its sales footprint to Florida, Alabama, Virginia and West Virginia.
- The Company's operations are headquartered in Knoxville, TN with regional offices located in Nashville, TN, Lexington, KY, and Kennesaw, GA. The Company has approximately 230 full time employees as of Feb-22 that assist with management and operations.

Key employees

- The Company's executive management team includes:
  - *Sarah Kirkland, Co-Founder & President:* Directly oversees daily operations and strategic initiatives of the business. Ms. Kirkland is certified via the North American Board of Certified Energy Practitioners and Solar Energy Storage trainings.
  - *Craig Kelley, Co-Founder & CEO:* Manages the Company's strategic initiatives, sales and marketing efforts.
  - *Kevin Parton, Chief Financial Officer (fractional):* Leads the finance function, including the Company's financial reporting.
  - *Stacey Monks, Corporate General Manager*: Overseas the Company's daily operations and long-term planning initiatives.





COMPANY BACKGROUND (2/2)

Accounting and financial reporting

- A hard close is performed monthly, which involves: 1) confirmation that customers have been accurately invoiced; 2) vendor bills have been received and properly accounted for; 3) reconciliation between vendor payments and customer billings; 4) bank reconciliations and; 5) other balance sheet account reconciliations have been performed. The Company can close the books each month typically within 12-14 days. The year-end close process is similar to month-end close. The Company does not record payroll and related accruals on a monthly basis. Refer to *Quality of earnings* section for adjustment for payroll/bonus accruals.
- Prior to FY21 the Company accounted for transactions on a cash basis. Effective January 1, 2021 the Company began accounting on an accrual basis for select items including sales, deferred revenue, inventory management, prepaid expenses and accounts payable.
- The accounting department consists of Kevin Parton, CFO, Stacey Monks, Corporate General Manager, a staff accountant, finance manager, an accounts receivable specialist and an accounts payable specialist. Note: Mr. Parton is a part-time interim CFO who works approximately 10-15 hours a week for the Company.
- **Revenue recognition:** Prior to FY21 the Company recognized revenue upon cash receipt (i.e., cash accounting) of the first milestone which occurs when the customer clears financing, and the second milestone, which occurs upon panel installation and approval by the financing company. As of January 1, 2021, the Company recognizes upfront payments associated with the first milestone payment from the lending company as customer deposits (e.g., deferred revenue). Revenue is subsequently recognized at the second milestone upon panel installation and approval from the financing company. The Company recognizes discounts, credits and promotional costs at the time of revenue recognition (e.g., Milestone 2).
- **Allowance for doubtful accounts:** The Company does not record an allowance for doubtful accounts. Management indicated that if customers fail to pay, the Company reserves the right to disconnect service. Due to this potential business disruption, customers typically pay monthly invoices. The Company has not had significant write off balances during the Historical Period.
- **Inventory:** Consists primarily of assembled tier 1 panels which are purchased in bulk from the Company's primary supplier Consolidated Electrical Distributors, Inc. (CED). The Company takes title of inventory upon receipt of delivery to the Company's warehouse. Inventory is valued at cost and the Company does not write down inventory to the lower of cost or market due to the frequency of inventory turns. Starting in FY21 the Company began performing monthly physical inventories.
- **Deferred revenue**: Beginning in FY21 the Company records customer deposits (Milestone 1 payments) upon credit approval as deferred revenue. Customer deposits, which are refundable, are recognized as revenue when the installation is complete.

Accounting and financial reporting (continued)

- **Bonuses**: The Company has no formal bonus plan in place and pays discretionary operational bonuses to a select number of employees. Bonuses are paid one month in arrears from when earned. Management noted that the Company currently does not maintain an accrual related to these bonus payments. Refer to the *Quality of Earnings* section for more information. Employee raises are given annually.
- **Commissions**: The Company pays commissions to installers, appointment setters, sales managers, energy consultants, trainers and warehouse managers. Commissions are typically paid one week in arrears from when earned which is at time of sale/lead generated for sales commissions or at time of installation or appointments for installers and appointment setters, respectively. Commissions to sales managers and energy consultants are paid 50% at Milestone 1 and 50% at Milestone 2.

Software and systems

- The Company maintains its general ledger and financial reporting activities in Accounting Seed, which manages sales, accounts receivable, payables, inventory and expenses. The Company also utilizes Salesforce as an ERP system.
- Payroll is processed through a third-party payroll processor (ADP Payroll). The Company currently pays its employees every Friday for the prior week, one week in arrears and does not accrue for payroll liabilities. Refer to *Quality of Earnings* section for more information on payroll accruals.

OPERATIONAL FLOW CHART

Contract signing (1-3 weeks)

- Appointment set with customer
- Collect customer information and relay to supplier and financing company
- **Milestone 1**: Fund 60%(1) of total project cost
  - 30% goes directly to the supplier (CED US-based supplier) for parts
  - 30% goes to Solar Titan
- Deferred revenue customer deposit recognized.

Installation (1-4 days)

- Perform installation (generally finished within a day).
- Customer receives solar panels
- Solar panels are tax credit and rebate eligible

Completion

- Final inspection is performed by local regulators
- Permission to operate granted
- **Milestone 2**: Fund remaining 40%(1) of project cost (1 – 4 days).
- Revenue recognized for entire project upon completion of panel installation.

(1) The percentage funded to Solar Titan and its suppliers upfront and at installation varies depending on financing partner.

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2 EXECUTIVE SUMMARY

KEY ADJUSTED FINANCIAL HIGHLIGHTS

Adjusted results of operations summary

US$ in thousands	FY19	FY20	TTM Sep-21
Sales	134	10,838	28,358
Gross profit	27	4,899	14,671
EBITDA	(4)	2,838	7,788
Key metrics			
Sales growth	*NQ*	*7968.2%*	*161.7%*
Gross profit margin	*19.7%*	*45.2%*	*51.7%*
EBITDA margin	*(2.7%)*	*26.2%*	*27.5%*
Other adjusted financial metrics			
Payroll	*1*	*794*	*6,776*
Payroll as a % of sales	*0.5%*	*7.3%*	*23.9%*
Advertising and marketing	*2*	*730*	*1,796*
Advertising and marketing as a % of sales	*1.6%*	*6.7%*	*6.3%*
Key balance sheet metrics			
Adjusted net working capital	(2)	304	(2,746)
TTM average net working capital	0	50	(1,030)
Average adjusted NWC as a % of sales	*0.0%*	*0.5%*	*(3.6%)*
Free cash flow	(4)	1,567	9,106
Key financial ratios - TTM average			
Average DSO, adjusted	*-*	*-*	*1*
Average DPO, adjusted	*-*	*0*	*3*
Average DIO, adjusted	*-*	*6*	*47*

Free cash flow - adjusted

US$ in thousands		FY19	FY20	TTM Sep-21
Pro forma adjusted EBITDA		(4)	2,838	7,788
Change in Net working capital		2	(306)	2,723
Operating cash flow	**(a)**	**(1)**	**2,531**	**10,511**
Capex	**(b)**	3	965	1,405
Free cash flow	**(a)-(b)**	(4)	1,567	9,106

Overview – basis of presentation

- The table at left summarizes certain adjusted financial indicators, which have been impacted by management adjustments, including the impact of pro-forma adjustments. Other financial information is included for reference.
  - Refer to **Appendix C** for the reconciliation summary between the reported and adjusted P&L.

Key comments and findings

- **Revenue:** Revenue is generated from installation of solar panels, which increased from approximately \$0.1 million in FY19 to \$28.4 million in TTM Sep-21. The increase in revenue was driven by growth in the Company's installation territories.
- **Gross profit margins:** Gross profit margins increased from 19.7% in FY19 to 51.7% in TTM Sep-21 as a result of reduced dealer fees and increased volume. Refer to the following page for profit and loss by market and refer to **Appendix E** for a schedule detailing the decrease in dealer fees over the Historical Period.
- **EBITDA margins:** Pro forma adjusted EBITDA margin increased from (2.7%) in FY19 to 27.5% in TTM Sep-21 driven by (i) the previous mentioned increase in gross margins and (ii) revenue growth outpacing payroll and other operating costs.
- **Cost of goods sold:** Cost of goods sold as a percentage of sales has decreased over the Historical Period primarily due to the growth in sales outpacing the growth in direct materials and direct payroll related costs.
- **Operating expenses:** Operating expenses as a percentage of revenue has increased slightly during the Historical Period primarily due to an increase in headcount and higher wages as well as growth in advertising and marketing expenses.
- **Adjusted working capital:** Adjusted working capital is primarily driven by the trends in inventory and prepaid expenses, offset by accounts payable, accrued expenses and deferred revenue.

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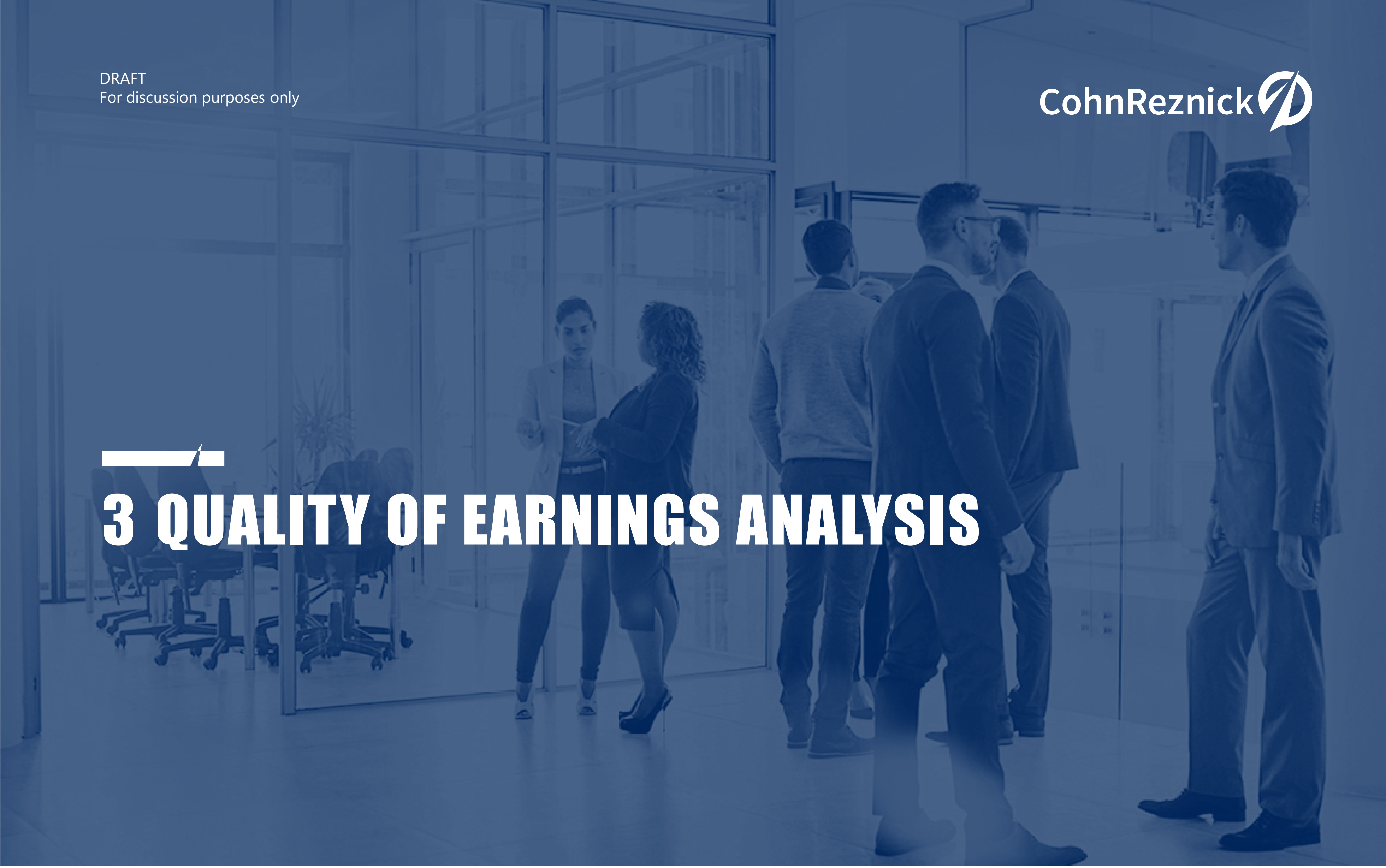


3 QUALITY OF EARNINGS ANALYSIS

QUALITY OF EARNINGS ANALYSIS (1/8)

Quality of earnings

US$ in thousands	Ref.	FY19	FY20	TTM Sep-21
Sales, as reported		134	11,117	26,491
Sales after management adjustments		134	10,838	27,446
Sales after pro forma adjustments		134	10,838	28,358
Net income (loss)		**(5)**	**2,851**	**4,122**
Reconciliation to Definitional EBITDA				
Interest expense, net		-	4	11
Income taxes		-	-	(45)
Depreciation and amortization		2	877	1,518
Definitional EBITDA		**(4)**	**3,732**	**5,607**
Management adjustments				
Non-recurring items	**MA-01**	-	42	239
Accounting adjustments	**MA-02**	-	(765)	656
Employee compensation	**MA-03**	-	48	90
Management adjustments		-	(676)	984
Management adjusted EBITDA		**(4)**	**3,056**	**6,591**
Pro forma adjustments				
Rebate program	**PF-01**	-	-	912
Advertising normalization	**PF-02**	-	(219)	390
Employee benefits	**PF-03**	-	-	(161)
Employee compensation	**PF-04**	-	-	56
Pro forma adjustments		-	(219)	1,197
Pro forma adjusted EBITDA		**(4)**	**2,838**	**7,788**
% of sales				
Definitional EBITDA		*(2.7%)*	*33.6%*	*21.2%*
Management adjusted EBITDA		*(2.7%)*	*28.2%*	*24.0%*
Pro forma adjusted EBITDA		*(2.7%)*	*26.2%*	*27.5%*

Overview

- The table to the left summarizes the Company's reported EBITDA, management adjusted EBITDA, and pro forma adjusted EBITDA for the Historical Period.
- Interest, income taxes, and depreciation and amortization are excluded from reported EBITDA. We agreed the amounts reflected in the calculation of reported EBITDA for the Historical Period to the Company's trial balances.
- Management adjusted EBITDA is presented after the application of certain normalizing adjustments identified during the due diligence procedures, including the impact of non-recurring transactions and accounting adjustments. Pro forma adjusted EBITDA is presented after the application of customer rebates, advertising normalization, employee benefits and employee compensation adjustments. Refer to the subsequent pages for additional discussions regarding these adjustments.
  - EBITDA adjustments were traced to the Company's trial balance and supporting documentation, including sample invoices, payroll reports, supporting calculations, and/or other documentation, as applicable.
- The adjustments identified throughout the course of our work are not deemed to be all-inclusive and are based on the Company's financial and other information provided by Management. Additional procedures performed could result in additional or different adjustments.
- Refer to the subsequent slides in this section of the Report for discussions and analyses associated with the Company's quality of earnings.

QUALITY OF EARNINGS ANALYSIS (2/8)

Quality of earnings

US$ in thousands	Ref.	FY19	FY20	TTM Sep-21
Definitional EBITDA		**(4)**	**3,732**	**5,607**
Management adjustments				
Non-recurring items	**MA-01**	-	42	239
Accounting adjustments	**MA-02**	-	(765)	656
Employee compensation	**MA-03**	-	48	90
Management adjustments		-	(676)	984
Management adjusted EBITDA		**(4)**	**3,056**	**6,591**
Pro forma adjustments		-	(219)	1,197
Pro forma adjusted EBITDA		**(4)**	**2,838**	**7,788**
% of sales				
Definitional EBITDA		*(2.7%)*	*33.6%*	*21.2%*
Management adjusted EBITDA		*(2.7%)*	*28.2%*	*24.0%*
Pro forma adjusted EBITDA		*(2.7%)*	*26.2%*	*27.5%*

Management adjustments

- **MA-01 Non-recurring items:** This adjustment relates to the normalization of certain non-recurring items during the Historical Period. Please see the table below for the components of this adjustment.
  - **MA-01(a) Salesforce implementation:** The Company incurred one-time consulting costs associated with its Salesforce implementation in FY21. This adjustment adds back these nonrecurring professional fees associated with the Salesforce implementation. This adjustment was agreed to general ledger detail and invoice support.
  - **MA-01(b) PPP loan forgiveness:** The Company received a $114 PPP loan from the CARES Act due to the Covid-19 pandemic. The Company's PPP loan qualified for loan forgiveness. This adjustment removes the income associated with the loan forgiveness. This adjustment was agreed to the trial balance.
  - **MA-01(c) Relocation expense:** The Company paid to relocate its Regional Marketing Director and Training Manager from Las Vegas, Nevada to Knoxville, Tennessee. This adjustment adds back moving-related costs associated with these individuals' relocation. This adjustment was agreed to the trial balance.
  - **MA-01(d) Cypress retainer fee:** This adjustment adds back investment banking fees associated with the proposed transaction as these are non-recurring. This adjustment was agreed to general ledger detail and invoice support.

MA-01 - Non-recurring items

US$ in thousands	Ref.	FY19	FY20	TTM Sep-21
Salesforce implementation	**a**	-	-	272
PPP loan forgiveness	**b**	-	-	(114)
Relocation expense	**c**	-	42	40
Cypress retainer fee	**d**	-	-	40
MA-01 - Non-recurring items		**-**	**42**	**239**

QUALITY OF EARNINGS ANALYSIS (3/8)

Quality of earnings

US$ in thousands	Ref.	FY19	FY20	TTM Sep-21
Definitional EBITDA		**(4)**	**3,732**	**5,607**
Management adjustments				
Non-recurring items	**MA-01**	-	42	239
Accounting adjustments	**MA-02**	-	(765)	656
Employee compensation	**MA-03**	-	48	90
Management adjustments		-	(676)	984
Management adjusted EBITDA		**(4)**	**3,056**	**6,591**
Pro forma adjustments		-	(219)	1,197
Pro forma adjusted EBITDA		**(4)**	**2,838**	**7,788**
% of sales				
Definitional EBITDA		*(2.7%)*	*33.6%*	*21.2%*
Management adjusted EBITDA		*(2.7%)*	*28.2%*	*24.0%*
Pro forma adjusted EBITDA		*(2.7%)*	*26.2%*	*27.5%*

MA-02 - Accounting adjustments

US$ in thousands	Ref.	FY19	FY20	TTM Sep-21
Revenue recognition cutoff adjustment	**1**	-	(279)	955
Materials runrate adjustment	**2**	-	(504)	(627)
Payroll accrual	**3**	-	34	(304)
Bonus accrual	**4**	-	-	(12)
Insurance normalization	**5**	-	(17)	(102)
Inventory physical count variances	**6**	-	-	745
MA-02 - Accounting adjustments		**-**	**(765)**	**656**

Management adjustments (continued)

- **MA-02 Accounting adjustments:** This adjustment relates to the normalization of certain accounting adjustments identified during the Historical Period. Please see the table below left for the components of this adjustment.
  - **MA-02(1) Revenue recognition cutoff adjustment:** Prior to FY21 the Company recognized revenue on a cash basis at the time of sale and did not defer the first milestone payment as a customer deposit within deferred revenue, and subsequently recognized revenue upon the second milestone payments (e.g., installation). Therefore, the Company's TTM Sep-21 and FY21 reported revenue does not include revenue for which the second milestone payment was received in Oct-20 and Jan-21, respectively, but which revenue was recognized in a prior period. This adjustment normalizes reported revenue to the month the second milestone payment was received, which would represent the completion of the Company's performance obligation. This adjustment was agreed to management-provided support.
  - **MA-02(2) Materials runrate adjustment:** The Company's materials as a percentage of revenue has fluctuated from period to period based on variability in reported revenue and inventory fluctuations due to cash recognition of revenue and labor/materials associated with the installation. This adjustment applies the trailing 6 month average of materials as a percentage of adjusted revenue (e.g., 33.1%) to FY20 and TTM Sep-21. The trailing 6 month average was utilized as this period was determined to be stable following the Company's change in FY21 from cash to accrual accounting for materials. This adjustment was agreed to reported materials amounts and adjusted revenue amounts.

MA-02 - Accounting adjustments- Materials runrate adjustment

US$ in thousands	Ref.	FY19	FY20	TTM Sep-21
Materials, reported	**(a)**	82	3,122	8,818
Materials as a % of sales, reported			28.5%	30.8%
Materials as a % of sales, adjusted			33.1%	33.1%
Materials, adjusted	**(b)**	(82)	(3,626)	(9,444)
MA-02 - Accounting adjustments- Materials runrate adjustment	**(a)+(b)**	**-**	**(504)**	**(627)**

QUALITY OF EARNINGS ANALYSIS (4/8)

Quality of earnings

US$ in thousands	Ref.	FY19	FY20	TTM Sep-21
Definitional EBITDA		**(4)**	**3,732**	**5,607**
Management adjustments				
Non-recurring items	**MA-01**	-	42	239
Accounting adjustments	**MA-02**	-	(765)	656
Employee compensation	**MA-03**	-	48	90
Management adjustments		-	(676)	984
Management adjusted EBITDA		**(4)**	**3,056**	**6,591**
Pro forma adjustments		-	(219)	1,197
Pro forma adjusted EBITDA		**(4)**	**2,838**	**7,788**
% of sales				
Definitional EBITDA		*(2.7%)*	*33.6%*	*21.2%*
Management adjusted EBITDA		*(2.7%)*	*28.2%*	*24.0%*
Pro forma adjusted EBITDA		*(2.7%)*	*26.2%*	*27.5%*

MA-02 - Accounting adjustments

US$ in thousands	Ref.	FY19	FY20	TTM Sep-21
Revenue recognition cutoff adjustment	**1**	-	(279)	955
Materials runrate adjustment	**2**	-	(504)	(627)
Payroll accrual	**3**	-	34	(304)
Bonus accrual	**4**	-	-	(12)
Insurance normalization	**5**	-	(17)	(102)
Inventory physical count variances	**6**	-	-	745
MA-02 - Accounting adjustments		**-**	**(765)**	**656**

Management adjustments (continued)

- **MA-02(3) Payroll accrual:** The Company's employees and contractors are paid weekly on Friday for the prior seven day workweek ended the previous Sunday. The Company does not accrue for payroll costs at month-end. This adjustment accrues for payroll monthly for the TTM Sep-21 period using the weekly payroll journal at each month-end and calculates the daily payroll rate to be applied to the number of days to accrue prior to the pay date. This adjustment was spread pro-rata to payroll wage accounts based on reported balances. This adjustment was agreed to payroll detail.
- **MA-02(4) Bonus accrual:** The Company's bonuses are paid five weeks in arrears from when earned. This adjustment applies the subsequent month's reported bonuses to the month the bonuses were earned. This adjustment was agreed to general ledger detail.

MA-02 - Accounting adjustments- Bonus accrual

US$ in thousands	Ref.	FY19	FY20	TTM Sep-21
Bonus, reported		-	-	75
Bonus, adjusted		-	-	(86)
MA-02 - Accounting adjustments- Bonus accrual		**-**	**-**	**(12)**

- **MA-02(5) Insurance normalization:** The Company was under-insured for workers' compensation prior to FY21. This adjustment normalizes workers' compensation insurance to the new run rate average amount of $6.5 per week ($26 per month), trended with the growth in the Company's headcount. This adjustment was agreed to the Company's new workers' compensation insurance policy.
- **MA-02(6) Inventory physical count variances:** In FY21 the Company began performing physical inventory counts in its warehouse. Following a physical inventory count in Dec-21 related to Nov-21 inventory, the Company found approximately $720 of inventory in its warehouse purchased in Q2 and Q3 that was missed in prior inventory counts. The Company recorded a credit to the income statement cost of goods sold for the found inventory entirely in the month of Nov-21. This adjustment represents the total inventory adjustment recorded in Nov-21 (i.e., physical count differences and inventory consumed) and spreads this adjustment ratably across FY21 based on the relative percentage of inventory adjustments each month during FY21, as management was unable to specifically identify the periods in which the inventory was missed in prior physical counts. This adjustment was agreed to inventory detail provided by management.

QUALITY OF EARNINGS ANALYSIS (5/8)

Quality of earnings

US$ in thousands	Ref.	FY19	FY20	TTM Sep-21
Definitional EBITDA		**(4)**	**3,732**	**5,607**
Management adjustments				
Non-recurring items	**MA-01**	-	42	239
Accounting adjustments	**MA-02**	-	(765)	656
Employee compensation	**MA-03**	-	48	90
Management adjustments		-	(676)	984
Management adjusted EBITDA		**(4)**	**3,056**	**6,591**
Pro forma adjustments		-	(219)	1,197
Pro forma adjusted EBITDA		**(4)**	**2,838**	**7,788**
% of sales				
Definitional EBITDA		*(2.7%)*	*33.6%*	*21.2%*
Management adjusted EBITDA		*(2.7%)*	*28.2%*	*24.0%*
Pro forma adjusted EBITDA		*(2.7%)*	*26.2%*	*27.5%*

Management adjustments (continued)

- **MA-03 Employee compensation:** The Company's VP of Sales (Shawna Helton) was previously working as a contractor from Mar-20 through Jul-21 until Ms. Helton's hire date of August 2, 2021. Previously Ms. Helton earned a base salary of $78 and a 1% commission rate on all sales. Effective January 1, 2022 Ms. Helton will earn a $78 base salary and earn 0.5% commission rate on all sales. This adjustment represents the difference between Ms. Helton’s reported compensation (including payroll taxes and employee benefits) and revised compensation under the new commission rate.

QUALITY OF EARNINGS ANALYSIS (6/8)

Quality of earnings

US$ in thousands	Ref.	FY19	FY20	TTM Sep-21
Definitional EBITDA		**(4)**	**3,732**	**5,607**
Management adjustments		-	(676)	984
Management adjusted EBITDA		**(4)**	**3,056**	**6,591**
Pro forma adjustments				
Rebate program	PF-01	-	-	912
Advertising normalization	PF-02	-	(219)	390
Employee benefits	PF-03	-	-	(161)
Employee compensation	PF-04	-	-	56
Pro forma adjustments		-	(219)	1,197
Pro forma adjusted EBITDA		**(4)**	**2,838**	**7,788**
% of sales				
Definitional EBITDA		*(2.7%)*	*33.6%*	*21.2%*
Management adjusted EBITDA		*(2.7%)*	*28.2%*	*24.0%*
Pro forma adjusted EBITDA		*(2.7%)*	*26.2%*	*27.5%*

Pro forma adjustments

In addition to the adjustments discussed previously, consideration should be given to the following items when evaluating EBITDA. The following adjustments have been considered pro forma due to the nature of each adjustment and due to the uncertainty of these adjustments on EBITDA going forward.

- **PF-01 Rebate program:** The Company offered a $2,500 (actual dollars) pilot customer rebate program starting in May-21 and terminated in Oct-21 which was recognized as a reduction to reported sales. This adjustment adds back this reduction to revenue. This adjustment was agreed to the trial balance.
- **PF-02 Advertising normalization:** The Company engages in third-party advertising expenses including search engine optimization (SEO) and Facebook advertisements. Advertising as a percentage of sales increased during YTD Sep-21 with the average being 8.2% and the maximum being 12.7% (Jan-21). Management indicated it's target advertising expense as a percentage of sales going forward is 6.5% as there have been some inefficiencies historically with advertising expenses. This adjustment normalizes advertising expense to 6.5% of sales and was agreed to the trial balance.

PF-02 - Advertising normalization

US$ in thousands	Ref.	FY19	FY20	TTM Sep-21
Advertising expense, reported	**(a)**	2	511	2,186
Advertising expense as a % of sales, reported			4.5%	7.9%
Advertising expense as a % of sales, adjusted			6.5%	6.5%
Advertising expense, adjusted	**(b)**	(2)	(730)	(1,796)
PF-02 - Advertising normalization	**(a)+(b)**	**-**	**(219)**	**390**

- **PF-03 Employee benefits:** Management indicated the Company has historically had low employee benefits participation as currently only 47 full-time employees (27%) participate in the Company's employee benefits. This pro forma adjustment assumes 50% of the Company's 177 full-time employees receive employee benefits paid for by the Company for YTD Sep-21. This adjustment was calculated using reported expense amounts from the trial balance and was agreed to the employee census.

PF-03 - Employee benefits

US$ in thousands	Ref.	FY19	FY20	TTM Sep-21
Employee benefits, reported	**1**	1	67	197
Employee benefits, adjusted	**2**	(1)	(67)	(357)
PF-03 - Employee benefits		**-**	**-**	**(161)**

QUALITY OF EARNINGS ANALYSIS (7/8)

Quality of earnings

US$ in thousands	Ref.	FY19	FY20	TTM Sep-21
Definitional EBITDA		**(4)**	**3,732**	**5,607**
Management adjustments		-	(676)	984
Management adjusted EBITDA		**(4)**	**3,056**	**6,591**
Pro forma adjustments				
Rebate program	**PF-01**	-	-	912
Advertising normalization	**PF-02**	-	(219)	390
Employee benefits	**PF-03**	-	-	(161)
Employee compensation	**PF-04**	-	-	56
Pro forma adjustments		-	(219)	1,197
Pro forma adjusted EBITDA		**(4)**	**2,838**	**7,788**
% of sales				
Definitional EBITDA		*(2.7%)*	*33.6%*	*21.2%*
Management adjusted EBITDA		*(2.7%)*	*28.2%*	*24.0%*
Pro forma adjusted EBITDA		*(2.7%)*	*26.2%*	*27.5%*

Pro forma adjustments (continued)

- **PF-04 Employee compensation:** This adjustment relates to the normalization of certain positions identified during the Historical Period. Please see the table below for the components of this adjustment.

PF-04 - Employee compensation

US$ in thousands	Ref.	FY19	FY20	TTM Sep-21
Executive assistant 1, compensation	**1**	-	-	41
Executive assistant 2, compensation	**2**	-	-	15
PF-04 - Employee compensation		**-**	**-**	**56**

– **PF-04(1&2) Executive assistant compensation:** The Company hired two executive assistants in Jun-21 and Jul-21 with annual salaries of $100 and $50, respectively, which management indicated are above market rate. These individuals assist the CEO and President with a variety of tasks some of which are outside the scope of the normal job duties. This adjustment adds back each executive assistant's reported compensation, including payroll taxes and benefits, as management indicated these individuals would likely not continue following the contemplated transaction. This adjustment was agreed to payroll records.

QUALITY OF EARNINGS ANALYSIS (8/8)

Other considerations

US$ in thousands	Ref.	FY19	FY20	TTM Sep-21
Open positions	OC-01	(411)	(411)	(379)
Payroll expense	OC-02	NQ	NQ	NQ
Guaranteed payments	OC-03	NQ	NQ	NQ
Inventory adjustments	OC-04	NQ	NQ	NQ
Other considerations		**(411)**	**(411)**	**(379)**

Other EBITDA Considerations

In addition to the adjustments discussed previously, consideration should be given to the following items when evaluating EBITDA. We have not proposed an adjustment because they involve significant judgmental estimates regarding future events or the P&L impact could not be quantified at this time.

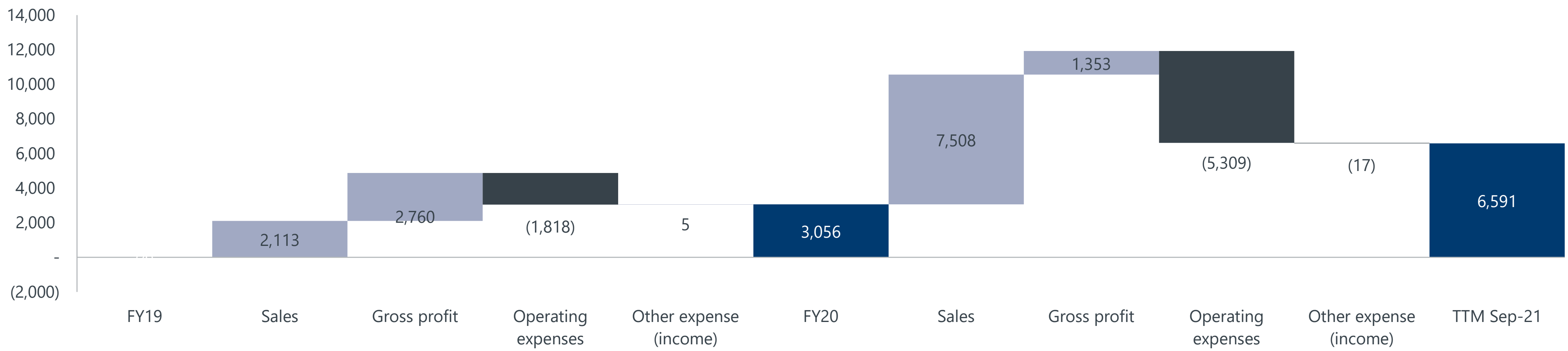
- **OC-1 Open positions:** Represents potential additional compensation costs for certain positions the Company does not currently maintain. See table below for further detail. The Company's current interim CFO is part time and works approximately 10 hours per week fulfilling the role of CFO, Controller and staff accountant. The Company is currently looking to hire a full-time CFO, Controller and staff accountant to replace the Company's current interim CFO, as it feels these positions would be needed if the Company was on a stand-alone basis. Management indicated the targeted annual salaries of the CFO, Controller and staff accountant are $200, $115 and $62, respectively. This adjustment represents the annual salaries, payroll taxes and employee benefits for the CFO (less the current CFO's earnings), Controller and staff accountant applied to the Historical Period. Payroll taxes and employee benefits were calculated using the historical percentages of salaries and wages.

OC-01 - Open positions

US$ in thousands	Ref.	FY19	FY20	TTM Sep-21
CFO compensation	1	(218)	(218)	(186)
Controller compensation	2	(125)	(125)	(125)
Staff accountant compensation	3	(68)	(68)	(68)
OC-01 - Open positions		**(411)**	**(411)**	**(379)**

- **OC-2 Payroll expense:** Management was unable to explain the credit balances in payroll expense in Mar-20 and Dec-20 of $84 and $178, respectively. The Company underwent an accounting system change effective January 1, 2020 and no longer has access to prior data pertaining to the FY19 and FY20 periods.
- **OC-3 Guaranteed payments:** Management was unable to explain the credit balances in Guaranteed payments expense in Oct-20 and Nov-20 of $9 and $239, respectively. The Company underwent an accounting system change effective January 1, 2020 and no longer has access to prior data pertaining to the FY19 and FY20 periods.
- **OC-4 Inventory adjustments:** Prior to FY21 the Company did not track physical inventory adjustments and operated on a cash accounting method of inventory tracking. We are not able to assess the impact of inventory adjustments related to FY19 and FY20.

MANAGEMENT ADJUSTED EBITDA BRIDGE



Adjusted net sales growth

- The chart above calculates the annual impact from the year-over-year change in adjusted pro forma net revenue, assuming constant gross profit margins in each period.
  - The Company experienced increases in sales over the Historical Period, which is primarily due to an increase in volume in Kentucky and Tennessee as well as expansion in Georgia.

Gross profit margin

- The change in gross margin is calculated as the change in adjusted gross profit margin percentage, multiped by the current year's revenue.
  - The increase in gross profit margin over the Historical Period is primarily due to an increase in operating efficiency and a reduction in dealer fees during the Historical Period from Mosaic and Sunlight Financial, the Company's main financing companies.

Operating expense

- Adjusted operating expense increased by $1.8 million and $5.3 million in FY20 and TTM Sep-21, respectively. The increases were primarily driven by (i) higher payroll costs due to an increase in employee headcount over the Historical Period and (ii) higher advertising and general and administrative expenses due to business growth.

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4 NET WORKING CAPITAL

NET WORKING CAPITAL ANALYSIS

Net working capital

US$ in thousands	Ref.	Mar-21	Jun-21	Sep-21
Cash and cash equivalents		652	314	762
Accounts receivable, net		-	-	-
Inventory		1,263	1,801	3,466
Prepaid expenses		24	135	79
Other current assets		(0)	160	181
Current assets		**1,939**	**2,410**	**4,489**
Accounts payable		45	85	617
Accrued expenses		-	-	20
Credit card liability		143	(89)	229
Other current liabilities		1	9	8
PPP loan payable		114	114	-
Note payable		-	-	-
Deferred revenue		1,816	4,316	6,445
Current liabilities		**2,118**	**4,435**	**7,319**
Net working capital, as reported		**(179)**	**(2,026)**	**(2,829)**
Definitional adjustments				
Cash and cash equivalents	**DWC-01**	(652)	(314)	(762)
PPP loan payable	**DWC-02**	114	114	-
Note payable	**DWC-03**	-	-	-
Definitional net working capital		**(718)**	**(2,226)**	**(3,592)**
Working capital adjustments				
Removal of reported accounts receivable balances	**WC-01**	-	-	-
Recalculated accounts receivable, net	**WC-02**	97	132	490
Payroll accrual	**WC-03**	(147)	(257)	(377)
Bonus accrual	**WC-04**	(10)	(12)	(12)
Inventory count variance adjustment	**WC-05**	142	404	745
Total working capital adjustments		**82**	**267**	**846**
Adjusted net working capital		**(635)**	**(1,959)**	**(2,746)**
Key financial ratios - TTM average				
Average DSO, reported		*1*	*1*	*(0)*
Average DPO, reported		*1*	*1*	*3*
Average DIO, reported		*17*	*28*	*39*
Average CCC, reported		*17*	*28*	*36*

Overview – basis of presentation

- Presented at left is the Company's reported and adjusted net working capital as of Mar-21, Jun-21 and Sep-21. Refer to **Appendix B** for a schedule of monthly balances.
- Reported net working capital is defined as total current assets less total current liabilities.
- Definitional net working capital is presented on cash-free and debt-free basis. The reconciliation from reported net working capital to definitional net working capital includes the removal of the impact of the Company's cash.
- Adjusted net working capital is presented after the application of certain normalizing adjustments identified during the due diligence process, including non-recurring and non-operational transactions.
  - Working capital adjustments were traced to the trial balance and other supporting documentation, including supporting calculations, and/or other documentation, as applicable.
- The adjustments identified throughout the course of our work are not deemed to be all-inclusive and are based on the Company's financial and other information provided by Management. Additional procedures performed could result in additional or different adjustments.
- Refer to the subsequent slides in this section of the report for discussions and analyses associated with the Company's working capital.

NET WORKING CAPITAL ANALYSIS

Net working capital

US$ in thousands	Ref.	Mar-21	Jun-21	Sep-21
Cash and cash equivalents		652	314	762
Accounts receivable, net		-	-	-
Inventory		1,263	1,801	3,466
Prepaid expenses		24	135	79
Other current assets		(0)	160	181
Current assets		**1,939**	**2,410**	**4,489**
Accounts payable		45	85	617
Accrued expenses		-	-	20
Credit card liability		143	(89)	229
Other current liabilities		1	9	8
PPP loan payable		114	114	-
Note payable		-	-	-
Deferred revenue		1,816	4,316	6,445
Current liabilities		**2,118**	**4,435**	**7,319**
Net working capital, as reported		**(179)**	**(2,026)**	**(2,829)**
Definitional adjustments				
Cash and cash equivalents	**DWC-01**	(652)	(314)	(762)
PPP loan payable	**DWC-02**	114	114	-
Note payable	**DWC-03**	-	-	-
Definitional net working capital		**(718)**	**(2,226)**	**(3,592)**
Working capital adjustments				
Removal of reported accounts receivable balances	**WC-01**	-	-	-
Recalculated accounts receivable, net	**WC-02**	97	132	490
Payroll accrual	**WC-03**	(147)	(257)	(377)
Bonus accrual	**WC-04**	(10)	(12)	(12)
Inventory count variance adjustment	**WC-05**	142	404	745
Total working capital adjustments		**82**	**267**	**846**
Adjusted net working capital		**(635)**	**(1,959)**	**(2,746)**
Key financial ratios - TTM average				
Average DSO, reported		*1*	*1*	*(0)*
Average DPO, reported		*1*	*1*	*3*
Average DIO, reported		*17*	*28*	*39*
Average CCC, reported		*17*	*28*	*36*

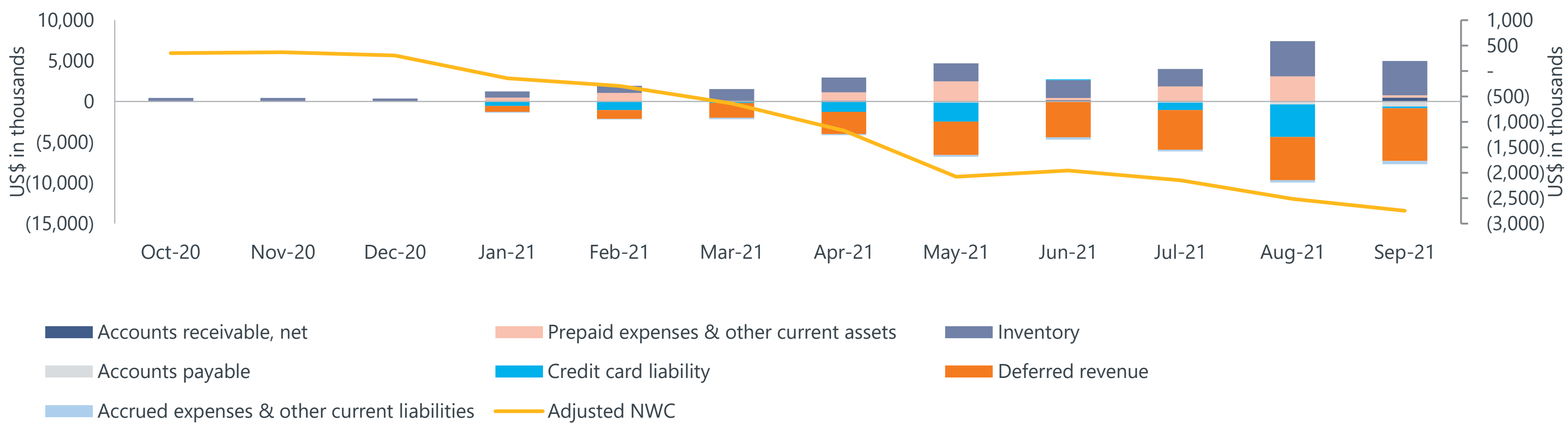
Definitional working capital adjustments

- **DWC-01 Cash and cash equivalents:** Represents cash and cash equivalents as reported by the Company.
- **DWC-02 PPP loan payable:** Represents the Company's PPP loan received as a result of the CARES Act. This amount has been removed as it represents debt.
- **DWC-03 Note payable:** Represents a $21 short-term note payable in Jul-20. This amount has been removed as it represents debt.

Working capital adjustments

- **WC-01 Removal of reported accounts receivable balances:** This adjustment removes the Company's reported accounts receivable balances from Aug-20 to Jan-21. Management was unable to explain the nature of the debit and credit balances reported during the Historical Period. Management indicated the Company has not historically recorded customer balances due at month-end as the typical time between receiving Milestone 2 payments after installation is between one to four days.
- **WC-02 Recalculated accounts receivable, net:** This adjustment represents amounts due for Milestone 2 payments prior to month-end. Prior to recording revenue upon panel installation for Milestone 2, the Company and financing partner have been paid approximately 60% of the total sale in the form of a customer deposit. This adjustment records an estimated balance for the remaining 40% left to be collected for jobs that were installed in the last two days of each month-end. This adjustment was applied to FY21 and calculated using jobs by installation date support provided by Management. Note: As the Company recognizes revenue upon installation, this serves as the billing/invoicing date and therefore recognizing unbilled receivables would not be appropriate.
- **WC-03 Payroll accrual:** The Company pays its employees every Friday for the prior week, one week in arrears and does not accrue for payroll liabilities. This adjustment represents the Company's monthly payroll liability for pay which has been earned but not yet paid at month-end. This adjustment accrues for payroll monthly using the weekly payroll journal at each month-end and calculates the daily payroll rate to be applied to the number of days to accrue prior to the pay date. Refer to the Quality of Earnings for related EBITDA adjustment.
- **WC-04 Bonus accrual:** The Company pays bonuses one month and one week in arrears from when earned. The Company does not accrue for bonuses. This adjustment represents the accrual associated with adjusted bonus expense. Refer to the Quality of Earnings for related EBITDA adjustment.
- **WC-05 Inventory count variance adjustment:** This represents the cumulative inventory balance for materials found during the Dec-21 physical inventory count for bulk inventory purchased in Q2 and Q3 FY21. Refer to Quality of Earnings adjustment MA-02(6).

NET WORKING CAPITAL TRENDS



Adjusted net working capital / **Trailing average as of Sep-21**

US$ in thousands	Mar-21	Jun-21	Sep-21	T3M	T6M	T12M
Accounts receivable, net	97	132	490	197	145	86
Inventory	1,406	2,205	4,211	3,558	2,817	1,760
Prepaid expenses & other current assets	24	295	260	1,703	1,481	867
Current assets	**1,526**	**2,631**	**4,962**	**7,162**	**5,924**	**3,579**
Accounts payable	45	85	617	377	234	128
Credit card liability	143	(89)	229	1,706	1,428	853
Accrued expenses & other current liabilities	157	278	417	302	254	170
Deferred revenue	1,816	4,316	6,445	5,543	4,630	2,617
Current liabilities	**2,161**	**4,590**	**7,708**	**8,230**	**6,800**	**3,937**
Adjusted net working capital	**(635)**	**(1,959)**	**(2,746)**	**(1,068)**	**(876)**	**(359)**
Key financial ratios - TTM average						
Average DSO, adjusted	*0*	*1*	*1*	*2*	*1*	*1*
Average DPO, adjusted	*1*	*1*	*3*	*6*	*5*	*3*
Average DIO, adjusted	*17*	*31*	*47*	*60*	*57*	*47*
Average CCC, adjusted	*17*	*31*	*45*	*55*	*54*	*45*

Overview

- Presented at left is the Company's average adjusted net working capital for TTM ended Mar-21, Jun-21 and Sep-21. Further, the graph above presents the adjusted net working capital trends from Oct-20 through Sep-21. Refer to ***Appendix B*** for monthly net working capital components for this period.
- Monthly net working capital fluctuations are primarily driven by the timing of inventory and deferred revenue from the timing of Milestone 1 payments.
  - **Deferred revenue:** The Company did not track customer deposits and sales by install dates on a monthly basis prior to FY21. Therefore we were not able to calculate a deferred revenue adjustment for FY19 and FY20. Due to growth in the business the deferred revenue balance for FY21 (or a shorter period) should be used to determine the net working capital target.
  - **DIO:** The Company's average days in inventory on hand has increased steadily during the Historical Period primarily driven by an increase in inventory.

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5 ADJUSTED INCOME STATEMENTS

ADJUSTED INCOME STATEMENT SUMMARY

Summary adjusted income statements

US$ in thousands	FY19	FY20	TTM Sep-21
Sales	134	10,838	28,358
Cost of goods sold	108	5,938	13,686
Gross profit	**27**	**4,899**	**14,671**
Operating expenses	32	2,944	8,390
Operating income	**(5)**	**1,955**	**6,281**
Other expense (income)	(0)	(5)	12
Interest expense, net	-	4	11
Income taxes	-	-	(45)
Adjusted net income (loss)	**(5)**	**1,956**	**6,303**
EBITDA addbacks			
Interest expense, net	-	4	11
Income taxes	-	-	(45)
Depreciation and amortization	2	877	1,518
Adjusted EBITDA	**(4)**	**2,838**	**7,788**
Key metrics			
Sales growth	*NQ*	*7968.2%*	*161.7%*
Gross profit margin	*19.7%*	*45.2%*	*51.7%*
Operating margin	*(4.0%)*	*18.0%*	*22.1%*
Adjusted EBITDA margin	*(2.7%)*	*26.2%*	*27.5%*

Adjusted income statement summary

The adjacent table summarizes the Company's income statement for the Historical Period adjusted for all management adjustments identified including pro-forma adjustments. Detailed discussions of key line items are included below.

- The increase in sales during the Historical Period is primarily driven by increased volume of solar panel installation in Kentucky and Tennessee as well as expansion into Georgia. The Company recognizes revenue upon solar panel installation when the panels' power is turned on. Refer to the subsequent pages for more information on revenue.
- Gross margin as a percentage of adjusted sales increased from 19.7% in FY19 to 51.7% in TTM Sep-21 primarily due to increased operating efficiency and reduced dealer fees from Sunlight and Mosaic, the Company's primary financing companies. Refer to the discussion on the following page for details on COGS.
- During the Historical Period, adjusted operating expenses as a percentage of adjusted sales increased from 23.7% in FY19 to 29.6% in TTM Sep-21 primarily driven by growth in payroll expenses. See the following pages for a detailed discussion on the components of operating expenses.

ADJUSTED SALES

Sales - adjusted

US$ in thousands	FY19	FY20	TTM Sep-21
Sales	135	10,950	28,593
Other miscellaneous income	-	0	0
Customer rebates	-	(16)	(3)
Returns, refunds and allowances	(1)	(97)	(233)
Promotions	-	-	-
Sales	**134**	**10,838**	**28,358**

Adjusted sales summary

The adjacent table summarizes the Company's adjusted net sales for the Historical Period adjusted for all management adjustments identified including pro-forma adjustments. Detailed discussions of key line items are included below. See **Appendix C** for adjusting summary income statement.

- **Sales:** This balance represents sales of solar panels which have been installed for the customer.
- **Returns, refunds and allowances:** The Company's returns, refunds and allowances are minimal due to the custom nature of the product. Management indicated the Company has not had a history of significant write-offs since inception.
- **Promotions:** The Company offered a $2,500 pilot customer rebate program starting in May-21 and terminated in Oct-21 which was recognized as a reduction to reported sales. The Company's sales reported sales promotions (e.g., $912 in TTM Sep-21) have been added back as part of the Quality of Earnings. Refer to the *Quality of Earnings* for more information.

ADJUSTED COST OF GOODS SOLD

Cost of goods sold - adjusted

US$ in thousands	FY19	FY20	TTM Sep-21
Materials	82	3,626	5,955
Inventory adjustments	-	-	2,745
Payroll and related costs	-	-	3,250
Subcontractors	16	1,084	189
Mosaic	-	-	493
Sunlight	-	-	241
Other cost of goods sold	10	1,228	814
Total	**108**	**5,938**	**13,686**

Other cost of goods sold - adjusted

US$ in thousands	FY19	FY20	TTM Sep-21
Travel, meals and entertainemnt	1	84	274
Dealer fee	-	646	195
Utility connection	-	-	98
Credit card and other	-	-	63
Per diem	-	-	58
Permits	-	-	52
Shop supplies	-	-	28
Roof repairs	-	45	21
Solar permits	1	41	13
Rent expense	-	-	7
Utility supplies	-	3	2
Finance fee	-	-	2
Freight	-	-	1
Contractor labor	-	-	1
Cost of goods sold	8	410	-
Total	**10**	**1,228**	**814**

Adjusted cost of goods sold summary

The adjacent table summarizes the Company's adjusted cost of goods sold for the Historical Period adjusted for all management adjustments identified including pro-forma adjustments. Detailed discussions of key line items are included below. See **Appendix C** for adjusting summary income statement.

- **Materials:** The growth in materials during the Historical Period is due to the increase in sales from FY19 to TTM Sep-21. Refer to the Quality of Earnings for inventory materials normalization adjustment.
- **Inventory adjustments:** Inventory adjustments represents physical inventory count differences between the warehouse inventory balance and the general ledger balance. Prior to FY21 the Company did not track physical inventory adjustments in a separate trial balance account.
- **Payroll and related costs:** This balance represents employee wages, payroll taxes and employee benefits. Direct labor payroll related costs in FY19 and FY20 were recorded within subcontractors. Refer to the Quality of Earnings for more information regarding payroll-related adjustments. Refer to subsequent slides for more detail on payroll and related costs.
- **Subcontractors:** This amount represents 1099 individuals and direct labor consulting costs incurred by the Company. The Company bifurcated direct labor (e.g., cost of goods sold) and indirect labor (e.g., operating expenses) in FY21.
- **Mosaic:** This represents dealer fees paid to Mosaic the Company's primary financing partner.
- **Sunlight:** This represents dealer fees paid to Sunlight the Company's second primary financing partner.
- **Other cost of goods sold:** Refer to the table at left for a summary of other costs of goods sold. Note: FY21 dealer fees represents other financing fees (not paid to Mosaic or Sunlight). Dealer fees in FY19 and FY20 represent fees paid to Mosaic and Sunlight prior to the Company splitting these costs out separately.

ADJUSTED OPERATING EXPENSES

Operating expenses - adjusted

US$ in thousands	FY19	FY20	TTM Sep-21
Payroll and related costs	1	794	3,526
Professional fees	1	42	86
Advertising, marketing and promotion	2	730	1,796
Rent expense	1	60	208
Dues and subscriptions	0	4	157
Insurance	1	41	311
Other expenses	5	65	147
Depreciation and amortization	2	877	1,518
Other operating expenses	19	330	641
Total	**32**	**2,944**	**8,390**

Adjusted operating expenses summary

The adjacent table summarizes the Company's adjusted operating expenses for the Historical Period adjusted for all management adjustments identified including pro-forma adjustments. Detailed discussions of key line items are included below. See **Appendix C** for adjusting summary income statement.

- **Payroll and related costs:** Refer to the schedule on the following page for a summary of payroll and related costs.
- **Professional fees:** Represents accounting, legal and other consulting fees. Refer to the Quality of Earnings for related EBITDA adjustment for nonrecurring consulting fees for the Company's Salesforce implementation.
- **Advertising, marketing and promotion:** Represents third-party advertising expenses including Facebook and Google advertisements. Refer to the Quality of Earnings for related adjustment to normalize advertising expenses which includes the following: advertising, Facebook and Google ads, and marketing and promotion expense.
- **Rent expense:** Represents rent for the Company's office and warehouse facilities. The Company records rent expense on a base rent rather than straight-line basis.
- **Dues and subscriptions:** Represents the Company's subscriptions to Salesforce and other software licenses.
- **Insurance:** Represents the Company's general liability insurance and workers' compensation insurance policies.
- **Other operating expenses:** Other operating expenses includes travel, meals and entertainment, recruiting fees, supplies, utilities and taxes.

ADJUSTED PAYROLL AND RELATED COSTS

Payroll and related costs - adjusted

US$ in thousands	FY19	FY20	TTM Sep-21
Cost of goods sold			
Salaries and wages	-	-	1,533
Commissions	-	-	1,609
Bonus	-	-	74
Benefits	-	-	33
Sub-total	**-**	**-**	**3,250**
Operating expenses			
Salaries and wages	-	652	2,804
Bonus	-	-	86
Benefits	1	70	324
Payroll taxes	-	58	302
Contract labor	-	11	-
Payroll expenses	-	4	11
Sub-total	**1**	**794**	**3,526**
Total	**1**	**794**	**6,776**
Key metrics			
Payroll taxes as % of total wages	*n/a*	*8.7%*	*4.9%*
Benefits as % of total wages	*n/a*	*10.5%*	*5.8%*
Average headcount	*0.0*	*8.3*	*46.7*
Average compensation	*n/a*	*96.3*	*145.2*

Adjusted payroll and related costs summary

The adjacent table summarizes the Company's adjusted payroll and related costs included within cost of goods sold and operating expenses for the Historical Period adjusted for all management adjustments identified including pro-forma adjustments. The primary driver of the increase in payroll and related costs is the increase in average headcount during the Historical Period. Detailed discussions of key items are included below. See **Appendix C** for adjusting summary income statement.

- The Company pays its employees weekly every Friday for the prior week, one week in arrears and does not accrue for payroll liabilities. The adjusted balance is reflective of payroll and bonus accrual adjustments. Refer to Quality of earnings analysis for more information on payroll accruals.
- The Company utilizes ADP for payroll processing which also includes payroll taxes. Worker's compensation insurance is provided through Carolina Casualty Insurance Company.
- Benefits include medical, dental, vision and short-term disability insurance. The Company uses Humana as the health, dental and vision benefits provider, and uses Aflac for short-term disability insurance. The Company does not provide a 401(k) or profit-sharing program.

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6 BALANCE SHEET

BALANCE SHEET SUMMARY (1/2)

Summary reported balance sheets

US$ in thousands	Dec-19	Dec-20	Sep-21
Cash and cash equivalents	31	425	762
Accounts receivable, net	-	(21)	-
Inventory	-	339	3,466
Prepaid expenses	-	-	79
Other current assets	-	14	181
Current assets	**31**	**758**	**4,489**
Fixed assets, net	2	153	293
Intangible assets, net	35	33	31
Other assets	-	5	(7)
Total assets	**68**	**948**	**4,807**
Accounts payable	-	-	617
Accrued expenses	-	-	20
Credit card liability	2	10	229
Other current liabilities	-	-	8
PPP loan payable	-	114	-
Note payable	-	-	-
Deferred revenue	-	-	6,445
Current liabilities	**2**	**123**	**7,319**
Long term debt	36	432	312
Loans payable	35	-	-
Total liabilities	**73**	**556**	**7,630**
Equity	(5)	393	(2,823)
Total liabilities and equity	**68**	**948**	**4,807**

Overview – basis of presentation

The adjacent table summarizes the Company's reported balance sheet for the Historical Balance Sheet Dates. Detailed discussion of key line items are included below.

- **Cash and cash equivalents:** The Company maintains its primary banking relationship with US Bank. The Company obtained a PPP loan as a result of the Cares Act for $114 which was forgiven in Aug-21.
- **Accounts receivable, net:** Represents trade accounts receivable related to customer deposits. The Company does not maintain an allowance for bad debts. The Company's reported accounts receivable balance is minimal as customer deposits are recorded to deferred revenue and cash. Refer to Net Working Capital analysis for related adjustment.
- **Inventory:** Primarily consists of tier one solar panels, batteries, wires and fittings to be installed. Beginning in FY21 the Company performs physical inventory counts on a monthly basis to reconcile its inventory balance.
- **Prepaid expenses:** Consists of prepaid inventory credits from suppliers and prepaid insurance expense.
- **Other current assets:** Consists of employee receivables and undeposited funds.
- **Fixed assets, net:** Fixed assets consists of vehicles, equipment, furniture and fixtures, computers and leasehold improvements, net of accumulated depreciation.
- **Intangible assets, net:** Represents goodwill and software licenses net of accumulated amortization.
- **Other assets:** Represents noncurrent rent and utility deposits as well as employee loans payable.
- **Accounts payable:** Consists of trade payables to vendors used in the operation of the business. Typical payments terms are net 30 days; however, management indicated most payables are paid upon receipt.
- **Accrued expenses:** Consists of accrued health, vision, dental and disability insurance.
- **Credit card liability:** Represents (i) Consolidated Electrical Distributors, Inc. (CED) bank clearing accounts and (ii) the Company's US Bank and American Express corporate credit cards.
- **Other current liabilities:** Represents inventory payable to CED. Refer to Net Working Capital analysis for related adjustments to accrue for payroll and bonus.

BALANCE SHEET SUMMARY (2/2)

Summary reported balance sheets

US$ in thousands	Dec-19	Dec-20	Sep-21
Cash and cash equivalents	31	425	762
Accounts receivable, net	-	(21)	-
Inventory	-	339	3,466
Prepaid expenses	-	-	79
Other current assets	-	14	181
Current assets	**31**	**758**	**4,489**
Fixed assets, net	2	153	293
Intangible assets, net	35	33	31
Other assets	-	5	(7)
Total assets	**68**	**948**	**4,807**
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Credit card liability	2	10	229
Other current liabilities	-	-	8
PPP loan payable	-	114	-
Note payable	-	-	-
Deferred revenue	-	-	6,445
Current liabilities	**2**	**123**	**7,319**
Long term debt	36	432	312
Loans payable	35	-	-
Total liabilities	**73**	**556**	**7,630**
Equity	(5)	393	(2,823)
Total liabilities and equity	**68**	**948**	**4,807**

Balance Sheet (continued)

- **PPP loan payable:** The Company obtained a $114 PPP loan in May-20 as a result of the Cares Act which was forgiven in Aug-21.
- **Note payable:** Represents a $21 short-term note payable originated in Jul-20 and repaid in Aug-20.
- **Deferred revenue:** Deferred revenue represents customer deposits for milestone payments received by the Company (i.e., milestone 1 finance approval and milestone 2 panel installation).
- **Long term debt:** This balance consists of loans on vehicles.
- **Loans payable:** This balance represents loans from shareholders.
- **Equity:** Represents accumulated earnings and owners' equity in the Company, net of distributions.

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7 APPENDICES

APPENDIX A | MONTHLY ADJUSTED EBITDA – FY19 (1/3)

Monthly Quality of Earnings - FY19

US$ in thousands	Ref.	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	FY19
Sales, as reported		-	-	-	-	-	-	-	-	-	1	99	35	134
Sales after management adjustments		-	-	-	-	-	-	-	-	-	1	99	35	134
Sales after pro forma adjustments		-	-	-	-	-	-	-	-	-	1	99	35	134
Net income (loss)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**38**	**(44)**	**(5)**
Reconciliation to Definitional EBITDA														
Interest expense, net		-	-	-	-	-	-	-	-	-	-	-	-	-
Income taxes		-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization		-	-	-	-	-	-	-	-	-	-	-	2	2
Definitional EBITDA		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**38**	**(42)**	**(4)**
Management adjustments														
Non-recurring items	**MA-01**	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounting adjustments	**MA-02**	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee compensation	**MA-03**	-	-	-	-	-	-	-	-	-	-	-	-	-
Management adjustments		-	-	-	-	-	-	-	-	-	-	-	-	-
Management adjusted EBITDA		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**38**	**(42)**	**(4)**
Pro forma adjustments														
Rebate program	**PF-01**	-	-	-	-	-	-	-	-	-	-	-	-	-
Advertising normalization	**PF-02**	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee benefits	**PF-03**	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee compensation	**PF-04**	-	-	-	-	-	-	-	-	-	-	-	-	-
Pro forma adjustments		-	-	-	-	-	-	-	-	-	-	-	-	-
Pro forma adjusted EBITDA		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**38**	**(42)**	**(4)**
% of sales														
Definitional EBITDA		*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*100.0%*	*38.4%*	*(120.6%)*	*(2.7%)*
Management adjusted EBITDA		*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*100.0%*	*38.4%*	*(120.6%)*	*(2.7%)*
Pro forma adjusted EBITDA		*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*100.0%*	*38.4%*	*(120.6%)*	*(2.7%)*

APPENDIX A | MONTHLY ADJUSTED EBITDA – FY20 (2/3)

Monthly Quality of Earnings - FY20

US$ in thousands	Ref.	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	FY20
Sales, as reported		132	223	494	536	379	907	1,447	1,998	272	1,536	1,273	1,920	11,117
Sales after management adjustments		132	223	494	536	379	728	1,163	1,560	218	2,359	1,181	1,865	10,838
Sales after pro forma adjustments		132	223	494	536	379	728	1,163	1,560	218	2,359	1,181	1,865	10,838
Net income (loss)		**3**	**76**	**97**	**110**	**(38)**	**447**	**459**	**1,130**	**(360)**	**783**	**283**	**(139)**	**2,851**
Reconciliation to Definitional EBITDA														
Interest expense, net		-	-	-	0	0	0	0	0	0	1	0	1	4
Income taxes		-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization		-	-	7	1	9	20	19	31	46	59	81	603	877
Definitional EBITDA		**3**	**76**	**104**	**111**	**(28)**	**468**	**478**	**1,162**	**(313)**	**842**	**364**	**466**	**3,732**
Management adjustments														
Non-recurring items	**MA-01**	-	-	-	-	-	2	-	-	-	13	24	3	42
Accounting adjustments	**MA-02**	(34)	(66)	(22)	44	55	(281)	(92)	(781)	94	235	(50)	132	(765)
Employee compensation	**MA-03**	-	-	1	3	6	6	6	5	5	4	6	6	48
Management adjustments		(34)	(66)	(21)	48	61	(274)	(85)	(775)	99	252	(20)	141	(676)
Management adjusted EBITDA		**(31)**	**9**	**82**	**159**	**33**	**194**	**393**	**386**	**(214)**	**1,095**	**344**	**607**	**3,056**
Pro forma adjustments														
Rebate program	**PF-01**	-	-	-	-	-	-	-	-	-	-	-	-	-
Advertising normalization	**PF-02**	(8)	(8)	(0)	(9)	6	(33)	(61)	(88)	36	(16)	1	(41)	(219)
Employee benefits	**PF-03**	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee compensation	**PF-04**	-	-	-	-	-	-	-	-	-	-	-	-	-
Pro forma adjustments		(8)	(8)	(0)	(9)	6	(33)	(61)	(88)	36	(16)	1	(41)	(219)
Pro forma adjusted EBITDA		**(39)**	**2**	**82**	**150**	**39**	**161**	**333**	**298**	**(178)**	**1,079**	**345**	**565**	**2,838**
% of sales														
Definitional EBITDA		*2.3%*	*33.9%*	*20.9%*	*20.7%*	*(7.4%)*	*51.6%*	*33.1%*	*58.1%*	*(115.4%)*	*54.8%*	*28.6%*	*24.3%*	*33.6%*
Management adjusted EBITDA		*(23.7%)*	*4.2%*	*16.6%*	*29.6%*	*8.8%*	*26.6%*	*33.8%*	*24.8%*	*(98.2%)*	*46.4%*	*29.2%*	*32.5%*	*28.2%*
Pro forma adjusted EBITDA		*(29.8%)*	*0.8%*	*16.6%*	*27.9%*	*10.4%*	*22.1%*	*28.6%*	*19.1%*	*(81.5%)*	*45.7%*	*29.2%*	*30.3%*	*26.2%*

APPENDIX A | MONTHLY ADJUSTED EBITDA – TTM SEP-21 (3/3)

Monthly Quality of Earnings - TTM Sep-21

US$ in thousands	Ref.	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	TTM Sep-21
Sales, as reported		1,536	1,273	1,920	819	1,392	1,725	1,676	2,417	2,970	2,967	3,003	4,793	26,491
Sales after management adjustments		2,359	1,181	1,865	1,098	1,392	1,725	1,676	2,417	2,970	2,967	3,003	4,793	27,446
Sales after pro forma adjustments		2,359	1,181	1,865	1,098	1,392	1,725	1,676	2,484	3,062	3,189	3,288	5,037	28,358
Net income (loss)		**783**	**283**	**(139)**	**(39)**	**144**	**281**	**(15)**	**219**	**509**	**181**	**445**	**1,471**	**4,122**
Reconciliation to Definitional EBITDA														
Interest expense, net		1	0	1	0	1	1	1	1	1	1	1	1	11
Income taxes		-	-	-	-	-	(84)	-	9	1	-	29	-	(45)
Depreciation and amortization		59	81	603	0	106	111	36	237	206	64	15	0	1,518
Definitional EBITDA		**842**	**364**	**466**	**(39)**	**251**	**309**	**22**	**465**	**717**	**246**	**490**	**1,473**	**5,607**
Management adjustments														
Non-recurring items	**MA-01**	13	24	3	15	25	40	25	34	74	34	(80)	34	239
Accounting adjustments	**MA-02**	235	(50)	132	64	(34)	11	78	(0)	30	177	(26)	37	656
Employee compensation	**MA-03**	4	6	6	0	0	4	10	11	15	7	12	16	90
Management adjustments		252	(20)	141	79	(8)	55	113	44	119	218	(94)	87	984
Management adjusted EBITDA		**1,095**	**344**	**607**	**40**	**243**	**364**	**135**	**510**	**835**	**464**	**396**	**1,559**	**6,591**
Pro forma adjustments														
Rebate program	**PF-01**	-	-	-	-	-	-	-	68	93	223	285	244	912
Advertising normalization	**PF-02**	(16)	1	(41)	50	21	(34)	25	20	51	75	123	114	390
Employee benefits	**PF-03**	-	-	-	(32)	(3)	(10)	(8)	(30)	(20)	(17)	(27)	(14)	(161)
Employee compensation	**PF-04**	-	-	-	-	-	-	-	-	10	14	18	14	56
Pro forma adjustments		(16)	1	(41)	19	18	(45)	17	57	134	295	399	358	1,197
Pro forma adjusted EBITDA		**1,079**	**345**	**565**	**59**	**261**	**319**	**152**	**567**	**969**	**759**	**795**	**1,917**	**7,788**
% of sales														
Definitional EBITDA		*54.8%*	*28.6%*	*24.3%*	*(4.7%)*	*18.0%*	*17.9%*	*1.3%*	*19.3%*	*24.1%*	*8.3%*	*16.3%*	*30.7%*	*21.2%*
Management adjusted EBITDA		*46.4%*	*29.2%*	*32.5%*	*3.6%*	*17.4%*	*21.1%*	*8.0%*	*21.1%*	*28.1%*	*15.6%*	*13.2%*	*32.5%*	*24.0%*
Pro forma adjusted EBITDA		*45.7%*	*29.2%*	*30.3%*	*5.3%*	*18.7%*	*18.5%*	*9.0%*	*22.8%*	*31.6%*	*23.8%*	*24.2%*	*38.1%*	*27.5%*

APPENDIX B | MONTHLY NET WORKING CAPITAL – FY19 (1/3)

Net working capital – FY19

US$ in thousands	Ref.	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Cash and cash equivalents		-	-	-	-	-	-	-	-	-	1	31	31
Accounts receivable, net		-	-	-	-	-	-	-	-	-	-	-	-
Inventory		-	-	-	-	-	-	-	-	-	-	-	-
Prepaid expenses		-	-	-	-	-	-	-	-	-	-	-	-
Other current assets		-	-	-	-	-	-	-	-	-	-	-	-
Current assets		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**31**	**31**
Accounts payable		-	-	-	-	-	-	-	-	-	-	-	-
Accrued expenses		-	-	-	-	-	-	-	-	-	-	-	-
Credit card liability		-	-	-	-	-	-	-	-	-	(0)	(2)	2
Other current liabilities		-	-	-	-	-	-	-	-	-	-	-	-
PPP loan payable		-	-	-	-	-	-	-	-	-	-	-	-
Note payable		-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue		-	-	-	-	-	-	-	-	-	-	-	-
Current liabilities		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(0)**	**(2)**	**2**
Net working capital, as reported		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**34**	**28**
Definitional adjustments													
Cash and cash equivalents	**DWC-01**	-	-	-	-	-	-	-	-	-	(1)	(31)	(31)
PPP loan payable	**DWC-02**	-	-	-	-	-	-	-	-	-	-	-	-
Note payable	**DWC-03**	-	-	-	-	-	-	-	-	-	-	-	-
Definitional net working capital		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0**	**2**	**(2)**
Working capital adjustments													
Removal of reported accounts receivable balances	**WC-01**	-	-	-	-	-	-	-	-	-	-	-	-
Recalculated accounts receivable, net	**WC-02**	NQ	NQ	NQ	NQ	NQ	NQ	NQ	NQ	NQ	NQ	NQ	NQ
Payroll accrual	**WC-03**	NQ	NQ	NQ	NQ	NQ	NQ	NQ	NQ	NQ	NQ	NQ	NQ
Bonus accrual	**WC-04**	NQ	NQ	NQ	NQ	NQ	NQ	NQ	NQ	NQ	NQ	NQ	NQ
Inventory count variance adjustment	**WC-05**	-	-	-	-	-	-	-	-	-	-	-	-
Total working capital adjustments		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Adjusted net working capital		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0**	**2**	**(2)**
Key financial ratios - TTM average													
Average DSO, reported													-
Average DPO, reported													-
Average DIO, reported													-
Average CCC, reported													-

APPENDIX B | MONTHLY NET WORKING CAPITAL – FY20 (2/3)

Net working capital – FY20

US$ in thousands	Ref.	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Cash and cash equivalents		12	40	92	71	76	387	735	579	495	360	501	425
Accounts receivable, net		-	-	-	-	-	-	-	672	71	(21)	(21)	(21)
Inventory		-	-	-	-	-	-	-	-	-	412	412	339
Prepaid expenses		-	-	-	19	-	34	-	-	46	-	-	-
Other current assets		-	-	-	-	-	-	7	64	13	9	9	14
Current assets		**12**	**40**	**92**	**89**	**76**	**421**	**742**	**1,315**	**624**	**760**	**901**	**758**
Accounts payable		-	-	-	-	-	-	5	1	1	0	0	-
Accrued expenses		-	-	-	2	-	-	-	-	0	0	(19)	-
Credit card liability		(11)	(18)	15	2	7	6	4	11	6	3	4	10
Other current liabilities		-	-	-	-	-	-	-	-	-	-	-	-
PPP loan payable		-	-	-	-	114	114	114	114	114	114	114	114
Note payable		-	-	-	-	-	-	21	-	-	-	-	-
Deferred revenue		-	-	-	-	-	-	-	-	-	-	-	-
Current liabilities		**(11)**	**(18)**	**15**	**4**	**121**	**119**	**144**	**126**	**121**	**117**	**98**	**123**
Net working capital, as reported		**23**	**58**	**77**	**85**	**(44)**	**302**	**599**	**1,189**	**503**	**643**	**802**	**634**
Definitional adjustments													
Cash and cash equivalents	**DWC-01**	(12)	(40)	(92)	(71)	(76)	(387)	(735)	(579)	(495)	(360)	(501)	(425)
PPP loan payable	**DWC-02**	-	-	-	-	114	114	114	114	114	114	114	114
Note payable	**DWC-03**	-	-	-	-	-	-	21	-	-	-	-	-
Definitional net working capital		**11**	**18**	**(15)**	**15**	**(7)**	**29**	**(2)**	**724**	**122**	**397**	**415**	**322**
Working capital adjustments													
Removal of reported accounts receivable balances	**WC-01**	-	-	-	-	-	-	-	(672)	(71)	21	21	21
Recalculated accounts receivable, net	**WC-02**	NQ	NQ	NQ	NQ	NQ	NQ	NQ	NQ	NQ	NQ	NQ	NQ
Payroll accrual	**WC-03**	NQ	NQ	NQ	NQ	NQ	NQ	NQ	(62)	(73)	(65)	(70)	(39)
Bonus accrual	**WC-04**	NQ	NQ	NQ	NQ	NQ	NQ	NQ	NQ	NQ	NQ	NQ	NQ
Inventory count variance adjustment	**WC-05**	-	-	-	-	-	-	-	-	-	-	-	-
Total working capital adjustments		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(734)**	**(144)**	**(44)**	**(50)**	**(19)**
Adjusted net working capital		**11**	**18**	**(15)**	**15**	**(7)**	**29**	**(2)**	**(10)**	**(22)**	**352**	**366**	**304**
Key financial ratios - TTM average													
Average DSO, reported		-	-	-	-	-	-	-	3	3	3	2	2
Average DPO, reported		-	-	-	-	-	-	0	0	0	0	0	0
Average DIO, reported		-	-	-	-	-	-	-	-	-	3	5	6
Average CCC, reported		-	-	[illegible]	[illegible]	-	[illegible]	(0)	3	3	6	8	8

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APPENDIX B | MONTHLY NET WORKING CAPITAL – TTM SEP-21 (3/3)

Net working capital – TTM Sep-21

US$ in thousands	Ref.	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21
Cash and cash equivalents		360	501	425	499	789	652	320	727	314	184	400	762
Accounts receivable, net		(21)	(21)	(21)	10	-	-	-	-	-	8	-	-
Inventory		412	412	339	727	814	1,263	1,610	1,912	1,801	1,597	3,742	3,466
Prepaid expenses		-	-	-	401	973	24	950	2,338	135	1,629	2,891	79
Other current assets		9	9	14	19	65	(0)	69	124	160	165	165	181
Current assets		**760**	**901**	**758**	**1,655**	**2,641**	**1,939**	**2,949**	**5,101**	**2,410**	**3,583**	**7,198**	**4,489**
Accounts payable		0	0	-	34	55	45	63	127	85	150	363	617
Accrued expenses		0	(19)	-	-	-	-	0	0	-	(2)	-	20
Credit card liability		3	4	10	521	990	143	1,205	2,337	(89)	908	3,981	229
Other current liabilities		-	-	-	-	-	1	0	0	9	9	8	8
PPP loan payable		114	114	114	114	114	114	114	114	114	114	-	-
Note payable		-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue		-	-	-	722	1,081	1,816	2,731	4,105	4,316	4,878	5,305	6,445
Current liabilities		**117**	**98**	**123**	**1,390**	**2,240**	**2,118**	**4,113**	**6,684**	**4,435**	**6,057**	**9,657**	**7,319**
Net working capital, as reported		**643**	**802**	**634**	**265**	**402**	**(179)**	**(1,164)**	**(1,583)**	**(2,026)**	**(2,474)**	**(2,459)**	**(2,829)**
Definitional adjustments													
Cash and cash equivalents	**DWC-01**	(360)	(501)	(425)	(499)	(789)	(652)	(320)	(727)	(314)	(184)	(400)	(762)
PPP loan payable	**DWC-02**	114	114	114	114	114	114	114	114	114	114	-	-
Note payable	**DWC-03**	-	-	-	-	-	-	-	-	-	-	-	-
Definitional net working capital		**397**	**415**	**322**	**(120)**	**(274)**	**(718)**	**(1,370)**	**(2,196)**	**(2,226)**	**(2,545)**	**(2,859)**	**(3,592)**
Working capital adjustments													
Removal of reported accounts receivable balances	**WC-01**	21	21	21	(10)	-	-	-	-	-	(8)	-	-
Recalculated accounts receivable, net	**WC-02**	NQ	NQ	NQ	54	3	97	122	27	132	78	23	490
Payroll accrual	**WC-03**	(65)	(70)	(39)	(94)	(104)	(147)	(117)	(190)	(257)	(179)	(273)	(377)
Bonus accrual	**WC-04**	NQ	NQ	NQ	(1)	(1)	(10)	(13)	(15)	(12)	(11)	(12)	(12)
Inventory count variance adjustment	**WC-05**	-	-	-	29	79	142	205	296	404	517	607	745
Total working capital adjustments		**(44)**	**(50)**	**(19)**	**(22)**	**(22)**	**82**	**197**	**117**	**267**	**397**	**346**	**846**
Adjusted net working capital		**352**	**366**	**304**	**(142)**	**(296)**	**(635)**	**(1,173)**	**(2,080)**	**(1,959)**	**(2,148)**	**(2,513)**	**(2,746)**
Key financial ratios - TTM average													
Average DSO, reported		*3*	*2*	*2*	*2*	*2*	*1*	*1*	*1*	*1*	*1*	*0*	*(0)*
Average DPO, reported		*0*	*0*	*0*	*0*	*0*	*1*	*1*	*1*	*1*	*2*	*2*	*3*
Average DIO, reported		*3*	*5*	*6*	*10*	*12*	*17*	*21*	*25*	*28*	*29*	*37*	*39*
Average CCC, reported		*6*	*8*	*8*	*11*	*14*	*17*	*22*	*25*	*28*	*29*	*34*	*36*

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APPENDIX C | ADJUSTING SUMMARY INCOME STATEMENT

Summary adjusting income statements

	FY19			FY20			TTM Sep-21		
US$ in thousands	**Unadjusted**	**Adj.**	**Adjusted**	**Unadjusted**	**Adj.**	**Adjusted**	**Unadjusted**	**Adj.**	**Adjusted**
Sales	134	-	134	11,117	(279)	10,838	26,491	1,866	28,358
Cost of goods sold	108	-	108	5,611	327	5,938	13,993	(307)	13,686
Gross profit	**27**	**-**	**27**	**5,506**	**(607)**	**4,899**	**12,499**	**2,173**	**14,671**
Operating expenses	32	-	32	2,656	288	2,944	8,512	(122)	8,390
Operating income	**(5)**	**-**	**(5)**	**2,850**	**(895)**	**1,955**	**3,987**	**2,295**	**6,281**
Other expense (income)	(0)	-	(0)	(5)	-	(5)	(102)	114	12
Interest expense, net	-	-	-	4	-	4	11	-	11
Income taxes	-	-	-	-	-	-	(45)	-	(45)
Net income (loss)	**(5)**	**-**	**(5)**	**2,851**	**(895)**	**1,956**	**4,122**	**2,181**	**6,303**
EBITDA addbacks									
Interest expense, net	-	-	-	4	-	4	11	-	11
Income taxes	-	-	-	-	-	-	(45)	-	(45)
Depreciation and amortization	2	-	2	877	-	877	1,518	-	1,518
EBITDA	**(4)**	**-**	**(4)**	**3,732**	**(895)**	**2,838**	**5,607**	**2,181**	**7,788**
Key metrics									
Gross profit margin	*19.7%*		*19.7%*	*49.5%*		*45.2%*	*47.2%*		*51.7%*
Operating margin	*(4.0%)*		*(4.0%)*	*25.6%*		*18.0%*	*15.0%*		*22.1%*
EBITDA margin	*(2.7%)*		*(2.7%)*	*33.6%*		*26.2%*	*21.2%*		*27.5%*

APPENDIX C | ADJUSTING SUMMARY BALANCE SHEET

Summary adjusting balance sheets

	December 31, 2019			December 31, 2020			September 30, 2021		
US$ in thousands	**Unadjusted**	**Adj.**	**Adjusted**	**Unadjusted**	**Adj.**	**Adjusted**	**Unadjusted**	**Adj.**	**Adjusted**
Cash and cash equivalents	31	-	31	425	-	425	762	-	762
Accounts receivable, net	-	-	-	(21)	21	-	-	490	490
Inventory	-	-	-	339	-	339	3,466	745	4,211
Prepaid expenses	-	-	-	-	-	-	79	-	79
Other current assets	-	-	-	14	-	14	181	-	181
Current assets	**31**	**-**	**31**	**758**	**21**	**778**	**4,489**	**1,235**	**5,724**
Fixed assets, net	2	-	2	153	-	153	293	-	293
Intangible assets, net	35	-	35	33	-	33	31	-	31
Other assets	-	-	-	5	-	5	(7)	-	(7)
Total assets	**68**	**-**	**68**	**948**	**21**	**969**	**4,807**	**1,235**	**6,042**
Accounts payable	-	-	-	-	-	-	617	-	617
Accrued expenses	-	-	-	-	-	-	20	-	20
Credit card liability	2	-	2	10	-	10	229	-	229
Other current liabilities	-	-	-	-	39	39	8	389	397
PPP loan payable	-	-	-	114	-	114	-	-	-
Deferred revenue	-	-	-	-	-	-	6,445	-	6,445
Current liabilities	**2**	**-**	**2**	**123**	**39**	**163**	**7,319**	**389**	**7,708**
Long term debt	36	-	36	432	-	432	312	-	312
Loans payable	35	-	35	-	-	-	-	-	-
Total liabilities	**73**	**-**	**73**	**556**	**39**	**595**	**7,630**	**389**	**8,019**
Net assets	**(5)**	**-**	**(5)**	**393**	**(19)**	**374**	**(2,823)**	**846**	**(1,977)**
Equity	(5)	-	(5)	393	-	393	(2,823)	-	(2,823)
NWC adjustments	-	-	-	-	(19)	(19)	-	846	846
Total liabilities and equity	**68**	**-**	**68**	**948**	**21**	**969**	**4,807**	**1,235**	**6,042**

APPENDIX D | PROFIT AND LOSS BY MARKET

Profit and loss by market

US$ in actuals	YTD Sep-21	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21
Tennessee	8,472	460	477	852	319	959	1,152	1,288	1,398	1,568
Kentucky	13,506	789	920	969	1,532	1,624	1,882	1,602	1,312	2,876
Georgia	237	-	-	-	-	-	-	-	-	237
Sales	**22,215**	**1,249**	**1,397**	**1,821**	**1,851**	**2,583**	**3,035**	**2,889**	**2,710**	**4,680**
Tennessee	2,786	207	210	290	118	333	405	431	364	428
Kentucky	5,495	328	421	422	607	704	851	555	480	1,127
Georgia	57	-	-	-	-	-	-	-	-	57
COGS (excluding Labor)	**8,337**	**535**	**632**	**712**	**725**	**1,037**	**1,255**	**986**	**844**	**1,612**
Tennessee	5,687	253	267	562	201	626	748	856	1,034	1,140
Kentucky	8,011	461	499	547	925	920	1,031	1,047	832	1,749
Georgia	180	-	-	-	-	-	-	-	-	180
Gross profit	**13,878**	**714**	**766**	**1,109**	**1,126**	**1,546**	**1,779**	**1,903**	**1,866**	**3,069**
Tennessee	*67.1%*	*55.0%*	*55.9%*	*66.0%*	*62.9%*	*65.3%*	*64.9%*	*66.5%*	*74.0%*	*72.7%*
Kentucky	*59.3%*	*58.5%*	*54.2%*	*56.4%*	*60.4%*	*56.6%*	*54.8%*	*65.4%*	*63.4%*	*60.8%*
Georgia	*76.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*76.0%*
Gross profit margin (excluding labor)	***62.5%***	***57.2%***	***54.8%***	***60.9%***	***60.8%***	***59.9%***	***58.6%***	***65.9%***	***68.9%***	***65.6%***

APPENDIX E | DEALER FEES TIMELINE

Dealer Fees Negotiations Timeline:

Oct. 2019-May 2020
Syncrony Bank =15% on 11 year financing
Benji Finance=13.5% on 12 year financing

March-April 2020
Mosaic Home Improvement =13.5% 12 year financing

May 2020
Mosaic Home Improvement =13% 12 year financing

June-Oct.2020
Mosaic Solar =12.5% 20 year financing
Sunlight Financial=13.99 20 financing

Nov.-Dec.
Mosaic Solar=8.5% 20 year financing
Sunlight Financial=9.5% 20 financing

Jan.2021
Mosaic Solar=5.5% 20 year financing
Sunlight Financial=5.5% 20 financing
GreenSky Financial=12% 15 financing (Available, not being used)

Feb.2021
Mosaic Solar=5.5% 20 year financing
Sunlight Financial=5.5% 20 financing
GreenSky Financial=12% 15 financing (Available, not being used)

March 2021
Mosaic Solar=0% 20 year financing
Sunlight Financial=5.25% 20 year financing
GreenSky Financial=12% 15 year financing (Available, not being used)
Foundations Finance=12.5 15 year financing (Available, not being used)

April 2021
Mosaic Solar=0% 20 year financing & 25 year financing
Sunlight Financial=2.45% 20 financing
GreenSky Financial=12% 15 year financing (Available, not being used)
Foundations Finance=12.5 15 year financing (Available, not being used)

APPENDIX F | BALANCE SHEET SCHEDULES

Accounts payable aging

US$ in thousands	Current	1 - 30 days	31 - 60 days	61 - 90 days	Over 90 days	Total
September 30, 2021	485	199	53	(108)	(12)	617
% of total						
September 30, 2021	*78.5%*	*32.2%*	*8.6%*	*(17.4%)*	*(1.9%)*	*100.0%*

AP by vendors - September 30, 2021

US$ in thousands	Current	1 - 30 days	31 - 60 days	61 - 90 days	Over 90 days	Total
Consolidated Electrical Distributors, Inc.	175	158	28	(108)	(7)	247
State Auto Insurance Co	8	-	15	-	-	22
Logos ETC	-	9	4	-	-	13
Warren RECC	-	11	-	-	-	11
The Drafting Board, Inc.	10	-	-	-	-	10
Volunteer Ventures	10	0	-	-	-	10
WEX Inc.	9	-	-	-	-	9
IPFS Corp	9	-	-	-	-	9
Smart Home Technologies	-	-	7	1	-	7
ADP	6	-	-	-	-	6
Other vendors	258	21	(1)	(1)	(5)	272
AP balance	**485**	**199**	**53**	**(108)**	**(12)**	**617**

Inventory as reported

US$ in thousands	Dec-19	Dec-20	Sep-21
Panels	-	-	1,043
Wire and fittings	-	-	891
Inverters	-	-	722
Battery	-	-	598
Pipe	-	-	211
Inventory	-	339	2
Inventory	**-**	**339**	**3,466**
TTM average DIO (days)	*-*	*6*	*39*

Fixed assets, net as reported

US$ in thousands	Dec-19	Dec-20	Sep-21
Vehicles	-	729	1,442
Office and computer equipment	0	81	263
Furniture and fixtures	1	26	68
Leasehold improvements	2	63	73
Signs	-	34	35
Machinery and equipment	-	34	-
Accumulated depreciation	(1)	(815)	(1,588)
Fixed assets, net	**2**	**153**	**293**

APPENDIX G | CASH PROOF OF RECEIPTS AND DISBURSEMENTS

The following schedule compares the Company's operating income from the financial statements to cash receipts (revenue) and cash disbursements (expenses) per the Company's bank statements for the YTD Sep-21 period. This schedule combines the cash proof of revenue and cash proof of expenses into one schedule to account for the pass-through of funds received for the procurement of inventory purchases which impact multiple accounts on the P&L and balance sheet.

Cash proof of receipts and disbursements

US$ in thousands	Ref.	YTD Sep-21
Per financial statements:		
Revenue, as reported		21,762
Cost of sales, as reported		11,897
Operating expenses, as reported		6,807
Operating income, reported		**3,058**
Balance sheet account movements:		
Trade accounts receivable, net		(21)
Deferred revenue		6,445
Fixed assets, gross		(913)
Inventory		(3,127)
Other current assets		(167)
Accounts payable		617
Accrued expenses		20
Credit card liability		219
Other current liabilities		8
Long-term debt		(121)
PPP loan payable		(114)
Balance sheet account movements		**2,846**
Other items:		
Depreciation and amortization		775
Other items:		**775**
Adjusted operating income - Financial Statements	**A**	**6,679**
Per bank statements:		
Cash receipts per bank statements		30,982
Cash disbursements per bank statements		30,587
Bank receipts - bank disbursements		**395**
Reconciling items:		
Distribution to owners		6,379
Total reconciling items		**6,379**
Adjusted operating income - Bank Statements	**B**	**6,774**
Variance	**A - B**	**(95)**
As % net reported revenue		*(0.4%)*

APPENDIX H | SCOPE OF WORK (1/4)

General	• Read the following key documents: (1) latest internal accounts available and (2) management presentations. • Interview the Company's management to gain an understanding of the business, including whether there have been any recent changes in the business or with the accounting and financial reporting processes and procedures. • Understand the organizational/legal structure of the Company. • Prepare a summary of key financial highlights (summary of revenue, gross profit, EBITDA (reported and adjusted), working capital, etc. for the Historical Period).
Related Parties	• Obtain an understanding of the Company's ownership structure • If applicable, obtain a schedule of intercompany transactions and other related party transactions during the Historical Period and make inquiries as to the nature of such transactions.
Accounting Policies	• Review significant accounting policies (e.g. revenue recognition, inventory accounting, customer deposit accounting, capitalization policies, accounting estimates, etc.) adopted by the Company. • Identify any changes in accounting policy during the Historical Period
Cash-to-accrual conversion	• Convert (on a monthly basis to the extent information is available) the full year Fiscal 2019, Fiscal 2020 and YTD 2021 financial statements to an accrual basis of accounting in accordance with US GAAP to the extent information is available. • Consider the income statement (revenue, gross profit, EBITDA) balance sheet impact of converting from a cash basis of accounting to an accrual basis of accounting (e.g. accounts receivable, prepaid expenses, deferred revenue, accrued liabilities, etc.) • Summarize the methodology necessary to convert from a cash-basis to accrual-basis methodology. • Present pro forma accrual based monthly income statements and balance sheets for Fiscal 2019, Fiscal 2020 and YTD 2021.
Quality of Earnings Analysis	**EBITDA analysis** • Inquire management about the following matters as they relate to the historical period: – Significant and/or unusual accounting policies; – Differences in accounting policies within the Company; – The nature and extent of interim and year-end closing procedures; – Transactions or adjustments resulting in income or expense outside of the ongoing operations of the business; and – Accounts that involve a significant amount of management judgment (including inquiries regarding state tax policies for services provided).

APPENDIX H | SCOPE OF WORK (2/4)

Quality of Earnings Analysis (continued)	**EBITDA analysis (continued)** • Scan and analyze the roll forwards of major accruals and provision accounts and consider the impact of any movements on EBITDA. • Obtain a schedule of management adjustments to EBITDA and obtain documentation supporting each add-back including the nature of the adjustments. • With management's assistance, identify EBITDA adjustments (add backs/deducts) including one-time or non-recurring costs/revenue, normalization of costs to the Historical Period. • Assess related party transactions and any impact on EBITDA, including intercompany sales/purchases. • Summarize the impact of COVID-19 on the business, including: 1) any deferred revenue or temporary reductions in pricing; 2) staff furloughs or terminations; 3) non-recurring expenses; and 4) cost reductions in fixed overhead costs • Compile a monthly EBITDA analysis from FY19 through latest available period, to the extent information is available.
Operating Results	**Net revenue** • Consider the appropriateness of the revenue recognition policies adopted by the Company and how sales are billed and recognized. • Analyze gross to net sales, including discounts, rebates, and other allowances. • Analyze sales and gross margin by (a) geography; (b) offering; and (c) any other metric analyzed by the Company. • Comment on seasonality of revenue, if any. • Perform a cash proof of revenue for Fiscal 20 and the latest TTM period – Reconcile reported revenue to cash receipts and identify any revenue changes which could relate to changes in accounts receivable. – Agree the monthly cash receipts to underlying bank statements. – Inquire about unusual reconciling items and unreconciled differences **Cost of revenues** • Analyze and trend the components of cost of revenues (i.e., labor, subcontractor, material costs, etc.) and comment on variable vs. fixed costs. • Obtain and analyze a listing of the Company's top ten vendors by purchases (dollar and volume) during the Historical Period. Read the top 10 vendor contracts noting key terms, etc. • Understand pricing arrangements with vendors, including subcontractors, and review pricing commitments, if applicable. **Operating expenses** • Analyze and trend the significant components of operating expenses, including labor, occupancy, sales and marketing, and administrative costs. Consider whether the major components are fixed or variable. • Inquire about nature of external consultants and other professional fees. • Comment on other income and expense items.

APPENDIX H | SCOPE OF WORK (3/4)

Operating Results (continued)	**Operating expenses (continued)** • Payroll – Understand and quantify the financial impact resulting from any recent employee turnover. – Obtain a list of key employees and their remuneration. Obtain and summarize salient terms in employment contracts, if applicable. – Obtain a summary of the Company's commission, incentive and bonus plans. – Comment on the accounting treatment relating to accruing for commission, bonus and incentives. – Comment on employee benefits. Understand if there are any unfunded commitments such as workers compensation, defined benefit plans or self-funded healthcare. • Perform a cash proof of expenses for Fiscal 20 and latest TTM period – Reconcile reported expenses to cash disbursements (net of loan repayments, distributions, etc.) in the underlying bank statements.
Working Capital	• Obtain and analyze monthly working capital for the Historical Period on an accrual basis. • Prepare a summary of normalizing adjustments based on the results of the procedures contained herein, including cash-to-accrual conversion. • Prepare a rolling accrual based deferred revenue analysis and a monthly invoice frequency analysis showing how much of the total annual contracted revenue is billed each month. • Understand key drivers impacting the fluctuations in working capital and comment on any seasonality for the Historical Period. • Assist Company in determining a normalized working capital target for close.
Balance Sheet – Historical Balance Sheet Dates (to be performed in with the cash-to-accrual procedures mentioned above)	**Cash and cash equivalents** • Obtain and read the latest bank reconciliation for the period under review and identify any large or unusual reconciling items. • Analyze and comment on the Company's cash flows for the Historical Period. **Accounts receivable, net** • Obtain reconciliations between the receivable listings and the balance sheet figure and obtain explanations for reconciling items. • Scan the most recent accounts receivable aging detail report(s) and comment on the quality of receivables, including customer credit balances and customer concentration. • Comment on the allowance for doubtful accounts, bad debt history and other allowances resulting in dilution of the accounts receivable balance. **Prepaid expenses and other assets** • Comment on major components of prepaid expenses and other assets

APPENDIX H | SCOPE OF WORK (4/4)

Balance Sheet – Historical Balance Sheet Dates (to be performed in with the cash-to-accrual procedures mentioned above)

Property and equipment, net

- Obtain a combined reconciliation of fixed asset listings to the balance sheet.
- Determine the nature of the Company's historical capital expenditures and the projected capital expenditure budget for FY 2021. Distinguish between growth and maintenance.
- Obtain an understanding of the capitalization methodology, including policy for internal software development costs, and consider the appropriateness of such capitalization and the depreciation policies adopted.

Accounts payable

- Obtain reconciliation between the payable listings and the balance sheet and obtain explanations for any reconciling items.
- Analyze the accounts payable aging reports at historical balance sheet dates.
- Identify large, old outstanding and debit balances, if any.

Accrued expenses

- Obtain a combined schedule of accrued expenses and other current liabilities, including wages, commissions, rebates, etc.
- Understand the methodology behind the major accruals and provision accounts and inquire as to the need for additional accrued liabilities not already reflected in the financial statements including payroll, vacation pay, bonuses, legal claims, self- insurance reserves, customer rebates, etc.
- Understand any deferred revenue balances and when revenue will be earned.

Debt and debt-like items

- Inquire to the Company's debt covenant requirements and compliance.
- Comment on any capital or other purchase commitments.
- Inquire of management and comment on any litigation or other contingent liabilities identified by management.
- Inquire as to any off-balance sheet liabilities.

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