

**RECOGNIZE**



# 2025 Impact Report

Recognize Partners LP

# Introduction to 2025 Impact Report

We are pleased to share with you our 2025 Impact Report. Here at Recognize, our mission is to build the next generation of Digital Services winners - we strive to back visionary founders, entrepreneurs, and management teams who are building innovative businesses that leverage AI, software, and digital platforms to deliver transformative outcomes to enterprises.

As trusted stewards of our investors' capital, we are committed to investing responsibly in an industry where human capital is central to our mission of delivering strong investment performance.

In this year's report, we are excited to share the Sprout story - one of visionary entrepreneurship, innovation, and grit that began in a Duke dorm room 12 years ago. Today, Sprout is a differentiated IT asset disposition specialist operating at the heart of the circular economy, partnering with blue-chip enterprises to responsibly recycle, reuse, repurpose, and dispose of servers, hardware, and other IT equipment. Sprout turns what was once a cost center into a source of recovered value and measurable environmental impact. What started in that Duke dorm room has since become a global, scaled, fast-growing **digital infrastructure services** company, as enterprise clients increasingly lean on Sprout for **mission-critical lifecycle support** amid accelerating AI-driven refresh cycles and a shared commitment to circular, sustainable operations.

In our view, Sprout exemplifies a disruptive, next-gen Digital Services business that is delivering a critical outcome to the large enterprise, and in this case, does so with positive environmental impact embedded at the core of its business model. We hope you will enjoy learning more about Sprout's progress and impact this past year.

Thank you for your continued trust and partnership with Recognize in our journey to build highly valuable and impactful businesses of the future. It is a distinct privilege to work on behalf of all of you and with our talented teams at our portfolio companies in this endeavor.

## The Recognize Team

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# Sprout: A Specialist in the Circular Economy

In December 2024, Recognize acquired a majority stake in Sprout, a technology-enabled IT asset disposition provider operating at the heart of the circular economy. Headquartered in Charlotte, North Carolina, Sprout partners with blue-chip enterprises to **responsibly recycle, reuse, repurpose, and dispose** of servers, hardware, and other IT equipment. With facilities across North Carolina, Massachusetts, Texas, and California, Sprout has built the operational scale and technology infrastructure to serve Fortune 500 enterprises, hyperscalers, and global data center operators.

Behind Sprout's growth is a founder who saw something others missed. In 2014, Shelly Li (Founder & CEO) was still a student at Duke when she found herself watching from her dorm room window as dump trucks hauled away mountains of laptops and monitors discarded by departing students at the end of the year - personal computing devices with years of useful life, all headed for landfills. Seeing that much potential value destined for waste proved

to be a pivotal moment and helped plant the seeds for the vision to come:



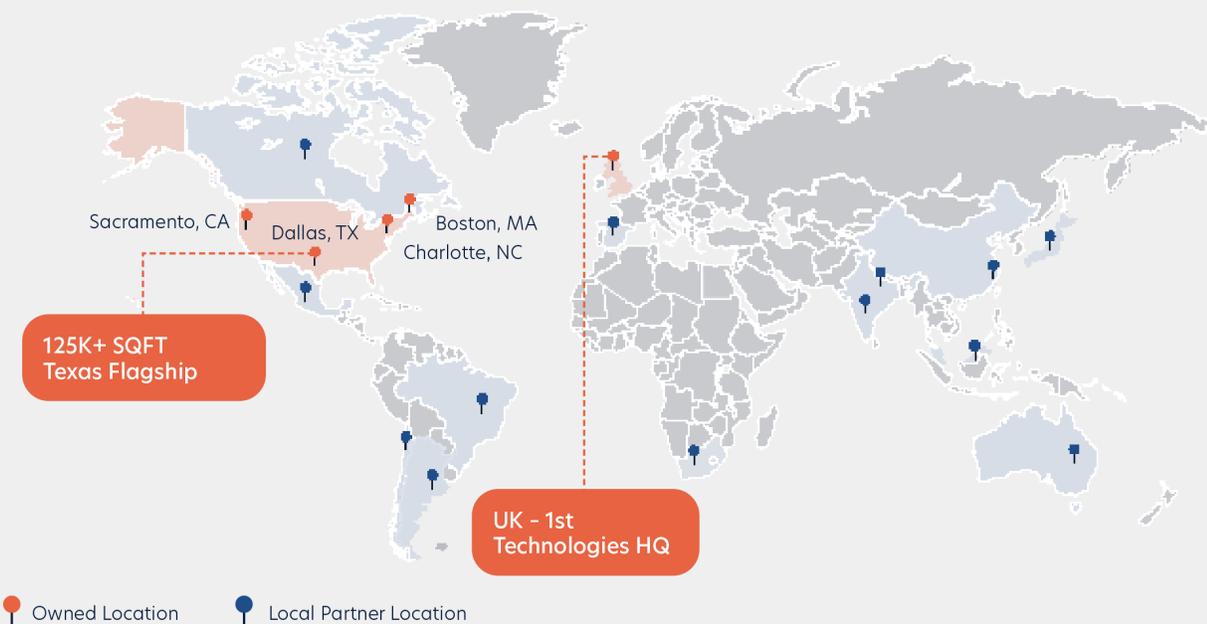
I realized that while recycling components is important, the highest form of sustainability is reuse," says Li.

"By repurposing equipment for new environments, we weren't just managing waste - we were extending the story of the technology itself."



That philosophy - **reuse first, responsibly** - remains the foundation of everything Sprout does today. Sprout has built an **intelligent tech platform for the circular economy** that enables its enterprise customers to track their assets, audit outcomes and continuously monitor value recovery in real-time.

## Global Delivery Footprint & Scaled Operations to Support Worldwide Demand

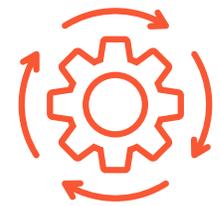
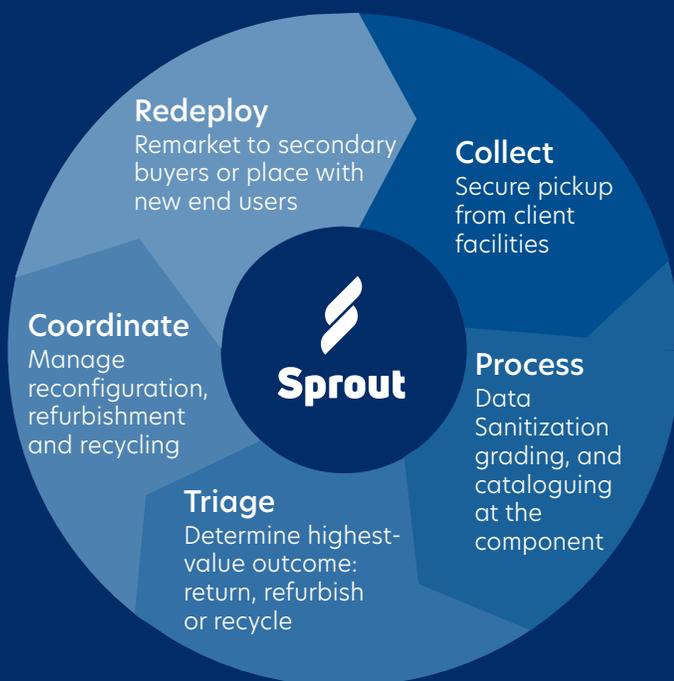


## Circularity in Action

Sprout operates as a fully outsourced partner across the entire circular supply chain – collecting, processing, and redeploying IT assets on behalf of its enterprise clients. The model is simple: keep hardware in productive use for as long as possible, recover maximum value at every stage, and recycle responsibly only when reuse is no longer viable.

The result is a closed-loop system where assets are tracked, outcomes are auditable, and waste is minimized. For large-scale tech companies and hyperscalers managing frequent refresh cycles across massive hardware footprints, this model delivers meaningful cost savings and measurable ESG impact – without the operational burden of managing it themselves.

Through Sprout's recent acquisition of **1st Technologies** and the **launch of Velerity** – a direct-to-customer platform delivering reconfigured AI hardware (GPUs) to emerging AI cloud providers and startups – Sprout has extended its capabilities to now provide full lifecycle coverage.



## SmartERP: The Platform Behind the Process

Underpinning Sprout's operations is **SmartERP** – a **proprietary technology platform that brings real-time visibility, automation, and auditability** to the IT asset lifecycle. In an industry where many providers still rely on spreadsheets and fragmented systems, we believe SmartERP is a genuine differentiator.

The platform enables:

- **Real-time tracking**  
Serial-level visibility into asset status from pickup through final disposition, with photo reconciliation at every stage
- **Seamless integration**  
Web-based APIs connecting directly to client asset management systems for automated data transfer and workflow coordination
- **Audit-ready ESG reporting**  
Reports on Scope 3 emissions, recovery rates, and environmental impact metrics available
- **Custom dashboards**  
Client-specific analytics on value recovery, processing velocity, and program performance

The platform serves over **~445** monthly client users<sup>1</sup>, processes **~1,235** transaction requests monthly<sup>1</sup>, and generates **~1,900** reports per month<sup>1</sup>. Client feedback has been emphatic:



**Sprout has a best-in-class reporting system. It is far ahead of the other providers that I've seen" and "Sprout's traceability is what impressed us, as we can follow each product throughout the disposition process."**

- Sprout Enterprise Client, Fall 2024

As ESG disclosure requirements expand - including California's Climate Corporate Data Accountability Act mandating Scope 3 reporting beginning in 2027 - SmartERP positions Sprout's clients to meet compliance obligations with documentation already in hand.

**Easy-to-use slider bar that allows for instant insights based on a custom period**

**Detailed asset recovery data, client-accessible and auditable at anytime**

**Asset reconciliation provides transparency**

**Full audit reports provided to clients once Sprout completes intake**

**Key environmental impact metrics help clients build excitement around ESG**

**Resale/recycling data demonstrates robust scope 3 carbon tracking abilities**

Received	Product Class	Product Name	Quantity	State
Thursday, April 25, 2024	Boards	High Grade Boards (Networking/Telecom/PI Server) [CN]	282	
Tuesday, February 27, 2024	Boards	High Grade Boards [PI] [CN]	147	
Tuesday, February 27, 2024	Enterprise Electronics	Almond E-Scrap (High Grade) [CDE]	42	
Wednesday, July 26, 2023	Memory	AZZION iGB Server 2B34	152	
Wednesday, July 26, 2023	Memory	Hynix 32GB Server 2B34	4	
Wednesday, July 26, 2023	Memory	Hynix iGB Server 1B34	167	
Wednesday, July 26, 2023	Memory	Hynix iGB Server 2B34	241	
Wednesday, July 26, 2023	Memory	Kingston 32GB Server 2B34	353	
Wednesday, July 26, 2023	Memory	Micron 32GB Server 2B34	286	
Wednesday, July 26, 2023	Memory	Micron iGB Server 2B34	157	
Wednesday, July 26, 2023	Memory	Samsung 32GB Server 2B34	9	
Wednesday, July 26, 2023	Memory	Samsung iGB Server 1B34	71	
Wednesday, July 26, 2023	Memory	Samsung iGB Server 2B34	78	
Wednesday, July 26, 2023	Memory	Samsung iGB Server 2B38	192	
Thursday, September 28, 2023	Memory	AZZION iGB Server 2B34	25	
Thursday, September 28, 2023	Memory	AZZION iGB Server 2B34	56	
Thursday, September 28, 2023	Memory	Hynix 32GB Server 2B34	3	
Thursday, September 28, 2023	Memory	Hynix iGB Server 2B38	46	
Thursday, September 28, 2023	Memory	Samsung iGB Server 2B34	18	
Monday, October 23, 2023	Memory	AZZION iGB Server 2B34	166	
Monday, October 23, 2023	Memory	AZZION 32GB Server 2B34	4	

(1) Metrics reflect H1'25 average figures.

# Impact at the Core

What makes Sprout distinctive within the Recognize portfolio is the alignment between commercial success and sustainability outcomes. Sprout's ESG program is at the heart of the business itself. Every asset recycled contributes to circularity, value recovery, and emissions avoidance. As Sprout grows, its impact grows proportionally.

**Sprout's philosophy is simple: reuse first, responsibly.** Prioritize circularity, destroy only when required. It's a mindset that shapes every operational decision, from logistics routing that minimizes carbon emissions to processing workflows designed to maximize the percentage of assets returned to productive use.

## The Sprout Impact: 2025 Results<sup>1</sup>

Sprout's ESG metrics are embedded within their SmartERP platform, providing verifiable, auditable data that clients can use for their own ESG reporting, including Scope 3 emissions, hazardous waste diversion, and value recovery. The following table summarizes Sprout's estimated datapoints around its environmental impact:

Metric	Result <sup>1</sup>	Equivalency <sup>1</sup>
Total Assets Processed	7.1 million+	~800+ assets potentially redirected from landfill per hour
Hazardous Waste Avoided	6,816 tonnes	≈ 32,786 55-gallon drums eliminated
Solid Waste Diverted	36,954 tonnes	≈ 1.2M full trash bins from landfills

(1) Inclusive of all activity at Sprout-owned and partner locations globally. The impact metrics above were calculated based on Sprout management's estimates of total client assets processed, the type of each client asset processed (e.g., server, printer, CPU, CRT monitor, LCD monitor, phone, notebook computer, etc.), and for each client asset type, management's assumptions and estimates regarding the customary makeup of the particular asset type (e.g., palladium, mercury, copper, silver, ABS plastic) and the average weight of such components. Equivalency figures are illustrative approximations. The estimates above do not incorporate the environmental impact of Sprout's own operations, which may offset or reduce any potential estimated environmental benefit derived from processing client assets. No representation or warranty is made as to actual environmental impact of such estimates, which are inherently subjective and have not been independently verified or audited. While management believes that the estimation methodology utilized in reaching the estimated impact metrics above is reasonable, others might reach different results based on selecting different inputs, assumptions and weightings. Actual results may differ materially from the estimates herein. Past performance is not indicative of future results, and past environmental metrics are not necessarily indicative of current or future environmental outcomes.

## Governance, Certifications & Trust

Handling end-of-life IT equipment requires a specialized set of capabilities: secure data destruction, responsible management of hazardous materials, and auditable downstream processes that ensure assets don't end up in landfills or unregulated overseas markets.

Sprout maintains a comprehensive certification program, audited by third parties and embedded into daily operations, that gives enterprise clients confidence in how their assets are handled from pickup through final disposition.

### Sprout's Certifications:

#### R2V3

What It Means:  
Responsible Recycling standard ensuring proper handling of focus materials, data destruction, and downstream vendor accountability

#### e-Stewards

What It Means:  
Strictest environmental standard prohibiting export of hazardous e-waste to developing countries; complements R2 with additional controls

#### ISO 9001

What It Means:  
Quality management system ensuring consistent processes and continuous improvement

#### ISO 14001

What It Means:  
Environmental management system with framework for minimizing environmental footprint and achieving sustainability goals

#### ISO 45001

What It Means:  
Occupational health and safety management system protecting workers handling potentially hazardous materials

#### RIOS

What It Means:  
Recycling Industry Operating Standard integrating quality, environmental, and health/safety management

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