

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to
Commission File Number: 001-40429

Paymentus Holdings, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
18390 NE 68th St.
Redmond, WA
(Address of principal executive offices)

45-3188251
(I.R.S. Employer
Identification No.)
98052

(Zip Code)

(888) 440-4826

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.0001 per share	PAY	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
Emerging growth company	☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 5, 2021, the registrant had 16,536,202 shares of Class A Common Stock, \$0.0001 par value per share and 103,486,739 shares of Class B Common Stock, \$0.0001 par value per share, outstanding.

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Summary of Risk Factors

Our business is subject to numerous risks and uncertainties, including those highlighted in the section of this report titled “Risk Factors.” The following is a summary of the principal risks we face, any of which could adversely affect our business, operating results, financial condition or prospects:

- Our rapid growth may not be sustainable or indicative of future growth, and our business could be harmed if we fail to manage our infrastructure to support future growth.
- If we are unsuccessful in establishing, growing or maintaining partnerships, our ability to compete could be impaired, and our operating results may suffer.
- If we are unable to increase our revenue at a rate sufficient to offset expected increases in our costs, or if the investments we make in our business fail to generate the expected benefits, our business, operating results and financial condition will be harmed and we may not be able to maintain profitability over the long term.
- Our sales efforts to large enterprises involve considerable time and expense with long and unpredictable sales cycles.
- The COVID-19 pandemic could have a material adverse impact on our employees, billers, partners, consumers and other key stakeholders, which could materially and adversely impact our business, operating results and financial condition.
- We are subject to economic and geopolitical risk, the business cycles and credit risk of our billers and partners and their consumers, and the overall level of consumer, business and government spending, which could negatively affect our business, operating results and financial condition.
- The markets in which we participate are competitive, and if we do not compete effectively, our business, operating results and financial condition could be harmed.
- Our revenue is sensitive to shifts in payment mix and if more consumers start paying their bills by payment methods with lower transaction fees, it could materially impact our operating results.
- We expect fluctuations in our operating results, making it difficult to project future results, and if we fail to meet the expectations of securities analysts or investors with respect to our operating results, the market price of our Class A common stock could decline.
- We depend on third-party payment processors to process bill payments made on our platform and our business, operating results and reputation could be harmed if we experience service interruptions related to our payment processors.
- We operate in an emerging and evolving market, which may develop more slowly or differently than we expect. If our market does not grow as we expect, or if we cannot expand our platform to meet the demands of this market, our revenue may decline or fail to grow.
- Our risk management efforts may not be effective to prevent fraudulent activities, which could expose us to material financial losses and liability and otherwise harm our business.
- If we fail to comply with extensive, complex, overlapping and frequently changing rules, regulations, standards and legal interpretations, including those related to payments, card network operations and other financial services, privacy, data protection and information security, our business could be materially harmed.
- We identified material weaknesses in our internal control over financial reporting, and if we fail to remediate these material weaknesses or if we otherwise fail to establish and maintain effective internal control over financial reporting, our ability to accurately and timely report our financial results could be adversely affected.
- We may experience software and technology defects, undetected errors, development delays or other performance problems in our software and other technology used as part of our platform, which could damage biller and partner relations, harm our reputation, result in significant costs to us, decrease our potential profitability and expose us to substantial liability.
- If we fail to adequately obtain, maintain, protect or enforce our intellectual property and proprietary rights, our competitive position could be impaired, our reputation could be harmed and we may lose valuable assets, generate less revenue and incur costly litigation to protect our rights.
- We and our billers and partners and their consumers and other third parties that use our platform obtain, provide and process a large amount of sensitive and personal data. Any real or perceived improper or

unauthorized use of, disclosure of or access to such data could harm our reputation as a trusted brand, as well as have a material adverse effect on our business, operating results and financial condition.

- The dual class structure of our common stock and our stockholders agreement have the effect of concentrating voting control with Accel-KKR, or AKKR, and our founder and chief executive officer, which limits or precludes your ability to influence corporate matters for the foreseeable future and may depress the market price of our Class A common stock.
- AKKR controls us and its interests may conflict with ours or yours in the future.
- Our certificate of incorporation contains provisions renouncing our interest and expectation to participate in certain corporate opportunities identified by, or presented to, AKKR or its affiliates, which could create conflicts of interest and have a material adverse effect on our business, results of operations, financial condition and prospects if attractive corporate opportunities are allocated by AKKR to itself, its affiliates or third parties instead of to us.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

PAYMENTUS HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(In thousands, except share and per share data)

	September 30,	December 31,
	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 177,506	\$ 46,666
Restricted funds held for financial institutions	38,071	—
Accounts and other receivables, net of allowance of \$96 and \$100	37,130	28,034
Income tax receivable	1,185	2,011
Prepaid expenses and other current assets	9,737	3,117
Total current assets	263,629	79,828
Property and equipment, net of accumulated depreciation and amortization of \$5,479 and \$3,760	2,295	1,772
Capitalized internal-use software development costs, net	27,687	20,963
Intangible assets, net	52,026	296
Goodwill	120,934	13,205
Operating lease right-of-use assets	8,261	8,322
Deferred tax asset	10	270
Other long-term assets	3,931	218
Total assets	\$ 478,773	\$ 124,874
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 25,091	\$ 16,825
Accrued liabilities	17,381	10,201
Financial institution funds in-transit	38,071	—
Operating lease liabilities	1,687	3,010
Contract liabilities	1,912	612
Income tax payable	—	463
Total current liabilities	84,142	31,111
Deferred tax liability	6,455	3,499
Operating leases, net of current portion	6,798	5,476
Contract liabilities, net of current portion	1,888	—
Finance leases and other finance obligations, net of current portion	955	412
Total liabilities	100,238	40,498
Commitments and contingencies (Note 9)		
Stockholders' equity		
Preferred stock, \$0.0001 par value per share, 5,000,000 and zero shares authorized at September 30, 2021 and December 31, 2020, respectively, none issued and outstanding at September 30, 2021 and December 31, 2020, respectively	—	—
Class A common stock, \$0.0001 par value per share, 883,950,000 and zero shares authorized as of September 30, 2021 and December 31, 2020, respectively; 16,482,529 and zero shares issued and outstanding as of September 30, 2021 and December 31, 2020, respectively	1	—
Class B common stock, \$0.0001 par value per share, 111,050,000 and zero shares authorized as of September 30, 2021 and December 31, 2020, respectively; 103,486,739 and zero shares issued and outstanding as of September 30, 2021 and December 31, 2020, respectively	11	—
Series A preferred stock, par value \$0.01 per share; zero and 50,000 shares authorized as of September 30, 2021 and December 31, 2020, respectively; zero and 23,333 shares issued as of September 30, 2021 and December 31, 2020, respectively; zero and 23,013 shares outstanding as of September 30, 2021 and December 31, 2020, respectively	—	—
Common stock, \$0.005 par value per share; zero and 150,000,000 shares authorized as of September 30, 2021 and December 31, 2020, respectively; zero and 104,785,651 shares issued as of September 30, 2021 and December 31, 2020, respectively; and zero and 103,479,239 shares outstanding as of September 30, 2021 and December 31, 2020, respectively	—	517
Treasury stock at cost, zero and 320 Series A preferred shares; and zero and 1,306,412 common shares as of September 30, 2021 and December 31, 2020, respectively	—	(579)
Additional paid-in capital	353,079	29,175
Accumulated other comprehensive income	174	216
Retained earnings	25,270	55,047
Total stockholders' equity	378,535	84,376
Total liabilities and stockholders' equity	\$ 478,773	\$ 124,874

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

PAYMENTUS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(In thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue	\$ 101,676	\$ 78,018	\$ 287,393	\$ 219,345
Cost of revenue	70,512	55,365	199,754	152,513
Gross profit	31,164	22,653	87,639	66,832
Operating expenses				
Research and development	8,818	6,221	24,469	17,970
Sales and marketing	11,314	8,002	29,041	23,246
General and administrative	9,904	4,959	24,067	12,116
Total operating expenses	30,036	19,182	77,577	53,332
Income from operations	1,128	3,471	10,062	13,500
Other income (loss)				
Interest income, net	11	3	4	48
Foreign exchange loss	(16)	(19)	(8)	(109)
Income before income taxes	1,123	3,455	10,058	13,439
Provision for income taxes	(701)	(841)	(5,423)	(3,361)
Net income	\$ 422	\$ 2,614	\$ 4,635	\$ 10,078
Undeclared dividends on Series A preferred stock	—	(1,319)	(2,258)	(3,834)
Net income attributable to common stock	\$ 422	\$ 1,295	\$ 2,377	\$ 6,244
Net income per share attributable to common stock				
Basic	\$ —	\$ 0.01	\$ 0.02	\$ 0.06
Diluted	\$ —	\$ 0.01	\$ 0.02	\$ 0.06
Weighted-average number of shares used to compute net income per share attributable to common stock				
Basic	118,206,073	103,479,239	110,272,583	103,479,239
Diluted	124,427,777	106,088,898	116,419,674	106,109,507

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

PAYMENTUS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)
(In thousands)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Net income	\$ 422	\$ 2,614	\$ 4,635	\$ 10,078
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments, net of tax	6	49	(42)	37
Comprehensive income	<u>\$ 428</u>	<u>\$ 2,663</u>	<u>\$ 4,593</u>	<u>\$ 10,115</u>

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

PAYMENTUS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Unaudited)
(In thousands, except share amounts)

	Series A		Common Stock		Additional	Treasury	Retained	Accumulated	Total
	Preferred Stock		Common Stock		Paid-In	Stock	Earnings	Other	Stockholders'
	Shares	Amount	Shares	Amount	Capital			Comprehensive	Equity
Balances at December 31, 2020	23,013	\$ —	103,479,239	\$ 517	\$ 29,175	\$ (579)	\$ 55,047	\$ 216	\$ 84,376
Stock-based compensation	—	—	—	—	563	—	—	—	563
Repayment of related party loan receivable	—	—	—	—	813	—	—	—	813
Other comprehensive income	—	—	—	—	—	—	—	21	21
Net income	—	—	—	—	—	—	3,638	—	3,638
Balances at March 31, 2021	<u>23,013</u>	<u>\$ —</u>	<u>103,479,239</u>	<u>\$ 517</u>	<u>\$ 30,551</u>	<u>\$ (579)</u>	<u>\$ 58,685</u>	<u>\$ 237</u>	<u>\$ 89,411</u>
Issuance of Class A common stock in connection with initial public offering and private placement, net of offering costs, underwriting discounts and commissions	—	—	13,880,950	1	272,633	—	—	—	272,634
Conversion of common stock to Class B common stock in connection with initial public offering	—	—	—	(506)	506	—	—	—	—
Redemption of Series A preferred stock in connection with initial public offering	(23,013)	—	—	—	(23,013)	—	—	—	(23,013)
Payment of dividends on Series A preferred stock in connection with redemption upon initial public offering	—	—	—	—	—	—	(34,412)	—	(34,412)
Issuance of warrant	—	—	—	—	4,498	—	—	—	4,498
Retirement of treasury stock in connection with initial public offering	—	—	—	—	(579)	579	—	—	—
Stock-based compensation	—	—	—	—	568	—	—	—	568
Other comprehensive loss	—	—	—	—	—	—	—	(69)	(69)
Net income	—	—	—	—	—	—	575	—	575
Balances at June 30, 2021	<u>—</u>	<u>\$ —</u>	<u>117,360,189</u>	<u>\$ 12</u>	<u>\$ 285,164</u>	<u>\$ —</u>	<u>\$ 24,848</u>	<u>\$ 168</u>	<u>\$ 310,192</u>
Issuance of Class A common stock for acquisitions	—	—	2,601,579	—	66,857	—	—	—	66,857
Change in estimate of warrants expected to vest	—	—	—	—	304	—	—	—	304
Stock-based compensation	—	—	—	—	754	—	—	—	754
Issuance of Class B common stock for stock option exercises	—	—	7,500	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	—	—	—	6	6
Net income	—	—	—	—	—	—	422	—	422
Balances at September 30, 2021	<u>—</u>	<u>\$ —</u>	<u>119,969,268</u>	<u>\$ 12</u>	<u>\$ 353,079</u>	<u>\$ —</u>	<u>\$ 25,270</u>	<u>\$ 174</u>	<u>\$ 378,535</u>

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

PAYMENTUS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Unaudited)
(In thousands, except share amounts)

	Series A				Additional			Accumulated Other	Total Stockholders' Equity
	Preferred Stock		Common Stock		Paid-In Capital	Treasury Stock	Retained Earnings	Comprehensive Income	
	Shares	Amount	Shares	Amount					
Balances at December 31, 2019	23,013	\$ —	103,479,239	\$ 517	\$ 27,181	\$ (579)	\$ 41,336	\$ 149	\$ 68,604
Issuance of shares	—	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	475	—	—	—	475
Related party loan receivable	—	—	—	—	—	—	—	—	—
Other comprehensive loss	—	—	—	—	—	—	—	(23)	(23)
Net income	—	—	—	—	—	—	2,779	—	2,779
Balances at March 31, 2020	<u>23,013</u>	<u>\$ —</u>	<u>103,479,239</u>	<u>\$ 517</u>	<u>\$ 27,656</u>	<u>\$ (579)</u>	<u>\$ 44,115</u>	<u>\$ 126</u>	<u>\$ 71,835</u>
Stock-based compensation	—	—	—	—	462	—	—	—	462
Related party loan receivable	—	—	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	—	—	—	11	11
Net income	—	—	—	—	—	—	4,685	—	4,685
Balances at June 30, 2020	<u>23,013</u>	<u>\$ —</u>	<u>103,479,239</u>	<u>\$ 517</u>	<u>\$ 28,118</u>	<u>\$ (579)</u>	<u>\$ 48,800</u>	<u>\$ 137</u>	<u>\$ 76,993</u>
Stock-based compensation	—	—	—	—	511	—	—	—	511
Related party loan receivable	—	—	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	—	—	—	49	49
Net income	—	—	—	—	—	—	2,614	—	2,614
Balances at September 30, 2020	<u>23,013</u>	<u>\$ —</u>	<u>103,479,239</u>	<u>\$ 517</u>	<u>\$ 28,629</u>	<u>\$ (579)</u>	<u>\$ 51,414</u>	<u>\$ 186</u>	<u>\$ 80,167</u>

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

PAYMENTUS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(In thousands)

	Nine Months Ended September 30,	
	2021	2020
Cash flows from operating activities		
Net income	\$ 4,635	\$ 10,078
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	8,587	6,012
Deferred income taxes	2,691	1,318
Stock-based compensation	1,885	1,448
Non-cash lease expense	2,131	2,008
Amortization of contract asset	423	—
Change in operating assets and liabilities, net of impact of business combination		
Accounts and other receivables	(7,814)	(7,663)
Prepaid expenses and other current and long-term assets	167	16
Accounts payable	7,842	13,667
Accrued liabilities	149	2,127
Operating lease liabilities	(2,071)	(1,976)
Contract liabilities	383	511
Income taxes receivable, net of payable	349	583
Net cash provided by operating activities	19,357	28,129
Cash flows from investing activities		
Business combinations, net of cash and restricted cash acquired	(57,120)	(290)
Purchases of property and equipment	(825)	(382)
Capitalized internal-use software development costs	(13,473)	(10,866)
Net cash used in investing activities	(71,418)	(11,538)
Cash flows from financing activities		
Proceeds from initial public offering, net of underwriter's discounts and commissions	224,595	—
Proceeds from private placement	50,000	—
Redemption of Series A preferred stock	(23,013)	—
Payment of dividends on Series A preferred stock	(34,412)	—
Proceeds from repayment of related party loan	813	—
Financial institution funds in-transit	6,612	—
Payments of deferred offering costs	(1,961)	—
Payments on other financing obligations	(1,482)	(652)
Payments on finance leases	(204)	(257)
Net cash provided by (used in) financing activities	220,948	(909)
Foreign currency effect on cash, cash equivalents and restricted cash	24	23
Net increase in cash, cash equivalents and restricted cash	168,911	15,705
Cash, cash equivalents and restricted cash		
Beginning of period	46,666	27,427
End of period	\$ 215,577	\$ 43,132
Supplemental disclosure of cash flow information:		
Cash paid for income taxes, net of refunds	\$ 2,308	\$ 1,446
Non-cash investing activities:		
Fair value of Class A common stock issued for acquisitions	\$ 66,857	\$ —
Property and equipment purchases in accounts payable	147	12
Business acquisition liability in accrued liabilities and finance leases and other finance obligations, net of current portion	2,186	—
Non-cash financing activities:		
Prepaid insurance funded through short-term borrowings	\$ 5,756	\$ 1,389
Issuance of warrant	4,802	—
Property and equipment acquired through finance lease liabilities	—	787
Intangibles acquired through other financing obligations	—	53

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

PAYMENTUS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited) (continued)
(In thousands)

	Nine Months Ended September 30,	
	2021	2020
	(in thousands)	
The below table reconciles cash, cash equivalents, and restricted cash in the condensed consolidated balance sheets to the total of the same amounts shown in the consolidated statements of cash flows:		
Cash and cash equivalents	\$ 177,506	\$ 43,132
Restricted funds held for financial institutions	38,071	—
Total cash, cash equivalents and restricted cash as shown in the consolidated statements of cash flows	\$ 215,577	\$ 43,132

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

1. Organization and Description of Business

Description of Business

Paymentus Holdings, Inc. and its wholly owned subsidiaries ("Paymentus" or "the Company") provides electronic bill presentment and payment services, enterprise customer communication and self-service revenue management to billers through a Software-as-a-Service, ("SaaS"), secure, omni-channel technology platform. The platform seamlessly integrates into a biller's core financial and operating systems to provide flexible and secure access to payment processing of credit cards, debit cards, eChecks and digital wallets across a significant number of channels including online, mobile, IVR, call center, chatbot and voice-based assistants. Paymentus was incorporated in the state of Delaware on September 2, 2011 with office locations in Charlotte, North Carolina, Richmond Hill, Ontario (Canada), Blacksburg, Virginia, Cromwell, Connecticut, Redmond, Washington and Delhi and Bangalore (India). The Company was headquartered in Charlotte, North Carolina until 2020 when the Company moved its headquarters to Redmond, Washington.

Initial Public Offering and Private Placement

In May 2021, the Company completed its initial public offering ("IPO"), in which the Company issued and sold 11,500,000 shares of its Class A common stock at \$21.00 per share, including 1,500,000 shares issued upon the exercise of the underwriters' option to purchase additional shares. The Company received net proceeds of \$224.6 million after deducting underwriting discounts and commissions of \$16.9 million. The Company incurred direct offering expenses of \$2.0 million.

In connection with the IPO:

- all 103,479,239 shares of the Company's outstanding common stock automatically converted into an equivalent number of shares of Class B common stock on a one-to-one basis; and
- entities affiliated with Accel-KKR purchased 2,380,950 shares of the Company's Class A common stock at \$21.00 per share in a concurrent private placement that closed immediately subsequent to the closing of the IPO. The Company received aggregate proceeds of \$50.0 million in this concurrent private placement and did not pay underwriting discounts or commissions with respect to the shares of Class A common stock that were sold in the private placement.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and applicable rules and regulations of the United States Securities and Exchange Commission (the "SEC") regarding interim financial reporting. Accordingly, they do not include all disclosures normally required in annual consolidated financial statements prepared in accordance with GAAP. Therefore, these unaudited condensed consolidated financial statements and related notes should be read in conjunction with the audited consolidated financial statements and the related notes included in the Company's final prospectus dated May 25, 2021 and filed with the SEC pursuant to Rule 424(b)(4) on May 26, 2021 ("Final Prospectus").

These unaudited condensed consolidated financial statements have been prepared on the same basis as the annual financial statements and reflect all adjustments, which include only normal recurring adjustments necessary for the fair statement of the Company's financial position, results of operations, comprehensive income, changes in stockholders' equity and cash flows for the periods presented. The results of operations for the three and nine months ended September 30, 2021 and 2020 are not necessarily indicative of the results to be expected for the full year or any other future interim or annual period.

Stock Split

On May 10, 2021, the Company effected a 5-for-1 forward stock split of its common stock. In connection with the forward stock split, each issued and outstanding share of common stock, automatically and without action on the part of the holders, became five shares of common stock. The par value per share of common stock was not adjusted. All share, per share and related information presented in the unaudited interim condensed consolidated financial statements and accompanying notes have been retroactively adjusted, where applicable, to reflect the impact of the stock split.

Principles of Consolidation

The unaudited interim condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and balances have been eliminated upon consolidation.

Segment Information

Operating segments are defined as components of an enterprise for which separate financial information is available and evaluated regularly by the chief operating decision maker ("CODM") in deciding how to make operating decisions, allocate resources and assess performance. The Company has three operating segments based on geography. The United States segment represents the vast majority of the Company's consolidated net sales and gross profit. The additional two operating segments, Canada and India, do not meet the quantitative thresholds for separate reporting, either individually or in the aggregate. None of the operating segments qualified for aggregation. The Company's CODM is its Chief Executive Officer. The CODM evaluates the performance of the Company's operating segments based on revenue and gross profit. The Company does not analyze discrete segment balance sheet information related to long-term assets. All other financial information is presented on a consolidated basis. For information regarding the Company's long-lived assets and revenue by geographic area, see Note 15.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Such estimates include revenue recognition, the allowance for credit losses, the lives of tangible and intangible assets, the valuation of acquired intangible assets and the recoverability or impairment of intangible assets, including goodwill, internal-use software development costs, valuation of stock warrants issued, stock-based compensation, and accounting for income taxes. The Company bases its estimates on historical experience and also on assumptions that management considers reasonable. The Company assesses these estimates on a regular basis; however, actual results could differ from these estimates.

In March 2020, the World Health Organization declared the outbreak of the COVID-19 virus a global pandemic. The pandemic is causing major disruptions to businesses and markets worldwide as the virus continues to spread. A number of countries as well as many states and cities within the United States and Canada have in the past and may in the future enact temporary closures of businesses, issue quarantine orders and take other restrictive measures in response to COVID-19. The Company is closely monitoring the effects of the COVID-19 pandemic and implemented a work from home plan early in the pandemic, with limited individuals allowed in the Company's office locations.

The actions taken by governments in North America to encourage social distancing and implement quarantine directives resulted in a delay in certain of the Company's sales cycles as well as delays in certain of the Company's customer implementation timelines. However, these delays did not affect the Company's results in any material fashion. There has been no material deterioration in the Company's financial results even as the pandemic spread further and the number of countries and localities adopting restrictive measures increased. The Company does not expect the COVID-19 pandemic to have any material effect on the Company's revenues and financial results, although the magnitude and duration of the ultimate effects of the COVID-19 pandemic will depend on future developments, including the duration, spread and severity of the pandemic, the availability, effectiveness and uptake of vaccines for COVID-19, the emergence of new variants of COVID-19 and whether existing vaccines are effective with respect to such variants, the actions to contain the disease or mitigate its impact, and the duration, timing and severity of the impact on consumer behavior, including any recession resulting from the pandemic, all of which are unpredictable.

Custodial Accounts

The Company has established a relationship with its merchant processors to act as collection and paying agents, whereby a merchant processor receives funds from customers and forwarding such funds to the respective Paymentus client, based on the instructions received from the Company. These merchant processors act as custodians of the cash received and the Company has no legal ownership rights to the funds held in such custodial accounts and does not control the use of these funds. As the Company does not take ownership of the funds, these custodial accounts are not included in the Company's consolidated balance sheets. The balance of cash in the custodial accounts held by these merchant processors was \$32.6 million and \$20.5 million as of September 30, 2021 and December 31, 2020, respectively.

Restricted Funds Held for Financial Institutions and Financial Institution Funds In-Transit

Restricted funds held for financial institutions and the corresponding liability of financial institution funds in-transit represent the timing differences arising between the amounts the Company's sponsor bank receives from the sending

financial institutions and the amounts disbursed to the recipient financial institutions. The restricted funds held for financial institutions account is a transaction account maintained at the Company's sponsor bank for clearing payments from financial institutions (as defined by the U.S. Treasury's Financial Crimes Enforcement Network) to other financial institutions. Restricted funds held for financial institutions represent restricted cash that, based upon the Company's intent, are restricted solely for satisfying the corresponding obligations to send funds to the various financial institutions.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to credit risk primarily consist of cash, cash equivalents, and accounts receivable. The Company maintains its cash and cash equivalents with high-quality financial institutions with investment-grade ratings. For accounts receivable, the Company is exposed to credit risk in the event of nonpayment by customers to the extent of the amounts recorded in the consolidated balance sheets. No customer accounted for more than 10% of revenue for either of the three and nine months ended September 30, 2021 and 2020. One customer accounted for more than 10% of accounts receivable as of September 30, 2021, while no customer accounted for more than 10% of accounts receivable as of December 31, 2020.

Summary of Significant Accounting Policies

The Company's significant accounting policies are discussed in Note 2, "Basis of Presentation and Summary of Significant Accounting Policies" in the Notes to Consolidated Financial Statements as of December 31, 2020 and 2019 and for the years ended December 31, 2020 and 2019 included in the Final Prospectus. There have been no significant changes to these policies during the nine months ended September 30, 2021, except as noted below.

Deferred Offering Costs

Deferred offering costs, which consist of direct incremental legal and accounting fees, relating to the Company's IPO, were initially capitalized and included in prepaid expenses and other current assets on the condensed consolidated balance sheets. Upon consummation of the IPO in May 2021, the Company reclassified \$2.0 million of deferred offering costs to additional-paid-in capital offsetting the IPO proceeds. There were no material deferred offering costs recorded as of December 31, 2020.

Accounting Pronouncements

The Company is provided the option to adopt new or revised accounting guidance as an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012 either (1) within the same periods as those otherwise applicable to public business entities, or (2) within the same time periods as non-public business entities, including early adoption when permissible. With the exception of standards the Company elected to early adopt, when permissible, the Company has elected to adopt new or revised accounting guidance within the same time period as non-public business entities, as indicated below.

Accounting Pronouncements Recently Adopted

In December 2019, the Financial Accounting Standards Board, ("FASB") issued Accounting Standards Update ("ASU") 2019-12, *Income Taxes ("Topic 740"): Simplifying the Accounting for Income Taxes*, which simplifies the accounting for income taxes by eliminating some exceptions to the general approach in ASC 740, Income Taxes in order to reduce cost and complexity of its application. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years, with early adoption permitted. The Company elected to early adopt this standard on January 1, 2021. Adoption of this standard did not have a material impact on its condensed consolidated financial statements.

Accounting Pronouncements Not Yet Adopted

In October 2021, the FASB issued ASU 2021-08, *"Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers"* ("ASU 2021-08"). ASU 2021-08 will require companies to apply the definition of a performance obligation under ASU 2014-09, *Revenue from contracts with customers ("Topic 606")* to recognize and measure contract assets and contract liabilities relating to contracts with customers that are acquired in a business combination. Under current U.S. GAAP, an acquirer generally recognizes assets acquired and liabilities assumed in a business combination, including contract assets and contract liabilities arising from revenue contracts with customers, at fair value on the acquisition date. ASU 2021-08 will result in the acquirer recording acquired contract assets and liabilities on the same basis that would have been recorded by the acquiree before the acquisition under ASU Topic 606. ASU 2021-08 is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the impact of this ASU on its condensed consolidated financial statements.

3. Revenue, Performance Obligations and Contract Balances

Disaggregation of Revenue

The following table presents a disaggregation of revenue from contracts with customers (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Payment transaction processing revenue	\$ 100,384	\$ 76,740	\$ 284,029	\$ 216,484
Other	\$ 1,292	1,278	\$ 3,364	2,861
Total revenue	<u>\$ 101,676</u>	<u>\$ 78,018</u>	<u>\$ 287,393</u>	<u>\$ 219,345</u>

Remaining Performance Obligations

ASU Topic 606 requires disclosure of the aggregate amount of the transaction price allocated to unsatisfied performance obligations. The purpose of this disclosure is to provide additional information about the amounts and expected timing of revenue to be recognized from the remaining performance obligations in our existing contracts.

As of September 30, 2021, the aggregate amount of transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied was \$3.8 million, which the Company expects to recognize over 90% within the next two years. The timing of revenue recognition within the next year is largely dependent upon the go-live dates of the Company's contracts.

As of September 30, 2021, the Company has contractual rights under its commercial agreements to receive \$33.2 million of fixed consideration related to the future minimum guarantees through March 2026. As permitted, the Company has elected to exclude from this disclosure any variable consideration that meets specified criteria. Accordingly, the total unsatisfied or partially unsatisfied performance obligations related to processing services is significantly higher than the amount disclosed.

Contract Balances

The Company does not have any capitalized contract costs as the Company's sales compensation paid to the sales force is earned based on the margins earned from the contract over the contract term, contingent on continued employment with the Company by the salesperson. Sales commissions tied to key operating metrics other than new sales, are not considered incremental costs of obtaining a customer and are expensed in the same period as they are earned. The Company records commission expense within sales and marketing expense in the condensed consolidated statements of operations.

The Company recorded a contract asset in connection with a warrant agreement with a customer that was signed in May 2021. Following the guidance in ASC 606, the Company accounts for consideration payable in the form of warrants to a customer as a reduction of the transaction price and therefore, of revenue. The Company has estimated the transaction price related to the revenue for this customer inclusive of the estimated value of the warrants earned and expected to be earned over the term of the contract. During the period the Company reduced revenue and the related contract asset by \$0.2 million and \$0.4 million for the three and nine months ended September 30, 2021, respectively. The contract asset balance at September 30, 2021 was \$4.4 million of which \$0.9 million was included in prepaid expenses and other current assets and \$3.5 million was included in other long-term assets in the condensed consolidated balance sheets.

The Company recorded \$3.8 million and \$0.6 million of contract liabilities in the condensed consolidated balance sheets as of September 30, 2021 and December 31, 2020, respectively, of which \$2.8 million is related to acquisitions during the three months ended September 30, 2021 and the remaining related to legacy contracts obtained from prior acquisitions associated with the Company's insignificant other revenue stream and other payments the Company received in advance for services. The change in the contract liabilities is primarily the result of a timing difference between payment from the customer and the Company's satisfaction of each performance obligation. The revenue recognized during the three and nine months ended September 30, 2021 and 2020 that was included in the contract liabilities at the beginning of each respective period was not material.

4. Business Combinations

Payveris, LLC

On September 1, 2021, the Company completed its acquisition of Payveris, LLC ("Payveris") by acquiring all outstanding equity interests for a total purchase price of approximately \$145.6 million, comprised of \$85.2 million in cash and 2,364,270 shares of the Company's Class A common stock with a fair value of approximately \$60.4 million, of which 56,197 shares of the Company's Class A common stock with an approximate value of \$1.4 million are subject to final issuance and is currently recorded in accrued liabilities in the condensed consolidated balance sheets. Payveris is a leading payments processing company for financial institutions. The acquisition is expected to increase the addressable market opportunity for the Company's existing solutions while also enhancing Payveris' platform with real-time capabilities, enhanced electronic bill presentment and additional payment options for banks, credit unions and financial institutions of all sizes.

The acquisition was accounted for as a business combination and, accordingly, the total fair value of purchase consideration was allocated to the tangible and intangible assets acquired and liabilities assumed based on their fair values on the acquisition date. The major classes of assets and liabilities to which the Company has allocated the fair value of purchase consideration were as follows (in thousands):

Accounts receivable	\$	1,026
Prepaid expenses and other current assets		237
Intangible assets		46,740
Property and equipment		326
Goodwill		100,518
Restricted funds held for financial institutions		31,459
Financial institution funds in-transit		(31,459)
Accounts payable		(194)
Accrued liabilities		(265)
Deferred revenue		(2,805)
Total	\$	<u>145,583</u>

The purchase price allocation is preliminary. The Company continues to collect information with regard to its estimates and assumptions, including potential liabilities and contingencies. The Company will record adjustments to the fair value of the net assets acquired and goodwill within the twelve months measurement period, if necessary.

The goodwill recognized was primarily attributed to increased synergies that are expected to be achieved from the integration of Payveris and the assembled workforce. The goodwill is deductible for income tax purposes.

The fair values and estimated useful lives of the acquired intangible assets by category were as follows (in thousands, except years):

	Fair Value	Useful Life (Years)
Customer Relationships	\$ 26,154	8.0
Trademarks	12,484	3.0
Developed Technology	8,102	4.0
Total	<u>\$ 46,740</u>	

Finovera, Inc.

On September 2, 2021, the Company completed its acquisition of Finovera by acquiring all outstanding shares for a total purchase price of approximately \$12.9 million, net of cash acquired, comprised of \$5.0 million in cash of which \$0.8 million is being held back by the Company for a period of twenty-four months following the transaction closing date and is recorded in finance leases and other finance obligations, net of current portion in the condensed consolidated balance sheets, and 293,506 shares of the Company's Class A common stock with a fair value of approximately \$7.9 million. Finovera is a leading bill aggregation technology provider for financial institutions. The acquisition of Finovera is expected to increase the addressable market opportunity for the Company's biller and financial institution solutions by, among other things, increasing the availability of certain bill data.

The acquisition was accounted for as a business combination and, accordingly, the total fair value of purchase consideration was allocated to the tangible and intangible assets acquired and liabilities assumed based on their fair values on the acquisition date. The major classes of assets and liabilities to which the Company has allocated the fair value of purchase consideration were as follows (in thousands):

Cash	\$	65
Accounts receivable		267
Intangible assets		6,048
Prepaid expenses and other current assets		39
Goodwill		7,211
Accounts payable		(85)
Accrued liabilities		(72)
Deferred taxes		(533)
Total	\$	<u>12,940</u>

The purchase price allocation is preliminary. The Company continues to collect information with regard to its estimates and assumptions, including potential liabilities and contingencies. The Company will record adjustments to the fair value of the net assets acquired and goodwill within the twelve months measurement period, if necessary.

The goodwill recognized was primarily attributed to increased synergies that are expected to be achieved from the integration of Finovera and the assembled workforce. The goodwill is not deductible for income tax purposes.

The fair values and estimated useful lives of the acquired intangible assets by category were as follows (in thousands, except years):

	Fair Value	Useful Life (Years)
Developed Technology	\$ 5,155	4.0
Customer Relationships	893	2.0
Total	<u>\$ 6,048</u>	

The revenue and expenses of the acquired businesses have been included in the Company's condensed consolidated financial results since the acquisition date. Revenues and expenses related to these acquisitions and pro forma results of operations have not been presented for the three and nine months ended September 30, 2021 and 2020 because the effects of these acquisitions was not material to the Company's overall operations.

The Company incurred costs related to these acquisitions of approximately \$1.7 million for the three and nine months ended September 30, 2021. All acquisition related costs were expensed as incurred and have been recorded in general and administrative expenses in the condensed consolidated statements of operations.

5. Property and Equipment, Net

Property and equipment, net consisted of the following (in thousands):

	September 30, 2021	December 31, 2020
Computer equipment	\$ 5,949	\$ 4,368
Furniture and fixtures	1,371	976
Leasehold improvements	449	183
Automobile	5	5
Total property and equipment	<u>7,774</u>	<u>5,532</u>
Less: Accumulated depreciation and amortization	<u>(5,479)</u>	<u>(3,760)</u>
Property and equipment, net	<u>\$ 2,295</u>	<u>\$ 1,772</u>

Depreciation and amortization expense recorded for property and equipment was \$0.3 million for each of the three months ended September 30, 2021 and 2020 and \$0.8 million for each of the nine months ended September 30, 2021 and 2020.

6. Goodwill, Internal-use Software Development Costs and Intangible Assets

Goodwill

The changes in the carrying amount of goodwill by reporting unit were as follows (in thousands):

	United States	Other	Total
Balance as of December 31, 2020	\$ 12,303	\$ 902	\$ 13,205
Goodwill acquired ⁽¹⁾	107,729	—	107,729
Foreign currency translation adjustments	—	—	—
Balance as of September 30, 2021	<u>\$ 120,032</u>	<u>\$ 902</u>	<u>\$ 120,934</u>

(1) The goodwill acquired in the nine months ended September 30, 2021 is related to the Payveris and Finovera acquisitions. See Note 4.

Internal-use Software Development Costs

The Company capitalizes qualifying internal-use software development costs related to its platform. The costs consist of personnel costs (including related benefits) that are incurred during the application development stage, as well as implementation costs incurred to fulfill our contracts with customers as they (1) relate directly to the contract, (2) are expected to generate resources that will be used to satisfy the performance obligation under the contract, and (3) are expected to be recovered through revenues generated under the contract. Capitalization of costs begins when two criteria are met: (1) the preliminary project stage is completed, and (2) it is probable that the software will be completed and used for its intended function. Capitalization ceases when the software is substantially complete and ready for its intended use, including the completion of all significant testing. Costs related to preliminary project activities and post-implementation operating activities are expensed as incurred. During the three months ended September 30, 2021 and 2020, the Company capitalized \$4.8 million and \$3.7 million in software development costs, respectively and during the nine months ended September 30, 2021 and 2020, the Company capitalized \$13.5 million and \$10.9 million in software development costs, respectively.

Capitalized costs are amortized over the estimated useful life of the software, which management estimated to be a range of three to five years, and are recorded on a straight-line basis, which represents the manner in which the expected benefit will be derived. Amortization expense is recorded in cost of revenue and operating expenses in the condensed consolidated statement of operations aligned with the internal organizations that are the primary beneficiaries of such assets. During the three months ended September 30, 2021 and 2020, the Company recorded \$1.3 million and \$0.9 million of amortization expense in cost of revenue, and \$1.2 million and \$0.8 million of amortization expense in operating expenses, respectively. During the nine months ended September 30, 2021 and 2020, the Company recorded \$3.5 million and \$2.6 million of amortization expense in cost of revenue, and \$3.3 million and \$2.2 million of amortization expense in operating expenses, respectively.

Intangible Assets

Intangible assets, net consisted of the following (in thousands):

	September 30, 2021			Weighted-Average Useful Life (Years)
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	
Technology	\$ 20,844	\$ (7,818)	\$ 13,026	4.0
License	2,686	(2,686)	—	—
Customer relationship	33,839	(7,102)	26,737	8.0
Software	530	(403)	127	3.0
Non-compete	334	(334)	—	—
Trademark	12,683	(547)	12,136	3.0
Total	<u>\$ 70,916</u>	<u>\$ (18,890)</u>	<u>\$ 52,026</u>	

	December 31, 2020			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Useful Life (Years)
Technology	\$ 7,579	\$ (7,460)	\$ 119	7.0
License	2,652	(2,652)	—	—
Customer relationship	6,782	(6,782)	—	—
Software	532	(355)	177	3.0
Non-compete	330	(330)	—	—
Trademark	200	(200)	—	—
Total	<u>\$ 18,075</u>	<u>\$ (17,779)</u>	<u>\$ 296</u>	

Amortization expense of intangible assets was \$1.0 million and \$1.1 million for the three and nine months ended September 30, 2021 and \$0.1 million and \$0.5 million for the three and nine months ended September 30, 2020, respectively.

As of September 30, 2021, future amortization expense is expected to be as follows (in thousands):

Years Ending December 31,	
2021 (remaining three months)	\$ 2,818
2022	11,258
2023	11,079
2024	9,394
2025	5,491
Thereafter	11,986
Total future amortization expense	<u>\$ 52,026</u>

7. Leases

The Company enters into operating and finance leases, primarily related to rental of office space, equipment and data centers. Both operating and finance leases have remaining lease terms which range from less than one year to ten years, and often include one or more renewal or termination options. These options are not included in the determination of the lease term at commencement unless it is reasonably certain that the Company will exercise the option. During the nine months ended September 30, 2021, the Company recorded approximately \$2.5 million for an additional right-of-use asset and related operating lease liability for an office lease that commenced in April 2021.

The components of lease cost were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Operating lease cost	\$ 893	\$ 780	\$ 2,329	\$ 2,164
Finance lease cost				
Depreciation expense	68	90	204	230
Interest on finance lease liabilities	4	5	13	12
Total finance lease cost	72	95	217	242
Short-term lease cost	424	81	592	261
Total lease cost	<u>\$ 1,389</u>	<u>\$ 956</u>	<u>\$ 3,138</u>	<u>\$ 2,667</u>

Supplemental cash flow information related to leases was as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows for operating leases	\$ 546	\$ 713	\$ 2,236	\$ 1,923
Operating cash flows for finance leases	4	3	13	12
Financing cash flows for finance leases	68	88	204	257
Right-of-use assets obtained in exchange of operating lease obligations	--	5,132	2,638	7,678

The total remaining lease payments under non-cancelable operating and finance leases as of September 30, 2021 were as follows (in thousands):

Years Ending December 31,	Operating Leases	Finance Leases
2021 (remaining three months)	\$ 533	\$ 68
2022	1,736	271
2023	854	106
2024	847	—
2025	858	—
Thereafter	4,606	—
Total minimum lease payments including interest	\$ 9,434	\$ 445
Less imputed interest	(949)	(11)
Total lease liabilities	\$ 8,485	\$ 434

8. Accrued Liabilities

Accrued liabilities consisted of the following (in thousands):

	September 30,	December 31,
	2021	2020
Payroll and employee-related expenses	\$ 7,645	\$ 6,474
Finance leases and other financing obligations	5,428	1,132
Other accrued liabilities	4,308	2,595
	\$ 17,381	\$ 10,201

Finance leases and other financing obligations includes the current portion of finance leases related to the acquisition of computer equipment and short-term insurance premium financing arrangements. Other accrued liabilities includes \$1.4 million related to Class A common stock issuable for the Payveris acquisition.

9. Commitments and Contingencies

Other Commitments

The Company has entered into certain non-cancellable agreements for software and marketing services that specify all significant terms, including fixed or minimum services to be used, pricing provisions and the approximate timing of the transaction. Obligations under contracts that are cancellable or with remaining terms of 12 months or less are not included.

Future minimum payments under other non-cancellable agreements as of September 30, 2021 were as follows (in thousands):

Years Ending December 31,		
2021 (remaining three months)	\$	590
2022		2,031
2023		704
2024		215
2025		16
Thereafter		—
	\$	<u>3,556</u>

401(k) Plan

The Company sponsors a 401(k) defined contribution plan covering all eligible U.S. employees. Contributions to the 401(k) plan are discretionary. The Company did not make any matching contributions to the 401(k) plan for the three and nine months ended September 30, 2021 and 2020.

Legal Matters

The Company is involved from time to time in various claims and legal actions arising in the ordinary course of business. While it is not feasible to predict or determine the ultimate outcome of these matters, the Company believes that none of its current legal proceedings will have a material adverse effect on its financial position, results of operations, or cash flows as of and for the three and nine months ended September 30, 2021.

Indemnification

The Company enters into indemnification provisions under agreements with other parties in the ordinary course of business, including business partners, investors, contractors, customers, and the Company's officers, directors, and certain employees. The Company has agreed to indemnify and defend the indemnified party claims and related losses suffered or incurred by the indemnified party from actual or threatened third-party claims due to the Company's activities or non-compliance with obligations or representations made by the Company. It is not possible to determine the maximum potential loss under these indemnification provisions due to the Company's limited history of prior indemnification claims and the unique facts and circumstances involved in each particular provision.

10. Related Party Transactions

Transactions involving related parties cannot be presumed to be carried out on an arm's length basis due to the absence of free market forces that naturally exist in business dealings between two or more unrelated entities. Related party transactions may not always be favorable to the Company's business and may include terms, conditions and agreements that are not necessarily beneficial to or in the best interest of the Company.

On September 6, 2011, the Company issued a loan to the Company's Chief Executive Officer for \$0.8 million at an interest rate of 2% per annum. The Company recorded the principal amount of \$0.8 million as a reduction to additional paid-in capital in the consolidated statements of stockholders' equity. The Chief Executive Officer and an entity affiliated with him pledged 805 shares of the Company's Series A preferred shares and 1,788,205 common shares as security for the loan. The loan principal and interest were due and payable on September 6, 2026. During the nine months ended September 30, 2020 and the nine months ended September 30, 2021, the Company recognized an immaterial amount of interest income relating to the loan. At December 31, 2020, the Company had recorded a receivable for accrued interest of \$0.2 million, which is included in prepaid expenses and other current assets in the condensed consolidated balance sheets. On March 16, 2021, the Company's Chief Executive Officer paid in full the loan outstanding in the amount of \$0.8 million, plus accrued interest of \$0.2 million for a total payment of \$1.0 million.

11. Equity

Preferred Stock

In connection with the IPO, the Company's amended and restated certificate of incorporation became effective, which authorized the issuance of 5,000,000 shares of undesignated preferred stock with a par value of \$0.0001 per share with rights and preferences, including voting rights, designated from time to time by the board of directors.

Common Stock

The Company has two classes of common stock: Class A common stock and Class B common stock. In connection with the IPO, the Company's amended and restated certificate of incorporation authorized the issuance of 883,950,000 shares of Class A common stock and 111,050,000 shares of Class B common stock. The shares of Class A common stock and Class B common stock are identical, except with respect to voting and conversion. Each share of Class A common stock is entitled to one vote. Each share of Class B common stock is entitled to ten votes. Class A and Class B common stock have a par value of \$0.0001 per share, and are referred to as common stock throughout the notes to the condensed consolidated financial statements, unless otherwise noted. Holders of common stock are entitled to receive any dividends as may be declared from time to time by the board of directors.

Shares of Class B common stock may be converted to Class A common stock at any time at the option of the stockholder. Shares of Class B common stock automatically convert to Class A common stock upon the following: (i) sale or transfer of such share of Class B common stock; (ii) the death of the Class B common stockholder (or nine months after the date of death if the stockholder is one of the Company's founders); and (iii) on the first trading day on or after the date on which the outstanding shares of Class B common stock represent less than 10% of the then outstanding Class A and Class B common stock. Following the conversion of all outstanding shares of Class B common stock into Class A common stock, no further shares of Class B common stock will be issued.

Series A Preferred Stock

Upon completion of the IPO, the Company used approximately \$57.4 million of the net proceeds to redeem all of the issued and outstanding shares of Series A preferred stock (including accrued dividends of \$34.4 million). As of September 30, 2021, there were no shares of Series A preferred stock issued and outstanding.

Warrant

On May 13, 2021, the Company entered into a warrant agreement with an affiliate of J.P. Morgan Securities LLC, an underwriter in the IPO, whereas the Company agreed to issue a warrant to such affiliate for up to 509,370 shares of Class A common stock upon completion of the IPO at an exercise price of \$18.38 per share. Upon completion of the IPO, 382,027 of the warrant shares had vested and are therefore, exercisable. The vesting of the remaining 127,343 shares of Class A common stock underlying the warrant will be subject to the achievement of certain commercial milestones through December 31, 2025 pursuant to a related commercial agreement. Consistent with classification guidance in ASU Topic 606, the Company accounts for the consideration payable in the form of warrants to a customer as a reduction of the transaction price and, therefore, of revenue as the revenue is earned. The warrant fair value was determined using the Black-Scholes pricing model in accordance with ASC 718, *Compensation-Stock Compensation*.

During the three months ended September 30, 2021, the Company updated the warrant value recognized based on the expectation that the probability of achievement of certain milestones would be achieved. The increase was recorded using the fair value determined at the time of grant multiplied by the estimated number of remaining warrants expected to vest. This increase was recorded as additional paid-in capital and as a contract asset included in prepaid expenses and other current assets and other long-term assets in the condensed consolidated balance sheets.

12. Stock-Based Compensation

In May 2021, the Company's board of directors adopted, and its stockholders approved, the 2021 Equity Incentive Plan (the "2021 Plan"), which became effective in connection with the IPO. The 2021 Plan provides for the grant of incentive stock options, within the meaning of Section 422 of the Internal Revenue Code, to the Company's employees and any of its parent or subsidiary corporations' employees, and for the grant of nonstatutory stock options, restricted stock, restricted stock units, stock appreciation rights, and performance awards to the Company's employees, directors and consultants and any of its parent or subsidiary corporations' employees and consultants. A total of 10,459,000 shares of the Company's Class A common stock have been reserved for issuance under the 2021 Plan in addition to (i) an annual increase of 4% of the outstanding shares of the Company's common stock, with Class A and Class B common stock taken together, on the first day of each fiscal year and (ii) upon the expiration, forfeiture, cancellation, or reacquisition of any shares of Class B common stock underlying outstanding stock awards granted under the 2012 Equity Incentive Plan, an equal number of shares of Class A common stock, such number of shares not to exceed 7,563,990. At September 30, 2021, there were 9,927,811 remaining shares available for the Company to grant under the 2021 Plan.

Stock Options

A summary of the Company's option activity during the nine months ended September 30, 2021 was as follows (in thousands, except share and per share amounts):

	Options Outstanding	Weighted- Average Exercise Price per Share	Weighted- Average Remaining Contractual Life (years)	Aggregate Intrinsic Value
Outstanding at December 31, 2020	7,509,210	\$ 4.68	5.80	\$ 36,580
Options granted	67,397	10.56		
Options exercised	(7,500)	0.09		
Options forfeited	(12,750)	5.82		
Outstanding at September 30, 2021	7,556,357	\$ 4.73	5.02	\$ 150,419
Exercisable at September 30, 2021	5,380,471	\$ 3.14	3.86	\$ 115,676

The weighted average grant date fair value of options granted during the nine months ended September 30, 2021, was \$7.21. There were no options granted during the three months ended September 30, 2021. The weighted average grant date fair value of options granted during the three and nine months ended September 30, 2020 was \$3.71. Aggregate intrinsic value represents the difference between the exercise price of the options and the fair value of the Company's common stock.

The fair value of options granted during the nine months ended September 30, 2021 and the three and nine months ended September 30, 2020 was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Dividend yield	—	0.0 %	0.0 %	0.0 %
Risk-free interest rate	—	0.3 % - 0.4 %	0.3 % - 0.8 %	0.3 % - 0.4 %
Expected term (in years)	—	3 - 5	5	3 - 5
Expected volatility	—	50.0 %	38.0 %	50.0 %

Restricted Stock Units ("RSUs")

In August 2021, the Company began issuing RSUs to certain employees and nonemployees under the 2021 Plan. A summary of the Company's RSU activity during the nine months ended September 30, 2021 was as follows:

	Number of RSU's Outstanding	Weighted- Average Grant Date Fair Value
Awarded and unvested at December 31, 2020	—	\$ —
Awards granted	531,605	25.93
Awards vested	—	—
Awards forfeited	(3,453)	25.75
Awarded and unvested at September 30, 2021	528,152	\$ 25.93

The fair value of RSU grants is determined based upon the market closing price of the Company's Class A common stock on the date of grant. RSUs vest over the requisite service period, which ranges between 4 years and 5 years from the date of grant, subject to continued employment for employees and provision of services for nonemployees. No RSUs vested during the three or nine months ended September 30, 2021, respectively.

Stock-based compensation expense included in the consolidated statements of operations was as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(in thousands)			
Cost of revenue	\$ —	\$ —	\$ —	\$ —
Operating expenses				
Research and development	110	9	141	19
Sales and marketing	56	8	92	23
General and administrative	588	494	1,652	1,406
Total stock-based compensation	<u>\$ 754</u>	<u>\$ 511</u>	<u>\$ 1,885</u>	<u>\$ 1,448</u>

At September 30, 2021, there was \$6.1 million of total unrecognized compensation cost related to unvested stock options granted under the 2012 Equity Incentive Plan and the 2021 Plan, which is expected to be recognized over a remaining weighted-average period of 2.8 years.

At September 30, 2021, there was \$13.5 million of total unrecognized compensation cost related to unvested RSUs granted under the 2021 Plan, which is expected to be recognized over a remaining weighted-average period of 4.5 years.

13. Income Taxes

The Company computes its tax provision for interim periods by applying the estimated annual effective tax rate to year-to-date income from recurring operations and adjusting for discrete items arising in that quarter.

The Company's effective tax rate for the three months ended September 30, 2021 and 2020 was 58.0% and 25.3%, respectively, and 53.9% and 25.2% for the nine months ended September 30, 2021 and 2020, respectively. The difference between the Company's effective tax rate and the U.S. federal statutory rate of 21% in the above periods was primarily the result of state taxes, foreign income taxed at different rates and permanent and discrete tax adjustments related to nondeductible executive compensation and nondeductible expenses incurred in connection with the IPO.

14. Net Income Per Share Attributable to Common Stock

Basic net income per share attributable to common stockholders is computed by deducting the undeclared dividends on the Series A preferred stock from net income to arrive at net income attributable to common stock and dividing the net income attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period.

Diluted net income per share attributable to common stock is computed by giving effect to all potentially dilutive common stock equivalents to the extent they are dilutive. The dilutive effect of outstanding options, RSUs and warrants is reflected in diluted net income per share attributable to common stock by application of the treasury stock method. The calculation of diluted net income per share attributable to common stock excludes all anti-dilutive common shares.

The rights of the holders of Class A and Class B common stock are identical, except with respect to voting and conversion. As the liquidation and dividend rights are identical, the undistributed earnings are allocated on a proportionate basis to each class of common stock and the resulting basic and diluted net income per share attributable to common stockholders are, therefore, the same for both Class A and Class B common stock on both an individual and combined basis.

The following table sets forth the computation of basic and diluted net income per share attributable to common stock (in thousands except share and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Numerator:				
Net income	\$ 422	\$ 2,614	\$ 4,635	\$ 10,078
Undeclared dividends on Series A preferred stock	—	(1,319)	(2,258)	(3,834)
Net income attributable to common stock	<u>\$ 422</u>	<u>\$ 1,295</u>	<u>\$ 2,377</u>	<u>\$ 6,244</u>
Denominator:				
Weighted-average shares of common stock - basic	118,206,073	103,479,239	110,272,583	103,479,239
Dilutive effect of stock options to purchase common stock	6,076,424	2,609,659	6,077,748	2,630,268
Dilutive effect of RSUs	11,180	—	4,398	—
Dilutive effect of warrants	134,100	—	64,945	—
Weighted-average shares of common stock - diluted	<u>124,427,777</u>	<u>106,088,898</u>	<u>116,419,674</u>	<u>106,109,507</u>
Net income per share attributable to common stock				
Basic	\$ —	\$ 0.01	\$ 0.02	\$ 0.06
Diluted	\$ —	\$ 0.01	0.02	0.06

The Company did not have any securities that were excluded from the computation of diluted net income per share attributable to common stock calculations for the periods presented as all options, RSUs and warrants outstanding were considered to be dilutive.

15. Geographic Information

Revenue by geographic area, based on the location of the Company's users, was as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
United States	\$ 99,544	\$ 76,582	\$ 281,309	\$ 215,109
Other	2,132	1,436	6,084	4,236
Total	<u>\$ 101,676</u>	<u>\$ 78,018</u>	<u>\$ 287,393</u>	<u>\$ 219,345</u>

Long-lived assets, comprising property and equipment assets, by geographic area were as follows (in thousands):

	September 30,	December 31,
	2021	2020
United States	\$ 859	\$ 717
Other	1,436	1,055
Total	<u>\$ 2,295</u>	<u>\$ 1,772</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Special Note Regarding Forward-Looking Statements

This report contains forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as "may," "will," "should," "expect," "plan," "anticipate," "could," "intend," "target," "project," "contemplate," "believe," "estimate," "predict," "potential" or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements contained in this report include statements about:

- our ability to effectively manage our growth and expand our operations;
- our ability to further attract, retain and expand our biller, partner and consumer base;

- *our expectations regarding our revenue, expenses and other operating results;*
- *the continued impact of the COVID-19 pandemic on our operating results, liquidity and financial condition and on our employees, billers, partners, consumers and other key stakeholders;*
- *our market opportunity and anticipated trends in our business and industry;*
- *our ability to remain competitive as we continue to scale our business;*
- *our ability to develop new product features and enhance our platform;*
- *our ability to hire and retain experienced and talented employees as we grow our business;*
- *general economic conditions and their impact on consumer demand;*
- *the expected impact of our recent acquisitions of Payveris or Finovera;*
- *our future acquisitions or strategic investments in complementary companies, products or technologies;*
- *our ability to maintain and enhance our brand;*
- *our plan to expand into new channels and industry verticals across different markets; and*
- *our international expansion plans and ability to expand internationally.*

We caution you that the foregoing list may not contain all of the forward-looking statements made in this report.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements primarily on our current expectations and projections about future events and trends that we believe may affect our business, operating results, financial condition and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors, including those described in the section titled “Risk Factors” and elsewhere in this report. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this report. We cannot assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

Neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. Moreover, the forward-looking statements made in this report relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this report to reflect events or circumstances after the date of this report or to reflect new information or the occurrence of unanticipated events, except as required by law. You should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

The following discussion and analysis of our financial condition and results of operations should be read together with our unaudited condensed consolidated financial statements and the related notes appearing elsewhere in this report and our audited consolidated financial statements and the related notes and the discussion under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for the year ended December 31, 2020 included in the final prospectus for our initial public offering, or IPO, dated as of May 25, 2021 and filed with the United States Securities and Exchange Commission, or SEC, pursuant to Rule 424(b)(4) on May 26, 2021, or the final prospectus.

In this report, unless the context requires otherwise, all references to “we,” “our,” “us,” “Paymentus,” and the “Company” refer to Paymentus Holdings, Inc., and where appropriate its consolidated subsidiaries.

Overview

Paymentus is a leading provider of cloud-based bill payment technology and solutions. We deliver our next-generation product suite through a modern technology stack to more than 1,300 business clients—our billers. Our

platform was used by approximately 16 million consumers and businesses in North America in December 2020 to pay their bills and engage with our billers. We serve billers of all sizes that provide non-discretionary services across a variety of industry verticals, including utilities, financial services, insurance, government, telecommunications and healthcare. By powering this comprehensive network of billers, each with their own set of bill payment requirements, we have created an enviable feedback loop that enables us to continuously drive innovation, grow our business and uniquely improve the electronic bill payment experience for everyone in the bill payment ecosystem.

Our platform provides our billers with easy-to-use, flexible and secure electronic bill payment experiences powered by an omni-channel payment infrastructure that allows consumers to pay their bills using their preferred payment type and channel. Because our platform is developed on a single code base and leverages a Software-as-a-Service infrastructure, we can rapidly deploy new features and tools to our entire biller base simultaneously. Through a single point of integration to our billers' core financial and operating systems, our mission-critical solutions provide our billers with a payments operating system that helps them collect revenue faster and more profitably and empower their consumers with the information and transparency needed to control their financial destiny.

We generate substantially all of our revenue from payment transaction fees and have achieved significant growth through our capital efficient model. We rely on a diversified go-to-market strategy to reach new billers. We acquire new billers through direct sales channels, software and strategic partnerships and our Instant Payment Network, or IPN, which together promote rapid adoption of our platform through partnerships with leading business networks. Through these channels, our platform reaches millions of consumers, driving transaction growth.

Our revenue is highly visible. We derive the majority of our revenue from a fee paid per transaction by the consumer, the biller or a combination of both. Our usage-based monetization strategy aligns our economic success with the success of our billers and partners. Since we benefit from increased transactional volume, we do not charge separate license fees or implementation fees. In addition, our modern platform architecture allows us to provide integration, implementation, maintenance and upgrades at no additional cost to billers.

Recent Developments

In September 2021, we acquired Payveris for a purchase price of approximately \$145.6 million, comprised of \$85.2 million in cash and 2,364,270 shares of our Class A common stock with a fair value of approximately \$60.4 million, of which 56,197 shares of Class A common stock with an approximate value of \$1.4 million remains issuable.

In addition, in September 2021, we acquired Finovera for a purchase price of approximately \$12.9 million, net of cash acquired, comprised of \$5.0 million in cash of which \$0.8 million is being held back by us for a period of twenty-four months following the transaction closing date, and 293,506 shares of our Class A common stock with a fair value of approximately \$7.9 million.

Impact of the COVID-19 Pandemic

The COVID-19 pandemic and efforts to control its spread have significantly curtailed the movement of people, goods and services in the United States, where we generate substantially all of our revenue, and worldwide, where we are targeting future growth. It has also caused extreme societal, economic and financial market volatility, resulting in business shutdowns and a global economic downturn. The magnitude and duration of the COVID-19 pandemic and the magnitude and duration of its effect on business activity cannot be predicted with any certainty.

In light of the uncertainty relating to the spread of COVID-19, we have taken precautionary measures intended to reduce the risk of the virus spreading to our employees, billers and partners, and we may take further precautionary measures. In particular, governmental authorities have at times instituted, and in the future may institute, shelter-in-place policies and other restrictions in many jurisdictions in which we operate, including in Redmond, Washington, where our headquarters are located, and Toronto, Canada, Charlotte, North Carolina and Delhi, India, where we maintain significant operations, which policies and restrictions have at times required our employees to work remotely. Even as shelter-in-place policies or other governmental restrictions are lifted, we are taking, and expect to continue to take, a measured and careful approach to having employees return to offices and travel for business. These precautionary measures and policies could negatively impact employee productivity, training and collaboration or otherwise disrupt our business operations. In addition, such restrictions impact certain of our sales efforts, marketing efforts and implementations, adversely affecting the effectiveness of such efforts in some cases and potentially inhibiting future growth.

In addition, the COVID-19 pandemic has disrupted and may continue to disrupt the operations of our billers and partners for an indefinite period of time, which in turn could negatively impact our business and operating results. Widespread remote work arrangements may also negatively impact our billers' and partners' operations, and the operations of third-party service providers who perform critical services for us, and, by extension, our operations.

We will continue to evaluate the nature and extent of the COVID-19 pandemic's potential impact on our business, operating results and financial condition. See the section titled "Risk Factors—Risks Related to Our Business and Industry—The COVID-19 pandemic could have a material adverse impact on our employees, billers, partners, consumers and other key stakeholders, which could materially and adversely impact our business, operating results and financial condition."

Components of Results of Operations

Revenue

We generate substantially all of our revenue from payment transaction fees. Transaction fees are fees collected for each transaction processed through our platform, on either a fixed basis or variable basis based on the transaction value, with the actual fees dependent on type of payment, payment channel and industry vertical. However, irrespective of these factors, the transaction fees that we receive are generally consistent across payment types, payment channels and industry verticals. We receive such transaction fees directly from billers, partners or, in some cases, from consumers as a convenience fee.

Cost of Revenue, Gross Profit and Gross Margin

Cost of revenue consists of certain direct costs that are directly attributed to processing payment transactions on our platform. This includes interchange, assessment and network expenses incurred for processing payments as well as costs of servicing our clients through product support, implementations and customer care. Cost of revenue also includes an allocation of hosting and data center costs for our infrastructure and platform environment, telecommunication expenses used by sales and customer support teams and a portion of amortization of capitalized internal-use software development costs and a portion of amortization of intangible assets, including amortization of intangible assets acquired as part of our acquisitions of other businesses. We expect that cost of revenue will increase in absolute dollars, but it may fluctuate as a percentage of revenue from period to period, as our payment mix changes and we continue to invest in growing our business across all geographical segments, including through the acquisition of other businesses.

There are external factors that impact interchange fees, such as the average payment amount in a particular month or quarter. For example, hot summers and cold winters tend to increase utility bills, and property taxes result in two larger payments per year, each of which increases our interchange cost.

Gross profit is equal to our revenue less cost of revenue. Gross profit as a percentage of our revenue is referred to as gross margin. Our gross margin has been and will continue to be affected by a number of factors, including average transaction value, payment type and payments through our IPN.

Operating Expenses

Research and Development

Research and development expenses consist of personnel-related expenses, including stock-based compensation expenses, incurred in developing new products or enhancing existing products and are expensed as incurred, unless they qualify as internal-use software development costs, which are capitalized and amortized. We expect our research and development expenses to increase in absolute dollars, but they may fluctuate as a percentage of revenue from period to period as we expand our research and development team to develop new products and product enhancements. Over the longer term, we expect research and development expenses to decrease as a percentage of revenue as we leverage the scale of our business.

Sales and Marketing

Sales and marketing expenses consist primarily of personnel-related expenses, including stock-based compensation expenses for sales and marketing personnel, sales commissions, partner fees, marketing program expenses, travel-related expenses and costs to market and promote our platform through advertisements, marketing events, partnership arrangements and direct biller acquisition. We expect our sales and marketing expenses to increase in absolute dollars, but they may fluctuate as a percentage of revenue from period to period.

General and Administrative

General and administrative expenses consist primarily of personnel-related expenses, including stock-based compensation expenses for finance, risk management, legal and compliance, human resources, information technology and facilities personnel. General and administrative expenses also include costs incurred for external professional services and other corporate expenses. We expect to incur additional general and administrative expenses as a result of operating as a public company, and to support the growth in our business. We expect that our general and administrative expenses will increase in absolute dollars, but they may fluctuate as a percentage of revenue from period to period. Over

the longer term, we expect general and administrative expenses to decrease as a percentage of revenue as we leverage the scale of our business.

Factors Affecting Our Performance

Increased Adoption of Electronic Bill Payment Solutions

As the number of financial transactions online continues to increase, electronic bill payment is becoming a greater share of the bill payment market. We have observed that consumers demand a frictionless electronic bill payment experience and increasingly prefer more flexible and innovative digital payment options. We expect this trend to continue, providing us with a greater opportunity to provide next-generation bill payment technology and power more transactions, further fueling our growth.

Acquiring New Billers

Our future growth depends on the continued adoption of our platform by new billers. We intend to continue investing in our efficient go-to-market strategies, increase brand awareness and drive adoption of our platform and products. We had more than 1,100 billers and more than 1,300 billers as of December 31, 2019 and 2020, respectively, including billers of all sizes and across numerous vertical markets. Our ability to attract new billers and drive adoption of our platform will depend on a number of factors, including the effectiveness and pricing of our products, offerings of our competitors, and the effectiveness of our marketing efforts.

Expanding Usage of Our Platform with Existing Billers

Our large base of existing billers represents a significant opportunity for further consumption of our platform. We believe our solutions create a superior experience for consumers and accelerate revenue realization for our billers, which drives increased usage of our platform. We intend to continue investing in this value proposition. Leveraging our platform to capture more transactions from our existing biller base will organically drive transaction growth at lower cost.

Growing Our Partner Base

We believe there is a significant opportunity to increase the transactions on our platform through expanding our base of software, strategic and IPN partners. While revenue derived from or through our IPN partnerships has not been significant historically, we expect that the revenue contribution from our IPN will grow over time. As our IPN partner base expands, and new partners use our platform to power bill payment experiences within their ecosystems, we organically expand the reach of our platform to millions of new consumers and thereby drive new, revenue-generating transactions to our platform. We intend to invest in the expansion of our partner base, including the addition of new IPN partners, because our ability to secure new partners will have a direct impact on our transaction growth.

Investing in Sales and Marketing

We will continue to expand efforts to market our platform through our diversified sales and marketing strategy. We intend to invest in sales and marketing strategies that we believe will drive further brand awareness and preference among our billers, partners and consumers. Given the nature of our biller and partner base, our investment in sales and marketing in a given period may not impact results until subsequent periods. We approach sales and marketing spend strategically to maintain efficient biller and partner acquisition.

Innovation and Enhancement of Our Platform

We will continue to invest in our platform and IPN to maintain our position as a leading provider of biller communication and payments. To drive adoption and increase penetration of our platform, we will continue to introduce new products and features. We believe that investment in research and development will contribute to our long-term growth, but may also negatively impact our short-term profitability. We will continue to leverage emerging technologies and invest in the development of more features and better functionality for consumers.

Key Performance and Non-GAAP Measures

We review the following metrics to measure our performance, identify trends affecting our business, prepare financial projections and make strategic decisions. We believe that these key performance and non-GAAP measures provide meaningful supplemental information for management and investors in assessing our historical and future operating performance. The calculation of the key performance and non-GAAP measures discussed below may differ from other similarly titled metrics used by other companies, securities analysts or investors.

Transactions Processed

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	% Growth	2021	2020	% Growth
	(in millions)			(in millions)		
Transactions processed	70.6	48.7	44.9	197.2	140.8	40.1

We define transactions processed as the number of revenue generating payment transactions, such as checks, credit card and debit card transactions, automated clearing house, or ACH, items and emerging payment types, which are initiated and generally processed through our platform during a period. The number of transactions also includes account-to-account and person-to-person transfers. The increase in transactions processed during the three and nine months ended September 30, 2021 as compared to the same periods in 2020 was driven by the addition of new billers and increased transactions from our existing billers as well as an immaterial amount of additional transactions from the Payveris and Finovera acquisitions.

Non-GAAP Measures

We use supplemental measures of our performance that are derived from our consolidated financial information but which are not presented in our consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles, or GAAP. These supplemental non-GAAP measures include contribution profit, adjusted gross profit, adjusted EBITDA and free cash flow. We calculate contribution profit as gross profit plus other cost of revenue. Other cost of revenue equals cost of revenue less interchange and assessment fees paid by us to our payment processors. We calculate adjusted gross profit as gross profit adjusted for non-cash items, primarily stock-based compensation and amortization. We calculate adjusted EBITDA as net income before other income (expense) (which consists of interest income (expense), net and foreign exchange gain (loss)), depreciation and amortization, income taxes, adjusted to exclude the effects of stock-based compensation expense and certain nonrecurring expenses that management believes are not indicative of ongoing operations, consisting primarily of professional fees and other indirect charges associated with our IPO. We calculate free cash flow as net cash provided by (used in) operating activities less capital expenditures and capitalized internal-use software development costs.

We use non-GAAP measures to supplement financial information presented on a GAAP basis. We believe that excluding certain items from our GAAP results allows management and our board of directors to more fully understand our consolidated financial performance from period to period and helps management project our future consolidated financial performance as forecasts are developed at a level of detail different from that used to prepare GAAP-based financial measures. Moreover, we believe these non-GAAP measures provide our investors with useful information to help them evaluate our operating results by facilitating an enhanced understanding of our operating performance and enabling them to make more meaningful period-to-period comparisons. In particular, we exclude interchange and assessment fees in the presentation of contribution profit because we believe inclusion is less directly reflective of our operating performance as we do not control the payment channel used by consumers, which is the primary determinant of the amount of interchange and assessment fees. We use contribution profit to measure the amount available to fund our operations after interchange and assessment fees, which are directly linked to the number of transactions we process and thus our revenue and gross profit. There are limitations to the use of the non-GAAP measures presented in this report. Our non-GAAP measures may not be comparable to similarly titled measures of other companies; other companies, including companies in our industry, may calculate non-GAAP measures differently than we do, limiting the usefulness of those measures for comparative purposes. These non-GAAP measures should not be considered in isolation from or as a substitute for financial measures prepared in accordance with GAAP.

Contribution Profit

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(in thousands)			
Gross profit	\$ 31,164	\$ 22,653	\$ 87,639	\$ 66,832
Plus: other cost of revenue	9,488	7,003	25,563	20,442
Contribution profit	<u>\$ 40,652</u>	<u>\$ 29,656</u>	<u>\$ 113,202</u>	<u>\$ 87,274</u>

Adjusted Gross Profit

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(in thousands)			
Gross profit	\$ 31,164	\$ 22,653	\$ 87,639	\$ 66,832
Stock-based compensation	—	—	—	—
Amortization	1,398	893	3,610	2,553
Adjusted gross profit	<u>\$ 32,562</u>	<u>\$ 23,546</u>	<u>\$ 91,249</u>	<u>\$ 69,385</u>

Adjusted EBITDA

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(in thousands)			
Net income	\$ 422	\$ 2,614	\$ 4,635	\$ 10,078
Excluding				
Interest income, net	(11)	(3)	(4)	(48)
Provision for income taxes	701	841	5,423	3,361
Depreciation and amortization	3,647	1,997	8,587	6,012
Foreign exchange loss	16	19	8	109
Stock-based compensation	754	511	1,885	1,448
Other nonrecurring expenses	—	—	2,711	—
Adjusted EBITDA	<u>\$ 5,529</u>	<u>\$ 5,979</u>	<u>\$ 23,245</u>	<u>\$ 20,960</u>

Free Cash Flow

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(in thousands)			
Net cash provided by operating activities	\$ 6,600	\$ 12,213	\$ 19,357	\$ 28,129
Purchases of property and equipment	(261)	(73)	(825)	(382)
Capitalized internal-use software development costs	(4,737)	(3,681)	(13,473)	(10,866)
Free cash flow	<u>\$ 1,602</u>	<u>\$ 8,459</u>	<u>\$ 5,059</u>	<u>\$ 16,881</u>
Net cash used in investing activities ⁽¹⁾	<u>\$ (62,118)</u>	<u>\$ (4,044)</u>	<u>\$ (71,418)</u>	<u>\$ (11,538)</u>
Net cash provided by (used in) financing activities	\$ 4,724	\$ (219)	\$ 220,948	\$ (909)

- (1) Net cash used in investing activities includes payments for purchases of property and equipment and costs related to capitalized for internal-use software development, which is also included in our calculation of free cash flow.

Results of Operations

The following table sets forth our results of operations for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(in thousands)			
Revenue	\$ 101,676	\$ 78,018	\$ 287,393	\$ 219,345
Cost of revenue ⁽¹⁾	70,512	55,365	199,754	152,513
Gross profit	31,164	22,653	87,639	66,832
Operating expenses				
Research and development ⁽¹⁾	8,818	6,221	24,469	17,970
Sales and marketing ⁽¹⁾	11,314	8,002	29,041	23,246
General and administrative ⁽¹⁾	9,904	4,959	24,067	12,116
Total operating expenses	30,036	19,182	77,577	53,332
Income from operations	1,128	3,471	10,062	13,500
Other income (expense)				
Interest income, net	11	3	4	48
Foreign exchange loss	(16)	(19)	(8)	(109)
Income before income taxes	1,123	3,455	10,058	13,439
Provision for income taxes	(701)	(841)	(5,423)	(3,361)
Net income	\$ 422	\$ 2,614	\$ 4,635	\$ 10,078

(1) Stock-based compensation expense was allocated in cost of revenue and operating expenses as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(in thousands)			
Cost of revenue	\$ —	\$ —	\$ —	\$ —
Research and development	110	9	141	19
Sales and marketing	56	8	92	23
General and administrative	588	494	1,652	1,406
Total stock-based compensation	\$ 754	\$ 511	\$ 1,885	\$ 1,448

The following table presents the components of our consolidated statements of operations for the periods presented as a percentage of revenue:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue	100.0%	100.0%	100.0%	100.0%
Cost of revenue	69.4	71.0	69.5	69.5
Gross profit	30.6	29.0	30.5	30.5
Operating expenses				
Research and development	8.7	8.0	8.5	8.2
Sales and marketing	11.1	10.3	10.1	10.6
General and administrative	9.7	6.3	8.4	5.5
Total operating expenses	29.5	24.6	27.0	24.3
Income from operations	1.1	4.4	3.5	6.2
Other income (expense)				
Interest income, net	—	—	—	—
Foreign exchange loss	—	—	—	(0.1)
Income before income taxes	1.1	4.4	3.5	6.1
Provision for income taxes	(0.7)	(1.1)	(1.9)	(1.5)
Net income	0.4%	3.3%	1.6%	4.6%

Comparison of the Three Months Ended September 30, 2021 and 2020

Revenue

	Three Months Ended September 30,		Change	
	2021	2020	Amount	%
	(dollars in thousands)			
Revenue	\$ 101,676	\$ 78,018	\$ 23,658	30.3

The increase in revenue was primarily due to an increase in the number of transactions processed, which was driven by the implementation of new billers, increased transactions from our existing billers and additional transactions as a result of the Payveris and Finovera acquisitions, offset by the decrease in revenue we received per transaction on a blended basis.

Cost of Revenue, Gross Profit and Gross Margin

	Three Months Ended September 30,		Change	
	2021	2020	Amount	%
	(dollars in thousands)			
Cost of revenue	\$ 70,512	\$ 55,365	\$ 15,147	27.4
Gross profit	\$ 31,164	\$ 22,653	\$ 8,511	37.6
Gross margin	30.6 %	29.0 %		

The increase in cost of revenue was driven by the increase in revenue and transactions processed as it consists primarily of interchange fees and processor costs as well as other direct and indirect costs associated with making our platform available to our billers. The average payment amount of our transactions during the three months ended September 30, 2021 was lower as compared to the same period in 2020, resulting in decreased interchange fees as a percentage of revenue.

Gross margin increased during the three months ended September 30, 2021 as compared to the same period in 2020 due to an increasing number of transactions that do not include an interchange cost.

Operating Expenses

	Three Months Ended September 30,		Change	
	2021	2020	Amount	%
(dollars in thousands)				
Operating expenses				
Research and development	\$ 8,818	\$ 6,221	\$ 2,597	41.7
Sales and marketing	11,314	8,002	3,312	41.4
General and administrative	9,904	4,959	4,945	99.7
Total operating expenses	\$ 30,036	\$ 19,182	\$ 10,854	
Percentage of total revenue				
Research and development	8.7%	8.0%		
Sales and marketing	11.1%	10.3%		
General and administrative	9.7%	6.3%		

Research and Development Expenses

The increase in research and development expenses was primarily due to an increase in employee-related costs, including benefits due to an increase in headcount as we continued to invest in building and adding additional features and functionality to our platform as well as increased data center and hosting costs. Our average research and development headcount during the three months ended September 30, 2021 increased by approximately 28% compared to the same period in 2020. In addition, we incurred amortization expense related to the identifiable intangible assets from the Payveris and Finovera acquisitions as well as increased stock-based compensation associated with routine grants to existing employees.

Sales and Marketing Expenses

The increase in sales and marketing expenses was primarily due to an increase in employee-related costs, including benefits, as we continued to expand our sales and marketing efforts with additional headcount in order to continue to drive our growth. Our average sales and marketing headcount increased by approximately 32% during the three months ended September 30, 2021 compared to the same period in 2020. In addition, we incurred amortization expense related to the identifiable intangible assets from the Payveris and Finovera acquisitions as well as increased stock-based compensation associated with routine grants to existing employees.

General and Administrative Expenses

The increase in general and administrative expenses was primarily due to the increased costs of operating as a public company, including significant increases in our directors and officers insurance premiums, one-time legal and other fees associated with the Payveris and Finovera acquisitions, and increases in employee-related costs, including benefits and stock-based compensation, due to an increase in general and administrative headcount. Our average general and administrative headcount increased by approximately 10% during the three months ended September 30, 2021 compared to the same period in 2020.

The increase in general and administrative expenses as a percentage of revenue was primarily due to increased ongoing costs associated with operating as a public company and one-time legal and other fees associated with the Payveris and Finovera acquisitions.

Other Income (Loss)

	Three Months Ended September 30,		Change	
	2021	2020	Amount	%
(dollars in thousands)				
Interest income, net	\$ 11	\$ 3	\$ 8	266.7
Foreign exchange loss	(16)	(19)	3	(15.8)

The increase in interest income, net was primarily due to interest on the higher cash balance as a result of the IPO, offset by interest expense recorded for finance leases.

Income Taxes

	Three Months Ended September 30,		Change	
	2021	2020	Amount	%
(dollars in thousands)				
Provision for income taxes	\$ (701)	\$ (841)	\$ 140	(16.6)

The change in provision for income taxes as well as the increase in the Company's effective tax rate, which increased to 58.0% for the three months ended September 30, 2021 as compared to 25.3% for the same period in the prior year, was primarily due to discrete tax adjustments related to nondeductible executive compensation and nondeductible IPO costs in connection with the IPO.

Comparison of the Nine Months Ended September 30, 2021 and 2020

Revenue

	Nine Months Ended September 30,		Change	
	2021	2020	Amount	%
(dollars in thousands)				
Revenue	\$ 287,393	\$ 219,345	\$ 68,048	31.0

The increase in revenue was primarily due to an increase in the number of transactions processed, which was driven by the implementation of new billers and increased transactions from our existing billers, offset by a decrease in the revenue we received per transaction on a blended basis.

Cost of Revenue, Gross Profit and Gross Margin

	Nine Months Ended September 30,		Change	
	2021	2020	Amount	%
(dollars in thousands)				
Cost of revenue	\$ 199,754	\$ 152,513	\$ 47,241	31.0
Gross profit	\$ 87,639	\$ 66,832	\$ 20,807	31.1
Gross margin	30.5 %	30.5 %		

The increase in cost of revenue was driven by the increase in revenue and transactions processed as it consists primarily of interchange fees and processor costs as well as other direct and indirect costs associated with making our platform available to our billers. The average payment amount of our transactions during the nine months ended September 30, 2021 was flat as compared the same period in 2020, resulting in increased interchange fees.

Gross margin was consistent during the nine months ended September 30, 2021 as compared to the same period in 2020.

Operating Expenses

	Nine Months Ended September 30,		Change	
	2021	2020	Amount	%
(dollars in thousands)				
Operating expenses				
Research and development	\$ 24,469	\$ 17,970	\$ 6,499	36.2
Sales and marketing	29,041	23,246	5,795	24.9
General and administrative	24,067	12,116	11,951	98.6
Total operating expenses	\$ 77,577	\$ 53,332	\$ 24,245	
Percentage of total revenue				
Research and development	8.5 %	8.2 %		
Sales and marketing	10.1 %	10.6 %		
General and administrative	8.4 %	5.5 %		

Research and Development Expenses

The increase in research and development expenses was primarily due to an increase in employee-related costs, including benefits due to an increase in headcount as we continued to invest in building and adding additional features and functionality to our platform as well as increased data center and hosting costs. Our average research and development headcount during the nine months ended September 30, 2021 was less than the percentage increase in expense compared to the same period in 2020; however, we incurred amortization expense related to the identifiable intangible assets from the Payveris and Finovera acquisitions as well as increased stock-based compensation associated with routine grants to existing employees.

Sales and Marketing Expenses

The increase in sales and marketing expenses was primarily due to an increase in employee-related costs, including benefits, as we continued to expand our sales and marketing efforts with additional headcount in order to continue to drive

our growth. Our average sales and marketing headcount during the nine months ended September 30, 2021 was consistent with the percentage increase in expense compared to the same period in 2020.

The decrease in sales and marketing expenses as a percentage of revenue was primarily due to lower marketing expense related to events and lower travel-related costs as a result of the COVID-19 pandemic.

General and Administrative Expenses

The increase in general and administrative expenses was primarily due to indirect costs incurred associated with completion of our IPO, the increased costs of operating as a public company, including significant increases in our directors and officers insurance premiums one-time legal and other fees associated with the Payveris and Finovera acquisitions, and increases in employee-related costs, including benefits and stock-based compensation, due to an increase in general and administrative headcount. Our average general and administrative headcount increased by approximately 10% during the nine months ended September 30, 2021 compared to the same period in 2020.

The increase in general and administrative expenses as a percentage of revenue was primarily due to certain one-time and increased ongoing costs associated with operating as a public company and one-time legal and other fees associated with the Payveris and Finovera acquisitions.

Other Income (Loss)

	Nine Months Ended September 30,		Change	
	2021	2020	Amount	%
(dollars in thousands)				
Interest income, net	\$ 4	\$ 48	\$ (44)	(91.7)
Foreign exchange loss	(8)	(109)	101	(92.7)

The increase in interest income, net was primarily due to interest on the higher cash balance as a result of the IPO, offset by interest expense recorded for finance leases.

Income Taxes

	Nine Months Ended September 30,		Change	
	2021	2020	Amount	%
(dollars in thousands)				
Provision for income taxes	\$ (5,423)	\$ (3,361)	\$ (2,062)	61.4

The change in provision for income taxes as well as the increase in the Company's effective tax rate, which increased to 53.9% for the nine months ended September 30, 2021 as compared to 25.2% for the same period in the prior year, was primarily due to discrete tax adjustments related to nondeductible executive compensation and nondeductible IPO costs in connection with the IPO.

Liquidity and Capital Resources

Sources and Uses of Funds

As of September 30, 2021, we had \$177.5 million of unrestricted cash and cash equivalents. We believe that existing unrestricted cash and cash equivalents will be sufficient to support our working capital and capital expenditure requirements for at least the next 12 months. Since inception, we have financed operations primarily through the sale of equity securities and revenue from payment transaction fees and subscriptions. Our principal uses of cash are funding operations and capital expenditures.

In September 2021, we completed the acquisitions of Payveris and Finovera for a total purchase price of \$158.5 million for both entities, comprised of \$90.2 million in cash, of which \$0.8 million is being held back by the Company for a period of twenty-four months following the Finovera transaction closing date, and 2,364,270 shares of the Company's Class A common stock with a fair value of approximately \$68.3 million, of which 56,197 shares of Class A common stock with an approximate value of \$1.4 million remains issuable.

In May 2021, we completed our IPO which resulted in aggregate net proceeds of \$224.6 million, after underwriting discounts of \$16.9 million. We also received aggregate proceeds of \$50.0 million related to our concurrent private placement, and did not pay any underwriting discounts or commissions with respect to the shares that were sold in the concurrent private placement.

From time to time, we may explore additional financing sources and means to lower our cost of capital, which could include equity, equity-linked and debt financing. We cannot assure you that any additional financing will be available to us

on acceptable terms, or at all. The inability to raise capital would adversely affect our ability to achieve our business objectives. If we raise additional funds by issuing equity or equity-linked securities, the ownership of our existing stockholders will be diluted. If we raise additional financing by the incurrence of indebtedness, we may be subject to increased fixed payment obligations and could be subject to additional restrictive covenants, such as limitations on our ability to incur additional debt, and other operating restrictions that could adversely impact our ability to conduct our business. Any future indebtedness we incur may result in terms that could be unfavorable to equity investors.

Historical Cash Flows

The following table summarizes our consolidated cash flows.

	Nine Months Ended September 30,	
	2021	2020
	(in thousands)	
Net cash provided by (used in)		
Operating activities	\$ 19,357	\$ 28,129
Investing activities	(71,418)	(11,538)
Financing activities	220,948	(909)
Effects of foreign exchange on cash, cash equivalents and restricted cash	24	23
Net increase in cash, cash equivalents and restricted cash	\$ 168,911	\$ 15,705

Net Cash Provided by Operating Activities

Our primary source of operating cash is revenue from payment transaction fees. Our primary uses of operating cash are personnel-related costs, payments to third parties to fulfill our payment transactions and payments to sales and marketing partners.

Net cash provided by operating activities for the nine months ended September 30, 2021 was \$19.4 million, primarily consisting of our net income of \$4.6 million, adjusted for non-cash charges of \$8.6 million in depreciation and amortization, \$2.1 million in non-cash lease expense related to our operating right-of-use assets, \$1.9 million in stock-based compensation, \$2.7 million in deferred income taxes, \$0.4 million in amortization of contract asset recorded as contra revenue related to the recognition of the warrant issued to JPMC Strategic Investments I Corporation, and net cash outflows of \$1.2 million provided by changes in our operating assets and liabilities. The main drivers of the changes in operating assets and liabilities includes a \$7.8 million increase in accounts and other receivables due to higher sales and relative timing of our cash collections, an increase of \$0.2 million in prepaid expenses, and a \$2.0 million decrease in operating lease liabilities, due to current period payments on operating leases. These amounts were partially offset by a \$7.8 million increase in accounts payable due in part to a change in processor payment timing from real-time payments to transactions being processed on a monthly cadence where we are invoiced in arrears for fees owed, an increase of \$0.1 million in accrued liabilities, a \$0.3 million decrease in income taxes receivable, and an increase of \$0.4 million in contract liabilities.

Net cash provided by operating activities for the nine months ended September 30, 2020 was \$28.2 million, primarily consisting of our net income of \$10.1 million, adjusted for non-cash charges of \$6.0 million in depreciation and amortization, \$2.0 million in non-cash lease expense related to our operating right-of-use assets, \$1.4 million in stock-based compensation, \$1.3 million in deferred income taxes, and net cash inflows of \$7.2 million provided by changes in our operating assets and liabilities. The main drivers of the changes in operating assets and liabilities were an increase of \$13.7 million in accounts payable, an increase of \$2.1 million in accrued liabilities, an increase of \$0.5 million in contract liabilities, and a \$0.6 million decrease in income taxes receivable due to the receipt of an overpayment from the prior year end. These amounts were partially offset by a \$7.7 million increase in accounts and other receivables resulting primarily from higher sales and relative timing of our cash collections, and a \$2.0 million decrease in operating lease liabilities due to current period payments on operating leases.

Net Cash Used in Investing Activities

Cash used in our investing activities consists primarily of cash paid for acquisitions, capitalized internal-use software development costs, purchases of property and equipment and intangible assets.

Net cash used in investing activities for the nine months ended September 30, 2021 consisted of \$57.1 million of cash paid for acquisitions, net of cash and restricted cash acquired and contingent consideration, \$13.5 million of capitalized internal-use software development costs and \$0.8 million of purchases of property and equipment.

Net cash used in investing activities for the nine months ended September 30, 2020 consisted of \$10.9 million of capitalized internal-use software development costs, \$0.4 million of purchases of property and equipment and \$0.3 million related to the payment of deferred consideration for an acquisition.

Net Cash Provided by (Used in) Financing Activities

Cash provided by (used in) financing activities consists primarily of proceeds from the IPO and private placement offset by the redemption of the Series A preferred stock, payment of deferred offering costs related to the IPO, changes in financial institution funds in-transit, and payments on capital lease and other financing arrangements and principal payments on debt.

Net cash provided by financing activities for the nine months ended September 30, 2021 consisted of proceeds from the IPO of \$224.6 million, proceeds from the private placement of \$50.0, increase in financial institution funds in-transit of \$6.6 million and proceeds of \$0.8 million from the repayment of a related party loan, offset by \$23.0 million for the redemption of the Series A preferred stock, \$34.4 million for the payment of dividends on the Series A preferred stock, \$1.7 million of payments on finance leases and other financing obligations and \$2.0 million of payments of deferred offering costs directly related to our IPO.

Net cash used in financing activities for the nine months ended September 30, 2020 consisted of \$0.8 million of payments on finance leases and other financing obligations.

Contractual Obligations and Other Commitments

The following table summarizes our contractual obligations and commitments in cash as of September 30, 2021:

	Total	Payments Due by Period:			
		Less than 1 Year	1 - 3 Years	3 -5 Years	More than 5 Years
		(in thousands)			
Operating lease liabilities ⁽¹⁾	9,434	533	2,590	2,283	4,028
Finance lease liabilities ⁽²⁾	445	68	377	—	—
Purchase obligations ⁽³⁾	3,556	590	2,735	231	—
	\$ 13,435	\$ 1,191	\$ 5,702	\$ 2,514	\$ 4,028

(1) Consists of operating lease liabilities for our offices and data centers.

(2) Consists of finance lease liabilities for equipment.

(3) Consists of purchase obligations which were not recognized on the balance sheet as of September 30, 2021, related primarily to infrastructure services and IT software and maintenance service costs.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements and do not have any holdings in variable interest entities.

Critical Accounting Policies

Our management's discussion and analysis of our financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, net sales, expenses and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

There have been no material changes to our critical accounting policies as compared to the critical accounting policies and significant judgments and estimates disclosed in our prospectus filed pursuant to Rule 424(b) under the Securities Act with the SEC on May 26, 2021.

Emerging Growth Company Status

Section 107 of the Jumpstart Our Business Startups Act of 2012, as amended, or the JOBS Act, provides that an "emerging growth company" may take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an "emerging growth company" may delay the adoption of certain accounting standards until those standards would otherwise apply to private companies.

Section 107 of the JOBS Act provides that any decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable. We have elected to use this extended transition period under the JOBS Act.

Recent Accounting Pronouncements

See Note 2 to our condensed consolidated financial statements included elsewhere in this report for more information regarding recently issued accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risk in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates and foreign currency exchange rates.

Interest Rate Risk

Our cash and cash equivalents consist of bank deposits and money market funds with original maturities of three months or less. Our cash and cash equivalents are held for working capital purposes. We do not enter into investments for trading or speculative purposes. Our cash equivalents and our investment portfolio are subject to market risk due to changes in interest rates. As of September 30, 2021, a hypothetical 10% relative change in interest rates would not have had a material impact on the value of our cash equivalents or investment portfolio.

Foreign Currency Exchange Risk

Certain of our operations are conducted in foreign currencies. While we have generated substantially all of our revenue from billers in the United States, we have foreign currency risks related to revenue denominated in other currencies, such as the Canadian dollar. In addition, we have significant operations outside of the United States, particularly in Canada and India, where expenses are denominated in the local currency. Decreases in the relative value of the U.S. dollar to other currencies may negatively affect revenue and other operating results as expressed in U.S. dollars. We have not engaged in the hedging of foreign currency transactions, although we may do so in the future. We do not believe that an immediate 10% increase or decrease in the relative value of the U.S. dollar to other currencies would have a material effect on operating results.

Item 4. Controls and Procedures

Inherent Limitations on Effectiveness of Controls

Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act). Based on that evaluation, and as a result of the material weaknesses described below, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2021, our disclosure controls and procedures were not effective at the reasonable assurance level. In light of this fact, our management has performed additional analyses, reconciliations, and other post-closing procedures and has concluded that, notwithstanding the material weaknesses in our internal control over financial reporting, the unaudited condensed consolidated financial statements for the periods covered by and included in this Quarterly Report on Form 10-Q fairly state, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with GAAP.

Material Weaknesses in Internal Control over Financial Reporting

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. As of the end of the period covered by this report, our material weaknesses are as follows:

- We lacked a sufficient number of trained professionals with an appropriate level of accounting knowledge, training and experience to appropriately analyze, record and disclose accounting matters, including accounting for capitalized internal-use software development costs, identification of reporting units, translation of foreign currency in consolidation, accounting for deferred compensation, calculation of earnings per share and classification of accounts in the financial statements. Additionally, we did not design and maintain effective controls over verifying the appropriate review and approval of journal entries.
- We did not design and maintain effective controls relevant to the preparation of our financial statements with respect to certain information technology, or IT, general controls for information systems. Specifically, we did not design and maintain (1) program change management controls to ensure that IT program and data changes affecting certain IT applications and underlying accounting records are identified, tested, authorized and implemented appropriately; and (2) user access controls to ensure appropriate segregation of duties and that adequately restrict user and privileged access to financial applications, programs and data to appropriate company personnel.

Remediation Plan

We have begun implementing a plan to remediate the material weaknesses described above. In 2020, we implemented a new general ledger accounting system, including the design of permissions within that system which allow for effective restricted access and segregation of duties to govern the preparation and review of journal entries. Additional remediation measures are ongoing and include the following:

- enhancing and documenting management review controls over the review of journal entries and the identification and review of complex transactions;
- continuing to hire additional personnel with public company experience for our accounting and finance function; and
- designing and implementing comprehensive access control protocols for our relevant IT applications to enforce restricted user and privileged access and implementing controls to review the activities for those users who have privileged access.

While we believe these efforts will remediate the material weaknesses, these material weaknesses cannot be considered fully remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are involved in legal proceedings and subject to claims that arise in the ordinary course of our business. Although the results of legal proceedings and claims cannot be predicted with certainty, we believe we are not currently party to any legal proceedings which, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results or financial condition.

Item 1A. Risk Factors.

Investing in our Class A common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this report, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our condensed consolidated financial statements and the accompanying notes included elsewhere in this report before making an investment decision. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us

or that we currently deem immaterial may also materially and adversely affect our business operations, results of operations, financial condition or prospects. The trading price of our Class A common stock could decline due to the materialization of any of these risks, and you may lose all or part of your investment. In addition, the risks discussed below include forward-looking statements and our actual results may differ substantially from those discussed in the forward-looking statements. You should also read the section under the caption “*Special Note Regarding Forward-Looking Statements*” in Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Risks Related to Our Business and Industry

Our rapid growth may not be sustainable or indicative of our future growth.

Our recent rapid growth, including in payment volumes, may not be sustainable or indicative of our future growth. Even though the number of billers and consumers who use our platform has grown rapidly in recent years, there can be no assurance that we will be able to attract new billers or retain existing billers. Our costs associated with retaining revenue from existing billers are substantially lower than costs associated with attracting and generating revenue from new billers or costs associated with generating increased adoption of our platform by existing billers. Therefore, if we are unable to retain revenue from existing billers, even if related losses are offset by an increase in new billers or increased adoption of our platform by existing billers, our operating results could be adversely impacted.

Our ability to attract new billers, retain revenue from existing billers or increase adoption of our platform by both new and existing billers is impacted by a number of factors, including:

- ☐ our transaction fees and certain of our billers’ ability to pass them on to consumers;
- ☐ our ability to timely expand the functionality and scope of our platform;
- ☐ our ability to maintain the rates at which our billers pay us and continue to use our platform;
- ☐ competitive factors, including the introduction of competing solutions, discount pricing and other strategies that may be implemented by our competitors;
- ☐ our ability to maintain high-quality customer support for billers and consumers;
- ☐ our ability to attract and retain strategic partners, software partners and IPN partners;
- ☐ our ability to expand into new industries and market segments;
- ☐ actual or perceived privacy or security breaches or incidents;
- ☐ the frequency and severity of any system outages, technological changes or similar issues;
- ☐ our ability to successfully identify and acquire or invest in businesses, products or technologies that we believe could complement or expand our platform;
- ☐ our ability to increase awareness of our brand and successfully compete with other companies;
- ☐ our ability to expand internationally; and
- ☐ our focus on long-term value over short-term results, meaning that we may make strategic decisions that may not maximize our short-term revenue or profitability if we believe that the decisions are consistent with our mission and will improve our financial performance over the long-term.

Our business could be harmed if we fail to manage our infrastructure to support future growth.

The rapid growth we have experienced in our business places significant demands on our operational infrastructure. The scalability and flexibility of our platform depends on the functionality of our technology and network infrastructure and its ability to handle increased traffic and demand for bandwidth. The growth in the number of billers and partners using our platform and the number of bills processed through our platform has increased the amount of data that we process. Any problems with the transmission of increased data and bills could result in harm to our brand or reputation. Moreover, as our business grows, we will need to devote additional resources to improving our operational infrastructure and continuing to enhance its scalability in order to maintain the performance of our platform, including customer support, risk and compliance operations and professional services. Any failure of or delay in these efforts could result in service interruptions, impaired system performance and reduced biller, partner and consumer satisfaction. If sustained or repeated, these performance issues could reduce the attractiveness of our platform to billers and partners and could result in lost biller and partner opportunities and higher attrition rates, any of which could hurt our revenue growth, biller and partner loyalty and our reputation. Even if our efforts to scale our business are successful, they will be expensive and complex, and require the dedication of significant management time and attention. We could also face inefficiencies or service disruptions as a result of our efforts to scale our internal infrastructure. We cannot be sure that the expansion and

improvements to our internal infrastructure will be effectively implemented on a timely basis, if at all, and such failures could adversely affect our business, operating results and financial condition.

Moreover, our rapid growth has placed, and will likely continue to place, a significant strain on our managerial, administrative, operational, financial and other resources. We have grown substantially in the past three years and intend to further expand our overall business, including headcount, with no assurance that our revenue will continue to grow or grow sufficiently to offset the costs associated with increased headcount. As we grow, we will be required to continue to improve our operational and financial controls and reporting procedures and we may not be able to do so effectively. Furthermore, some members of our management do not have significant experience managing a large public company, so our management may not be able to manage such growth effectively. In managing our growing operations, we are also subject to the risks of over-hiring and over-compensating our employees and over-expanding our operating infrastructure. As a result, we may be unable to manage our expenses effectively in the future, which may negatively impact our gross profit or operating expenses.

In addition, we believe that an important contributor to our success has been our corporate culture, which we believe fosters innovation, and is rooted in a philosophy of aligning our success with that of billers, partners and consumers. As a result of our rapid growth, a significant portion of our employees have been with us for fewer than three years. As we continue to grow and develop the infrastructure of a public company, we must effectively integrate, develop and motivate a growing number of new employees, who will be dispersed geographically, with our headquarters in Redmond, Washington and a large employee presence in Toronto, Canada, Charlotte, North Carolina and Delhi, India. Our geographically dispersed workforce may make it more difficult for our management to manage our growth effectively and preserve our corporate culture. In addition, we must preserve our ability to execute quickly in further developing our platform and implementing new features and tools. As a result, we may find it difficult to maintain our corporate culture, which could limit our ability to innovate and operate effectively. Any failure to preserve our culture could also negatively affect our ability to recruit and retain personnel, to continue to perform at current levels or to execute on our business strategy effectively and efficiently.

If we are unsuccessful in establishing, growing or maintaining partnerships, our ability to compete could be impaired, and our operating results may suffer.

We rely on integration of our end-to-end electronic bill payment solution into third-party software products, which enables us to power such software products' bill payment capabilities. We also rely on strategic partners, such as U.S. Bank, JPMorgan Chase and a major payroll solutions provider, and industry-expert partners to refer new billers to our platform. Additionally, the IPN is our patented and proprietary network that enables partners, such as PayPal, Walmart, a leading global ecommerce retailer and banks, to embed our end-to-end electronic bill payment solution into their ecosystems through a single point of access. Collectively, our software, strategic and IPN partners drive increased transaction volume and adoption of our platform.

To grow our business, we will seek to expand our existing and establish additional relationships with strategic, software and IPN partners. Establishing such relationships, particularly with financial institutions and other large enterprises, entails extensive sales and marketing efforts with no guarantee of success. Sales and marketing to large organizations involve risks that may not be present, or that are present to a lesser extent, with sales and marketing to other, smaller organizations. We must invest significant time educating and selling to multiple management and technical decision-makers to obtain their support. In addition, we may be required to meet wide-ranging and detailed ancillary requirements. For example, financial institutions generally require us to submit to an exhaustive security audit, given the sensitivity and importance of storing consumer billing and payment data on our platform. Adoption is also frequently subject to budget constraints and unplanned administrative, processing and other delays, including considerable efforts to negotiate and document relationships. Further, platform deployment and integration with partners' software and other solutions requires significant efforts. If we are unable to increase adoption of our platform by partners and manage the costs associated with marketing our platform to potential partners and integrating with their systems, our business, operating results and financial condition may be adversely affected. In addition, if we are unsuccessful in establishing, growing or maintaining partnerships, our ability to compete could be impaired, and our operating results may suffer. If we lost one or more of our largest partnerships, we could also lose associated biller relationships or payment channels and our business, operating results and financial condition could be harmed.

If we are unable to increase our revenue at a rate sufficient to offset expected increases in our costs, or if the investments we make in our business fail to generate the expected benefits, our business, operating results and financial condition will be harmed and we may not be able to maintain profitability over the long term.

As we scale our business, we expect to continue to expend substantial financial and other resources on:

- sales and marketing, including an expansion of our sales organization and new initiatives in order to drive further expansion of our IPN and partner ecosystem;

- our technology infrastructure, including systems architecture, scalability, availability, performance and security;
- product development, including investments in our product development team and the development of new products and new functionality for our AI-enabled platform;
- regulatory compliance and risk management;
- acquisitions or strategic investments;
- expansion into new channels, verticals and international markets; and
- general administration, including increased legal and accounting expenses associated with being a public company.

The increased costs associated with these and other investments we may make in our business may fail to generate the expected benefits. If we are unable to increase our revenue at a rate sufficient to offset the expected increase in our costs, our business, operating results and financial condition will be harmed, and we may not be able to maintain profitability over the long term. In particular, we expect net income and adjusted EBITDA may decline in the near-term as we make investments in our platform, incur increased operating costs associated with being a public company, integrate our recent acquisitions and amortize the identifiable intangible assets that we recorded in conjunction with our recent acquisitions.

Additionally, we anticipate that our growth rate will decline over time to the extent that the number of billers using our platform increases and we achieve higher market penetration rates. As our growth rate declines, investors' perception of our business may be adversely affected and the market price of our Class A common stock could decline as a result. To the extent our growth rate slows, our business performance will become increasingly dependent on our ability to retain revenue from existing billers and increase adoption of our platform by existing billers.

Our sales efforts to large enterprises involve considerable time and expense with long and unpredictable sales cycles.

One of the factors affecting our growth and financial performance is the adoption of our platform by large enterprise billers over legacy solutions and in-house proprietary technologies or our competitor's products. To increase adoption within large enterprise billers and to attract new large enterprise billers, we primarily rely on our direct sales team. As part of our sales efforts, we invest considerable time and expense evaluating the specific organizational needs of potential billers and educating these potential billers about the technical capabilities and value of our platform. Because large enterprises tend to have more consumers impacted by a switch in billing services, they often evaluate our platform at multiple levels within their organization, each of which often have specific requirements, and typically involve their senior management. As a result, our sales efforts to large enterprises involve considerable time and expense with long and unpredictable sales cycles, which may cause our results of operations to fluctuate.

Large enterprise billers also make product purchasing and adoption decisions based in part or entirely on factors, or perceived factors, not directly related to the features of platforms, including, among others, a biller's projections of business growth, uncertainty about economic conditions (including as a result of the recent COVID-19 pandemic), capital budgets, anticipated cost savings from the implementation of our platform, potential preference for such biller's internally-developed software and billing solutions, perceptions about our business and platform, more favorable terms offered by potential competitors and previous technology investments. In addition, certain decision-makers and other stakeholders within potential billers tend to have vested interests in the continued use of internally developed solutions or other existing electronic payment and billing solutions, which may make it more difficult for us to sell our products. As a result of these and other factors, our sales efforts to large enterprises typically require an extensive effort throughout the organization and a significant investment of human resources, expense and time, including by our senior management, and there can be no assurances that we will be successful in making a sale. If our sales efforts to a potential biller do not result in sufficient revenue to justify our investments, our business, operating results and financial condition could be adversely affected.

The COVID-19 pandemic could have a material adverse impact on our employees, billers, partners, consumers and other key stakeholders, which could materially and adversely impact our business, operating results and financial condition

The COVID-19 pandemic and efforts to control its spread have significantly curtailed the movement of people, goods and services in the United States, where we generate substantially all of our revenue, and worldwide, where we are targeting future growth. It has also caused extreme societal, economic and financial market volatility, resulting in business shutdowns and a global economic downturn. The extent of the impact of the COVID-19 pandemic on our operational and financial performance will depend on future developments, including the duration, spread and severity of the pandemic, the availability, effectiveness and uptake of vaccines for COVID-19, the emergence of new variants of COVID-19 and

whether existing vaccines are effective with respect to such variants, the actions to contain the disease or mitigate its impact, and the duration, timing and severity of the impact on consumer behavior, including any recession resulting from the pandemic, all of which are unpredictable.

In light of the uncertainty relating to the spread of COVID-19, we have taken precautionary measures intended to reduce the risk of the virus spreading to our employees, billers and partners, and we may take further precautionary measures. In particular, governmental authorities have at times instituted, and in the future may institute, shelter-in-place policies and other restrictions in many jurisdictions in which we operate, including in Redmond, Washington, where our headquarters are located, and Toronto, Canada, Charlotte, North Carolina and Delhi, India, where we maintain significant operations, which policies and restrictions have at times required our employees to work remotely. Even as shelter-in-place policies or other governmental restrictions are lifted, we are taking, and expect to continue to take, a measured and careful approach to having employees return to offices and travel for business. These precautionary measures and policies could negatively impact employee productivity, training and collaboration or otherwise disrupt our business operations. In addition, such restrictions impact certain of our sales efforts, marketing efforts and implementations, adversely affecting the effectiveness of such efforts in some cases and potentially inhibiting future growth.

In addition, the COVID-19 pandemic has disrupted and may continue to disrupt the operations of our billers and partners for an indefinite period of time, which in turn could negatively impact our business and operating results. Widespread remote work arrangements may also negatively impact our billers' and partners' operations, and the operations of third-party service providers who perform critical services for us, and, by extension, our operations.

Further, the extent and duration of working remotely exposes us, and our billers, partners and others with whom we have business relationships to increased risks of security breaches or incidents. The increase in remote working may also result in privacy, data protection, data security, and fraud risks, and our understanding of applicable legal and regulatory requirements, as well as the latest guidance from regulatory authorities in connection with the COVID-19 pandemic, may be subject to legal or regulatory challenge, particularly as regulatory guidance evolves in response to pandemic-related developments. Furthermore, we may need to enhance the security of our platform, our data and our internal information technology, or IT, infrastructure, which may require us to expend additional resources and may not be successful.

More generally, the COVID-19 pandemic has adversely affected economies and financial markets globally, potentially leading to a prolonged economic downturn, which could decrease technology spending, lengthen sales and implementation cycles, and adversely affect demand for our products and harm our business and operating results. The COVID-19 pandemic may delay, or prevent us from making, collections, and disrupt our ability to develop or enhance offerings. As the COVID-19 pandemic persists, government authorities and companies may continue to implement or reimpose restrictions or policies that could adversely impact consumer spending and payment volumes, global capital markets, the global economy and the market price of our Class A common stock.

We are subject to economic and geopolitical risk, the business cycles and credit risk of our billers and partners and their consumers, and the overall level of consumer, business and government spending, which could negatively affect our business, operating results and financial condition.

The electronic bill presentment and payment services industry depends heavily on the overall level of consumer, business and government spending. We are exposed to general economic conditions that affect consumer confidence, consumer spending, consumer discretionary income and changes in consumer purchasing habits. A sustained deterioration in general economic conditions in the markets in which we operate or increases in interest rates may adversely affect our financial performance by reducing the number or average payment amount of transactions made using electronic bill payments on our platform. Relatedly, a reduction in the amount of consumer spending could result in a decrease in our revenue and profit. If our billers present fewer bills to consumers using electronic billing or consumers making electronic bill payments spend less per transaction, we will have fewer transactions to process or lower transaction amounts, each of which would contribute to lower revenue. These developments could have a material adverse impact on our business, operating results and financial condition.

Further, a downturn in the economy could force our billers or partners or their consumers to close or declare bankruptcy, resulting in lower revenue and earnings for us and greater exposure to potential credit losses and future transaction declines. We also have a certain amount of fixed and other costs, including rent and salaries, which could limit our ability to quickly adjust costs and respond to changes in our business and the economy. Changes in economic conditions could also adversely affect our future revenue and profit and cause a materially adverse effect on our business, operating results and financial condition.

The markets in which we participate are competitive, and if we do not compete effectively, our business, operating results and financial condition could be harmed.

The market for electronic bill presentment and payment services is fragmented, competitive and constantly evolving. Our primary competitors are legacy solution providers and financial institutions with internally developed solutions for bill

presentment and payment services. With the introduction of new technologies and market entrants, we expect that the competitive environment will remain intense. Legacy solution providers, new market entrant solution providers and financial institutions may internally develop products, acquire existing, third-party products or enter into partnerships or other strategic relationships that would enable them to expand their product offerings to compete with our platform, provide more comprehensive offerings than they individually had offered or achieve greater economies of scale than us.

These legacy solution providers and financial institutions may have the operating flexibility to bundle competing solutions with other offerings, and may offer them at a lower price or for no additional cost to billers as part of a larger sale. Legacy solution providers offer solutions for in-person cash payments, check-based mail payments, prior-generation interactive voice response, or IVR, phone-based payments and web-based payments, as well as a variety of point solutions for various payment needs.

In addition, new entrants not currently considered to be competitors may enter the market through acquisitions, partnerships, or strategic relationships. New market entrants include a variety of payment processing vendors, particularly those focused on online and mobile payments, as well as mobile wallets and other offerings. Many of these new entrants are also potential partners of ours. As we look to market and sell our platform to potential billers or strategic partners with existing solutions, we must convince their internal stakeholders that our platform is superior to their current solutions.

We compete on several factors, including:

- product features, quality and breadth and depth of functionality;
- ease of deployment and implementation speed;
- ease of integration with leading billing and enterprise software, customer information systems and banking technology infrastructures;
- ability to automate processes;
- cloud-based delivery architecture;
- advanced security, reliability, customer service and control features;
- data asset size and ability to leverage artificial intelligence, or AI, to grow faster and smarter;
- regulatory compliance leadership;
- brand awareness and reputation;
- pricing, total cost of ownership and return on investment; and
- consumer satisfaction.

Our competitors vary in size, breadth, and scope of the products and services offered. Many of our current and potential competitors have greater name recognition, longer operating histories, more established biller and consumer relationships, larger marketing budgets and greater resources than us. Our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards and requirements.

For these reasons, we may not be able to compete successfully or continue to achieve or maintain market acceptance for our platform, any of which would harm our business, operating results and financial condition.

Our revenue is sensitive to shifts in payment mix.

A substantial majority of our revenue is derived from transaction fees, either absorbed by billers or paid by consumers, and the majority of bills on our platform are paid via credit or debit cards. In general, we receive more revenue for card-based payments than for electronic check and automated clearing house, or ACH, payments. Accordingly, if more consumers start paying their bills by electronic check, ACH or other payment methods with lower transaction fees, it could materially impact our operating results.

We expect fluctuations in our operating results, making it difficult to project future results, and if we fail to meet the expectations of securities analysts or investors with respect to our operating results, the market price of our Class A common stock could decline.

Our rapid growth makes it difficult for us to forecast our future operating results. Our operating results have fluctuated in the past and are expected to fluctuate in the future due to a variety of factors, many of which are outside of our control. As a result, our past results may not be indicative of our future performance.

In addition to the other risks described herein, factors that may affect our operating results include the following:

- fluctuations in demand for our platform;

- our ability to attract new billers and retain and increase adoption by our existing billers;
- our ability to expand our relationships with our partners and identify and attract new partners;
- changes in payment method preferences and channels by consumers, which may affect our revenue and gross margin, particularly as a result of interchange fees;
- variations across the industries of our billers, which may affect payment methods used by consumers and average payment amounts and, in turn, our revenue and gross margin, particularly as a result of interchange fees;
- the continued impact of the COVID-19 pandemic on our operating results, liquidity and financial condition and on our employees, billers, partners, consumers and other key stakeholders;
- changes in biller preference for cloud-based services as a result of security breaches and incidents in the industry or privacy concerns, or other security or reliability concerns regarding our products;
- fluctuations or delays in purchasing decisions in anticipation of new products or product enhancements by us or our competitors;
- changes in biller and consumer budgets and in the timing of their budget cycles and purchasing decisions;
- potential and existing billers choosing our competitors' products or developing their own solutions in-house;
- the development or introduction of new platforms or services that are easier to use or more advanced than our current platform and suite of services;
- our ability to adapt to new forms of payment that become widely accepted, including cryptocurrencies;
- the adoption or retention of more entrenched or rival services in the international markets where we compete or plan to compete;
- our ability to control costs, including our operating expenses;
- the amount and timing of payment for operating expenses, particularly research and development and sales and marketing expenses, including commissions;
- the amount and timing of non-cash expenses, including stock-based compensation, goodwill impairments and other non-cash charges;
- the amount and timing of costs associated with recruiting, training and integrating new employees, and retaining and motivating existing employees;
- the effects of acquisitions and their integration;
- general economic conditions, both domestically and internationally, as well as economic conditions specifically affecting industries in which our billers operate;
- the impact of new accounting pronouncements;
- changes in the competitive dynamics of our markets;
- security breaches of and incidents impacting, technical difficulties with, or interruptions to, the delivery and use of our platform; and
- awareness of our brand and our reputation in our target markets.

Any of these and other factors, or the cumulative effect of some of these factors, may cause our operating results to vary significantly. In addition, we expect to incur significant additional expenses due to the increased costs of operating as a public company. If the assumptions used to plan our business are incorrect, our revenue may fail to meet our expectations and we may fail to meet profitability expectations. Further, if our quarterly operating results fall below the expectations of investors and securities analysts who follow our Class A common stock, the price of our Class A common stock could decline substantially, and we could face costly lawsuits, including securities class action lawsuits.

We depend on third-party payment processors to process bill payments made on our platform and our business, operating results and reputation could be harmed if we experience service interruptions related to our payment processors.

We depend on third-party payment processors, including PayPal's Braintree service, to process bill payments made through various channels on our platform, including credit and debit cards, ACH transfers, eChecks and PayPal. The

per-transaction settlement fees we pay under our agreements with payment processors collectively comprise a significant portion of our cost of revenue. We also rely on payment processors to collect and store payment card information and provide certain fraud detection services. Our multiyear agreements with payment processors contain industry-standard terms and conditions, including technical requirements for how we must process and settle transactions and chargebacks. These agreements also obligate us to comply with card networks' security standards and guidelines, and to reimburse the payment processors for any fines they are assessed by payment networks as a result of any rule violations by us. See the section titled "—Risks Related to Regulation—We are required to comply with payment network operating rules and changes to such rules or payment network fees could harm our business."

If any of our payment processors were to terminate its relationship with us, whether as a result of a failure by us to meet our contractual obligations or for other reasons, or if any of them were to refuse to renew its agreement with us on commercially reasonable terms, we would need to engage one or more alternate payment processors. In that case, we could experience service interruptions and incur significant expenses in arranging for replacement payment processing services. Such interruptions could also negatively impact our reputation and our relationships with existing or potential billers and partners, as well as cause us to become obligated to provide service credits or refunds under our service level commitments. Likewise, our payment processors have in the past and may in the future experience outages that have and may cause us to temporarily lose our ability to process transactions on our platform. If any of our payment processors fails to meet our standards and expectations, becomes compromised or suffers errors, outages or vulnerabilities, we could temporarily lose our ability to process transactions on our platform until such issues have been remedied or we have engaged one or more alternate payment processors.

We operate in an emerging and evolving market, which may develop more slowly or differently than we expect. If our market does not grow as we expect, or if we cannot expand our platform to meet the demands of this market, our revenue may decline or fail to grow.

Our primary competition remains the legacy processes that billers have relied on for many years, such as physical bills, physical checks and non-scalable legacy IVR and similar systems, as well as systems developed internally by financial institutions. Our success depends to a substantial extent on the widespread adoption of our cloud-based electronic billing and payment platform as an alternative to these existing solutions and adoption by billers that are not using any such solutions at all. Some organizations may be reluctant or unwilling to use our platform for several reasons, including concerns about additional costs, uncertainty regarding the reliability and security of cloud-based offerings or lack of awareness of the benefits of our platform. Our ability to expand sales of our platform depends on several factors, including prospective billers' awareness of our platform; the timely completion, introduction and market acceptance of enhancements to our platform or new products that we may introduce; the effectiveness of our marketing programs; the costs of our platform and the ability of billers to pass on transaction costs to their consumers; and the success of competing solutions. If we are unsuccessful in developing and marketing our platform, or if organizations do not perceive or value the benefits of our platform as an alternative to legacy systems, the market for our platform may not continue to develop or may develop more slowly than we expect, either of which would harm our business, operating results and prospects.

Our risk management efforts may not be effective to prevent fraudulent activities, which could expose us to material financial losses and liability and otherwise harm our business.

We offer a software platform that automates the entire bill payment lifecycle, providing electronic bill presentment, consumer engagement and payment processing for a large number of billers and consumers. We are responsible for verifying the identity of our billers, and monitoring transactions for fraud. We and our billers have been in the past and will continue to be targeted by parties who seek to commit acts of financial fraud using techniques such as stolen identities and bank accounts, compromised business email accounts, employee or insider fraud, account takeover, false applications and check fraud. We may suffer losses from acts of financial fraud committed by or against our billers or partners or their consumers, our employees or other third-parties.

The techniques used to perpetrate fraud on our platform are continually evolving, and we expend considerable resources to continue to monitor and combat them. In addition, when we introduce new products and functionality, or expand existing products, we may not be able to identify all risks created by the new products or functionality. Our risk management policies, procedures, techniques and processes may not be sufficient to identify all of the risks to which we are exposed, to enable us to prevent or mitigate the risks we have identified or to identify additional risks to which we may become subject in the future. Furthermore, our risk management policies, procedures, techniques and processes may contain errors or our employees or agents may commit mistakes or errors in judgment as a result of which we may suffer large financial losses. The software-driven and highly automated nature of our platform could enable criminals and those committing fraud to cause significant losses to our business. As greater numbers of billers, partners and consumers use our platform, our exposure to material risk of losses from a single user, or from a small number of users, will increase.

Our current business and anticipated domestic and international growth will continue to place significant demands on our risk management efforts, and we will need to continue developing and improving our existing risk management infrastructure, policies, procedures, techniques and processes. As techniques used to perpetrate fraud on our platform evolve, we may need to modify our products or services to mitigate fraud risks. As our business grows and becomes more complex, we may be less able to forecast and carry appropriate reserves on our books for fraud related losses. Further, these types of fraudulent activities on our platform can also expose us to civil and criminal liability and governmental and regulatory sanctions as well as potentially cause us to be in breach of our contractual obligations to our third-party partners.

If we lose our founder and chief executive officer or other key members of our management team, or if we are unable to attract and retain executives and employees we need to support our operations and growth, our business may be harmed.

Our success and future growth depend upon the continued services of our management team and other key employees. Dushyant Sharma, our founder, chairman, president and chief executive officer, is critical to our overall management, as well as the continued development of our products, partnerships, culture and strategic direction. From time to time, there may be changes in our management team resulting from the hiring or departure of executives and key employees, which could disrupt our business. Our senior management and key employees are employed on an at-will basis. We currently do not have “key person” insurance on any of our employees. Certain of our key employees have been with us for a long period of time and have fully vested stock options that may become valuable and are publicly tradable, subject to lock-up restrictions and Rule 144 limitations, which reduces the incentive for each of these key employees to remain at our company. The loss of our founder and chief executive officer, or one or more of our other senior management members, or other key employees, including due to illness resulting from COVID-19, could harm our business, and we may not be able to find adequate replacements. We cannot ensure that we will be able to retain the services of any members of our senior management or other key employees or that we would be able to timely replace members of our senior management or other key employees should any of them depart.

Failure to attract and retain additional qualified personnel and any restrictions on the movement of personnel could prevent us from executing our business strategy and growth plans.

To execute our business strategy, we must attract and retain highly qualified personnel. Competition for executive officers, software developers, compliance and risk management personnel and other key employees in our industry and location is intense and increasing. We compete with many other companies for software developers with high levels of experience in designing, developing, and managing cloud-based software and payment systems, as well as for skilled legal and compliance and risk operations professionals. Many of the companies with which we compete for experienced personnel have greater resources than we do and can frequently offer such personnel substantially greater compensation than we can offer. In addition, a new or revised visa program, and in particular one that limits the availability of H1-B and other visas, may impact our ability to recruit, hire, retain or effectively collaborate with qualified skilled personnel, including in the areas of AI and machine learning, and payment systems and risk management, which could adversely impact our business, operating results and financial condition. If we fail to identify, attract, develop and integrate new personnel, or fail to retain and motivate our current personnel, our growth prospects would be adversely affected.

If we fail to offer high-quality customer support, if we experience complaints regarding our customer support or if our support is more expensive than anticipated, our business and reputation could suffer.

Billers and their consumers rely on our customer support services to resolve issues and realize the full benefits provided by our platform. High-quality support is also important to maintain and drive further adoption by our existing billers and their consumers. We primarily provide customer support to billers over email, with some additional support provided over chat and through our platform, and to consumers over the phone. If we do not help our billers and their consumers quickly resolve issues and provide effective ongoing support, or if our support personnel or methods of providing support are insufficient to meet the needs of our billers and their consumers, our ability to retain billers, increase adoption by our existing billers and acquire new billers could suffer, and our reputation with existing or potential billers could be harmed. In addition, biller and consumer complaints or negative publicity about our customer service could diminish confidence in and use of our products or services. Effective customer service requires significant expenses, which, if not managed properly, could negatively impact our profitability. If we are not able to meet the customer support needs of our billers and their consumers during the hours that we currently provide support, we may need to increase our support coverage and provide additional support by other means and methods, which may reduce our profitability.

If the fees we charge are unacceptable to our billers or their consumers, our business, operating results and financial condition could be harmed.

We generate substantially all of our revenue by charging billers fees on a per-transaction basis. As the market for our platform matures, or as new or existing competitors introduce new products or services that compete with ours, we may experience pricing pressure and be unable to renew our agreements with existing billers or attract new billers at fee

levels that are consistent with our pricing model and operating budget. Our pricing strategy for new products we introduce may prove to be unappealing to our billers or consumers, and our competitors could choose to bundle certain products and services competitive with ours and offer them at lower prices. If this were to occur, it is possible that we would have to change our pricing strategies or reduce our prices, which could harm our business, operating results and growth prospects.

Further, a significant portion of our revenue is generated from billers that elect to pass on transaction fees to consumers in the form of convenience fees. In certain markets, such as utilities and municipalities, convenience fees are commonplace. Despite the fact that such fees are relatively standard, they are often met with negative consumer perception, which could lead to heightened regulatory scrutiny and further pricing pressure.

If we fail to meet our service level commitments, we could be obligated to provide credits or refunds or face contract terminations, which could adversely affect our business, operating results and financial condition.

Certain of our agreements with our billers and partners contain service level commitments, including commitments regarding the accuracy of information and data we provide and how quickly we will respond to support inquiries. If we are unable to meet the stated service level commitments or our platform suffers extended periods of unavailability or downtime, we may be contractually obligated to provide these parties with service credits or refunds. In addition, certain billers could shift to using a different solution such that we would no longer be their exclusive payment provider and we could also face contract terminations, either of which would adversely affect our future revenue. Further, any extended service outages could adversely affect our reputation, revenue and operating results.

If we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards, changing regulations and changing business needs, requirements or preferences, our products may become less competitive and our growth rate could decline.

The market for electronic bill presentment and payment services is relatively new and subject to ongoing technological change, evolving industry standards, payment methods and changing regulations, and changing biller and consumer needs, requirements and preferences. The success of our business will depend, in part, on our ability to adapt and respond effectively to these changes on a timely basis, including launching new products and services. The success of any new product and service, or any enhancements or modifications to existing products and services, depends on several factors, including the timely completion, introduction and market acceptance of such products and services, enhancements and modifications. If we are unable to enhance our platform, add new payment methods or develop new products that keep pace with technological and regulatory change and achieve market acceptance, or if new technologies emerge that are able to deliver competitive products and services at lower prices, more efficiently, more conveniently or more securely than our products, our business, operating results and financial condition would be adversely affected. Moreover, we may experience delays in the development and introduction of new products due to the effects of the COVID-19 pandemic. Furthermore, modifications to our existing platform or technology will increase our research and development expenses. Any of the foregoing could reduce the demand for our services, result in biller, partner and consumer dissatisfaction and adversely affect our business.

Failure to effectively develop and expand our sales and marketing capabilities could harm our ability to increase our biller base and achieve broader market acceptance of our products.

Our ability to increase our biller base and achieve broader market acceptance of our platform will depend to a significant extent on our ability to expand our sales and marketing organizations, and to deploy our sales and marketing resources efficiently. Although we will adjust our sales and marketing spend levels as needed in response to changes in the economic environment, we plan to continue expanding our direct sales team as well as our sales team focused on identifying partnerships. These efforts will require us to invest significant financial and other resources. We may not achieve anticipated revenue growth from expanding our sales team if we are unable to hire, develop, integrate and retain talented and effective sales personnel, if our new and existing sales personnel are unable to achieve desired productivity levels in a reasonable period of time or if our sales and marketing programs are not effective. Our business and operating results will be harmed if our sales and marketing efforts do not generate significant increases in revenue.

We plan to expand our operations internationally by targeting international billers and partners, and further expanding use of our platform internationally among our existing international billers and partners, which will create a variety of operational challenges.

A component of our growth strategy involves expanding our operations internationally. Although 98% of our 2020 revenue was generated in the United States, many of our largest billers have billable consumers in international geographies. We are continuing to adapt to and develop strategies to expand to international geographies. However, there is no guarantee that such efforts will have the desired effect or that we will be able to grow our international footprint without unexpected delay or expense when international expansion opportunities arise. If we invest substantial time and

resources to further expand our operations internationally and are unable to do so successfully, cost-effectively and in a timely manner, our business and operating results may suffer.

Our international operations strategy involves a variety of risks, including:

- changes in regulations and our ability to comply with and obtain any relevant licenses;
- currency exchange rate fluctuations and the resulting effect on our revenue and expenses, and the cost and risk of entering into hedging transactions;
- reduction in cross-border trade and other adverse impacts resulting from trade sanctions or changes in trade relations, laws or regulations;
- potential application of more stringent regulations relating to payments, privacy, data protection and information security, and the authorized use of, or access to, sensitive and personal data;
- exposure to liabilities under anti-corruption and anti-money laundering laws, including the U.S. Foreign Corrupt Practices Act, or FCPA, U.S. domestic bribery laws and similar laws and regulations in other jurisdictions; and
- unexpected changes in tax laws.

Acquisitions and strategic investments could be difficult to identify and integrate, divert the attention of management, disrupt our business, dilute stockholder value and adversely affect our business, operating results and financial condition.

In September 2021, we acquired Payveris, LLC, or Payveris, and we may in the future seek to acquire or invest in additional businesses, products or technologies that we believe could further complement or expand our platform, enhance our technical capabilities or otherwise offer growth opportunities. Acquisitions may divert management's time and focus from operating our business and cause us to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not such acquisitions are completed. Acquisitions also may require us to spend a substantial portion of our available cash, incur debt or other liabilities, amortize expenses related to intangible assets or incur write-offs of goodwill or other assets. In addition, integrating an acquired business or technology is risky. Completed and future acquisitions may result in unforeseen operational difficulties and expenditures associated with:

- incorporating new businesses and technologies into our infrastructure;
- consolidating operational and administrative functions;
- coordinating outreach to our community;
- maintaining morale and culture and retaining and integrating key employees;
- maintaining or developing controls, procedures and policies (including effective internal control over financial reporting and disclosure controls and procedures); and
- identifying and assuming liabilities related to the activities of the acquired business before the acquisition, including liabilities for violations of laws and regulations, intellectual property issues, commercial disputes, taxes and other matters.

Moreover, we may not benefit from our acquisitions as we expect, or in the time frame we expect. Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, as well as unfavorable accounting treatment and exposure to claims and disputes by third parties, including intellectual property claims. We also may not generate sufficient financial returns to offset the costs and expenses related to any acquisitions. In addition, if an acquired business fails to meet our expectations, our business, operating results and financial condition may suffer. Acquisitions could also be viewed negatively by analysts or investors, which could cause our stock price to decline.

If we fail to maintain and enhance our brand, our ability to expand our business, operating results and financial condition could be adversely affected.

We believe that maintaining and enhancing the Paymentus brand is important to support the marketing and sale of our existing and future products to new billers and partners and to increase adoption of our platform by existing billers and partners. Successfully maintaining and enhancing our brand will depend largely on the effectiveness of our marketing and demand generation efforts, our ability to provide reliable products that continue to meet the needs of our billers and consumers at competitive prices, our ability to maintain our billers' and consumers' trust, our ability to continue to develop new functionality and products and our ability to successfully differentiate our products from competitive products and services. Our promotion activities may not generate brand awareness or yield increased revenue, and even if they do, any increased revenue may not offset the expenses we incur in building our brand. Further, any negative publicity about our industry, our company, the quality and reliability of our products and services, our risk management processes, our

privacy, data protection or information security practices, litigation, regulatory activity or the experience of billers and partners with our products or services could harm our reputation. If we fail to successfully promote and maintain our brand, our business, operating results and financial condition could be adversely affected.

We may require additional capital to support the growth of our business, and this capital might not be available on acceptable terms, if at all.

We have funded our operations since inception primarily through equity financings and cash from operations. We intend to continue to make investments to support our business, which may require us to engage in equity, equity-linked or debt financings to secure additional funds. Additional financing may not be available on terms favorable to us, if at all. The market prices for other technology companies have been highly volatile as a result of the COVID-19 pandemic and related governmental actions, which may also reduce our ability to access capital on favorable terms or at all and adversely impact the market price of our Class A common stock. If adequate funds are not available on acceptable terms, we may be unable to invest in future growth opportunities, which could harm our business, operating results, financial condition and prospects. If we incur debt, the debt holders would have rights senior to holders of our Class A common stock to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends on our Class A common stock. Furthermore, if we issue additional equity securities, stockholders will experience dilution, and the new equity securities could have rights senior to those of our Class A common stock.

Because our decision to issue securities in the future will depend on numerous considerations, including factors beyond our control, we cannot predict or estimate the amount, timing or nature of any future issuances of debt or equity securities. As a result, our stockholders bear the risk of future issuances of debt or equity securities reducing the market price of our Class A common stock and diluting their interests.

Natural catastrophic events, pandemics and man-made problems such as power disruptions, computer viruses, security breaches and incidents and terrorism may disrupt our business.

Natural disasters, pandemics such as COVID-19 or other catastrophic events may cause damage or disruption to our operations, commerce in general and the global economy, and thus could harm our business. Our headquarters are located in Redmond, Washington and we have a large employee presence in Toronto, Canada, Charlotte, North Carolina, and Delhi, India. In the event of a major earthquake, hurricane or catastrophic event such as fire, power loss, telecommunications failure, vandalism, cyber-attack, war or terrorist attack affecting regions where we maintain operations or where our data centers are located, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our application development, lengthy interruptions in our services, breaches of data security and loss of critical data, any of which could harm our business, operating results and financial condition. In addition, the COVID-19 pandemic other governmental restrictions have caused most of our employees to work remotely. Given these widespread remote work arrangements, if a natural disaster, power outage, connectivity issue or other event occurs that impacts our employees' ability to work remotely, it may be difficult or, in certain cases, impossible, for us to continue our business for a substantial period of time.

Additionally, as computer malware, viruses, computer hacking, intrusions, ransomware attacks, denial-of-service attacks, social engineering attacks, fraudulent use attempts, phishing attacks and other security breaches and incidents have become more prevalent, we, and third parties upon which we rely, face increased risk in maintaining the performance, reliability, security and availability of our solutions and related services and technical infrastructure to the satisfaction of our billers, partners and consumers. Any computer malware, viruses, computer hacking, intrusions, ransomware attacks, denial-of-service attacks, social engineering attacks, fraudulent use attempts, phishing attacks or other security breaches and incidents related to our network infrastructure or information technology systems or to computer hardware we lease from third parties, could, among other things, harm our reputation and our ability to retain existing billers and partners and attract new billers and partners.

In addition, the insurance we maintain may be insufficient to cover our losses resulting from disasters, cyber-attacks or other business interruptions, and any incidents may result in loss of, or increased costs of, such insurance. The successful assertion of one or more large claims against us that exceed available insurance coverage, the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, or denials of coverage, could have a material adverse effect on our business, operating results, financial condition and reputation.

Any future litigation, investigations or similar matters, or adverse facts and developments related thereto, could adversely affect our business, operating results and financial condition.

We have in the past and may in the future become subject to legal proceedings, claims, investigations or similar matters that arise in the ordinary course of business, such as claims brought by our billers or their consumers in connection with commercial disputes, employment claims made by our current or former employees or claims regarding misappropriation of consumer data. Litigation, investigations or similar matters might result in substantial costs and may

divert management's attention and resources, which might seriously harm our business, operating results and financial condition. Insurance might not cover such matters, might not provide sufficient payments to cover all the costs to resolve one or more such matters and might not continue to be available on terms acceptable to us. A claim brought against us that is uninsured or underinsured could result in unanticipated costs, thereby reducing our operating results and leading analysts or potential investors to reduce their expectations of our performance, which could reduce the market price of our Class A common stock.

Risks Related to Regulation

Payments and other financial services-related regulations and oversight are material to our business and any failure by us to comply could materially harm our business.

The local, state and federal laws, rules, regulations, licensing schemes and industry standards that govern our business, both directly and through our relationships with banks, card networks and other financial services partners, include, or may in the future include, those relating to payments services, such as payment processing and settlement services, anti-money laundering, combating terrorist financing, escheatment, international sanctions regimes and compliance with the Payment Card Industry Data Security Standard, or PCI-DSS, a set of requirements designed to ensure that all companies that process, store or transmit payment card information maintain a secure environment to protect cardholder data. We do not directly collect or store payment card information; instead, we rely on a third-party payment processor to do so. These laws, rules, regulations, licensing schemes and standards are enforced by multiple authorities and governing bodies in the United States, including the Department of the Treasury, self-regulatory organizations and numerous state and local agencies. Currently, we do not possess any permits or licenses from financial regulators. We believe the licensing requirements of federal and state agencies that regulate or monitor banks or other types of providers of electronic commerce services do not apply to us. While our business itself is not currently subject to financial services-related regulation, and we have received confirmation from multiple state regulators that we are not required to obtain money transmitter licenses in those states, the banks, payment networks and card networks that we partner with operate in a highly regulated landscape and there is a risk that those regulations could become directly applicable to us. As we expand into new jurisdictions, the number of foreign laws, rules, regulations, licensing schemes and standards governing our business will expand as well. In addition, as our business and products continue to develop and expand, we may become subject to additional laws, rules, regulations, licensing schemes and standards. We may not always be able to accurately predict the scope or applicability of certain laws, rules, regulations, licensing schemes or standards to our business, particularly as we expand into new areas of operations, which could have a significant negative effect on our existing business and our ability to pursue future plans.

In the future, as a result of the regulations that are or may become applicable to our business, we could be subject to investigations and resulting liability, including governmental fines, restrictions on our business or other sanctions, and we could be forced to cease conducting certain aspects of our business with residents of certain jurisdictions, be forced to change our business practices in certain jurisdictions or be required to obtain additional licenses, certifications or regulatory approvals. There can be no assurance that we will be able to successfully implement changes to our business practices or obtain or maintain any such licenses, certifications or regulatory approvals, and, even if we were able to do so, there could be substantial costs and potential product changes involved in obtaining, maintaining and renewing such licenses, certifications and approvals, which could have a material and adverse effect on our business. In addition, we could be subject to fines or other enforcement action if we are found to violate disclosure, reporting, anti-money laundering, capitalization, corporate governance or other requirements of such licenses, certifications or approvals. These factors could impose substantial additional costs, involve considerable delay to the development or provision of our products or services, require significant and costly operational changes or prevent us from providing our products or services in any given market.

We are required to comply with payment network operating rules and changes to such rules or payment network fees could harm our business.

Payment networks, such as Visa, Mastercard, American Express, NACHA and INTERAC, establish their own rules and standards that allocate liabilities and responsibilities among the payment networks and their participants. These rules and standards, including PCI-DSS, govern a variety of areas, including how consumers may use their cards, the security features of cards, security standards for processing, data protection and information security and allocation of liability for certain acts or omissions, including liability in the event of a data breach. Participants are subject to audits by the payment networks to ensure compliance with applicable rules and standards.

We are required to comply with card network operating rules and have agreed to reimburse our service providers for any fines they are assessed by payment networks as a result of any rule violations by us. We may also be directly liable to the payment networks for rule violations. The payment networks set and interpret the card operating rules. The payment networks could adopt new operating rules or interpret or reinterpret existing rules that we or our processors might find difficult or even impossible to follow or costly to implement. These changes may be made for any number of reasons, including as a result of changes in the regulatory environment, to maintain or attract new participants or to serve the

strategic initiatives of the networks, and may impose additional costs and expenses on or be disadvantageous to certain participants. For example, changes in the payment network rules regarding chargebacks may affect our ability to dispute chargebacks and the amount of losses we incur from chargebacks. If we fail to make such changes or otherwise resolve the issue with the payment networks, the networks could pass on fines and assessments in respect of fraud or chargebacks related to our merchants or disqualify us from processing transactions if satisfactory controls are not maintained, which could have a material adverse effect on our business, operating results and financial condition. As a result of any violations of rules or new rules being implemented, the networks may fine, penalize or suspend the registration of participants for certain acts or omissions or the failure of the participants to comply with applicable rules and standards, existing billers, partners or other third parties may cease using or referring our services, prospective billers, partners or other third parties may choose to terminate negotiations with us, or delay or choose not to consider us for their processing needs, and the networks could refuse to allow us to process payments through their networks. Any of the foregoing could materially adversely impact our business, operating results and financial condition.

From time to time, these networks increase the fees that they charge payment processors. We could attempt to pass these increases along to our billers, but this strategy might result in the loss of billers to competing solutions. If competitive practices prevent us from passing along the higher fees to our billers in the future, we may have to absorb all or a portion of such increases, which may increase our operating costs and reduce our earnings. In addition, regulators are subjecting interchange and other fees to increased scrutiny, and new regulations could require greater pricing transparency of the breakdown in fees or fee limitations, which could lead to increased price-based competition, lower margins and higher rates of biller attrition and negatively affect our business, operating results and financial condition. As a result of any increased fees, such payments could become prohibitively expensive for us or for our billers.

We are subject to U.S. and foreign governmental laws, regulations, rules, standards, policies, contractual obligations and other legal obligations, particularly those related to privacy, data protection and information security, and our actual or perceived failure to comply with such obligations could harm our business, by resulting in litigation, fines, penalties, increased costs or adverse publicity and reputational damage that may negatively affect the value of our business and decrease the market price of our Class A common stock.

Our billers and consumers store personal and business information, financial information and other sensitive information on our platform. In addition, we receive, store, handle, transmit, use and otherwise process personal and business information and other data from and about actual and prospective billers, as well as our employees and service providers. As a result, we and our handling of data are subject to a variety of laws, rules and regulations relating to privacy, data protection and information security, including regulation by various governmental authorities, such as the U.S. Federal Trade Commission, or FTC, and various state, local and foreign agencies. Our data handling and processing activities are also subject to contractual obligations and industry standard requirements. The legislative and regulatory landscapes for privacy, data protection and information security continue to evolve in jurisdictions worldwide, with an increasing focus on privacy and data protection issues with the potential to affect our business. Failure to comply with any of these laws or regulations could result in litigation, enforcement actions, damages, fines, penalties or adverse publicity and reputational damage, any of which could have a material adverse effect on our business, operating results and financial condition.

The U.S. federal and various state and foreign governments have also adopted or proposed limitations on the collection, distribution, use and storage of data relating to individuals and businesses, including the use of contact information and other data for marketing, advertising and other communications with individuals and businesses. In the United States, various laws and regulations apply to the security, collection, processing, storage, use, disclosure and other processing of certain types of data, including the Electronic Communications Privacy Act, the Computer Fraud and Abuse Act, the Gramm Leach Bliley Act, and state and local laws relating to privacy and data security. Additionally, the FTC and many state attorneys general have interpreted and are continuing to interpret federal and state consumer protection laws to impose standards for the online collection, use, dissemination, processing and security of data.

In addition, many states in which we operate have laws that protect the privacy and security of sensitive and personal data. Certain U.S. state laws may be more stringent or broader in scope, or offer greater individual rights, with respect to sensitive and personal information than international, federal, or other state laws, and such laws may differ from each other, which may complicate compliance efforts. For example, in June 2018, California enacted the California Consumer Privacy Act, or the CCPA, which became operative on January 1, 2020 and broadly defines personal information, gives California residents expanded privacy rights and protections, including the right to access and delete certain personal information, as well as the right to opt-out of certain sales of personal information, and provides for civil penalties for violations and a private right of action for data breaches. This private right of action may increase the likelihood of, and risks associated with, data breach litigation. Additionally, a new California ballot initiative, the California Privacy Rights Act, or the CPRA, was passed in November 2020. Effective beginning on January 1, 2023, the CPRA imposes additional obligations on companies covered by the legislation and will significantly modify the CCPA, including by expanding California residents' rights with respect to certain sensitive personal information. The CPRA also creates a

new state agency that will be vested with authority to implement and enforce the CCPA and the CPRA. The interpretation and enforcement of the CCPA and many aspects of the CPRA remain unclear, and the effects of the CCPA and the CPRA potentially are significant and may require us to modify our data collection or processing practices and policies and to incur substantial costs and expenses in an effort to comply and increase our potential exposure to regulatory enforcement and sanctions and litigation.

Certain other state laws impose similar privacy obligations, and all 50 states have laws including obligations to provide notification of security breaches of computer databases that contain personal information to affected individuals, state officers and others. For example, the CCPA has prompted the enactment of several new state laws or amendments of existing state laws, such as in New York, Nevada, Virginia and Colorado. These laws could mark the beginning of a trend toward more stringent privacy legislation in other U.S. states and have prompted a number of proposals for new federal and state-level privacy legislation. This legislation, if passed, may add additional complexity, variation in requirements, restrictions and potential legal risk, require additional investment of resources in compliance programs, impact strategies and the availability of previously useful data and could result in increased compliance costs or changes in business practices and policies.

In addition, several foreign countries and governmental bodies, including the European Union, or EU, have established their own laws, rules and regulations addressing privacy, data protection and information security with regard to the handling and processing of sensitive and personal data obtained from their residents with which we or our billers or partners may need to comply. These laws and regulations are in certain cases more restrictive than those in the United States. Laws and regulations in these jurisdictions apply broadly to the collection, use, storage, disclosure and security of various types of data, including data that identifies or may be used to identify an individual, such as names, email addresses and in some jurisdictions, IP addresses. The EU's privacy, data protection and information security landscapes are currently evolving, resulting in possible significant operational costs for internal compliance and risk to our business. Within the EU, the General Data Protection Regulation, or GDPR, which went into effect in May 2018, contains numerous requirements and changes from previously existing EU law, including more robust, direct obligations on data processors in addition to data controllers, heavier documentation requirements for data protection compliance programs by companies and significantly increases the level of sanctions for non-compliance as compared to previous EU data protection law. In particular, under the GDPR, EU data protection authorities have the power to impose administrative fines for violations of the GDPR of up to a maximum of €20 million or 4% of the data controller's or data processor's total global turnover for the preceding fiscal year, whichever is higher, and violations of the GDPR may also lead to damages claims by data controllers and data subjects. Such penalties are in addition to any civil litigation claims by data controllers, customers and data subjects. Being subject to the GDPR, we may need to take steps to cause our processes to be compliant with applicable portions of the GDPR, but we cannot assure you that we will be able to implement changes in a timely manner or without significant disruption to our business, or that such steps will be effective, and we may face the risk of liability under the GDPR. The laws and regulations relating to privacy, data protection and information security are evolving, can be subject to significant change, and may result in ever-increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions.

We are also subject to certain obligations under the Health Insurance Portability and Accountability Act of 1996, or HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, as well as certain state laws and related contractual obligations. HIPAA imposes obligations on certain covered entity healthcare providers, health plans and healthcare clearinghouses, as well as on business associates, like us, that perform certain services involving the use or disclosure of individually identifiable health information, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information.

The scope and interpretation of the laws and regulations relating to privacy, data protection and information security that are or may be applicable to us are often uncertain and may be conflicting, as a result of the rapidly evolving regulatory framework for privacy issues worldwide. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our existing data management practices, solutions or platform capabilities. For example, laws relating to the liability of providers of online services for activities of their users and other third parties are currently being tested by a number of claims, including actions based on invasion of privacy and other torts, unfair competition, copyright and trademark infringement, and other theories based on the nature and content of the materials searched, the ads posted or the content provided by users. As a result of the laws that are or may be applicable to us, and due to the sensitive nature of the information we collect, we have implemented policies and procedures to preserve and protect our data and our platform users' data against loss, misuse, corruption, misappropriation caused by systems failures or unauthorized access. If our policies, procedures or measures relating to privacy, data protection, information security or the processing of data for marketing purposes or consumer communications fail to comply with laws, regulations, policies, legal obligations or industry standards, we may be subject to governmental enforcement actions, litigation, regulatory investigations, fines, penalties and negative publicity, and could cause our application providers, billers and partners to lose trust in us, and have an adverse effect on our business, operating results and financial condition.

In addition to government regulation, privacy advocates and industry groups may propose new and different self-regulatory standards that may apply to us. Because the interpretation and application of privacy, data protection and information security laws, regulations, rules and other standards are still uncertain, it is possible that these laws, rules, regulations and other actual or alleged legal obligations, such as contractual or self-regulatory obligations, may be interpreted and applied in a manner that is inconsistent with our existing data management practices or the functionality of our platform. If so, in addition to the possibility of fines, lawsuits and other claims, we could be required to fundamentally change our business activities and practices or modify our software, which could have an adverse effect on our business.

Further, any failure or perceived failure by us, or any third parties with which we do business, to comply with laws, regulations, policies (including our publicly posted privacy policies), procedures, measures, legal or contractual obligations, industry standards or regulatory guidance relating to privacy, data protection or information security may result in governmental investigations and enforcement actions, litigation, fines and penalties, or adverse publicity, and could cause our billers and partners to lose trust in us, which could have an adverse effect on our reputation, business, operating results and financial condition. We expect that there will continue to be new proposed laws, regulations and industry standards relating to privacy, data protection, information security, marketing and consumer communications, and we cannot predict the impact such future laws, regulations and standards may have on our business. Future laws, regulations, standards and other obligations or any changed interpretation of existing laws or regulations may be inconsistent among jurisdictions and may conflict with our current or future practices, which could impair our ability to develop and market new functionality and maintain and grow our biller base and increase revenue. Additionally, our billers or partners may be subject to differing privacy laws, rules and legislation, which may mean that they require us to be bound by varying contractual requirements applicable to certain other jurisdictions. Future restrictions on the collection, use, processing, storage, sharing or disclosure of various types of data, including financial information and other personal data, or additional requirements for express or implied consent of our billers, partners or consumers for the collection, use, processing, storage, sharing and disclosure of such information could require us to incur additional costs or modify our platform, possibly in a material manner, and could limit our ability to develop new functionality. Complying with these requirements and changing our policies and practices may be onerous and costly, and we may not be able to respond quickly or effectively to regulatory, legislative and other developments.

If we are not able to comply with these laws or regulations, or if we become liable under these laws or regulations, we could be directly harmed, including through fines and litigation, and we may be forced to implement new measures to reduce our exposure to this liability. This may require us to expend substantial resources or to discontinue certain products, which would negatively affect our business, operating results and financial condition. In addition, the increased attention focused upon liability issues as a result of lawsuits and legislative proposals could harm our reputation or otherwise adversely affect the growth of our business. Furthermore, any costs incurred as a result of this potential liability could harm our operating results.

Our and our billers' and partners' communications with existing and potential consumers are subject to laws regulating telephone and email marketing practices, and our or their failure to comply with such communications laws could adversely affect our business, operating results and financial condition and significantly harm our reputation.

Our platform enables our billers and partners to communicate directly with their consumers, including via email, text messages and telephone calls. Our platform also enables recording and monitoring of calls between our billers and partners and their consumers for training and quality assurance purposes. On occasion we also send communications directly to consumers. These activities are subject to a variety of U.S. state and federal laws, rules and regulations, such as the Telephone Consumer Protection Act of 1991, or the TCPA, the CAN-SPAM Act of 2003, or the CAN-SPAM Act, and others related to telemarketing, recording and monitoring of communications. The TCPA prohibits companies from making telemarketing calls to numbers listed in the Federal Do-Not-Call Registry and imposes other obligations and limitations on making phone calls and sending text messages to consumers. The CAN-SPAM Act regulates commercial email messages and specifies penalties for the transmission of commercial email messages that do not comply with certain requirements, such as providing an opt-out mechanism for stopping future emails from senders. The TCPA, the CAN-SPAM Act and other communications laws, rules and regulations are subject to varying interpretations by courts and governmental authorities and often require subjective interpretation, making it difficult to predict their application and therefore making compliance efforts more challenging. We and our billers and partners may be required to comply with these and similar laws, rules and regulations. To comply with these laws, rules and regulations, in some cases we rely on our billers and partners to obtain legally required consents from their consumers to receive communications sent using our platform. We cannot, however, be certain that our or their efforts to comply will always be successful. Our business could be adversely affected by changes to the application or interpretation of existing laws, rules and regulations governing our platform's communication capabilities, or the enactment of new laws, rules and regulations, and by our and our billers' and partners' failure to comply with such laws, rules and regulations in using our platform. If any of these laws, rules or regulations were to significantly restrict our or our billers' or partners' ability to use our platform to communicate with existing and potential consumers, we may not be able to develop adequate alternative communication modules for

our platform. Further, our or our billers' or partners' non-compliance with these laws, rules and regulations could result in significant financial penalties, litigation, including class action litigation, consent decrees and injunctions, adverse publicity and other negative consequences, any of which could adversely affect our business, operating results and financial condition and significantly harm our reputation.

If we fail to comply with extensive, complex, overlapping and frequently changing rules, regulations and legal interpretations, our business could be materially harmed.

Our success and increased visibility, and that of the electronic and online billing and payments sector more generally, may result in increased regulatory oversight and enforcement and more restrictive rules and regulations that apply to our business. We are subject to a wide variety of local, state, federal and international laws, rules, regulations, licensing schemes and industry standards in the United States and in other countries in which we operate. These laws, rules, regulations, licensing schemes and standards govern numerous areas that are important to our business. In addition to the payments and financial services-related regulations, and privacy, data protection and information security-related laws, our business is also subject to, without limitation, rules and regulations applicable to securities, labor and employment, immigration, competition and marketing and communications practices. Laws, rules, regulations, licensing schemes and standards applicable to our business are subject to change and evolving interpretations and application, including by means of legislative changes and executive orders, and it can be difficult to predict how they may be applied to our business and the way we conduct our operations, particularly as we introduce new products and services and expand into new jurisdictions. We may not be able to respond quickly or effectively to regulatory, legislative and other developments, and these changes may in turn impair our ability to offer our existing or planned features, products and services and increase our cost of doing business.

There can be no assurance that our employees or contractors will not violate laws, rules, regulations, licensing schemes and industry standards. Any failure or perceived failure by us or our employees or contractors to comply with existing or new laws, rules, regulations, licensing schemes, industry standards or orders of any governmental authority (including changes to or expansion of the interpretation of those laws, regulations, standards or orders), may, among other things:

- ☐ subject us to significant fines, penalties, criminal and civil lawsuits, license suspension or revocation, forfeiture of significant assets, audits, inquiries, whistleblower complaints, adverse media coverage, investigations and enforcement actions in one or more jurisdictions levied by federal, state, local or foreign regulators, state attorneys general and private plaintiffs who may be acting as private attorneys general pursuant to various applicable federal, state and local laws;
- ☐ result in additional compliance and licensure requirements;
- ☐ increase regulatory scrutiny of our business;
- ☐ restrict our operations, product features, quality and breadth and depth of functionality; and
- ☐ force us to change our business practices or compliance program, make product or operational changes or delay planned product launches or improvements.

The complexity of U.S. federal and state regulatory and enforcement regimes, coupled with the current and potential future scope of our international operations and the evolving regulatory environment, could result in a single event giving rise to many overlapping investigations and legal and regulatory proceedings by multiple government authorities in different jurisdictions.

Any of the foregoing could, individually or in the aggregate, harm our reputation as a trusted provider, damage our brand and business, cause us to lose existing billers and partners, prevent us from obtaining new billers and partners, require us to expend significant funds to remedy problems caused by breaches and to avert further breaches, expose us to legal risk and potential liability, and adversely affect our business, operating results and financial condition.

We identified material weaknesses in our internal control over financial reporting in connection with the preparation and audit of our financial statements for the fiscal years ended December 31, 2019 and 2020, and we may identify additional material weaknesses in the future that may cause us to fail to meet our reporting obligations or result in material misstatements of our financial statements. If we fail to remediate any material weaknesses, identify additional material weaknesses, or if we otherwise fail to establish and maintain effective internal control over financial reporting, our ability to accurately and timely report our financial results could be adversely affected.

We are required to comply with the United States Securities and Exchange Commission's, or SEC's, rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act, which requires management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of internal

control over financial reporting. Though we will be required to disclose changes made in our internal control over financial reporting on a quarterly basis, we will not be required to make our first annual assessment of our internal control over financial reporting pursuant to Section 404 until the year following our first annual report required to be filed with the SEC. As an emerging growth company, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 until the later of the year following our first annual report required to be filed with the SEC or the date we are no longer an emerging growth company. If our internal control over financial reporting is not effective, management's report and our independent registered public accounting firm's report would be adverse.

In connection with the preparation and audit of our consolidated financial statements for the fiscal years ended December 31, 2019 and 2020, we and our independent registered public accounting firm identified certain control deficiencies in the design and implementation of our internal control over financial reporting that constituted material weaknesses. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. Our evaluation was based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control—Integrated Framework (2013). These material weaknesses are as follows:

- We lacked a sufficient number of trained professionals with an appropriate level of accounting knowledge, training and experience to appropriately analyze, record and disclose accounting matters, including accounting for capitalized internal-use software development costs, identification of reporting units, translation of foreign currency in consolidation, accounting for deferred compensation, calculation of earnings per share and classification of accounts in the financial statements. Additionally, we did not design and maintain effective controls over verifying the appropriate review and approval of journal entries.
- We did not design and maintain effective controls relevant to the preparation of our financial statements with respect to certain IT, general controls for information systems. Specifically, we did not design and maintain (1) program change management controls to ensure that IT program and data changes affecting certain IT applications and underlying accounting records are identified, tested, authorized and implemented appropriately; and (2) user access controls to ensure appropriate segregation of duties and that adequately restrict user and privileged access to financial applications, programs and data to appropriate company personnel.

These material weaknesses resulted in misstatements related to capitalized internal-use software development costs, accumulated other comprehensive income, cost of revenue, sales and marketing expenses, research and development expenses, general and administrative expenses, income tax expense, the disclosure of deferred compensation, the classification of revenue, sales and marketing expenses, research and development expenses and general and administrative expenses, the calculation of earnings per share and the disclosure of revenue by geography as of and for the year ended December 31, 2019, which resulted in the restatement of the 2019 consolidated financial statements and a classification adjustment that was recorded to revenue and sales and marketing expenses in the 2020 consolidated financial statements. Additionally, these material weaknesses could result in a misstatement of substantially all of our accounts or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

We have begun implementing a plan to remediate the material weaknesses described above. In 2020, we implemented a new general ledger accounting system, including the design of permissions within that system which allow for effective restricted access and segregation of duties to govern the preparation and review of journal entries. Additional remediation measures are ongoing and include the following:

- enhancing and documenting management review controls over the review of journal entries and the identification and review of complex transactions;
- continuing to hire additional personnel with public company experience for our accounting and finance function; and
- designing and implementing comprehensive access control protocols for our relevant IT applications to enforce restricted user and privileged access and implementing controls to review the activities for those users who have privileged access.

While we believe these efforts will remediate the material weaknesses, we may not be able to complete our evaluation, testing or any required remediation in a timely fashion, or at all. We cannot assure you that the measures we have taken to date and may take in the future will be sufficient to remediate the control deficiencies that led to the identified material weaknesses in internal control over financial reporting or that the measures will prevent or avoid future material weaknesses. The effectiveness of our internal control over financial reporting is subject to various inherent

limitations, including cost limitations, judgments used in decision making, assumptions about the likelihood of future events, the possibility of human error and the risk of fraud. If we are unable to remediate the material weaknesses, our ability to record, process and report financial information accurately, and to prepare financial statements within the time periods required under SEC rules, could be adversely affected. This may in turn adversely affect our reputation and business and the market price of our Class A common stock. In addition, any such failures could result in litigation or regulatory actions by the SEC or other regulatory authorities, loss of investor confidence, delisting of our Class A common stock and diversion of financial and management resources from the operation of our business.

The requirements of being a public company may strain our resources, result in more litigation and divert management's attention.

We are subject to the requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the New York Stock Exchange and other applicable securities rules and regulations. Complying with these rules and regulations has increased and will continue to increase our legal and financial compliance costs, make some activities more difficult, time consuming or costly and increase demand on our systems and resources. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are required to disclose changes made in our internal control and procedures on a quarterly basis. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could adversely affect our business and operating results. We may need to hire additional employees or engage outside consultants to comply with these requirements, which will increase our costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies, due to ambiguities related to their application and practice or for other reasons, regulatory authorities may initiate legal proceedings against us and our business may be adversely affected.

These new rules and regulations may make it more expensive for us to maintain director and officer liability insurance, and in the future, we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

We are subject to laws and regulations regarding export control, import, economic and trade sanctions, anti-money laundering and counter-terror financing that could impair our ability to compete in international markets or subject us to criminal or civil liability if we violate them.

We plan to expand internationally and will thus become subject to additional laws and regulations for which we will need to implement new regulatory compliance controls. In some cases, our products are subject to export control laws and regulations, including the Export Administration Regulations administered by the U.S. Department of Commerce, and our activities may be subject to trade and economic sanctions, including U.S. economic and trade sanctions administered by the U.S. Department of Treasury's Office of Foreign Assets Control, or OFAC, which we collectively refer to as trade controls. As such, a license may be required to export or re-export our products, or provide related services, to certain countries and billers. Further, our products incorporating encryption functionality may be subject to special controls applying to encryption items or certain reporting requirements. The process for obtaining necessary licenses may be time-consuming or unsuccessful, potentially causing delays in sales or losses of sales opportunities.

We have procedures in place designed to ensure our compliance with trade controls, with which failure to comply could subject us to both civil and criminal penalties, including substantial fines, possible incarceration of responsible individuals for willful violations, possible loss of our export or import privileges and reputational harm. For example, we have processes in place to comply with the OFAC regulations as well as similar requirements in other jurisdictions. As part of our compliance efforts, we scan our billers against OFAC and other watchlists. If our platform is accessed from a sanctioned country in violation of trade and economic sanctions, we could be subject to fines or other enforcement action. Although we have no knowledge that our activities have resulted in violations of trade controls, any failure by us or our

partners to comply with applicable laws and regulations would have negative consequences for us, including reputational harm, government investigations and penalties.

In addition, various countries regulate the import of certain encryption technology, including through import permit and license requirements, and have enacted laws that could limit our ability to distribute our products or could limit billers' ability to implement our products in those countries. Changes in our products or changes in export and import regulations in such countries may create delays in the introduction of our products into international markets, prevent billers with international operations from deploying our products globally or, in some cases, prevent or delay the export or import of our products to certain countries, governments or persons altogether. Any change in export or import laws or regulations, economic sanctions or related legislation, shift in the enforcement or scope of existing export, import or sanctions laws or regulations, or change in the countries, governments, persons or technologies targeted by such export, import or sanctions laws or regulations, could result in decreased use of our products by, or in our decreased ability to export or sell our products to, existing or potential billers with international operations. Any decreased use of our products or limitation on our ability to export to or sell our products in international markets could adversely affect our business, operating results and financial condition.

We are also subject to various anti-money laundering and counter-terrorist financing laws and regulations around the world that prohibit, among other things, our involvement in transferring the proceeds of criminal activities. There has been increased scrutiny in the United States and globally regarding compliance with these laws and regulations, which may require us to further revise or expand our compliance program, including the procedures we use to verify the identity of our billers.

We are subject to anti-corruption, anti-bribery and similar laws, and non-compliance with such laws can subject us to criminal or civil liability and harm our business.

We are subject to the FCPA, U.S. domestic bribery laws and other anti-corruption laws. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies, their employees and their third-party intermediaries from authorizing, offering or providing, directly or indirectly, improper payments or benefits to recipients in the public sector. These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. Although we currently only maintain operations in the United States, Canada and India, as we increase our international cross-border business and expand operations abroad, we may engage with business partners and third-party intermediaries to market our services and to obtain necessary permits, licenses and other regulatory approvals. Our operations are dependent in part upon transmission bandwidth provided by third-party network providers and access to co-location facilities to house our servers, which in some countries may be state owned. Similarly, some of our billers may be state-owned, in each case exposing us to potential risks. In addition, we or our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We can be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, representatives, contractors, partners and agents, even if we do not explicitly authorize such activities. We cannot assure you that all of our employees and agents will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible. As we increase our international business, our risks under these laws may increase.

Detecting, investigating and resolving actual or alleged violations of anti-corruption laws can require a significant diversion of time, resources and attention from management. In addition, noncompliance with anti-corruption or anti-bribery laws could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, enforcement actions, fines, damages, other civil or criminal penalties, injunctions, suspension or debarment from contracting with certain persons, reputational harm, adverse media coverage and other collateral consequences. If any subpoenas are received or investigations are launched, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal proceeding, our business, operating results and financial condition could be materially harmed.

Changes in our effective tax rate or tax liability may adversely affect our operating results.

Our effective tax rate could increase due to several factors, including:

- changes in the relative amounts of income before taxes in the various jurisdictions in which we operate due to differing statutory tax rates in various jurisdictions;
- changes in tax laws, tax treaties and regulations or the interpretation thereof, including the Tax Cuts and Jobs Act of 2017, as modified by the Coronavirus Aid, Relief, and Economic Security Act and the Emergency Coronavirus Relief Act;

- changes to our assessment about our ability to realize our deferred tax assets that are based on estimates of our future results, the prudence and feasibility of possible tax planning strategies and the economic and political environments in which we do business;
- the outcome of current and future tax audits, examinations or administrative appeals; and
- limitations or adverse findings regarding our ability to do business in some jurisdictions.

Any of these developments could adversely affect our operating results.

Risks Related to Our Technology and Intellectual Property

If we are unable to ensure that our platform interoperates with a variety of software suites, applications and other technologies that are developed by others, including our partners, or if there are performance issues with such third-party systems, our solutions will not operate effectively, we may become less competitive and our business, operating results and financial condition may be harmed.

Our platform must integrate with a variety of software suites, applications and other technologies that are developed by third parties, and we need to continuously modify and enhance our platform to adapt to changes in such software and other technologies. In particular, we have developed our platform to be able to easily integrate with key third-party applications of our software partners. We are typically subject to standard terms and conditions of providers of software or other technology, which govern the distribution and operation of such software and other technologies and are subject to change by such providers from time to time. Our business will be harmed if any provider of such software or other technologies:

- discontinues or limits our access to its software or other technologies;
- modifies its terms of service or other legal terms or policies, including fees charged to, or other restrictions on us;
- changes how information is accessed by us or our billers or partners or their consumers;
- has performance or other problems that affect the perception of our platform, products or services;
- establishes exclusive or more favorable relationships with one or more of our competitors; or
- develops or otherwise favors its own competitive offerings over our platform or products.

For example, to deliver a comprehensive solution, our platform integrates with offerings of popular software providers, including Oracle and SAP, through application program interfaces, or APIs, made available by these software providers. If any providers of software or other technologies change the features of their APIs, discontinue their support of such APIs, restrict our access to their APIs or alter the terms governing their use in a manner that is adverse to our business, we will not be able to provide synchronization capabilities, which could significantly diminish the value of our platform and harm our business, operating results and financial condition.

Third-party services and products are constantly evolving, and we may not be able to modify our platform to assure its compatibility with that of other third parties as they continue to develop or emerge in the future, or we may not be able to make such modifications in a timely and cost-effective manner. In addition, some of our competitors may be able to disrupt the operations or compatibility of our platform with their products or services, or exert strong business influence on our ability to, and terms on which we, operate our platform. Should any of our competitors modify their products or standards in a manner that degrades the functionality of our platform or gives preferential treatment to our competitors or competitive products, whether to enhance their competitive position or for any other reason, the interoperability of our platform with these products could decrease and our business, results of operations and financial condition would be harmed. If we are not permitted or able to integrate with these and other third-party software suites, applications and other technologies in the future, our business, results of operations and financial condition would be harmed.

Furthermore, the functionality of our platform also depends on our and our partners' ability to integrate our platform with their offerings. These partners periodically update and change their systems, and although we have been able to adapt our platform to their evolving needs in the past, there can be no guarantee that we will be able to do so in the future or in a way such that our billers or partners or their consumers are satisfied with the quality of work performed by us or with the technical support services rendered. In particular, if we are unable to adapt to the needs of our partners' platforms, software and solutions, our billers' and partners' operations may be disrupted, which could result in disputes with our billers or partners or their consumers or other third parties and additional costs to address the situation. Additionally, our billers and partners may terminate their relationship with us and we may lose access to large numbers of consumers and biller referrals as a result.

Any negative publicity related to our solutions, regardless of its accuracy or whether the ultimate cause of any poor performance actually results from our platform, or from the systems of our billers, partners or consumers, may adversely affect our reputation, business, operating results and financial condition.

Interruptions or delays in the services provided by our third-party data centers or internet service providers could impair the delivery of our platform. Any changes in the systems that these providers make available to us that degrade the functionality of our platform, impose additional costs or requirements on us, or give preferential treatment to competitors' services, including their own services, could materially and adversely affect usage of our products and services.

Our third-party service providers are ultimately responsible for maintaining their own network security, disaster recovery and system management procedures, and our review processes for such providers may be insufficient to identify, prevent or mitigate adverse events. The owners and operators of our current and future hosting facilities do not guarantee that our billers' or partners' or their consumers' access to our solutions will be uninterrupted, error-free or secure. We or our third-party service providers may experience website disruptions, outages and other performance problems. We have periodically experienced service disruptions in the past, and we cannot assure you that we will not experience service interruptions or delays in the future. We depend on our third-party service providers to protect their infrastructure against damage, interruption and other performance problems, maintain their respective configuration, architecture and interconnection specifications and protect information stored by such providers, as well as on internet service providers to transmit data. We may also incur significant costs for using alternative equipment or taking other actions in preparation for, or in reaction to, events that damage the data storage services we use.

Although we have disaster recovery plans that use multiple data storage locations, any incident affecting their infrastructure that may be caused by fire, flood, severe storm, earthquake, power loss, telecommunications failures, unauthorized entry or intrusion, sabotage, criminal acts, intentional acts of vandalism and other misconduct, computer viruses and disabling devices, natural disasters, military actions, terrorist attacks, negligence, infrastructure changes, human or software errors, fraud, spikes in biller, partner or consumer usage and denial of service issues, hardware failures, improper operation, data loss, compromise or corruption, cybersecurity attacks, wars, hurricanes, tornadoes and other similar events beyond our control could negatively affect our platform. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. Any prolonged service disruption affecting our platform for any of the foregoing reasons could result in lengthy interruptions in the delivery of our platform, products or services, cause system interruptions, prevent our billers, partners or consumers from accessing their accounts online, damage our reputation with current and potential billers, partners or consumers, expose us to liability, cause us to lose billers, partners or consumers, cause the loss of critical data, prevent us from supporting our platform, products or services, result in regulatory investigations, enforcement actions and litigation or cause us to incur additional expense in investigating, remediating and responding to these disruptions and arranging for new facilities and support or otherwise harm our business.

Also, in the event of damage or interruption, our insurance policies may not adequately compensate us for any losses that we may incur. System failures or outages, including any potential disruptions due to significantly increased global demand on certain cloud-based systems during the COVID-19 pandemic, could compromise our ability to perform these functions in a timely manner, which could harm our ability to conduct business or delay our financial reporting. Such failures could adversely affect our operating results and financial condition. In addition, certain of our third-party service providers are required to notify us if they experience a security breach or unauthorized disclosure of certain personal information, or, in some cases, confidential data or information of ours or our billers, partners or consumers, and their failure to timely notify us of such a breach or disclosure may cause us to incur significant costs or otherwise harm our business.

Our platform is accessed by many billers, partners and consumers, often at the same time. As we continue to expand the number of our billers, partners and consumers, and products available through our platform, we may not be able to scale our technology to accommodate the increased capacity requirements, which may result in interruptions or delays in service. In addition, the failure of data centers, internet service providers or other third-party service providers to meet our capacity requirements could result in interruptions or delays in access to our platform or impede our ability to grow our business and scale our operations. If our third-party infrastructure service agreements are terminated, or there is a lapse of service, interruption of internet service provider connectivity, or damage to data centers, we could experience interruptions in access to our platform as well as delays and additional expense in arranging new facilities and services.

We also depend on third-party internet-hosting providers and continuous and uninterrupted access to the internet through third-party bandwidth providers to operate our business. If we lose the services of one or more of our internet-hosting or bandwidth providers for any reason or if their services are disrupted, for example due to viruses, ransomware, denial of service or other attacks on their systems, or due to human error, intentional bad acts, power loss, hardware failures, telecommunications failures, fires, wars, terrorist attacks, floods, earthquakes, hurricanes, tornadoes or similar catastrophic events, we could experience disruption in our ability to offer our solutions and adverse perception of our

solutions' reliability, or we could be required to retain the services of replacement providers, which could increase our operating costs and materially and adversely affect our business, operating results and financial condition.

Furthermore, prolonged interruption in the availability, or reduction in the speed or other functionality, of our platform, products or services could materially harm our reputation and business. Frequent or persistent interruptions in accessing our platform, products and services could cause billers, partners or consumers to believe that our platform, products and services are unreliable, leading them to switch to our competitors or to avoid our platform, products and services, and could permanently harm our reputation and business.

Additionally, as our billers and partners and their consumers may use our platform for critical transactions, any errors, defects or other infrastructure problems could result in damage to such billers', partners' or consumers' businesses. These billers, partners and consumers could seek significant compensation from us for their losses and our insurance policies may be insufficient to cover a claim. Even if unsuccessful, this type of claim may be time-consuming and costly for us to defend. Any of the foregoing could have a material adverse effect on our business, operating results and financial condition.

We may experience software and technology defects, undetected errors, development delays or other performance problems in our software and other technology used as part of our platform, which could damage biller and partner relations, harm our reputation, result in significant costs to us, decrease our potential profitability and expose us to substantial liability.

Our software and other technology used as part of our platform may contain undetected errors, viruses or defects when implemented or when new functionality is released, as we may modify, enhance, upgrade and implement new systems, procedures and controls to reflect changes in our business, technological advancements and changing industry trends. Despite extensive testing, from time to time we have discovered and may in the future discover defects or errors in our solutions. Any performance problems or defects in our solutions could materially and adversely affect our business, operating results and financial conditions. Defects, errors or other similar performance problems or disruptions, whether in connection with day-to-day operations or otherwise, could be costly for us, adversely affect our billers' or partners' businesses, harm our reputation and result in reduced sales or a loss of, or delay in, the market acceptance of our solutions. In addition, if we have any such errors, defects or other performance problems, our billers or partners could seek to terminate, or elect not to renew, their contracts with us, delay or withhold payment or make claims against us. Any of these actions could result in liability, lost business, increased insurance costs, difficulty in collecting accounts receivable, costly litigation or adverse publicity, which could materially and adversely affect our business, operating results and financial condition. Additionally, our software uses open-source software and any defects or security vulnerabilities in such open-source software could materially and adversely affect our business, operating results and financial condition. In addition, we rely on technologies and software supplied by third parties that may also contain undetected errors, viruses or defects. Software defects and errors or delays in electronic bill presentment or our facilitation of payment processing could result in additional development costs, diversion of technical and other resources from our other development efforts, loss of credibility with current or potential billers, partners and consumers, harm to our reputation and exposure to liability claims, any of which could result in a material adverse effect on our business, operating results and financial condition.

We use open source software in our platform and products, which may pose particular risks to our proprietary software in a manner that could subject us to litigation or other actions, negatively affect our ability to sell our products or otherwise adversely affect our business, operating results and financial condition.

Our platform incorporates software modules licensed to us by third-party authors under "open source" licenses, and we expect to continue to incorporate open source software in our products and platform in the future. Some open source licenses contain requirements that those who distribute open source software as part of their own software product also make publicly available all or part of the source code for modifications or derivative works created based on the type of open source software they use, or grant other licenses to their intellectual property on unfavorable terms or at no cost, and we may be subject to such requirements.

The terms of many open source licenses to which we are subject have not been interpreted by U.S. or foreign courts, and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to provide, or distribute our platform, products or services related to, the open source software subject to those licenses. In addition, the public availability of such software may make it easier for others to compromise our platform. Although we generally monitor our use of open source software to avoid subjecting our platform to conditions we do not intend and to try to ensure that none is used in a manner that would require us to disclose our proprietary source code or that would otherwise breach the terms of an open source agreement, such use could inadvertently occur, or could be claimed to have occurred, in part because open source license terms are often ambiguous. Moreover, we cannot assure you that our processes for controlling our use of open source software in our platform, products and services will be effective. From time to time, there have been claims challenging the ownership of open source software

against companies that incorporate it into their products. Likewise, we could become subject to lawsuits and face claims from third parties claiming ownership of, or demanding release of, any open source software or derivative works that we have developed using such software, which could include our proprietary source code, or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require us to make our software source code freely available, purchase a costly license or cease offering the implicated products or services. Litigation could be costly for us to defend, have a negative effect on our business, operating results and financial condition or require us to devote additional research and development resources to change our products. If we are held to have breached or failed to fully comply with all the terms and conditions of an open source software license, we could face infringement or other liability, or be required to seek costly licenses from third parties, to continue providing our offerings on terms that are not economically feasible, to re-engineer our platform (which could involve substantial time and resources), to discontinue or delay the provision of our offerings if re-engineering could not be accomplished on a timely basis or to make generally available, in source code form, our proprietary code, any of which could adversely affect our business, operating results and financial condition.

In addition to risks related to complying with applicable license requirements, a release of our proprietary code could also allow our competitors to create similar offerings with lower development effort and time and ultimately could result in a loss of our competitive advantages. Furthermore, use and distribution of open source software may entail greater risks than use of third-party commercial software, as open source licensors generally do not provide support, warranties, indemnification or other contractual protections regarding infringement claims or the quality of the code. There is little legal precedent in this area and any actual or claimed requirement to disclose our proprietary source code or pay damages for breach of contract could harm our business and could help third parties, including our competitors, develop products and services that are similar to or better than ours. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could materially and adversely affect our business, operating results and financial condition.

If we fail to adequately obtain, maintain, protect or enforce our intellectual property and proprietary rights, our competitive position could be impaired, our reputation could be harmed and we may lose valuable assets, generate less revenue and incur costly litigation to protect our rights.

Our success is dependent, in part, upon protecting our intellectual property and proprietary technology. We rely on a combination of patents, copyrights, trademarks, service marks, trade secret laws and contractual provisions with our employees, independent contractors, consultants and third parties with whom we have relationships to establish and protect our intellectual property and proprietary rights. However, the steps we take to protect our intellectual property may be inadequate, may not afford complete protection and may not adequately permit us to gain or keep any competitive advantage or otherwise fail to prevent unauthorized use or disclosure of our confidential information, intellectual property or technology, and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information, intellectual property or technology.

Various factors outside our control pose a threat to our intellectual property rights, as well as to our products, services and technologies. Although we have been issued patents in the United States and Canada and have additional patent applications pending, we may be unable to obtain patent protection for the technology covered in our patent applications or obtain the coverage originally sought. In addition, any patents issued in the future may not provide us with competitive advantages or may be successfully challenged by third parties, which could result in them being narrowed in scope or declared invalid or unenforceable. For example, it is possible that third parties, including our competitors, may obtain patents relating to technologies that overlap or compete with our technology. If third parties obtain patent protection with respect to such technologies, they may assert that our technology infringes their patents and seek to charge us a licensing fee or otherwise preclude the use of our technology or file suit against us. Any of our patents, trademarks or other intellectual property rights may lapse, be abandoned, be challenged or circumvented by others or invalidated through administrative process or litigation. We also may allow certain of our registered intellectual property rights, or our pending applications for intellectual property rights, to lapse or to become abandoned if we determine that obtaining or maintaining the applicable registered intellectual property rights is not worthwhile. Despite our efforts to protect our intellectual property and proprietary rights, there can be no guarantee that such rights will be sufficient to protect against others offering products or services that are substantially similar to ours, independently developing similar products, duplicating any of our products, designing around our patents, adopting trade names or domain names similar to ours, competing with our business or attempting to copy aspects of our technology and using information that we consider proprietary, thereby impeding our ability to promote our platform and possibly leading to biller or consumer confusion. Furthermore, legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Despite our precautions, it may be possible for unauthorized third parties to copy our products and use information that we regard as proprietary to create products and services that compete with ours.

We cannot guarantee that our ability to assert our intellectual property rights against potential competitors or to settle current or future disputes will not be limited by our agreements with third parties. Further, no assurance can be given that our agreements will be effective in controlling access to and distribution of our products and proprietary information, and

they do not prevent our competitors or partners from independently developing technologies that are substantially equivalent or superior to our platform.

We will not be able to protect our intellectual property rights if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property rights. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy, reverse engineer or otherwise obtain and use our products, technology, systems, methods, processes, intellectual property and other information that we regard as proprietary to create products and services that compete with ours. We cannot be certain that we will be able to prevent unauthorized use of our products, technology, systems, methods and processes or infringement, misappropriation or other violation of our intellectual property, particularly in foreign countries where the laws may not protect our proprietary rights as comprehensively as in the United States, if at all. In addition, any changes in, or unexpected interpretations of, intellectual property laws may compromise our ability to enforce our trade secret and intellectual property rights. Failure to obtain or maintain protection of our trade secrets or other proprietary information could harm our competitive position and materially and adversely affect our business, operating results and financial condition.

In addition to registered intellectual property rights such as issued patents and trademark registrations, we rely on non-registered proprietary information and technology, such as copyrights, trade secrets, confidential information, know-how and technical information. In order to protect our proprietary information and technology, we rely in part on confidentiality and intellectual property assignment agreements with our employees and contractors involved in the development of material intellectual property for us, which place restrictions on the employees' and contractors' use and disclosure of this intellectual property. However, these agreements may not be self-executing, sufficient in scope or enforceable or may not provide meaningful protection for our trade secrets or other proprietary information in the event of unauthorized use or disclosure or other breaches of the agreements. We cannot guarantee that we have entered into such agreements with each person or entity that may have or have had access to our trade secrets or proprietary information or otherwise developed intellectual property for us, including our technology and processes. Individuals that were involved in the development of intellectual property for us or who had access to our intellectual property but who are not subject to invention assignment agreements may make adverse ownership claims to our current and future intellectual property.

Additionally, these agreements may be insufficient or breached, or this intellectual property, including trade secrets, may otherwise be disclosed or become known to our competitors, which could cause us to lose any competitive advantage resulting from this intellectual property. We may not be able to obtain adequate remedies for such breaches. Additionally, to the extent that our employees, independent contractors or other third parties with whom we do business use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting works of authorship, know-how and inventions. The loss of trade secret protection could make it easier for third parties to compete with our products and services by copying functionality.

Effective patent, copyright, trademark, service mark, trade secret and domain name protection is time-consuming and expensive. We may not be able to obtain protection for our technology and even if we are successful in obtaining effective patent, copyright, trademark, service mark, trade secret and domain name protection, it is expensive to maintain these rights, both in terms of application and maintenance costs, and the time and cost required to defend our rights could be substantial. Moreover, our failure to develop and properly manage and protect new intellectual property could hurt our market position and business opportunities. Furthermore, changes to U.S. or foreign intellectual property laws and regulations may jeopardize the enforceability and validity of our intellectual property portfolio and harm our ability to obtain patent protection, including for some of our unique business methods. We may be unable to obtain trademark protection for our products and brands, and our existing trademark registrations and applications, and any trademarks that may be used in the future, may not provide us with competitive advantages or distinguish our products and services from those of our competitors. We do not and may not own registered trademarks for all trademarks and logos used in our business in the jurisdictions in which we operate or may operate in the future. In addition, our trademarks may be contested or found to be unenforceable, weak or invalid, and we may not be able to prevent third parties from infringing or otherwise violating them. Litigation may be necessary to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others, which could result in substantial costs and diversion of our resources. In addition, our efforts may be met with defenses and counterclaims challenging the validity and enforceability of our intellectual property rights or may result in a court determining that our intellectual property rights are unenforceable. Further, we have and may in the future employ individuals who previously were employed by our competitors, and, as a result, those competitors may bring claims against such individuals or us alleging their intellectual property rights have been infringed, misappropriated or otherwise violated. If we are unable to cost-effectively protect our intellectual property rights, our business would be harmed. If competitors are able to use our technology or develop proprietary technology similar to ours or competing technologies, our ability to compete effectively and our growth prospects would be adversely affected.

We and our billers and partners and their consumers and other third parties that use our platform obtain, provide and process a large amount of sensitive and personal data. Any real or perceived improper or unauthorized use of, disclosure of or access to such data could harm our reputation as a trusted brand, as well as have a material adverse effect on our business, operating results and financial condition.

We and our billers and partners and their consumers and the third-party vendors and data centers that we use obtain, provide and process large amounts of sensitive and personal data, including data provided by and related to consumers and their transactions, as well as other data of the counterparties to their payments. We face risks, including to our reputation as a trusted brand, in the handling and protection of this data, and these risks will increase as our business continues to expand to include new products and technologies.

Cybersecurity threats and attacks, privacy and security breaches and incidents, insider threats or other incidents and malicious internet-based activity continue to increase generally, evolve in nature and become more sophisticated, and providers of cloud-based services have frequently been targeted by such attacks, particularly in the financial technology sector. These cybersecurity challenges, including threats to our own IT infrastructure or those of our billers or partners or their consumers or third-party service providers, may take a variety of forms ranging from stolen bank accounts, business email compromise, biller employee fraud, account takeover, check fraud or cybersecurity attacks, to “mega breaches” targeted against cloud-based services and other hosted software, which could be initiated by individual or groups of hackers or sophisticated cyber criminals. A cybersecurity incident or breach could result in loss, compromise, corruption or disclosure of confidential information, intellectual property and sensitive and personal data or data we rely on to provide our solutions and impair our ability to provide our solutions and meet our billers’ or partners’ or their consumers’ requirements, or cause production downtimes and compromised data. We may be unable to anticipate or prevent techniques used in the future to obtain unauthorized access or to sabotage systems because they change frequently and often are not detected until after an incident has occurred. As we increase our biller base and our brand becomes more widely known and recognized, third parties may increasingly seek to compromise our security controls or gain unauthorized access to our sensitive corporate information or our billers’ or partners’ or their consumers’ sensitive and personal data. Information security risks for technology companies such as ours have significantly increased in recent years in part because of the proliferation of new technologies, the use of the internet and telecommunications technologies to conduct financial transactions, and the increased sophistication and activities of organized crime, hackers, terrorists and other external parties as well as nation-state and nation-state-supported actors. Additionally, geopolitical events and resulting government activity could lead to information security threats and attacks by affected jurisdictions and their sympathizers. Because of our position in the financial services industry, we believe that we are likely to continue to be a target of such threats and attacks.

We have administrative, technical and physical security measures in place, and we have policies and procedures in place to contractually require service providers to whom we disclose data to implement and maintain reasonable privacy, data protection and information security measures. However, if our privacy protection, data protection or information security measures or those of the previously mentioned third parties are inadequate or are breached or otherwise compromised as a result of third-party action, employee or contractor error, malfeasance, malware, phishing, hacking attacks, system error, software bugs or defects in our products, trickery, process failure, or otherwise, and, as a result, there is improper disclosure of, or someone obtains unauthorized access to or exfiltrates funds or accesses, modifies, corrupts, or destroys any sensitive and personal data, including personally identifiable information, on our systems or our partners’ systems, or if we suffer a ransomware or advanced persistent threat attack, or if any of the foregoing is reported or perceived to have occurred, our reputation and business could be damaged. Recent high-profile security breaches and related disclosures of sensitive and personal data by large institutions suggest that the risk of such events is significant, even if privacy, data protection and information security measures are implemented and enforced. If sensitive and personal data is unavailable, lost, modified, corrupted, or destroyed without authorization or improperly disclosed or threatened to be disclosed, we could incur significant costs associated with remediation and the implementation of additional security measures, and may incur significant liability and financial loss and be subject to regulatory scrutiny, investigations, proceedings and penalties.

In addition, because we leverage third-party service providers, including cloud, software, data center and other critical technology vendors to deliver our solutions to our billers, partners or consumers and their clients, we rely heavily on the data security technology practices and policies adopted by these third-party service providers. Such third-party service providers have access to sensitive and personal data and other data about our billers, partners and employees, as well as consumers using our products and services to pay the bills of our billers, and some of these providers in turn subcontract with other third-party service providers. Our ability to monitor our third-party service providers’ data security is limited. There have been and may continue to be significant supply chain attacks, and we cannot guarantee that our or our third-party service providers’ software or systems have not been breached or compromised or that they do not contain exploitable defects or bugs that could result in a breach of or disruption to our systems or the systems of third parties that support us and our services. A vulnerability in our third-party service providers’ software or systems, a failure of our third-party service providers’ safeguards, policies or procedures, or a breach of a third-party service provider’s software or

systems could result in the compromise of the confidentiality, integrity or availability of our systems or the data housed in our third-party solutions. Techniques used to sabotage or obtain unauthorized access to systems are constantly evolving and our third-party service providers may face difficulties or delays in identifying breaches and compromises, and notifying us of any such breaches and compromises. This could cause us to face delays in responding to any such breach or compromise and providing any required notifications to consumers or other third parties.

In addition, our financial institution strategic partners conduct regular audits of our cybersecurity program, and if any of them were to conclude that our systems and procedures are insufficiently rigorous, they could terminate their relationships with us, and our financial results and business would be adversely affected. Under our terms of service and our contracts with strategic partners, if there is a breach of payment information that we store, we could be liable to the partner for their losses and related expenses. Additionally, if our own confidential business information were improperly disclosed, our business could be materially and adversely affected. A core aspect of our business is the reliability and security of our platform. Any perceived or actual breach of security or security incident, regardless of how it occurs or the extent of the breach or incident, could have a significant impact on our reputation as a trusted brand, cause us to lose existing billers, partners and consumers, prevent us from obtaining new billers, partners and consumers, require us to expend significant funds to remedy problems caused by breaches and incidents and implement measures to prevent further breaches and incidents, and expose us to legal risk and potential liability including those resulting from governmental or regulatory investigations, class action litigation, indemnity obligations, damages for contract breach or penalties for violation of security obligations and costs associated with remediation, such as fraud monitoring and forensics, all of which could divert resources and attention of our management and key personnel away from our business operations and materially and adversely affect our business, operating results and financial condition. Any actual or perceived security breach or incident at a third-party service provider providing services to us or our billers, partners or consumers could have similar effects. Further, as the current COVID-19 pandemic continues to result in a significant number of people working from home, these cybersecurity risks may be heightened by an increased attack surface across our business and those of our partners and service providers. We cannot guarantee that our efforts, or the efforts of those upon whom we rely and partner with, will be successful in preventing any such information security incidents or protecting sensitive and personal data that they obtain and process on our behalf.

Federal, state and international regulations may require us or our billers or partners to notify governmental entities and individuals of data security incidents involving certain types of personal and sensitive data or information technology systems. Security compromises experienced by others in our industry, our billers or partners or their consumers, our third-party service providers or us may lead to public disclosures and widespread negative publicity. Any security compromise in our industry, whether actual or perceived, could erode consumer, biller or partner confidence in the effectiveness of our security measures, negatively impact our ability to attract new billers, partners and consumers, cause existing billers, partners and consumers to elect not to renew or expand their use of our platform, services and products or subject us to third-party lawsuits, regulatory fines or other actions or liabilities, which could materially and adversely affect our business, operating results and financial condition.

In addition, some of our billers and partners contractually require notification of data security compromises and include representations and warranties in their contracts with us that our platform, products and services comply with certain legal and technical standards related to data security and privacy and meet certain service levels. In our contracts, a data security compromise or operational disruption impacting us or one of our critical vendors, or system unavailability or damage due to other circumstances, may constitute a material breach and give rise to a biller's or partner's right to terminate their contract with us. In these circumstances, it may be difficult or impossible to cure such a breach in order to prevent billers or partners from potentially terminating their contracts with us. Furthermore, although our contracts typically include limitations on our potential liability, we cannot ensure that such limitations of liability would be adequate or apply to data security compromises.

While we maintain cybersecurity insurance, our insurance may be insufficient or may not cover all liabilities incurred by any security breach or incident. We also cannot be certain that our insurance coverage will be adequate for data handling or data security liabilities actually incurred, that insurance will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, litigation to pursue claims under our insurance policies or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, or denials of coverage, could have a material adverse effect on our business, reputation, operating results and financial condition.

We may in the future become subject to or initiate intellectual property disputes, which are costly and time-consuming to defend against or pursue, and may subject us to significant liability and increased costs of doing business.

We may in the future become subject to and involved in lawsuits, disputes, legal proceedings or claims to protect or enforce our intellectual property rights, and we may be subject to claims by third parties that we have infringed,

misappropriated or otherwise violated their intellectual property. Even if we believe that particular intellectual property-related claims are without merit, litigation may be necessary to determine the scope and validity of intellectual property or proprietary rights of others or to protect or enforce our intellectual property rights. The ultimate outcome of any allegation is often uncertain and, regardless of the outcome, lawsuits, with or without merit, are time-consuming and expensive to resolve and they divert management's time and attention and require us to, among other things, redesign or stop providing our products or services, pay substantial amounts to satisfy judgments or settle claims or lawsuits, pay substantial royalty or licensing fees, or satisfy indemnification obligations that we have with certain parties with whom we have commercial relationships. Although we carry insurance, our insurance may not cover potential claims of this type or may not be adequate to indemnify us for all liability that may be imposed. We cannot predict the outcome of lawsuits and cannot assure you that the results of any such actions will not have an adverse effect on our business, operating results or financial condition.

The software industry is characterized by the existence of many patents, copyrights, trademarks, trade secrets and other intellectual property rights. Companies in the software industry are often required to defend against litigation claims based on allegations of infringement or other violations of intellectual property rights. Our technologies may not be able to withstand any third-party claims against their use. We could also face trade name or trademark or service mark infringement claims brought by owners of other registered or unregistered trademarks or service marks, including trademarks or service marks that may incorporate variations of our brand names. Any claims related to our intellectual property or biller or consumer confusion related to our marketplace could damage our reputation and adversely affect our growth prospects. In addition, many companies have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend claims that may be brought against them than we do. Any litigation may also involve patent holding companies or other adverse patent owners that have no relevant product revenue, and therefore, our patents may provide little or no deterrence as we would not be able to assert them against such entities or individuals.

If a third party is able to obtain an injunction preventing us from accessing such third-party's intellectual property rights, or if we cannot license or develop alternative technology for any infringing aspect of our business, we would be forced to limit or stop sales of our products or cease business activities related to such intellectual property. Any inability to license third-party technology in the future would have an adverse effect on our business or operating results and would adversely affect our ability to compete.

We also are, and may in the future become, contractually obligated to indemnify our billers and partners in the event of infringement, misappropriation or other violation of a third party's intellectual property rights. Responding to such claims, regardless of their merit, can be time-consuming, costly to defend and damaging to our reputation and brand.

Our business and platform depend in part on intellectual property and proprietary rights and technology licensed from or otherwise made available to us by third parties.

Much of our business and our platform rely on key technologies developed or licensed by third parties. These third-party software components may become obsolete, defective or incompatible with future versions of our services, relationships with the third-party licensors or technology providers may deteriorate, or our agreements with the third-party licensors or technology providers may expire or be terminated. Additionally, some of these licenses or other grants of rights may not be available to us in the future on terms that are acceptable, or at all, or that allow our platform, products and services to remain competitive. Our inability to obtain licenses or rights on favorable terms could have a material and adverse effect on our business and results of operations. Furthermore, incorporating intellectual property or proprietary rights licensed from or otherwise made available to us by third parties on a non-exclusive basis in our products or services could limit our ability to protect the intellectual property and proprietary rights in our services and our ability to restrict third parties from developing, selling or otherwise providing similar or competitive technology using the same third-party intellectual property or proprietary rights.

We believe we have all the necessary licenses and other grants of rights from third parties to use technology and software that we do not own. A third party could, however, allege that we are infringing its rights, which may deter our ability to obtain licenses or other grants of rights on commercially reasonable terms from the third party, if at all, or cause the third party to commence litigation against us. Our failure to obtain necessary licenses or other rights, or litigation or claims arising out of intellectual property matters, may harm or restrict our business. Even if we were able to obtain a license or other grant of rights, it could be non-exclusive, thereby giving our competitors and other third parties access to the same technologies licensed to or otherwise made available to us. In addition, we could be found liable for significant monetary damages, including treble damages and attorneys' fees, if we are found to have willfully infringed a patent or other intellectual property right. Any such litigation or the failure to obtain any necessary licenses or other rights could adversely impact our business, financial position, results of operations and liquidity.

Risks Related to Our Class A Common Stock

The market price of our Class A common stock may be volatile or may decline steeply or suddenly regardless of our operating performance, and we may not be able to meet investor or analyst expectations.

Prior to our initial public offering, or IPO, in May 2021, there was no public market for our Class A common stock. The lack of an active market for our Class A common stock may impair investors' ability to sell their shares at the time they wish to sell them or at a price that they consider reasonable, may reduce the market value of their shares and may result in significant price and volume fluctuations. The market price of our Class A common stock may fluctuate or decline significantly in response to numerous factors, many of which are beyond our control, including:

- the continued impact of the COVID-19 pandemic, including but not limited to market volatility and economic disruption caused by the pandemic;
- actual or anticipated fluctuations in our operating results;
- variations between our actual operating results and the expectations of securities analysts, investors and the financial community;
- any forward-looking financial or operating information we may provide to the public or securities analysts, any changes in this information or our failure to meet expectations based on this information;
- actions of securities analysts who initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our company or our failure to meet these estimates or the expectations of investors;
- whether investors or securities analysts view our stock structure unfavorably, particularly our dual-class structure and the significant voting control of Accel-KKR, or AKKR, and our founder and chief executive officer;
- additional shares of our Class A common stock being sold into the market by us or our existing stockholders, or the anticipation of such sales, including if existing stockholders sell shares into the market when applicable "lock-up" periods end;
- announcements by us or our competitors of significant products or features, technical innovations, acquisitions, strategic partnerships, joint ventures or capital commitments;
- changes in operating performance and stock market valuations of companies in our industry, including our competitors;
- price and volume fluctuations in the overall stock market, including as a result of trends in trading patterns or the economy as a whole;
- lawsuits, claims or investigations threatened, filed or initiated against us;
- developments in new legislation and pending lawsuits or regulatory actions, including interim or final rulings by judicial or regulatory bodies; and
- other events or factors, including those resulting from war or incidents of terrorism, or responses to these events.

In addition, extreme price and volume fluctuations in the stock markets have affected and continue to affect many other technology companies' stock prices. Often, their stock prices have fluctuated in ways unrelated or disproportionate to the companies' operating performance. In the past, stockholders have filed securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business and seriously harm our business.

Moreover, because of these fluctuations, comparing our operating results on a period-to-period basis may not be meaningful. You should not rely on our past results as an indication of our future performance. This variability and unpredictability could also result in our failing to meet the expectations of industry or financial analysts or investors for any period. If our revenue or operating results fall below the expectations of analysts or investors or below any forecasts we may provide to the market, or if the forecasts we provide to the market are below the expectations of analysts or investors, the price of our Class A common stock could decline substantially. Such a stock price decline could occur even when we have met any previously publicly stated revenue or earnings forecasts that we may provide.

Future sales of shares, or the perception that such sales could occur, could cause our stock price to decline.

As of September 30, 2021, we had outstanding a total of 16,482,529 shares of Class A common stock and 103,486,739 shares of Class B common stock. All shares of Class A common stock sold in our IPO are freely tradeable without restriction or further registration under the Securities Act of 1933, as amended, or the Securities Act, unless acquired through the directed share program by our executive officers. The resale of 5,118,242 shares of Class A

common stock and 103,486,739 shares of Class B common stock, or approximately 90.5% of our outstanding shares in the aggregate, is currently prohibited or otherwise restricted as a result of securities law provisions, market stand-off agreements entered into by our stockholders with us or lock-up agreements entered into by our stockholders with the underwriters in our IPO. However, subject to Rule 144 limitations applicable to affiliates, these shares will be able to be sold in the public market beginning on November 22, 2021. Sales of a substantial number of such shares upon expiration of the lock-up and market stand-off agreements, the perception that such sales may occur or the early release of these agreements, could cause the market price of our Class A common stock to fall or make it more difficult for you to sell your Class A common stock at a time and price that you deem appropriate.

In addition, 534,104 shares of Class A common stock and 7,550,405 shares of Class B common stock were subject to outstanding stock options and restricted stock awards as of September 30, 2021 and up to 509,370 shares of Class A common stock may be issuable pursuant to our warrant agreement with JPMC Strategic Investments I Corporation. These shares will become eligible for sale in the public market to the extent permitted by the provisions of various vesting agreements, the lock-up agreements and Rules 144 and 701 of the Securities Act. On May 26, 2021, we registered the offer and sale of all shares of Class A common stock and Class B common stock subject to stock options outstanding and reserved for issuance under our 2012 Equity Incentive Plan and 2021 Equity Incentive Plan. The shares covered by that registration statement are eligible for sale in the public markets, subject to Rule 144 limitations applicable to affiliates and the lock-up agreements described above. If these additional shares are sold, or if it is perceived that they will be sold in the public market, the market price of our Class A common stock could decline.

The dual class structure of our common stock and our stockholders agreement have the effect of concentrating voting control with AKKR and our founder and chief executive officer, which limits or precludes your ability to influence corporate matters for the foreseeable future and may depress the market price of our Class A common stock.

Our Class B common stock has ten votes per share and our Class A common stock has one vote per share. Because of the ten-to-one voting ratio between our Class B common stock and Class A common stock, the holders of our Class B common stock, including AKKR and our founder and chief executive officer, collectively will continue to control a majority of the combined voting power of our common stock and therefore be able to control all matters submitted to our stockholders so long as the shares of Class B common stock represent at least 9.1% of all outstanding shares of our Class A common stock and Class B common stock, including the election of directors, amendments of our organizational documents, compensation matters and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval. This concentrated control will limit or preclude your ability to influence corporate matters for the foreseeable future.

Further, the stockholders agreement we have entered into with AKKR provides that, for so long as AKKR or certain of its permitted transferees hold more of our outstanding common stock than Mr. Sharma and certain of his affiliates, AKKR will have the right to nominate (x) five directors to our board of directors for so long as AKKR beneficially owns at least 10% of our outstanding common stock and (y) two directors to our board of directors for so long as AKKR beneficially owns at least 5% but less than 10% of our outstanding common stock. Moreover, after such time as AKKR ceases to hold more of our outstanding common stock than Mr. Sharma and certain of his affiliates, AKKR will continue to have the right to nominate two directors to our board of directors until such time as AKKR ceases to beneficially own at least 5% of our outstanding common stock.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions, such as transfers to affiliates, members or partners of AKKR and transfers for estate planning purposes so long as the transferring holder retains exclusive voting and dispositive power with respect to the shares transferred. The conversion of Class B common stock to Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term.

In addition, certain index providers have implemented restrictions on including companies with multiple-class share structures in certain of their indices. The FTSE Russell requires new constituents of its indices to have greater than 5% of the company's voting rights in the hands of public stockholders, and S&P Dow Jones does not admit companies with multiple-class share structures to certain of its indices. Affected indices include the Russell 2000 and the S&P 500, S&P MidCap 400 and S&P SmallCap 600, which together make up the S&P Composite 1500. The dual class structure of our common stock will make us ineligible for inclusion in these indices and we cannot assure you that other stock indices will not take similar actions. It is unclear what effect, if any, these policies have on the valuations of publicly traded companies excluded from such indices, but it is possible that they may depress valuations, as compared to similar companies that are included. Further, given the sustained flow of investment funds into passive strategies that seek to track certain indices, exclusion from certain stock indices will likely preclude investment by many of these funds and could make our Class A common stock less attractive to other investors. As a result, the market price of our Class A common stock could be adversely affected.

AKKR controls us and its interests may conflict with ours or yours in the future.

As of September 30, 2021, AKKR controlled approximately 79.2% of the voting power of our outstanding common stock. As a result, AKKR will have the ability to elect all of the members of our board of directors and thereby control our policies and operations, including the appointment of management, future issuances of our Class A common stock or other securities, the payment of dividends, if any, on our Class A common stock, the incurrence of debt by us, amendments to our certificate of incorporation and bylaws, and the entering into extraordinary transactions, and the interests of AKKR may not in all cases be aligned with our or your interests.

AKKR may have an interest in pursuing acquisitions, divestitures and other transactions that, in its judgment, could enhance its investment in us, even though such transactions might involve risks to you. For example, AKKR could cause us to make acquisitions that increase our indebtedness or cause us to sell revenue-generating assets. Moreover, AKKR will be able to determine the outcome of all matters requiring stockholder approval and will be able to cause or prevent a change of control of our company or a change in the composition of our board of directors and could preclude any acquisition of our company. This concentration of voting control could deprive you of an opportunity to receive a premium for your shares of Class A common stock as part of a sale of our company and ultimately might affect the market price of our Class A common stock.

So long as AKKR continues to beneficially own a sufficient number of shares of Class B common stock, even if it beneficially owns significantly less than 50% of the shares of our outstanding common stock, it will continue to be able to effectively control our decisions. For example, if our Class B common stock amounted to 15% of our outstanding common stock, beneficial owners of our Class B common stock (including AKKR), would collectively control approximately 64% of the voting power of our common stock. Moreover, AKKR will continue to have the right to nominate directors to our board of directors under our stockholders agreement for so long as AKKR beneficially owns at least 5% of our outstanding common stock.

Our certificate of incorporation contains provisions renouncing our interest and expectation to participate in certain corporate opportunities identified by, or presented to, AKKR or its affiliates, which could create conflicts of interest and have a material adverse effect on our business, results of operations, financial condition and prospects if attractive corporate opportunities are allocated by AKKR to itself, its affiliates or third parties instead of to us.

AKKR, our controlling stockholder, is in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us or that would be complementary to our business if we acquired them. Our certificate of incorporation provides that, to the fullest extent permitted by law, none of AKKR or its affiliates, or any of their respective directors, partners, principals, officers, members, managers or employees, including any of the foregoing who serve as our officers or directors (all of whom we refer to as the “Exempted Persons”), will have any duty to refrain from engaging directly or indirectly in the same or similar business activities or lines of business as us or any of our affiliates. In addition, to the fullest extent permitted by law, in the event that any Exempted Person is presented with a business opportunity, even if the opportunity is one that we or our affiliates might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so, such Exempted Person will have no duty to communicate or offer such business opportunity to us or any of our affiliates. No Exempted Person will be liable to us, any of our affiliates or our stockholders for breach of any fiduciary or other duty, solely by reason of the fact that any such Exempted Person pursues or acquires such business opportunity, sells, assigns, transfers or directs such business opportunity to another person or fails to present such business opportunity, or information regarding such business opportunity, to us or any of our affiliates. These provisions could create conflicts of interest and have a material adverse effect on our business, results of operations, financial condition and prospects if attractive business opportunities are allocated by AKKR or another Exempted Person to itself, its affiliates or third parties instead of to us.

If securities or industry analysts either do not publish research about us or publish inaccurate or unfavorable research about us, our business or our market, or if they adversely change their recommendations regarding our Class A common stock, the market price or trading volume of our Class A common stock could decline.

The trading market for our Class A common stock will be influenced in part by the research and reports that securities or industry analysts may publish about us, our business, our market or our competitors. If one or more of the analysts initiate research with an unfavorable rating or downgrade our Class A common stock, provide a more favorable recommendation about our competitors or publish inaccurate or unfavorable research about our business, our Class A common stock price would likely decline. If any analyst who may cover us were to cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price or trading volume of our Class A common stock to decline.

We are an emerging growth company, and any decision on our part to comply only with certain reduced reporting and disclosure requirements applicable to emerging growth companies could make our Class A common stock less attractive to investors.

We are an emerging growth company, and for as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies but not to “emerging growth companies,” including:

- ☐ presentation of only two years of audited financial statements and related financial disclosure;
- ☐ exemption from the requirement to have our registered independent public accounting firm attest to management’s assessment of our internal control over financial reporting;
- ☐ exemption from compliance with the requirement of the PCAOB regarding the communication of critical audit matters in the auditor’s report on the financial statements;
- ☐ reduced disclosure about our executive compensation arrangements; and
- ☐ exemption from the requirement to hold non-binding advisory votes on executive compensation or golden parachute arrangements.

In addition, the JOBS Act provides that an emerging growth company may take advantage of an extended transition period for complying with new or revised accounting standards, delaying the adoption of these accounting standards until they would apply to private companies unless it otherwise irrevocably elects not to avail itself of this exemption. We have elected to use this extended transition period until we are no longer an emerging growth company or until we affirmatively and irrevocably opt out of the extended transition period. As a result, our consolidated financial statements may not be comparable to the financial statements of companies that comply with new or revised accounting pronouncements as of public company effective dates.

We could be an emerging growth company for up to five years following the completion of our IPO in May 2021. Our status as an emerging growth company will end as soon as any of the following takes place:

- ☐ the last day of the fiscal year in which we have at least \$1.07 billion in annual revenue;
- ☐ the date we qualify as a “large accelerated filer,” with at least \$700.0 million of equity securities held by non-affiliates;
- ☐ the date on which we have issued, in any three-year period, more than \$1.0 billion in non-convertible debt securities; or
- ☐ the last day of the fiscal year during which the fifth anniversary of the completion of our IPO occurs, which would be December 31, 2026.

We cannot predict if investors will find our Class A common stock less attractive if we choose to rely on any of the exemptions afforded emerging growth companies. If some investors find our Class A common stock less attractive because we rely on any of these exemptions, there may be a less active trading market for our Class A common stock and the market price of our Class A common stock may be more volatile.

We have elected to take advantage of the “controlled company” exemption to the corporate governance rules for New York Stock Exchange-listed companies, which could make our Class A common stock less attractive to some investors or otherwise harm our stock price.

AKKR controls a majority of the voting power of our outstanding common stock. Because we qualify as a “controlled company” under the corporate governance rules for New York Stock Exchange-listed companies, we are not required to have a majority of our board of directors be independent, nor are we required to have an independent compensation committee or an independent nominating function. In light of our status as a controlled company, in the future we could elect not to have a majority of our board of directors be independent or not to have an independent compensation committee or nominating and corporate governance committee. Accordingly, should the interests of our management and AKKR differ from those of other stockholders, the other stockholders may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance rules for New York Stock Exchange-listed companies. Our status as a controlled company could make our Class A common stock less attractive to some investors or otherwise harm our stock price.

Future securities issuances could result in significant dilution to our stockholders and impair the market price of our Class A common stock.

Future issuances of shares of our Class A common stock or the conversion of a substantial number of shares of our Class B common stock, or the perception that these sales or conversions may occur, could depress the market price of our Class A common stock and result in dilution to existing holders of our Class A common stock. Also, to the extent outstanding options to purchase shares of our Class B common stock are exercised or options or other equity-based awards are issued or become vested, there will be further dilution. The amount of dilution could be substantial depending upon the size of the issuances or exercises. Furthermore, we may issue additional equity securities that could have rights senior to those of our Class A common stock.

As of September 30, 2021, there were 7,550,405 shares of Class B common stock subject to outstanding options. All of the shares of Class B common stock subject to outstanding options are registered for public resale under the Securities Act. Accordingly, these shares will be able to be freely sold in the public market upon issuance as permitted by any applicable vesting requirements, lockup agreements, and subject to compliance with applicable securities laws.

In addition, as of September 30, 2021, the holders of up to 107,452,426 shares of our common stock, or certain permitted transferees, are entitled to require us to file registration statements for the public resale of the shares of Class A common stock, including shares issuable upon conversion of their shares of Class B common stock, or to include such shares in registration statements that we may file, subject to certain conditions. If we register the offer and sale of shares for the holders of registration rights, those shares can be freely sold in the public market upon registration, subject to the restrictions of Rule 144 under the Securities Act in the case of our affiliates.

Anti-takeover provisions in our charter documents and under Washington law could make an acquisition of us difficult, limit attempts by our stockholders to replace or remove our current management and depress the market price of our Class A common stock.

In addition to AKKR controlling approximately 79.2% of the voting power of our common stock as of September 30, 2021, our certificate of incorporation and bylaws contain provisions that could depress the market price of our Class A common stock by acting to discourage, delay or prevent a change of control of our company or changes in our management that the stockholders of our company may deem advantageous. Among other things, these provisions provide that:

- ☐ we have a dual class common stock structure, with differing voting rights;
- ☐ the authorized number of directors may be changed only by resolution of the board of directors;
- ☐ any vacancies on the board of directors and any newly created directorships may only be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum;
- ☐ our board of directors is divided into three classes, each of which stands for election once every three years;
- ☐ there is no cumulative voting;
- ☐ the board of directors may issue “blank check” preferred stock that our board of directors could use to implement a stockholder rights plan;
- ☐ the board of directors may adopt, alter or repeal our bylaws;
- ☐ the forum for certain litigation against us is restricted to Delaware; and
- ☐ stockholders seeking to present proposals before a meeting of stockholders or to nominate candidates for election as directors at a meeting of stockholders must provide notice in writing in a timely manner, and also meet specific requirements as to the form and content of a stockholder’s notice.

Additional provisions will become effective on such date when AKKR and its affiliates cease to beneficially own in the aggregate, directly or indirectly, at least 50% of the voting power of our capital stock, which, among other things, provide that:

- ☐ stockholders may not call special meetings of stockholders or act by written consent;
- ☐ directors may only be removed from office for cause and with the affirmative vote of at least a majority of the voting power of our outstanding capital stock; and
- ☐ amending certain provisions of our certificate of incorporation and bylaws will be subject to super-majority voting thresholds.

Moreover, our certificate of incorporation contains a provision that provides us with protections similar to Section 203 of the General Corporation Law of the State of Delaware, or the DGCL, and prevents us from engaging in a business combination with certain interested stockholders (excluding AKKR, certain of its direct or indirect transferees and any group as to which AKKR is a party), including a person who owns 15% or more of our voting stock for a period of three

years from the date such person acquired such common stock, unless approval from our board of directors or stockholders is obtained prior to the acquisition and subject to other exceptions.

In addition, because our principal executive offices are located in Washington, the anti-takeover provisions of the Washington Business Corporation Act may apply to us under certain circumstances now or in the future. These provisions prohibit a “target corporation” from engaging in any of a broad range of business combinations with any stockholder constituting an “acquiring person” for a period of five years following the date on which the stockholder became an “acquiring person.”

Any provision of our certificate of incorporation or bylaws, or under Washington law, that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our Class A common stock.

Our bylaws designate a state or federal court located within the State of Delaware as the exclusive forum for substantially all disputes between us and our stockholders, and also provide that the federal district courts will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, each of which could limit our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers, stockholders or employees.

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, stockholders, officers or other employees to us or our stockholders, (3) any action arising pursuant to any provision of the DGCL, our certificate of incorporation or our bylaws or (4) any other action asserting a claim that is governed by the internal affairs doctrine shall be the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, another State court in Delaware or the federal district court for the District of Delaware), except for any claim as to which such court determines that there is an indispensable party not subject to the jurisdiction of such court (and the indispensable party does not consent to the personal jurisdiction of such court within ten days following such determination), which is vested in the exclusive jurisdiction of a court or forum other than such court or for which such court does not have subject matter jurisdiction. This provision does not apply to any action brought to enforce a duty or liability created by the Exchange Act and the rules and regulations thereunder.

Section 22 of the Securities Act establishes concurrent jurisdiction for federal and state courts over Securities Act claims. Accordingly, both state and federal courts have jurisdiction to hear such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our bylaws also provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States will be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act.

Any person or entity purchasing or otherwise acquiring or holding or owning (or continuing to hold or own) any interest in any of our securities shall be deemed to have notice of and consented to the foregoing bylaw provisions. Although we believe these exclusive forum provisions benefit us by providing increased consistency in the application of Delaware law and federal securities laws in the types of lawsuits to which each applies, the exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum of its choosing for disputes with us or our current or former directors, officers, stockholders or other employees, which may discourage such lawsuits against us and our current and former directors, officers, stockholders and other employees. Our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder as a result of our exclusive forum provisions.

Further, the enforceability of similar exclusive forum provisions in other companies' organizational documents has been challenged in legal proceedings, and it is possible that a court of law could rule that these types of provisions are inapplicable or unenforceable if they are challenged in a proceeding or otherwise. If a court were to find either exclusive forum provision contained in our bylaws to be inapplicable or unenforceable in an action, we may incur significant additional costs associated with resolving such action in other jurisdictions, all of which could harm our results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Use of Proceeds from Public Offering of Common Stock

We filed a registration statement on Form S-1 (File No. 333-255683) for our IPO, or the Registration Statement, which was declared effective by the SEC on May 25, 2021. On May 28, 2021, we closed the IPO, in which we sold 11,500,000 shares of our Class A common stock, including shares sold in connection with the exercise in full of the underwriters' option to purchase additional shares, at a price to the public of \$21.00 per share for an aggregate offering price of approximately \$241.5 million.

Immediately subsequent to the closing of our IPO, entities affiliated with AKKR purchased 2,380,950 shares of our Class A common stock from us at \$21.00 per share in a concurrent private placement.

We used approximately \$85.7 million of the net proceeds from the IPO in connection with our acquisitions of Payveris and Finovera, Inc.

No offering proceeds were paid directly or indirectly to any of our directors or officers (or their associates) or persons owning 10% or more of any class of our equity securities or to any other affiliates. There has been no material change in the planned use of proceeds from our IPO as described in the final prospectus.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

(a) Exhibits

Exhibit Number	Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
2.1†	<u>Agreement and Plan of Merger, dated as of August 9, 2021, by and among Paymentus Holdings, Inc., Paymentus Group, Inc., Peacock Merger Sub, LLC, Payveris, LLC and Shareholder Representative Services LLC, as the equityholders' representative.</u>				
31.1	<u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>				
31.2	<u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>				
32.1*	<u>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>				
32.2*	<u>Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>				
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.				
101.SCH	Inline XBRL Taxonomy Extension Schema Document				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)				

† Schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The registrant agrees to furnish supplementally a copy of any omitted schedule or exhibit to the U.S. Securities and Exchange Commission upon request.

* The certification attached as Exhibit 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Paymentus Holdings, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PAYMENTUS HOLDINGS, INC.

Date: November 10, 2021

By: /s/ Dushyant Sharma

Dushyant Sharma
Chairman, President and Chief Executive Officer

Date: November 10, 2021

By: /s/ Matt Parson

Matt Parson
Chief Financial Officer

AGREEMENT AND PLAN OF MERGER

by and among

PAYMENTUS HOLDINGS, INC.,

PAYMENTUS GROUP, INC.,

PEACOCK MERGER SUB, LLC,

PAYVERIS, LLC,

AND

SHAREHOLDER REPRESENTATIVE SERVICES LLC, AS THE EQUITYHOLDERS' REPRESENTATIVE

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AGREEMENT AND PLAN OF MERGER

-

THIS AGREEMENT AND PLAN OF MERGER (this "Agreement") is made as of August 9, 2021, by and among Paymentus Group, Inc., a Delaware corporation ("Buyer"), Paymentus Holdings, Inc., a Delaware corporation ("Parent"), Peacock Merger Sub, LLC, a Delaware limited liability company ("Merger Sub"), PayVeris, LLC, a Delaware limited liability company (the "Company"), and Shareholder Representative Services LLC, a Colorado limited liability company, solely in its capacity as representative for the Equityholders (the "Equityholders' Representative").

WHEREAS, the Acquired Companies are engaged in the business of providing a technology platform enabling financial institutions to provide digital money movement capabilities to the financial institution's customers through any application or device (the "Business");

WHEREAS, the Unitholders collectively own 100% of the issued and outstanding Units;

WHEREAS, the Optionholders hold all of the issued and outstanding Options in the amounts and with the exercise prices set forth on Schedule 4.2(b);

WHEREAS, the Parties desire to enter into this Agreement pursuant to which Buyer, Merger Sub and the Company propose that Merger Sub, a wholly owned Subsidiary of Buyer, will merge with and into the Company (the "Merger") such that the Company continues as the surviving entity of the Merger and becomes a wholly owned Subsidiary of Buyer;

WHEREAS, the board of directors of Buyer and the managing member of Merger Sub have approved the Merger, this Agreement and the other transactions contemplated hereby;

WHEREAS, the board of managers of the Company has approved the Merger, this Agreement and the other transactions contemplated hereby and deemed it advisable and in the best interest of the Equityholders, and the Company Member Approval and Company Preferred Member Approval have each been obtained from the requisite Equityholders; and

WHEREAS, in connection with the transactions contemplated by this Agreement, each Principal Equityholder has entered into a Support Agreement, dated as of the date hereof, with Buyer; and

WHEREAS, in connection with the transactions contemplated by this Agreement, each Principal Equityholder has entered into a Lock Up Agreement, dated as of the date hereof, with Parent, which shall become effective only and automatically upon the Closing.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE 1 BASIC TRANSACTION

1.1 Agreement to Merge. Subject to the terms and conditions of this Agreement, and in accordance with the Delaware Limited Liability Company Act ("DLLCA"), at the Effective Time, Merger Sub will merge with and into the Company. Buyer, Merger Sub and the Company will cause a certificate of merger in substantially the form attached hereto as Exhibit A (the "Certificate of Merger") to be properly executed and filed on the Closing Date with the Secretary of State of the State of Delaware. The "Effective

Time" will be the time at which the Certificate of Merger is duly filed with the Secretary of State of the State of Delaware and has become effective in accordance with the DLLCA or such later time as may be specified in the Certificate of Merger.

1.2 Effect of the Merger. At the Effective Time, the effect of the Merger will be as provided in this Agreement and the applicable provisions of the DLLCA. Subject to the foregoing, from and after the Effective Time, the Surviving Company will possess and be vested with all assets, rights, privileges, powers and franchises and be subject to all the liabilities, restrictions, disabilities and duties of the Company and Merger Sub. From and after the Effective Time, the separate limited liability company existence of Merger Sub will cease and the Company will continue as the surviving limited liability company in the Merger (the Company, as the surviving limited liability company in the Merger, sometimes being referred to herein as the "Surviving Company").

1.3 Certificate of Formation and Limited Liability Company Agreement.

(a) The certificate of formation of the Company will be amended and restated immediately following the Effective Time as set forth in the Certificate of Merger and, as so amended, will be the certificate of formation of the Surviving Company until thereafter changed or amended in accordance with the provisions thereof and applicable Legal Requirements.

(b) The limited liability company agreement of the Surviving Company will be amended and restated in its entirety immediately following the Effective Time into the form of the limited liability company agreement of Merger Sub as in effect immediately prior to the Effective Time (other than name and date of formation and subject to Section 6.10) (the "Surviving Company LLC Agreement") until thereafter changed or amended in accordance with the provisions thereof, the provisions of the certificate of formation of the Surviving Company and applicable Legal Requirements.

1.4 Managers and Officers. The managers and officers of Merger Sub serving in those positions immediately prior to the Effective Time will become, as of the Effective Time, the managers and officers of the Surviving Company after the Merger, in each case, until their respective successors are duly elected or appointed and qualified or until the earlier of their death, resignation or removal.

1.5 The Closing. The closing of the transactions contemplated by this Article 1 (the "Closing") will take place remotely via the electronic exchange and release of documents and signature pages on the second business day following the satisfaction or waiver of all conditions set forth in Article 2 and Article 3 hereof, or at such other place or on such other date as is mutually acceptable to Buyer and the Company; provided, however that the Closing shall not take place prior to September 1, 2021 without the prior written consent of the Company. The date of the Closing hereunder is referred to herein as the "Closing Date."

1.6 Merger Consideration.

(a) For purposes of this Agreement, the "Merger Consideration" means (i) (A) an amount of cash equal to \$85,700,000, minus (B) the Closing Indebtedness Amount, minus (C) the aggregate amount of unpaid Company Transaction Expenses as of the Closing, plus (D) the amount, if any, by which the Net Working Capital exceeds the Net Working Capital Target, minus (E) the amount, if any, by which the Net Working Capital is less than the Net Working Capital Target (collectively, the "Cash Merger Consideration"), plus (ii) the Equity Consideration. At least three Business Days prior to the Closing Date, the Company will deliver in writing to Buyer its good faith estimate of the Merger Consideration (the "Estimated Merger Consideration") based upon the most recent reasonably ascertainable financial information of the Company (which estimate will specifically set forth the various components of the Merger Consideration as set forth in the various clauses of Section 1.6(a) and will provide a four (4) week post-Closing cash forecast of the Company). The Estimated Merger Consideration will be subject to Buyer's prompt review and comment, in which the Company shall consider any such comment to the Estimated Merger Consideration in good faith; provided, however, that in the event the Company and Buyer are unable to resolve in good faith any items of disagreement with respect to the Estimated Merger Consideration, in no event shall the Company be obligated to reflect Buyer's position with respect to such item of disagreement in its calculation of the Estimated Merger Consideration. The Company will timely provide to Buyer such supporting documentation as Buyer may reasonably request in connection with Buyer's review of the Estimated Merger Consideration.

(b) As soon as practicable and in any event not later than 90 days after the Closing, Buyer will cause to be prepared and delivered to the Equityholders' Representative a statement setting forth Buyer's calculation of the Cash Merger Consideration (the "Closing Statement"). Buyer will make the work papers, back-up materials and books and records used in preparing the Closing Statement available to the Equityholders' Representative at commercially reasonable times and upon reasonable notice. As soon as is reasonably practicable, but in any event within 30 days following the receipt of the Closing Statement, the Equityholders' Representative will complete a review of the Closing Statement and will inform Buyer in writing that the Closing Statement is acceptable or object to the Closing Statement in writing, setting forth a specific description of the Equityholders' Representative's objections and an alternate calculation of each such objected item. If the Equityholders' Representative does not so timely object to the Closing Statement, then the Equityholders' Representative (on behalf of itself and the Equityholders) will be deemed to have accepted the Closing Statement. If the Equityholders' Representative so objects to the Closing Statement and, after reasonable and good faith efforts by Buyer and the Equityholders' Representative to reach agreement on the disputed items or amounts, Buyer does not agree with the Equityholders' Representative's objections or such objections are not resolved on a mutually agreeable basis within 30 days of Buyer's receipt of such objections, any such disagreements will be promptly submitted by either party to Grant Thornton LLP (the "Accounting Firm"); provided, however, that if the Accounting Firm is unable to perform the services as set forth in this Section 1.6, Buyer and the Equityholders' Representative shall engage a mutually agreed upon nationally recognized independent public accounting firm, which shall serve as the Accounting Firm for all purposes set forth in this Section 1.6. The Accounting Firm shall act as an expert and not as an arbitrator and shall determine, based solely on the written submissions by Equityholders' Representative and Buyer, and not by independent review, only those disputed items submitted. The Accounting Firm shall not, assign a value to any item in dispute greater than the greatest value for such item assigned by Buyer, on the one hand, or the Equityholders' Representative, on the other hand, or less than the smallest value for such item assigned by Buyer, on the one hand, or the Equityholders' Representative, on the other hand. Buyer and the Equityholders' Representative will instruct the Accounting Firm to resolve such dispute as soon as practicable, and in any event within 30 days after submission of the dispute by the parties. The decision of the Accounting Firm will be final and binding upon the Equityholders' Representative (on behalf of itself and the Equityholders) and Buyer. The fees and expenses of the Accounting Firm (i) shall be borne by the Equityholders' Representative (on behalf of the

Equityholders), in the proportion that the aggregate dollar amount of disputed items submitted thereto for resolution that are unsuccessfully disputed by the Equityholders' Representative (as finally determined by the Accounting Firm) bears to the aggregate dollar amount of such submitted disputed items and (ii) shall be borne by Buyer in the proportion that the aggregate dollar amount of disputed items submitted thereto for resolution that are successfully disputed by the Equityholders' Representative (as finally determined by the Accounting Firm) bears to the aggregate dollar amount of such submitted disputed items. Buyer and the Equityholders' Representative agree to execute, if requested by the Accounting Firm, a reasonable engagement letter, including customary indemnification provisions in favor of the Accounting Firm, and Buyer and the Equityholders' Representative will each be responsible for 50% of any such indemnification obligations.

(c) If the Cash Merger Consideration as finally determined pursuant to Section 1.6(b) (the "Final Cash Merger Consideration") is greater than the Estimated Cash Merger Consideration (such excess, the "Adjustment Amount"), then, within five business days after the determination of the Final Cash Merger Consideration, subject to Section 1.12(c), Buyer will pay to the Paying Agent (on behalf of and for further distribution to the Equityholders in respect of their Allocated Share), by wire transfer of immediately available funds, the lesser of (i) the Adjustment Amount and (ii) the Adjustment Escrow Amount, and thereafter Buyer and the Equityholders' Representative will direct the Escrow Agent to pay to the Paying Agent (on behalf of and for further distribution to the Equityholders in respect of their Allocated Share), by wire transfer of immediately available funds, the funds then held in the Adjustment Escrow Account.

(d) If the Estimated Cash Merger Consideration is greater than the Final Cash Merger Consideration (such excess, the "Excess Amount"), then, first, Buyer and the Equityholders' Representative will direct the Escrow Agent to pay to Buyer, by wire transfer of immediately available funds to an account designated by Buyer, the Excess Amount from the Adjustment Escrow Account, and second, subject to Section 1.12(c), Buyer and the Equityholders' Representative will direct the Escrow Agent to pay to the Paying Agent (on behalf of and for further distribution to the Equityholders in respect of their Allocated Share), by wire transfer of immediately available funds, the then remaining funds held in the Adjustment Escrow Account, if any, following the payment of the Excess Amount. The Adjustment Escrow Account shall be Buyer's sole source of recovery for the Excess Amount.

(e) The Parties will treat all payments required pursuant to Section 1.6(c) and Section 1.6(d) as adjustments to the Merger Consideration for Tax purposes to the extent permitted by applicable law.

(f) In the event (x) Buyer fails to deliver to the Equityholders' Representative the Closing Statement within 90 days from the Closing Date in accordance with Section 1.6(b), (y) the Equityholders' Representative provides written notice to Buyer of its failure to deliver the Closing Statement and (z) Buyer does not deliver the Closing Statement within five (5) days following receipt of such notice, then, the Equityholders' Representative in its sole discretion, may retain (at the sole cost and expense of Buyer) a nationally recognized independent accounting firm to analyze the Company's work papers, back-up materials and books and records, determine the calculation of, and prepare, the Closing Statement consistent with the provisions of Section 1.6(b), the determination of such accounting firm being conclusive, final and binding on the parties hereto absent manifest error; provided, however, that, notwithstanding the foregoing, the Equityholders' Representative reserves any and all other rights granted to it in this Agreement with respect to any and all matters relating to the Closing Statement. Buyer shall promptly reimburse the Equityholders' Representative upon its request for all fees, costs and expenses incurred by the Equityholders' Representative in connection with the foregoing.

1.7 Further Assurances. In case at any time after the Closing any further action is necessary to carry out the purposes of this Agreement, each of the Parties will take such further action

(including the execution and delivery of such further instruments and documents) as any other party reasonably may request, all at the sole cost and expense of the requesting party (unless the requesting party is entitled to indemnification therefor under Article 7).

1.8 Deliveries by the Company and Equityholders. At the Closing, the Company will deliver, or procure delivery to Buyer of:

- (a) all of the Company's books and records of any kind or nature not in the possession of the Company;
- (b) the resignations, effective as of the Closing, of each director and officer of the Acquired Companies as requested by Buyer prior to the Closing;
- (c) good standing certificates for each Acquired Company from its jurisdiction of organization, in each case dated no more than 15 days prior to the Closing Date;
- (d) evidence of the termination of the agreements set forth on Schedule 1.8(d);
- (e) the Escrow Agreement, executed by the Equityholders' Representative and the Escrow Agent;
- (f) the PPP Escrow Agreement, executed by the Company and the PPP Lender;
- (g) the Paying Agent Agreement, executed by the Equityholders' Representative and the Paying Agent;
- (h) a resolution entered into by the board of managers of the Company, terminating the Share Plans; and
- (i) invoices from any Person that will be paid Company Transaction Expenses pursuant to Section 1.9(g) (collectively, the "Invoices"), to be provided to Buyer no later than three days prior to the Closing, which will provide that such Person will have been paid in full upon receipt of the amount in such invoice.

1.9 Deliveries by Buyer. At, or prior to the Closing:

- (a) Buyer will deliver (or cause to be delivered) by wire transfer of immediately available funds a portion of the Closing Cash Merger Consideration payable to the Unitholders (assuming for this purpose all Unitholders that are not Consented Equityholders are Accredited Investors), to the Paying Agent, to be distributed by Paying Agent pursuant to the terms of this Agreement and the terms and conditions of the Paying Agent Agreement; provided that the Paying Agent will allocate and pay the portion of the Closing Cash Merger Consideration payable to the Unitholders in accordance with the Allocation Schedule; provided, however, that the amounts required to be retained by the Company under the Specified Restricted Share Agreements with respect to the Units issued to the Specified Management Equityholders thereunder shall be withheld from the proceeds payable to such Specified Management Equityholders (the "Specified Management Withheld Proceeds") and paid to an account designated by Buyer and any AI Holdback Amount shall be withheld from the proceeds payable to all Consented Equityholders that are Accredited Investors and paid to an account designated by Buyer in accordance with Section 1.14(a). The Specified Management Withheld Proceeds will become payable (if at all) pursuant to each Specified Management Equityholder's Specified Restricted Share Agreement. Any portion of the Specified Management Withheld Proceeds that is forfeited by a Specified Management Equityholder pursuant to such

Specified Management Equityholder's Specified Restricted Share Agreement (collectively, the "Forfeited Management Proceeds") shall be distributed by Buyer to the Equityholders in accordance with each such Equityholder's Allocated Share (net of applicable withholdings, if any). Subject to Section 1.12(c), such Forfeited Management Proceeds shall be distributed by Buyer to the Paying Agent (for further distribution to the Equityholders) promptly after the determination that such Specified Management Withheld Proceeds have been forfeited.

(b) Buyer will deliver (or cause to be delivered) the portion of the Closing Cash Merger Consideration that is equal to the Cash Option Payments payable as of the Closing (assuming for this purpose all Optionholders that are not Consented Equityholders are Accredited Investors), by wire transfer of immediately available funds, to Paying Agent for distribution by the Paying Agent to (i) the Non-Employee Option Holders and (ii) the Company, which amount the Company (or the Company's payroll provider) shall pay to the Employee Option Holders through the Company's standard payroll practices, in each case in accordance with the Allocation Schedule and subject to such Optionholder's execution and delivery of an Option Cancellation Agreement in accordance with Section 1.12(a);

(c) Parent will deliver (or cause to be delivered by its transfer agent) to Buyer, and Buyer will deliver (or cause to be delivered), the portion of the Equity Consideration that is equal to the Equity Option Payments to the Optionholders that are entitled thereto pursuant to Section 1.12(a) in accordance with the Allocation Schedule and have executed and delivered an Option Cancellation Agreement (including an executed (x) Accredited Investor questionnaire stating that such Optionholder is an Accredited Investor and (y) Lock Up Agreement as set forth therein), at least two Business Days prior to the Closing;

(d) Parent will deliver (or cause to be delivered by its transfer agent) to Buyer, and Buyer will deliver (or cause to be delivered), the Equity Consideration to each Unitholder entitled thereto that has executed (i) a Letter of Transmittal, (ii) an Accredited Investor questionnaire stating that such Unitholder is an Accredited Investor, (iii) a Lock Up Agreement and (iv) in the case of Principal Equityholder (as defined herein), a joinder to the Registration Rights Agreement, at least two Business Days prior to the Closing, such Unitholder's portion of the Equity Consideration in accordance with the Allocation Schedule;

(e) Buyer will deliver (or cause to be delivered) by wire transfer of immediately available funds (i) an amount equal to the Adjustment Escrow Amount to the Escrow Agent to be held in a separate escrow account (the "Adjustment Escrow Account") and (ii) an amount equal to the Indemnification Escrow Amount to the Escrow Agent to be held in a separate escrow account (the "Indemnification Escrow Account"), in each case pursuant to the terms of the Escrow Agreement;

(f) Buyer will deliver (or cause to be delivered) by wire transfer of immediately available funds an amount equal to the PPP Escrow Amount to the PPP Lender to be held in an escrow account pursuant to the terms and conditions of the PPP Escrow Agreement;

(g) Buyer will pay (or cause to be paid) the unpaid Company Transaction Expenses as of the Closing, by wire transfer of immediately available funds, to the bank accounts designated in the Invoices;

(h) Buyer will deliver (or cause to be delivered) to the Equityholders' Representative by wire transfer of immediately available funds an amount equal to the Equityholders' Representative Expense Fund Amount;

(i) Buyer will deliver the Escrow Agreement, executed by Buyer;

(j) Buyer will deliver the Paying Agent Agreement, executed by Buyer; and

(k) Buyer will pay (or cause to be paid), by wire transfer of immediately available funds, the amounts specified in the Payoff Letters to the holders of the Repaid Indebtedness (as identified in the Payoff Letters).

1.10 Allocation Schedule. Buyer shall be entitled to rely on, and will have no Liability to any Equityholder for relying on, the Allocation Schedule and other written payment instructions delivered to Buyer by the Company or Equityholders' Representative in making (i) payments of the portion of the Closing Cash Merger Consideration and Equity Consideration payable to each Equityholder as set forth on the Allocation Schedule, (ii) any payments of Additional Merger Consideration calculated based on the Allocated Share, and (iii) any payments of the Forfeited Management Proceeds calculated based on the Allocated Share. The parties acknowledge and agree that payments made in accordance with the Allocation Schedule and other such written payment instructions delivered to Buyer or the Paying Agent by the Company or Equityholders' Representative, will satisfy Buyer's payment obligations hereunder with respect to the Merger Consideration. Subject to actual payment of the amounts owed to the Equityholders pursuant to the terms of this Agreement, Buyer will have no Liability to any Equityholder or to any other Person with respect to any claim that the amounts payable or paid are incomplete or inaccurate or will have been allocated in any manner other than as set forth in the Allocation Schedule or any other schedule to be provided hereunder, and no Equityholder will seek recourse and each Equityholder hereby waives, on behalf of itself and any of its Affiliates, any recourse against Buyer or any of its Affiliates (including the Acquired Companies following the Closing) in connection with any calculation, allocation or payment of the Merger Consideration hereunder.

1.11 Withholding Rights. Notwithstanding any other provision in this Agreement, Buyer (or any of its Affiliates), any Acquired Company or their respective designees will be entitled to withhold and deduct from any amounts payable pursuant to this Agreement such amounts as Buyer (or any of its Affiliates), any Acquired Company or their respective designees are required to deduct and withhold with respect to the making of such payment under the Code or any provision of state, local or non-U.S. Tax law, and to request any reasonably necessary Tax forms including Form W-9 or the appropriate series of Form W-8, as applicable, or any similar information for the purpose of determining whether and the extent to which such withholding is required, provided that, (i) other than with respect to the Option Payments, Buyer (or any of its Affiliates), any Acquired Company or their respective designees, as applicable, shall give the Company (if prior to Closing) or Equityholders' Representative (if after the Closing) at least three (3) Business Days' prior written notification of its intention to make any such deduction or withholding (other than any withholding with respect to amounts that are treated as compensatory for U.S. federal income tax purposes or that is attributable to a failure to deliver the deliverables described in Section 6.11) and shall cooperate with the Company (if prior to Closing) or the Equityholders' Representative (if after Closing) to mitigate, reduce or eliminate any such deduction or withholding to the extent permitted by applicable Tax law and (ii) all amounts required to be withheld from the Option Payments will be withheld from the Closing Cash Merger Consideration payable to such Optionholder. To the extent that amounts are so withheld, such amounts will be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding were made. The Company and Buyer shall reasonably cooperate, as and to the extent reasonably requested by any of the foregoing, in connection with the computation and verification of any amounts required to be withheld, including any "amount realized" with respect to the transactions contemplated by this Agreement, and as determined under Code Section 1446(f) (including by providing a certification described in Reg § 1.1446(f)-2(c)(2)(ii) or other information necessary to determine any amount included in amounts realized pursuant to Treasury Regulation Section 1.752-1(h) in respect of any non-U.S. Equityholder in accordance with Section 6.11 hereof), provided that for purposes of determining the amount realized with respect to any Equity Consideration to any non-U.S. Equityholder

delivered pursuant to this Agreement, the parties agree that the Equity Consideration shall be deemed to have a fair market value equal to the Parent Trading Price.

1.12 Option Payments. Except as otherwise agreed between any Optionholder and Buyer in writing:

(a) As of the Effective Time, by virtue of the Merger and without any action on the part of any party, each Vested Option issued and outstanding immediately prior to the Effective Time shall terminate and be automatically cancelled, and converted into, and represent only, the right to receive, subject to the execution and delivery of an Option Cancellation Agreement by the applicable Optionholder, (i) if such Optionholder is not an Accredited Investor, an amount in cash, without interest and subject to applicable Tax deductions, equal to the amount, if any, by which (x) the Allocable Portion of the Closing Merger Consideration attributable to such Vested Option exceeds (y) the per unit exercise price of such Vested Option as of immediately prior to the Effective Time, plus the Allocated Share of the Additional Merger Consideration and Forfeited Management Proceeds (in each case payable as provided in Sections 1.6(c) and 1.9), in each case as set forth on the Allocation Schedule, and (ii) in the event such Optionholder is an Accredited Investor, the Allocable Portion of the Closing Merger Consideration (consisting of a portion of the Closing Cash Merger Consideration and Equity Consideration), without interest and subject to applicable Tax deductions, equal to the amount, if any, by which (x) the Allocable Portion of the Closing Merger Consideration attributable to such Vested Option exceeds (y) the per unit exercise price of such Vested Option as of immediately prior to the Effective Time, plus the Allocated Share of the Additional Merger Consideration and Forfeited Management Proceeds (in each case payable as provided in Sections 1.6(c) and 1.9), in each case as set forth on the Allocation Schedule (the amounts payable in cash described in this Section 1.12(a), the "Cash Option Payments", the amounts payable in Equity Consideration described in this Section 1.12(a) the "Equity Option Payments", XE "Option Payments" and collectively, the "Aggregate Options Proceeds" XE "Option Payment").

(b) As of the Effective Time, by virtue of the Merger and without any action on the part of any party, each Unvested Option issued and outstanding immediately prior to the Effective Time shall terminate and be automatically cancelled for no consideration.

(c) As of the Effective Time, all Options will cease to exist and no Optionholder will have any right with respect to any Option, other than the right of Optionholders holding Vested Options to receive the Aggregate Options Proceeds relating to each such Vested Option. The Cash Option Payments shall be paid to each Optionholder that has executed and delivered an Option Cancellation Agreement by Buyer as follows: (i) the Cash Option Payments payable to each Employee Option Holder shall be paid to the Company (or the Company's payroll provider) for further distribution through the Company's payroll (less applicable withholdings and deductions) and (ii) the Cash Option Payments payable to each Non-Employee Option Holder shall be paid to the Paying Agent for further distribution to such Non-Employee Option Holder. With respect to Equity Option Payments payable to an Optionholder that is an Accredited Investor and has executed and delivered an Option Cancellation Agreement Parent will deliver (or cause to be delivered by its transfer agent) to Buyer, and Buyer will deliver (or cause to be delivered), the portion of the Equity Consideration that is payable to such Optionholder in accordance with Section 1.12(a) and the Allocation Schedule.

(d) The amounts set forth in this Section 1.12 shall constitute the sole consideration payable in respect of all Options, and no additional consideration shall be paid in respect of any Options. Promptly after the execution of this Agreement and prior to the Effective Time, the Company and its board of managers shall take all necessary actions to cause (i) each Option to be treated in accordance with this Section 1.12, and (ii) Buyer and its Affiliates not to have any liability with respect to the Options except as specifically provided under this Agreement.

1.13 Pre-Closing Reorganization. As of immediately prior to the Effective Time, and prior to the conversion of Capital Stock of the Company set forth in Section 1.14, automatically and without any further action of any Person, each Credit Union Member's Interests (as defined in the Tech Holdings LLC Agreement and denominated as "Shares" therein) in PayVeris Tech Holdings, LLC, a Delaware limited liability company ("Tech Holdings"), shall be exchanged for the same number and class(es) of Units that such Credit Union Member would be entitled to receive pursuant to the terms and conditions set forth in that certain Fourth Amended and Restated Operating Agreement, dated January 22, 2021 (the "Tech Holdings LLC Agreement") of Tech Holdings, and the Operating Agreement, as if a Mandatory Exchange had occurred (the "Pre-Closing Exchange"). The Units issued to each Credit Union Member in the Pre-Closing Exchange shall be deemed to have been issued by the Company to such Credit Union Member as of the date(s) the Interests exchanged for such Units were first acquired by such Credit Union Member, including with respect to the calculations of Accruing Dividends (as defined on the Operating Agreement), liquidation preference and the Allocable Portion of the Closing Merger Consideration with respect to such Units.

1.14 Conversion of Capital Stock. As of the Effective Time, by virtue of the Merger and without any action on the part of any party:

(a) Each Unit (and the membership interests represented thereby) issued and outstanding as of immediately prior to the Effective Time and all rights in respect thereof shall, by virtue of the Merger and without any action on the part of the holder thereof, forthwith cease to exist and be converted into and represent the right to receive an amount of cash, without interest, and/or the number of Parent Shares equal to the Allocable Portion of the Closing Merger Consideration attributable to such Unit (which, for the avoidance of doubt, will vary depending on (i) whether the applicable Equityholder is an Accredited Investor, (ii) whether the applicable Equityholder is a Designated Equityholder or that is not an Accredited Investor, in which case such Equityholder shall only receive cash consideration) and (iii) the designation and participation threshold, if any, of such Unit,) plus any Additional Merger Consideration attributable to such Unit, plus any Forfeited Management Proceeds attributable to such Unit, in each case, in accordance with the Allocation Schedule; provided in the case of any Specified Management Equityholder, subject to the terms of such Specified Management Equityholder's Specified Restricted Share Agreement. After the Effective Time, there will be no transfers of Units on the unit transfer books of the Company or the Surviving Company. Notwithstanding anything herein to the contrary, in the event that the Consented Percentage is less than 95%, the Closing Cash Merger Consideration payable to the Consented Equityholders that are Accredited Investors shall be reduced by the AI Holdback Amount and such amount shall be retained by Buyer. Following the Closing, the portion of the Closing Merger Consideration payable to any Equityholder that is not an Accredited Investor that would have been paid to such Equityholder in the form of Equity Consideration if such Equityholder had been an Accredited Investor will be paid by Buyer, of which amount paid by Buyer the portion paid from the AI Holdback Amount shall be the AI Holdback Sharing Percentage of such amount paid. Within five business days following the delivery of the Closing Statement, Parent will deliver (or cause to be delivered by its transfer agent) to Buyer, and Buyer will deliver (or cause to be delivered), to the Consented Equityholders that are Accredited Investors in accordance with the Allocation Schedule (i) a number of Parent Shares with a value (calculated based on the Parent Trading Price) equal to the aggregate amount of the AI Holdback Amount used to pay the Equityholders that are not Accredited Investors pursuant to the preceding sentence, and (ii) the residual amount of the AI Holdback Amount in cash that has not been used by Buyer to make payments to Equityholder that are not Accredited Investors pursuant to the preceding sentence. The Consented Equityholders shall not be liable for any cash payments to Equityholders that are not Accredited Investors pursuant to this Section 1.14(a) in excess of the AI Holdback Amount as provided above.

(b) Each membership interest of Merger Sub issued and outstanding immediately prior to the Effective Time will be converted into an equal number of common units of the Surviving Company as such common units are provided for by the Surviving Company LLC Agreement.

(c) Each Unit that is owned by the Company, Buyer, any Subsidiary of Buyer, including without limitation, Merger Sub, immediately prior to the Effective Time, if any, will be cancelled immediately prior to the Closing and will cease to exist and no payment will be made with respect thereto.

1.15 Appraisal Rights. No Equityholder will be entitled to any dissenters rights, appraisal rights or similar rights in connection with the Merger and the other transactions contemplated hereby.

1.16 Unit Exchange.

(a) Buyer shall effect the exchange of consideration for Units that are entitled to payment pursuant to Section 1.14. After the Effective Time, each Unitholder who has surrendered his, her or its Units pursuant to a duly executed and completed letter of transmittal, substantially in the form attached hereto as Exhibit B, with such changes as the Company and Buyer may mutually agree (a "Letter of Transmittal"), Accredited Investor questionnaire, and Lock Up Agreement (only with respect to Unitholders receiving Equity Consideration) to Buyer, shall be entitled to receive in exchange therefor the portion of the Estimated Merger Consideration in which such Unitholder's Units shall have been converted as a result of the Merger as determined pursuant to Section 1.14 and thereafter, as and when any Additional Merger Consideration is payable in accordance with the terms of this Agreement or the Escrow Agreement, such Unitholder shall be entitled to be paid the Additional Merger Consideration into which such Unitholder's Unit shall have been converted as a result of the Merger as determined pursuant to Section 1.14, and thereafter, as and when any Forfeited Management Proceeds are payable in accordance with the terms of this Agreement, such Unitholder shall be entitled to be paid the Forfeited Management Proceeds into which such Unitholder's Unit shall have been converted as a result of the Merger as determined pursuant to Section 1.14. Surrendered Units shall forthwith be cancelled. Until so surrendered and exchanged, each such Unit will represent solely the right to receive its portion of the Merger Consideration into which it was converted pursuant to Section 1.14. For all purposes of this Agreement and notwithstanding anything to the contrary contained herein, any and all amounts paid by Buyer to the Paying Agent or the Equityholders' Representative (solely with respect to the Equityholders' Representative Expense Fund) for the benefit of the Equityholders hereunder shall be deemed to have been paid to Equityholders and in no event shall Buyer have any further obligation or liability to any Equityholder or the Equityholders' Representative in respect thereof unless such amounts have been delivered to Buyer or the Surviving Company pursuant to Section 1.16(b).

(b) If and to the extent any Unitholder fails to deliver a Letter of Transmittal, Accredited Investor questionnaire and Lock Up Agreement (with respect to Equityholders receiving Equity Consideration) to the Paying Agent or Buyer prior to the one-year anniversary of the Closing Date, any funds received by the Paying Agent as Closing Cash Merger Consideration, Additional Merger Consideration or Forfeited Management Proceeds, and any portion of the Equity Consideration payable to such Unitholder in respect of such Unitholder's Units will, to the extent permitted by applicable Legal Requirements, become the property of the Surviving Company (and any such cash may be commingled with the general funds of Buyer or the Surviving Company, as the case may be), free and clear of all claims or interest of any Person previously entitled thereto (other than the claims of a Unitholder and its heirs, assigns and transferees hereunder) and shall be promptly delivered to the Surviving Company by the Paying Agent, and such Unitholder shall look only to Buyer and the Surviving Company for payment of such amounts. Notwithstanding the foregoing, none of the Equityholders' Representative, Buyer or the Surviving Company will be liable to any Equityholder for any Merger Consideration if delivered to a public official

if required pursuant to any applicable abandoned property, escheat or similar applicable Legal Requirements.

(c) For purposes of calculating each Equityholder's Allocable Portion of the Closing Merger Consideration payable with the Equity Consideration, (x) all Units and Options held by each such Equityholder shall be aggregated and (y) the number of shares of Parent Common Stock to be issued to each Equityholder in exchange for such Units and Options held by such Equityholder shall be rounded down to the nearest whole number of shares of Parent Common Stock with cash to be paid in lieu of any fractional shares of Parent Common Stock (with any such cash payments to be made on the same terms as set forth in Section 1.12(c)). No fraction of a share of Parent Common Stock will be issued by virtue of the Merger. Any Equityholder who would be entitled to receive a fraction of a share of Parent Common Stock shall receive an amount of cash equal to the product obtained by *multiplying* (A) such fraction *by* (B) the Parent Trading Price, rounded down to the nearest whole cent.

1.17 Repaid Indebtedness. No later than one Business Day prior to the Closing, the Company will cause to be delivered to Buyer final drafts of the Payoff Letters with respect to all Indebtedness of the Company for borrowed money to be repaid in connection with the Closing set forth on Schedule 1.17 (such Indebtedness, the "Repaid Indebtedness"), which shall, upon the execution thereof, (i) provide for the release, upon payment of the amount necessary for the applicable Acquired Company to repay and discharge in full, as of the Closing Date, all obligations outstanding pursuant to such item of Repaid Indebtedness (other than any amounts necessary to secure or otherwise collateralize any obligations under or with respect to any undrawn letters of credit) (such aggregate amount, the "Payoff Amount"), at Closing, of all Liens securing obligations under the Repaid Indebtedness over the properties and assets of the applicable Acquired Company that constitute collateral under the Repaid Indebtedness and any equity interests of an Acquired Company that constitute collateral under the Repaid Indebtedness and (ii) evidence of the termination or other satisfaction, upon receipt of the Payoff Amount at Closing, of all obligations under the Repaid Indebtedness (other than customary indemnity obligations and such other provisions and obligations that customarily survive the payment of the Payoff Amount that expressly survive by their terms).

1.18 Company PPP Loan.

(a) Subject to the terms and conditions of the PPP Escrow Agreement in all respects, the remainder, if any (such amount, the "PPP Forgiven Amount"), of the PPP Escrow Amount (plus any interest, dividends or other distributions paid on or in respect of such amount in accordance with the PPP Escrow Agreement) (collectively, the "PPP Escrow Fund") available after satisfaction in full of all principal and interest outstanding under, and all fees and expenses payable in connection with or other obligations owed to, the PPP Lender or other parties in connection with the Company PPP Loan, following a positive final determination prior to the first anniversary of the date hereof (the "PPP Forgiveness Expiration Date") that the Company's application for PPP Loan forgiveness has been approved and the Company PPP Loan has been forgiven in whole or in part, shall be available for distribution to the Equityholders in accordance with their Allocated Share. The PPP Escrow Fund will be the sole source for repayment in full of the Company PPP Loan, and if for any reason such amount is not sufficient, the Equityholders will be solely responsible in accordance with their respective Allocated Share for payment of, and will pay, any additional amounts to repay the portion of the Company PPP Loan which is not forgiven or any and all fees and expenses payable in connection with or other obligations owed to, the PPP Lender or other parties in connection therewith. If no final determination (whether positive or negative in whole or in part) has been made prior to the PPP Forgiveness Expiration Date, the PPP Escrow Fund will be used to (and the Company and Buyer will, if required, instruct and authorize the PPP Lender to use to the PPP Escrow Fund to) satisfy in full all principal and interest outstanding under, and all fees and expenses payable in connection with or other obligations owed to, the PPP Lender or other parties in connection with the Company PPP Loan, with the Equityholders being liable in accordance with their respective Allocated Share for any amounts in excess thereof.

(b) The Company shall have the right to control the PPP Loan forgiveness process with the PPP Lender and the SBA (including any audit or other proceeding relating to the Company PPP Loan); provided that the Company shall keep Equityholders' Representative reasonably informed and, to the extent permitted by any Legal Requirements, allow Equityholders' Representative to reasonably participate (at the Equityholders' expense) with respect to such process and shall use commercially reasonable efforts to respond to all inquiries and requests for information as may be reasonably made by the PPP Lender and/or the SBA with respect to the Company's applications for forgiveness of the Company PPP Loan. Prior to making any amendment or supplement to the forgiveness application or other submission to the SBA with respect to the Company PPP Loan, the Company shall, to the extent permitted by any Legal Requirements, provide such materials to Equityholders' Representative for its review and comment and shall consider in good faith any such comments thereto. In connection with the defense of any audit or other proceeding in respect of the Company PPP Loan, the Company and Equityholders' Representative shall cooperate in good faith with each other, and the Company shall not settle or otherwise conclude any such audit or other action or proceeding without the prior written consent of Equityholders' Representative (which shall not be unreasonably withheld, conditioned, or delayed) if such settlement or conclusion would reasonably be expected to adversely affect the Equityholders in any material respect. Notwithstanding anything in this Section 1.18 to the contrary, in the event that at any time the Company believes, in its sole discretion, that an adverse determination with respect to such audit or other action or proceeding or the failure to repay the Company PPP Loan would be detrimental in any material respect to any of the Acquired Companies or their Affiliates' reputation or future business prospects, after no less than fifteen (15) days' prior written notice to Equityholders' Representative, then the Company may direct the PPP Lender to cause the Company PPP Loan to be repaid from the PPP Escrow Fund.

(c) The Equityholders acknowledge that Buyer and its Affiliates (including, after the Closing, the Acquired Companies) are not responsible for (and will have no liability for) the impact of the transactions contemplated by this Agreement on the Company PPP Loan or the forgiveness thereof, and whether or not any consent of the PPP Lender is or is not obtained with respect to such transactions (whether

before or after Closing). After Closing, other than to cause the PPP Forgiven Amount to be released from the PPP Escrow Fund to Buyer or the Company for further distribution to the Equityholders in accordance with their Allocated Share, and to pay over any PPP Forgiven Amount received by Buyer or the Company (both of which are being done as an accommodation to the Equityholders), if applicable, Buyer and its Affiliates (including the Company and its Subsidiaries after the Closing) make no assurances whether or not any part of the Company PPP Loan will be forgiven, and they will have no Liability to any Equityholder or any of such Equityholder's Affiliates for any matter related to the Company PPP Loan (including in regards to whether or not any part of the Company PPP Loan is forgiven prior to the PPP Forgiveness Expiration Date, or at all, and whether or not there will be, or the amount of, any PPP Forgiven Amount). Except for the obligation of Buyer described in the preceding sentence, as between the Equityholders, on the one hand, and Buyer and its Affiliates (including, after the Closing, the Acquired Companies), on the other hand, all Liabilities associated with the Company PPP Loan, including any obligations to PPP Lender or relating to the establishment or maintenance of the PPP Escrow Fund will be the responsibility of the Equityholders in accordance with their respective Allocated Share.

ARTICLE 2

CONDITIONS TO OBLIGATION OF BUYER AND MERGER SUB

The obligations of Buyer and Merger Sub to consummate the transactions to be performed by them in connection with the Closing are subject to the satisfaction or waiver of the following conditions as of the Closing:

2.1 Representations and Warranties.

(a) The representations and warranties of the Company contained in Article 4 of this Agreement (other than Fundamental Representations and the first sentence of Section 4.21) shall be true and correct as of the Closing Date as if made anew as of such date (except to the extent any such representations and warranties expressly relate to an earlier date (in which case such representations and warranties only need to be true and correct as of such earlier date)), without regard to any "Material Adverse Effect" or "material" qualifications contained therein, except where failures of such representations or warranties to be so true and correct do not have, individually or in the aggregate, a Material Adverse Effect;

(b) the representations and warranties set forth in Section 4.2 shall be true and correct in all but *de minimis* respects as of the Closing Date as if made anew as of such date; and

(c) the Fundamental Representations (other than the representations and warranties set forth in Section 4.2) contained in Article 4 of this Agreement and the first sentence of Section 4.21 shall be true and correct in all respects as of the Closing Date as if made anew as of such date.

2.2 Performance of Covenants. The Company shall have performed in all material respects all of its covenants and agreements required to be performed by it pursuant to this Agreement prior to the Closing Date.

2.3 No Material Adverse Effect. During the period from the date of this Agreement to the Closing Date, there has been no Material Adverse Effect.

2.4 Proceedings and Legal Requirements. (a) No Action will be pending or threatened before any Governmental Entity in which it is sought to restrain or prohibit or to obtain damages or other relief (including rescission) in connection with the transactions contemplated hereby and (b) the consummation of the transactions contemplated by the Transaction Documents will not be prohibited by any Legal Requirement.

2.5 Consents. All filings, notices, licenses and other consents listed on Schedule 2.5 will have been duly made or obtained.

2.6 Officer's Certificate. The Company shall have delivered to Buyer a certificate to the effect that each of conditions specified in Sections 2.1, 2.2 and 2.3 have been satisfied.

2.7 Corporate Documents. The Company shall have delivered to Buyer (x) copies of resolutions of the Company's board of managers and (y) evidence of the Company Member Approval and Company Preferred Member Approval authorizing and approving this Agreement, certified by an officer of the Company.

2.8 Support Agreements and Letters of Transmittal. Support Agreements and Letters of Transmittal shall have been duly executed and delivered to the Company by the Unitholders holding in the aggregate ninety percent (90%) of the Units on an as-converted basis (excluding the Options), including all of the Credit Union Members.

2.9 Option Cancellation Agreements. Option Cancellation Agreements shall have been duly executed and delivered to the Company by the Optionholders holding in the aggregate ninety (90%) of the Vested Options.

2.10 Pre-Closing Exchange. The Pre-Closing Exchange has occurred.

2.11 Other Closing Documents. Company has delivered to Buyer all of the deliveries required under Section 1.8 and such other documents or instruments as Buyer may reasonably request or as may be required to effect the transactions contemplated hereby.

Buyer and Merger Sub may waive any condition specified in this Article 2 if it executes a writing so stating at or prior to the Closing.

ARTICLE 3 CONDITIONS TO OBLIGATION OF THE COMPANY

The obligation of the Company to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction or waiver of the following conditions as of the Closing:

3.1 Representations and Warranties.

(a) Each of the representations and warranties of Parent, Buyer and Merger Sub set forth in Article 5 shall be true and correct as of the Closing Date as if made anew as of such date (except to the extent any such representations and warranties expressly relate to an earlier date (in which case such representations and warranties only need to be true and correct as of such earlier date)), without regard to any "Material Adverse Effect" or "material" qualifications contained therein, except where failures of such representations or warranties to be so true and correct do not have, individually or in the aggregate, have a material adverse effect on the ability of Buyer to consummate the transactions contemplated hereby.

3.2 Performance of Covenants. Buyer and Merger Sub have performed in all material respects all of the covenants and agreements required to be performed by them pursuant to the Transaction Documents on or prior to the Closing Date.

3.3 Proceedings and Legal Requirements. (a) No Action will be pending or threatened before any Governmental Entity in which it is sought to restrain or prohibit or to obtain damages or other

relief (including rescission) in connection with the transactions contemplated hereby and (b) the consummation of the transactions contemplated by the Transaction Documents will not be prohibited by any Legal Requirement.

3.4 Officer's Certificate. Buyer and Merger Sub shall have delivered to the Company a certificate to the effect that each of the conditions specified in Sections 3.1 and 3.2 have been satisfied.

3.5 Other Closing Documents. Buyer shall have delivered to the Company all of the deliveries required under Section 1.9 and such other documents or instruments as the Company may reasonably request or as may be required to effect the transactions contemplated hereby.

The Company may waive any condition specified in this Article 3 if they execute a writing so stating at or prior to the Closing.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE COMPANY

As a material inducement to Buyer and Merger Sub to enter into and perform their respective obligations under this Agreement, the Company represents and warrants to Buyer and Merger Sub that the statements contained in this Article 4 are true and correct as of the date hereof.

4.1 Organization; Authority; Authorization.

(a) Each of the Acquired Companies is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. Each of the Acquired Companies is authorized to do business and is in good standing as a foreign limited liability company or other entity in each of the jurisdictions in which its ownership or leasing of property or conduct of business requires it to be qualified, except where the failure to be so authorized or in good standing would not reasonably be expected to have a Material Adverse Effect. The Acquired Companies possess all requisite limited liability company power and authority and all material licenses, permits and authorizations necessary to own, lease and operate its assets, to carry on the Business as now conducted and as currently proposed to be conducted and to carry out the transactions contemplated by this Agreement. Copies of the Acquired Companies' charter documents and limited liability company agreement (or equivalent governing documents), previously provided to Buyer, reflect all amendments made thereto and are correct and complete. No Acquired Company is in material default under, or in violation of any provision of, its charter documents, bylaws or limited liability company agreements (or equivalent governing documents).

(b) The Company has all requisite power, right and authority to, enter into and perform its obligations under this Agreement and each of the other Transaction Documents to which it is a party. The managing member, board of managers or similar governing body of the Company has duly approved and authorized the execution and delivery of this Agreement and each of the other Transaction Documents to which the Company is a party or by which the Company is bound and has duly approved the consummation of the transactions contemplated hereby, including the consummation of the Merger, and thereby. No other organizational or other proceedings on the part of the Company is necessary to approve and authorize the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby, including the consummation of the Merger, and thereby. This Agreement and the other Transaction Documents to which the Company is a party or by which the Company is bound, when executed and delivered by the Company in accordance with the terms hereof, will each constitute a valid and binding obligation of the Company, enforceable in accordance with its terms, in each case subject to the effect of any applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to the effect

of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) The Company Member Approval and the Company Preferred Member Approval are the only votes or approvals of the holders of any class or series of Capital Stock of the Company that is necessary to adopt and approve this Agreement, which has been obtained concurrently with or prior to the execution of this Agreement.

4.2 Capital Stock, Options and Related Matters.

(a) Schedule 4.2(a) sets forth all of the authorized Capital Stock of the Acquired Companies by class of capital stock, the number of units or shares of Capital Stock issued and outstanding and the names and percentage ownership of each record owner of such Capital Stock. All of the issued and outstanding Capital Stock of the Acquired Companies has been duly authorized, is validly issued, fully paid and nonassessable, and is held beneficially and of record by the Persons set forth on Schedule 4.2(a), free and clear of all Liens, other than Liens resulting from applicable securities laws.

(b) Schedule 4.2(b) sets forth a complete list of all Options and any other options and rights to purchase any Acquired Company's Capital Stock that are outstanding as of the date hereof, together with the number of shares of Capital Stock subject to such security, the date of grant or issuance, the vesting schedule and the exercise price. Except as set forth on Schedule 4.2(b), all outstanding Options are non-qualified stock options and have been granted under a common plan and pursuant to the standard form of option agreement adopted thereunder. The exercise price per unit for each Option was, on the applicable grant date, no less than the fair market value of such unit of Capital Stock on such date. Correct and complete copies of all agreements and instruments relating to the grant of Options have been furnished to Buyer, such agreements and instruments have not been materially amended, modified or supplemented and there is no agreement, arrangement or understanding (written or oral) to materially amend, modify or supplement such agreements or instruments in any case from the form provided to Buyer. Except as set forth on Schedule 4.2(b), no Acquired Company has any outstanding units or securities convertible or exchangeable for any Units or containing any profit participation features, nor will it have outstanding any rights or options to subscribe for or to purchase its Capital Stock or any units or securities convertible into or exchangeable for its Capital Stock or any equity appreciation rights or phantom equity plans. There are no statutory or contractual preemptive rights or rights of refusal with respect to the Capital Stock of any Acquired Company.

(c) Except as described on Schedule 4.2(a) or Schedule 4.2(b), there are no agreements with respect to the voting or transfer of any Acquired Company's Capital Stock.

4.3 Subsidiaries; Investments. Except as set forth on Schedule 4.3, each of the Acquired Companies has never had and does not currently have any Subsidiaries or any Investments, and the Acquired Companies are not subject to any obligation (contingent or otherwise) to purchase or otherwise acquire any shares of Capital Stock or any other securities of (or make any Investment in) any other Person.

4.4 Noncontravention. Except as set forth on Schedule 4.4, the execution and delivery by the Company of this Agreement, and all other Transaction Documents to which the Company is a party, and the fulfillment of and compliance with the respective terms hereof and thereof, do not and will not (with or without due notice or lapse of time or both) (a) conflict with or result in a breach of the terms, conditions or provisions of, (b) constitute a default under, (c) result in the creation of any Lien on the Units or any asset or property of any Acquired Company pursuant to, (d) give any third party the right to modify, terminate or accelerate any obligation or result in the loss or modification of rights under or result in the modification, termination or acceleration of any obligation under or result in the obligation to make any

payment (including any change of control, severance or similar payments) under, (e) result in a violation of or loss or modification of rights under, or (f) require any authorization, consent, approval, exemption or other action by or notice or declaration to, or filing with, or other consent from, any Governmental Entity or other Person pursuant to, the charter or limited liability company agreement (or equivalent governing documents) of any Acquired Company, any material Legal Requirement to which the Company or any of its Affiliates or any of the Company's or its Affiliates' assets or properties is subject or any material Contract, Permit, Lease, order, judgment or decree to which the Company or any of its Affiliates or any of the Company's or its Affiliates' assets or properties is subject (other than the receipt of the Company Member Approval, Company Preferred Member Approval and the filing of a Certificate of Merger with, and the acceptance for record thereof by, the Secretary of State of the State of Delaware).

4.5 Financial Statements. Attached hereto as Schedule 4.5 are copies of the Acquired Companies' (a) unaudited consolidated balance sheet as of June 30, 2021 (the "Latest Balance Sheet") and the related consolidated statements of income and cash flows for the six-month period then ended (collectively, the "Interim Financial Statements"), (b) the audited consolidated balance sheet of the Acquired Companies as of December 31, 2020 and related consolidated statements of income and cash flows and (c) the audited consolidated balance sheet of the Acquired Companies as of December 31, 2019 and related consolidated statements of income and cash flows. All of the foregoing financial statements are hereinafter collectively referred to as the "Financial Statements." Each of the Financial Statements (including in all cases the notes thereto, if any) fairly presents, in all material respects, the financial condition, the operating results and cash flows of the Acquired Companies, and has been prepared in accordance with GAAP, consistently applied throughout such Financial Statements and the periods covered thereby (except, in the case of the Interim Financial Statements, for the lack of footnote disclosure and normal and customary year-end adjustments, none of which will be material individually or in the aggregate). Except as set forth on Schedule 4.5, each of the Acquired Companies maintains and complies in all material respects with a system of accounting controls sufficient to provide reasonable assurances that: (i) its business is operated in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP, consistently applied, and to maintain accountability for items therein; and (iii) access to properties and assets is permitted only in accordance with management's general or specific authorization. Since January 1, 2018, there has been no (i) significant deficiency or material weakness in the system of internal accounting controls used by the Acquired Companies, (ii) fraud by any employee, officer or director of the Company and its Subsidiaries in relation to the preparation of the Financial Statements, (iii) material wrongdoing by any employee, officer or director of the Company and its Subsidiaries with respect to the preparation of the Financial Statements and the internal accounting controls used by the Company and its Subsidiaries or (iv) written claim or allegation regarding any of the foregoing.

4.6 Absence of Undisclosed Liabilities. No Acquired Company has any Liability, except for (a) Liabilities reflected on the face of the Latest Balance Sheet, (b) Liabilities of the type reflected on the face of the Latest Balance Sheet which have arisen since the date of the Latest Balance Sheet in the ordinary course of business (none of which relates to breach of Contract or Permit, breach of warranty, tort, infringement, violation of or Liability under any Legal Requirements, or any Action and all of which will be reflected in Net Working Capital) or (c) Liabilities in an amount less than \$10,000.

4.7 Assets. Except as set forth on Schedule 4.7, each of the Acquired Companies has good and marketable title to, or a valid leasehold interest in, the properties and assets used by it, located on its premises or shown on the Latest Balance Sheet or acquired thereafter, free and clear of all Liens, except for Permitted Liens. Except as described on Schedule 4.7, the Acquired Companies' equipment and other tangible assets are in good operating condition (normal wear and tear excepted) and are fit in all material respects for use in the ordinary course of business. Except as described on Schedule 4.7, each of the

Acquired Companies owns, or has a valid leasehold interest in, all real and personal properties and assets necessary for or used in the conduct of its business as presently conducted.

4.8 Tax Matters.

(a) Each of the Acquired Companies has timely filed all material Tax Returns required to be filed by it for all periods through and including the Closing Date, each such Tax Return has been prepared in compliance with all material Legal Requirements, and all such Tax Returns are correct, complete and accurate in all material respects. All material Taxes due and payable by the Acquired Companies, whether or not shown (or required to be shown) on any Tax Return, have been timely paid in full.

(b) All material Taxes that any Acquired Company is required by law to withhold or collect have been withheld or collected and, to the extent required, have been paid over to the proper Governmental Entity or, if not required to be paid over, are being held by the Company for such purpose, and each Acquired Company has complied with all Legal Requirements with respect to the collection and reporting of any such Taxes.

(c) No Acquired Company has (i) deferred the employer's share of any "applicable employment taxes" under Section 2302 of the CARES Act, (ii) received (and or intends to receive) any credits under Sections 7001 through 7005 of the Families First Coronavirus Response Act (Pub. L. 116-127) or Section 2301 of the CARES Act, (iii) sought (or intends to seek) a covered loan under paragraph (36) of Section 7(a) of the Small Business Act (15 U.S.C. 636(a)), as added by Section 1102 of the CARES Act, or (iv) deferred any payroll tax obligations (including those imposed by Section 3101(a) and 3201 of the Code) pursuant to or in connection with the Payroll Tax Executive Order.

(d) No Acquired Company is currently the beneficiary of any extension of time within which to file any Tax Return. No unresolved written claim has ever been made by a taxing authority in a jurisdiction where any Acquired Company does not file Tax Returns that any Acquired Company is or may be required to file Tax Returns in or subject to Taxes assessed by such jurisdiction. There are no Liens for Taxes (other than Permitted Liens) upon any of the assets or properties of the Acquired Companies.

(e) There is no Action with respect to Taxes now in progress, pending or, threatened in writing against or with respect to any Acquired Company. No Acquired Company has received from any federal, state, local, or non-U.S. taxing authority (including jurisdictions where any Acquired Company has not filed Tax Returns) any (i) written notice indicating an intent to open an audit or other review or (ii) notice of deficiency or proposed adjustment for any amount of Tax proposed, asserted, or assessed by any taxing authority against any Acquired Company which has not been paid in full or otherwise resolved. No Acquired Company has waived any statute of limitations in respect of Taxes or consented to extend the time in which any Tax may be assessed or collected by any taxing authority, in each case, which waiver or extension remains in effect.

(f) No Acquired Company is a party to or bound by any Tax indemnity, allocation, sharing, or similar agreement (other than agreements entered into in the ordinary course of business the primary purpose of which is not Taxes). No Acquired Company has any Liability for the Taxes of any Person (other than the Acquired Companies) as a transferee or successor, by contract or otherwise under applicable Legal Requirement (other than pursuant to any contract entered into in the ordinary course of business the primary purpose of which is not Taxes).

(g) No Acquired Company (or Buyer as a result of the transactions contemplated by this Agreement) will be required to include any material item of income in, or exclude any material item of

deduction from, taxable income for any taxable period (or portion thereof) beginning after the Closing Date as a result of any (i) change in method of accounting for a taxable period ending on or prior to the Closing Date; (ii) "closing agreement" as described in Section 7121 of the Code (or any corresponding or similar provision of state, local, or non-U.S. income Tax law) executed on or prior to the Closing Date; (iii) use of an improper method of accounting for a taxable period ending on or prior to the Closing Date; (iv) installment sale or open transaction disposition made on or prior to the Closing Date; or (v) prepaid amount received or deferred revenue accrued on or prior to the Closing Date, in each case, outside the ordinary course of business.

(h) No Acquired Company has a permanent establishment (within the meaning of an applicable Tax treaty) or otherwise has an office or fixed place of business in a country other than the country in which it is organized. No Acquired Company is organized outside the United States.

(i) No Acquired Company is or has been a party to any "listed transaction," as defined in Section 6707A(c)(1) of the Code and Treasury Regulation Section 1.6011-4(b)(2).

(j) Neither the Equityholders nor any Acquired Company has made any election or otherwise taken any action to cause the Partnership Tax Audit Rules to apply to any Acquired Company at any earlier date than is required by any applicable Legal Requirements.

(k) Each agreement, contract, plan, or other arrangement that is a "nonqualified deferred compensation plan" subject to Section 409A of the Code to which any Acquired Company is a party (collectively, a "Plan") complies with and has been maintained in accordance in all material respects with all the requirements of Section 409A of the Code and any U.S. Department of Treasury or Internal Revenue Service guidance issued thereunder and no amounts under any such Plan is or has been subject to the interest and additional tax set forth under Section 409A(a)(1)(B) of the Code. No Acquired Company has any actual or potential obligation to reimburse, indemnify or otherwise "gross-up" any Person for the interest or additional tax set forth under Sections 409A(a)(1)(B) or 4999 of the Code.

(l) Schedule 4.8(l) sets forth (i) the U.S. federal income Tax classification of each Acquired Company and (ii) any elections made with respect to each Acquired Company under Treasury Regulations Section 301.7701-3. Each of the Acquired Companies has been properly classified as either a partnership or disregarded entity for U.S. federal income Tax purposes since its date of formation.

(m) Each Acquired Company has properly (i) collected and remitted all material sales, use, valued added and similar Taxes with respect to sales or leases made or services provided to its customers and (ii) for all material sales, leases or provision of services that are exempt from sales, use, valued added and similar Taxes and that were made without charging or remitting sales, use, valued added or similar Taxes, received and retained any appropriate Tax exemption certificates and other documentation qualifying such sale, lease or provision of services as exempt.

(n) No Acquired Company has adopted as a method of accounting, or otherwise accounted for any advance payment or prepaid amount under, (i) the "deferral method" of accounting described in Rev. Proc. 2004 34, 2004 22 IRB 991 (or any similar method under other law, including the election to defer such payments pursuant to Section 451(c) of the Code) or (ii) the method described in Treasury Regulation Section 1.451-5(b)(1)(ii) or Code Sections 455 or 456 (or any similar method under other law).

4.9 Contracts and Commitments.

(a) Except as set forth on Schedule 4.9, and in each case other than with respect to the Transaction Documents, no Acquired Company is a party to or bound by any written or oral (each a "Material Contract");

(i) (A) any notice, pay in lieu of notice, golden parachute, termination pay, profit sharing, severance, retention bonus, transaction bonus or arrangement or management agreement or other Contract for the employment or engagement of any officer, employee or other Person on a full time, part-time or consulting basis (other than any such contract, program, agreement or arrangement maintained pursuant to any Legal Requirement from the employment of an employee without an agreement as to notice, severance or other similar payments) or (B) providing for the payment of any cash or other compensation or providing for the accelerated vesting of any form of compensation or benefits upon the sale of all or a material portion of the assets of any Acquired Company or a change of control;

(ii) collective bargaining agreement or other labor Contract, including letters of understanding, letters of intent and other written communications with any labor union, labor organization, works council, or association of employees (each a "Collective Bargaining Agreement" or collectively, the "Collective Bargaining Agreements");

(iii) Contract relating to Indebtedness or to the mortgaging, pledging or otherwise placing a Lien on any tangible asset or property of any Acquired Company;

(iv) Contract with a professional employer organization ("PEO");

(v) Contract with any Material Customer;

(vi) Contract with any Material Supplier;

(vii) Contract which prohibits it from freely engaging in business anywhere in the world or to own, sell, transfer pledge or otherwise dispose of any assets or restricts it from soliciting or hiring any Person;

(viii) Contract relating to the ownership of Investments in any Person, including Investments in joint ventures and minority equity investments;

(ix) Contract under which any Acquired Company has advanced or loaned any other Person any amount;

(x) Contract under which any Acquired Company is lessee of or holds or operates any property, real or personal, owned by any other party which involves annual rental payments of greater than \$25,000 or group of such Contracts with the same Person which involve consideration in excess of \$50,000 in the aggregate;

(xi) Contract under which any Acquired Company is lessor of, or permits any third party to hold or operate, any property, real or personal, owned or controlled by any Acquired Company which involves consideration in excess of \$25,000;

(xii) power of attorney;

(xiii) Contract that is a settlement, conciliation or similar agreement pursuant to which, on or after the date of execution of this Agreement, any Acquired Company has any outstanding material obligation or is required to pay consideration in excess of \$25,000;

(xiv) Contract that provides any customer of any Acquired Company with pricing, discounts or benefits that change based on the pricing, discounts or benefits offered to other customers of any Acquired Company, including Contracts containing "most favored nation" provisions;

(xv) Contract where any Acquired Company is the beneficiary of an exclusive dealing or any similar exclusivity provision, or where any Acquired Company is the beneficiary of pricing, discounts or benefits offered to any Acquired Company, including contracts containing "most favored nation" provisions;

(xvi) Contract relating to the acquisition or sale of the business (or any material portion thereof), whether or not consummated and including any confidentiality agreements entered into with respect thereto;

(xvii) other Contract (or group of related Contracts) not otherwise set forth on Schedule 4.9, the performance of which involves consideration in excess of \$75,000 per year or \$150,000 in the aggregate or which cannot be canceled by any Acquired Company within 30 days' notice without premium or penalty;

(xviii) except as set forth on Schedule 4.17, any Contracts with Affiliates of any Acquired Company or any Equityholder;

(xix) (i) any Contract materially limiting any Acquired Company's ability to own, use, transfer, license, disclose, distribute or enforce any Intellectual Property, including any license, concurrent use Contract, consent Contract, settlement Contract, escrow Contract, indemnification, or (ii) any Contract providing for the license or development of any Intellectual Property, independently or jointly, by or for any Acquired Company (except that Contracts for Off-the-Shelf Software and non-exclusive licenses to customers granted in the ordinary course of business need not be scheduled); or

(xx) Contract or order between any Acquired Company and a Governmental Entity or between any Acquired Company as a subcontractor (at any tier) in connection with a Contract between another Person and a Governmental Entity.

(b) With respect to the Acquired Companies' obligations thereunder and, with respect to the obligations of the other parties thereto, all of the Contracts set forth or required to be set forth on a Schedule hereto are valid, binding and enforceable as to any Acquired Company party to such Contract, and to the Knowledge of the Company, as to the other parties thereto, in accordance with their respective terms, and will continue as such following the consummation of the transactions contemplated hereby. No Acquired Company is in material default under, in material breach of or in receipt of any claim of default or breach under any such Contract. To the Knowledge of the Company, no event has occurred which with the passage of time or the giving of notice or both would or would reasonably be expected to, result in a default, breach or event of noncompliance by any Acquired Company under any such Contract or would permit the termination of any such Contract. To the Knowledge of the Company, there has been no breach or cancellation or anticipated breach or cancellation by the other parties to any such Contract.

(c) A true, correct and complete copy of each of the written Contracts and an accurate description of each of the oral Contracts which are referred to on the attached Schedules, have been delivered to Buyer (except for Contract for Off-the-Shelf Software and non-exclusive licenses to customers granted in the ordinary course of business).

4.10 Intellectual Property Rights.

(a) Schedule 4.10(a) sets forth a complete and correct list of all of the following that are owned by any Acquired Company (or, with respect to registrations or applications for registration, that are owned or purported to be owned by or have been filed by Acquired Company): (i) all issued patents and pending patent applications; (ii) all registrations and applications for registration of any copyrights; (iii) internet domain names; (iv) all registrations and applications for registration of any trademarks, and (v) all material unregistered trademarks.

(b) Except as disclosed on Schedule 4.10(b), an Acquired Company exclusively owns and possesses all right, title and interest in and to all of the Intellectual Property listed on Schedule 4.10(a), and such Intellectual Property is subsisting, unexpired, valid, and to the Knowledge of the Company, enforceable. Each of the Acquired Companies exclusively owns and possesses all right, title and interest in and to the Company Intellectual Property, free and clear of all Liens other than Permitted Liens. The Acquired Companies own or has valid and enforceable licenses to use all Intellectual Property used in and necessary for the conduct of its business as presently conducted.

(c) Except as set forth on Schedule 4.10(c), the operation of the business of each of the Acquired Companies, as presently conducted, is not infringing, misappropriating, diluting or otherwise violating, and in the last six (6) years prior to the date of this Agreement, has not infringed, misappropriated, or otherwise violated, the Intellectual Property of any other Person. To the Knowledge of the Company, the Company Intellectual Property is not being infringed, misappropriated, diluted, or otherwise violated by any other Persons in any material respects.

(d) Except as set forth in Schedule 4.10(d), there is no pending Action against any Acquired Company before a Governmental Entity challenging the use, ownership, validity, or enforceability of any Company Intellectual Property. In the last six (6) years prior to the date of this Agreement, there have been no claims or threats made in writing made against any Acquired Company asserting the invalidity or unenforceability of, or challenging the ownership of, any Company Intellectual Property.

(e) The Acquired Companies have not used any Open Source Software in connection with the proprietary software owned by the Acquired Companies ("Company Software") in a manner that would require the Acquired Companies to: (i) distribute or otherwise make available the source code for any Company Software to any downstream recipients; (ii) license any material Company Software to any downstream recipients at no cost; (iii) license the source code of any Company Software to any downstream recipients for purposes of making modifications or derivative works, or (iv) make available for redistribution to any Person the source code to any of the Company Software at no charge. No Acquired Company has disclosed source code for any Company Software to any third Person (except contractors performing work on behalf of the Acquired Companies in the ordinary course of business and subject to a written confidentiality agreement), nor does any Acquired Company have any obligation to make any such source code available to any other Person.

(f) Each of the Acquired Companies has taken commercially reasonable measures to protect and maintain the confidentiality of its trade secrets and other confidential information. All current and former employees and contractors of the Acquired Companies who have participated in the creation or

development of any material Company Intellectual Property have executed and delivered to the Acquired Companies an agreement (i) providing for the non-disclosure by such Person of any material confidential information of the Acquired Companies and (ii) providing for the present assignment by such Person to the Acquired Companies of any Intellectual Property developed by such Person during such Person's employment of or engagement by Contract with the Acquired Companies.

(g) In the last six (6) years prior to the date of this Agreement, there have been no material failures of the Company Systems which have caused any material disruption to the use of such Company Systems. Each of the Acquired Companies uses and, in the last six (6) years, has used commercially reasonable efforts to protect the Company Systems from becoming infected by viruses, Trojan horses, malware, and other malicious code. Each of the Acquired Companies uses and, in the last six (6) years, has used commercially reasonable efforts to provide for the security and integrity of the Company Systems and the data stored or contained therein or transmitted thereby. Each of the Acquired Companies (i) has not been the subject of any suit, audit, investigation by any Governmental Entity, or other enforcement action relating to the access, collection, processing, storage, disclosure, destruction, acquisition, damage, loss, corruption, alteration, misuse, or security of any Company Data, and (ii) is and in the last six (6) years has been in compliance with all Data Security Requirements. The Company has not been required to give notice pursuant to any Data Security Requirement to any Governmental Entity or customers, vendors, or consumers of any data security breach.

(h) There have not been any actual incidents of material data security breaches or unauthorized access to the Company Systems, or any unauthorized access, destruction, acquisition, damage, disclosure, loss, corruption, alteration, misuse or processing of any Company Data. The Acquired Companies have not received any notices alleging noncompliance with Data Security Requirements.

4.11 Litigation. Schedule 4.11 sets forth all Actions against or by any Acquired Company since January 1, 2018. Except as disclosed on Schedule 4.11, there are no Actions pending, or to the Knowledge of the Company threatened by, against or affecting any Acquired Company or the operation, conduct, use or value of any of their properties or facilities (or pending or threatened by, against or affecting any of the officers, directors, managers or employees of any Acquired Company with respect to the Acquired Companies' business or proposed business activities), or pending or threatened by any Acquired Company (or which it plans to initiate) against any third party, at law or in equity, or before or by any Governmental Entity. No Acquired Company is subject to any judgment, order, injunction, ruling, award, writ or decree of any court or other Governmental Entity.

4.12 Brokerage. Except as disclosed on Schedule 4.12, there are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement or any other transaction based on any Contract binding upon any Acquired Company.

4.13 Insurance. Schedule 4.13 lists and sets forth a description of each insurance policy or any other form of insurance maintained by the Acquired Companies with respect to their its properties, assets and business (other than those related to any Employee Benefit Plan or PEO Plan). No Acquired Company is in material default with respect to its obligations under any insurance policy it maintains. With respect to each such policy or form of insurance, (a) no Acquired Company is in material breach or default (including with respect to the payment of premiums), there are no claims under such policies as to which any Acquired Company has received notice indicating that coverage has been questioned, denied or disputed by the underwriter(s) of such policies, (b) there is no Liability for which the aggregate policy limits would reasonably be expected to be exhausted or materially eroded as a result of such Liability, and (c) no claims have been filed against such policies that would materially erode available policy limits. The Acquired Companies have not received any written notice of cancellation or intent to cancel or notice of increase or intent to increase premiums in any significant respect with respect to such policies. The

Acquired Companies maintain, and have maintained without interruption, insurance coverage of the types and in amounts customary for the conduct of the business and operations of the Acquired Companies. No Acquired Company has any self-insurance or co-insurance programs.

4.14 Employees.

(a) Except as set forth on Schedule 4.14(a), with respect to the Acquired Companies: (i) no current employee, to the Knowledge of the Company, has any intention to terminate his or her employment within the 12 months immediately following the Closing Date; (ii) to the Knowledge of the Company, no current or former employee or independent contractor of the Acquired Companies is in material violation of any confidentiality, non-competition, proprietary rights, employment agreement, nondisclosure agreement, common law nondisclosure obligation, fiduciary duty, nonsolicitation agreement, or restrictive covenant agreement between such employee and any other Person (other than any Acquired Company) that would be material to the performance of such employee's employment duties, or the ability of any Acquired Company to conduct their business; (iii) the Acquired Companies are not party to or bound by any Collective Bargaining Agreement or collective bargaining relationship with any labor union, works council, or other labor organization, and no employee of the Acquired Companies is represented by any labor union, works council or other labor organization in connection with such employment; (iv) in the past five years, to the Knowledge of the Company, no labor union, labor organization, works council or group of employees has applied to be certified as a bargaining agent or has filed any representation petition or made any written or oral demand for recognition; (v) to the Knowledge of the Company, no union organizing, certification or decertification efforts have occurred in the last five years and none are underway or, threatened; (vi) no labor strike, work stoppage, slowdown, picketing, hand billing, unfair labor practice charge, material labor grievance, material labor arbitration, lockout, or other material labor dispute has occurred in the last five years, and none is underway or, to the Knowledge of the Company, threatened; and (vii) there is no, and since January 1, 2018, there has not been any, employment-related Action pending or, to the Knowledge of the Company, threatened in any forum, relating to an alleged violation or breach by any Acquired Company (or their respective officers or directors) of any Legal Requirement or Contract.

(b) With respect to this transaction, any notice, consultation or bargaining obligations required under any Legal Requirement or Collective Bargaining Agreement required to be given to any labor union, labor organization or works council which is representing any employee of the Acquired Companies has been satisfied in all material respects in the time required by such Legal Requirement or Collective Bargaining Agreement. Since January 1, 2018, no Acquired Company has implemented any plant closing or layoff of employees triggering notice obligations under the Worker Adjustment and Retraining Notification Act of 1988, as amended, or any similar foreign, state or local law, regulation or ordinance (collectively, the "WARN Act"). None of the Acquired Companies has experienced any material employment-related liability arising from a breach of any Legal Requirement relating to COVID-19. Each of the Acquired Companies is, and since January 1, 2018 has been, in compliance in all material respects with all applicable Legal Requirements relating to the employment or labor and employment practices, including provisions thereof relating to wages, hours, overtime, equal opportunity, classification of employees and workers (including the classification of independent contractors and exempt and non-exempt employees), pay equity, fair labor standards, employment harassment, retaliation and nondiscrimination, workers compensation, collective bargaining, labor relations, whistleblowing, health and safety, immigration (including the verification of I-9s for all employees and the proper confirmation of employee visas), disability rights or benefits, plant closure and layoffs (including the WARN Act), employee leave issues, affirmative action plan requirements, unemployment insurance, employee trainings and notices, COVID-19, termination of employment and the payment of social security and other Taxes.

(c) Since January 1, 2018, all salaries, wages, wage premiums, commissions, bonuses, fees, overtime pay, vacation pay, benefits, sick days, holiday pay, severance and termination payments and

other compensation due to be paid to the current or former employees and independent contractors from any Acquired Company with respect to services performed have been fully and timely paid in all material respects under applicable law, Contract or company policy. No Acquired Company is subject to any order to reinstate any former employee.

(d) Except as would not result in a material liability to any Acquired Company, each individual who is providing, or for the last three years has provided, services to the Acquired Companies and is, or was, classified and treated as an independent contractor/consultant, leased employee, or other non-employee service provider, or exempt employee, in each case, is and has been properly classified and treated as such for all applicable purposes and no Acquired Company has received any notice from any Governmental Entity disputing such classification. No employee is employed pursuant to a work permit and the employees are capable of operating the Business.

(e) The Acquired Companies have reasonably investigated all sexual harassment, or other discrimination, retaliation or policy claims made in accordance with the Acquired Companies' internal reporting policies or otherwise brought to the Knowledge of the Company. With respect to each such claims reasonably determined by the Acquired Companies to have merit, the Acquired Companies have taken prompt corrective action that is reasonably calculated to prevent further improper action, and the Acquired Companies do not anticipate any material Liabilities with respect to any such claims. To the Knowledge of the Company, there are no such allegations relating to officers, directors, employees, contractors, or agents of the Acquired Companies, that, if known to the public, would bring the Acquired Companies into material disrepute.

4.15 Employee Benefit Plans.

(a) Schedule 4.15(a) contains a true, complete and correct list of all material Employee Benefit Plans and material PEO Plans.

(b) Each Employee Benefit Plan (and each related trust, insurance contract or fund) and, to the Knowledge of the Company, each PEO Plan, has been established, operated, maintained, funded and administered in all material respects both in compliance with its terms and, in form and operation, with the Code and ERISA and other applicable Legal Requirements, and in the past three years, no Acquired Company has received written notification to the contrary from the Internal Revenue Service, Department of Labor, the Pension Benefit Guaranty Corporation ("PBGC") or other governmental agencies. Each Employee Benefit Plan and each PEO Plan that is intended to be qualified under Section 401(a) of the Code, and each trust forming a part thereof, has received a current favorable determination, advisory or opinion letter that it (or the form of it) qualifies under the Code (and that its trust is exempt from tax under the Code). With respect to any such Employee Benefit Plan and, to the Knowledge of the Company, and such PEO Plan nothing has occurred since the date of such favorable determination letter that could reasonably be expected to adversely affect the qualified status of such Plan or the tax-exempt status of the trust.

(c) Except as set forth on Schedule 4.15(c), none of the Acquired Companies maintains, contributes to, has any obligation to contribute to, or has any Liability under or with respect to: (i) any "defined benefit plan" (as defined in Section 3(35) of ERISA) or any other plan that is or was subject to Title IV of ERISA or Section 412 or 430 of the Code, (ii) any Multiemployer Plan, (iii) any "multiple employer plan" as described in Section 413(c) of the Code, or (iv) any "multiple employer welfare arrangement" (as defined in Section 3(40) of ERISA). No asset or property of any Acquired Company is subject to any Lien under ERISA or the Code with respect to an Employee Benefit Plan or PEO Plan. None of the Acquired Companies has any Liability under ERISA or the provisions of the Code related to employee benefit plans on account of at any time being considered a single employer with any other Person under Section 414 of the Code.

(d) No Acquired Company has any current or contingent obligation to provide health or life or other welfare insurance benefits to current or future retired or terminated directors, officers or employees (or any spouse of dependent thereof) other than as required under Part 6 of Subtitle B of Title I of ERISA, Section 4980B of the Code and any similar state or provincial law ("COBRA") for which the covered Person pays the full premium cost of coverage (other than as required under the American Rescue Plan Act of 2021). The Acquired Companies have complied and are in compliance in all material respects with the requirements of COBRA, and none of the Acquired Companies has incurred (whether or not assessed), or could reasonably be expected to incur or to be subject to, any material Tax or other penalty under Section 4980B, 4980D, 4980H, 6721 or 6722 of the Code.

(e) With respect to each Employee Benefit Plan, the Company has made available to Buyer true, complete and correct copies, to the extent applicable of (i) the current plan document and summary plan description pursuant to which such Employee Benefit Plan is maintained, funded and administered, as amended, (ii) the most recent annual report (Form 5500 series) filed with the Department of Labor (with attachments), (iii) the most recent financial statement, and (iv) all governmental rulings, determinations and opinions issued to the Acquired Companies (and pending requests for such governmental rulings, determinations and opinions) or other material correspondence or notices between the Acquired Companies and Governmental Entities dated within the past 24 months (other than filings or notices made in the ordinary course of business), and (v) the most recent determination letters from the Internal Revenue Service. With respect to each PEO Plan, the Company has made available to Buyer a copy of the most recent summary plan description (and any summaries of material modifications thereto), a copy of the most recent IRS determination or opinion letter, and the Contract pursuant to which the PEO provides services to the Acquired Company.

(f) All contributions, premiums, reimbursements, distributions and other payments (including all employer contributions and employee salary reduction contributions) that have become due from the Acquired Companies with respect to any Employee Benefit Plan or PEO Plan have been made in all material respects on a timely basis in accordance with the terms of the Employee Benefit Plan or PEO Plan and all applicable Legal Requirements, and all contributions, premiums, reimbursements, distributions and other payments from the Acquired Companies for any period ending on or before the Closing Date that are not yet due have been made or properly accrued in all material respects.

(g) None of the Acquired Companies, any of their employees, officers or directors, or, to the Company's Knowledge, any other Person has engaged in a non-exempt "prohibited transactions" (as defined in Section 406 of ERISA and Section 4975 of the Code) with respect to any Employee Benefit Plan or PEO Plan that could reasonably be expected to result in material liability to such Acquired Company. No Acquired Company has any material Liability for breach of fiduciary duty or any other material failure to act or comply in connection with the administration or investment of the assets of any Employee Benefit Plan, and, to the Knowledge of the Company, there has been no breach of fiduciary duty (as determined under ERISA) by any other Person with respect to any Employee Benefit Plan or PEO Plan that could reasonably be expected to result in material liability to an Acquired Company. No Acquired Company has received notice that an Action (other than routine claims for benefits) is pending or threatened with respect to an Employee Benefit Plan or PEO Plan.

(h) The consummation of the transactions contemplated by this Agreement, either alone or in combination with another event, will not (i) entitle any current or former employee, officer, director, consultant or other individual service provider of any Acquired Company to any payment or materially benefit or increase the amount of compensation or benefits due to any such person, (ii) accelerate the time of payment, funding or vesting of, or increase the amount of, or result in the forfeiture of, compensation or benefits due to any current or former employee, officer, director, consultant or other individual service provider of any Acquired Company under any Employee Benefit Plan or otherwise or (iii) result in any

payments or benefits under any agreement with the Parent or any Acquired Company, individually or in combination with any other payment or benefit, that could constitute the payment of any "excess parachute payment" within the meaning of Section 280G of the Code or result in the imposition of an excise Tax under Section 4999 of the Code.

4.16 Compliance with Laws; Permits.

(a) Except as set forth on Schedule 4.16(a), each of the Acquired Companies has materially complied with and is currently in material compliance with all applicable Legal Requirements relating to the operation and conduct of its business or any of its properties or facilities.

(b) Each Acquired Company currently owns, holds or possesses, and since January 1, 2018 has owned, held or possessed, all Permits required for the operation and ownership of their respective businesses as then conducted, and all such Permits are in full force and effect. Each of the Acquired Companies is, and since January 1, 2018 has been, in compliance in all material respects with its obligations under and with the terms of such Permits to which it is a party. No written notice of cancellation, revocation, non-renewal, or of default from any Governmental Entity concerning any such Permit has been received by an Acquired Company since January 1, 2018 and each such Permit is valid, subsisting and in full force and effect.

(c) No Acquired Company has received any notification from any Governmental Entity (i) asserting that any Acquired Company is not in compliance with any Legal Requirement or (ii) threatening to revoke any Permit.

(d) No Acquired Company has certified, represented or otherwise indicated (either orally or in writing) to any Person, including any Governmental Entity, that it is a woman- or minority-owned business, small business or any other designation that entitles any Acquired Company to a favored status or benefits.

4.17 Affiliated Transactions. Except as set forth on Schedule 4.17 or with respect to participation in any Employee Benefit Plan or PEO Plan, no officer, director, employee, equityholder or Affiliate of any Acquired Company or any individual related by blood, marriage or adoption to any such individual or any entity in which any such Person or individual owns any beneficial interest (an "Insider"), (a) is a party to any Contract with any Acquired Company (other than the governing documents of the Company and ordinary course compensatory arrangements), (b) has any interest in any property, asset or right used by any Acquired Company or necessary or desirable for the Business, (c) has received any funds from or benefitted from the cancellation of any Indebtedness owed to any Acquired Company since December 31, 2020, (d) provides services or resources to any Acquired Company or is dependent on services or resources provided by any Acquired Company (other than as an employee, contractor or other service provider in the ordinary course of business) or (e) has any material direct or indirect interest in any consultant, competitor, creditor, debtor, referral source, payor, customer, distributor, supplier or vendor of any Acquired Company.

4.18 Customers and Suppliers.

(a) Schedule 4.18(a) lists (i) the top ten customers based on gross revenues of the Acquired Companies for the calendar year ending December 31, 2020 and the six-month period ended June 30, 2021 and the gross revenues generated from such customer (collectively, the "Material Customers") and (ii) the gross revenues of the Acquired Companies for each such period generated by each Material Customer. No Acquired Company has received any written, or the Company's Knowledge, oral, notice from any Material Customer that such Material Customer intends, anticipates or otherwise expects to stop,

materially decrease the volume of, or materially change or otherwise materially modify any of the terms (whether related to payment, price or otherwise) with respect to purchasing materials, products or services from any Acquired Company.

(b) Schedule 4.18(b) lists (i) the top ten licensors, vendors, suppliers, service providers and other similar business relations of the Acquired Companies based on the amounts paid to such Persons for the calendar year ending December 31, 2020 and the six-month period ending ended June 30, 2021 (the "Material Suppliers") and (ii) the amount paid to licensors, vendors, suppliers, service providers and other similar business relations of the Acquired Companies for each such period generated by each Material Supplier. No Acquired Company has received any written, or the Company's Knowledge, oral, from any Material Supplier that such Material Supplier intends, anticipates or otherwise expects to stop, materially decrease the volume of, or materially change or otherwise materially modify any of the terms (whether related to payment, price or otherwise) with respect to supplying materials, products or services to any Acquired Company.

4.19 Real Property.

(a) No Acquired Company owns any real property.

(b) Each of the Acquired Companies leases only the leasehold and subleasehold estates and other rights to use or occupy any land, buildings, structures, improvements, fixtures or other interests in real property described on Schedule 4.19(b) (the "Leased Real Property"). The Leased Real Property identified in Schedule 4.19(b) comprise all of the real property used or intended to be used in, or otherwise related to, the Business; provided, however, that personnel of the Acquired Companies may, from time to time, work remotely, and thereby operate the Business offsite from the Leased Real Property. Each of the Acquired Companies has a valid leasehold interest in each Leased Real Property, subject only to Permitted Liens. The Company has previously delivered to Buyer complete and accurate copies of each of the leases for the Leased Real Property, including all amendments, extensions, renewals, guaranties and other agreements with respect thereto, and in the case of any oral lease, a written summary of the material terms of such lease (the "Lease"). Except as disclosed on Schedule 4.19(b), with respect to each Lease: (i) such Lease is legal, valid, binding, enforceable and in full force and effect; (ii) no party to such Lease has repudiated any provision thereof; (iii) there are no disputes, oral agreements or forbearance programs in effect as to such Lease; (iv) such Lease has not been modified in any respect, except to the extent that such modifications are disclosed by the documents delivered to Buyer; (v) no Acquired Company nor any other party to such Lease is in breach or default under such Lease, and no event has occurred or circumstance exists which, with the delivery of notice, the passage of time or both, would constitute such a breach or default, or permit the termination, modification or acceleration of rent under such Lease; (vi) no Acquired Company has assigned, sublet, licensed, transferred, conveyed, mortgaged, deeded in trust or encumbered any interest in the Lease; and (vii) no Acquired Company's possession and quiet enjoyment of the Leased Real Property under such Lease has been disturbed.

(c) With respect to the Leased Real Property: (i) the current use of such property and the operation of the Business does not, to the Knowledge of the Company, violate any instrument of record, Contract affecting the Leased Real Property, or any applicable, Legal Requirements affecting the Leased Real Property and is not subject to any unpaid monetary fines or penalties; (ii) all buildings, structures and other improvements located on such property, including all material components thereof, are structurally sound, in good operating condition and repair, subject only to the provision of usual and customary maintenance provided in the ordinary course of business with respect to buildings, structures and improvements of like age and construction and all water, gas, electrical, steam, compressed air, telecommunication, sanitary and storm sewage lines and other utilities and systems serving such property are sufficient to enable the continued operation of the Business as it is now conducted; (iii) except for the

Lease, there are no leases, subleases, licenses, concessions or other Contracts, written or oral, granting to any other Person the right of use or occupancy of any portion of the Leased Real Property; (iv) there are no Persons (other than the Acquired Companies) in possession of such Leased Real Property and (v) there is no condemnation, expropriation or other proceeding in eminent domain pending or, to the Knowledge of the Company, threatened, affecting any Leased Real Property or any portion thereof or interest therein.

4.20 Environmental Matters. Except as set forth on Schedule 4.20:

(a) Each of the Acquired Companies has, for the previous three (3) years, complied and is in compliance, in all material respects, with all applicable Environmental Laws, which compliance has included obtaining and complying in all material respects with all Permits that are materially required pursuant to Environmental Laws for the occupation of its facilities and the operation of its business.

(b) No Acquired Company has received any written notice, report or other information regarding any actual or alleged material violation of, or material Liability under, Environmental Laws, the subject of which is unresolved. There are no Actions pending, or to the Knowledge of the Company threatened, against or affecting the Acquired Companies or any of their respective properties or facilities involving material Liabilities arising under Environmental Laws, and no Acquired Company or any of their respective Leased Real Property is subject to any judgment, order or decree involving material Liabilities arising under Environmental Laws.

(c) None of the Acquired Companies has treated, stored, disposed of, arranged for or permitted the disposal of, transported, handled, manufactured, distributed, exposed any Person to, released, or owned or operated any property or facility contaminated by, any Hazardous Material, in each case that has given or would give rise to any material Liabilities of any Acquired Company pursuant to any Environmental Laws.

(d) No Acquired Company has assumed, undertaken, or otherwise become contractually subject to any material Liability of any other Person relating to Environmental Laws.

(e) The Company has furnished to Buyer all material environmental audits, assessments and reports, and all other material documents relating to material environmental, health or safety Liabilities, with respect to the current and former operations and the Leased Real Property of the business of the Acquired Companies, which are in the possession or reasonable control of any Acquired Company.

4.21 Absence of Certain Developments. Since the date of the Latest Balance Sheet, there has not been any Material Adverse Effect. Except as set forth on Schedule 4.21 attached hereto, since the date of the Latest Balance Sheet, no Acquired Company has:

(a) amended any Acquired Company's charter documents or limited liability company agreement (or equivalent governing documents);

(b) paid any dividend or make any similar distribution, redeemed, purchased or otherwise acquired, directly or indirectly, any of its Capital Stock, or made any loan or entered into any transaction with or distributed any assets or property to any of its officers, directors, employees, equityholders, Affiliates or other Insiders, except for payments made pursuant to any Employee Benefit Plan in accordance with the terms thereof and in the ordinary course of business;

(c) issued, sold or transferred any notes, bonds or other debt securities or any equity securities, securities convertible, exchangeable or exercisable into equity securities, or warrants, options or other rights to acquire equity securities, of any Acquired Company, in each case other than pursuant to the

conversion or exercise of options, warrants or other convertible securities outstanding on the date hereof and with respect to awards granted under the Company Incentive Plans;

(d) borrowed any amount or incurred or become subject to any Indebtedness or other Liabilities, except trade payables and accrued liabilities incurred in the ordinary course of business;

(e) mortgaged, pledged or subjected to any Lien, other than any Permitted Liens, on any portion of its properties or assets (other than non-exclusive licenses to Intellectual Property granted to customers in the ordinary course of business);

(f) suffered any extraordinary losses or waived any rights of material value, whether or not in the ordinary course of business;

(g) suffered any theft, damage, destruction or casualty loss in excess of \$10,000, to its assets, whether or not covered by insurance, or experienced any material changes in the amount and scope of insurance coverage;

(h) failed to accrue or otherwise reflect in the Company's financial statements in accordance with GAAP any bonus or other incentive compensation for fiscal year 2020 and 2021, to the extent any such amount remains unpaid as of the date of this Agreement;

(i) sold, assigned, leased, licensed (as licensor), assigned, disposed of, transferred, or otherwise encumbered (including transfers to any Insider or any employees or Affiliates of any Acquired Company) any of its assets (whether tangible or intangible, including with respect to Intellectual Property), except for (i) sales of inventory in the ordinary course of business and non-exclusive licenses granted in connection therewith and (ii) non-exclusive licenses granted to customers in the ordinary course of business;

(j) entered into, amended, accelerated, assigned or terminated any Material Contract, taken any other action or entered into any other transaction outside the ordinary course of business;

(k) implemented or announced any layoff plant closing, reduction in force, furlough, temporary layoff, salary or wage reduction, work schedule change or other such actions triggering notice obligations under the WARN Act;

(l) other than as required by law, (i) made or granted or announced any material bonus, incentive, severance or profit sharing distribution or similar payment of any kind or increase or decrease in the compensation or benefits of any current or former employee, officer or other service provider of any Acquired Company (other than in the ordinary course of business consistent with past practice), (ii) other than as required by applicable Legal Requirement or renewals or making Employee Benefit Plans or PEO Plans available to newly hired or promoted employees or individual service providers in the ordinary course of business, entered into, established, adopted, amended or modified or terminated any Employee Benefit Plan or PEO Plan or any other benefit or compensation plan, policy, program, contract, agreement or arrangement that would be an Employee Benefit Plan if in effect on the date hereof increased the benefits provided under any Employee Benefit Plan or PEO Plan or any other benefit or compensation plan, policy, program, contract, agreement or arrangement that would be an Employee Benefit Plan if in effect on the date hereof, or (iii) accelerated or committed to accelerate the vesting, funding or payment of any compensation or benefits under any Employee Benefit Plan or PEO Plan;

(m) hired, engaged, terminated (without cause), furloughed, or temporarily laid off any employees, individual independent contractors, consultants or individual service providers, in each case with annual base compensation in excess of \$100,000;

(n) waived or released in writing any noncompetition, nonsolicitation, nondisclosure, noninterference, nondisparagement, or other restrictive covenant obligation of any current or former employee or independent contractor;

(o) (i) negotiated, modified, extended, or entered into any Collective Bargaining Agreement or (ii) recognized or certified any labor union, labor organization, works council, or group of employees as the bargaining representative for any employees of the Acquired Companies.

(p) (i) made any change in its cash management process, (ii) conducted its billing and collection of receivables and inventory purchases other than in the ordinary course of business or (iii) made any write down in the value of its assets;

(q) made any material capital expenditures or commitments therefor (other than in the ordinary course of business or consistent with such Acquired Company's capital budget);

(r) delayed or postponed the repair and maintenance of its properties or the payment of accounts payable, accrued liabilities and other obligations and Liabilities outside the ordinary course of business;

(s) engaged in any promotional sales or discount or other activity with customers with the intent of accelerating to pre-Closing periods sales that would otherwise be expected to occur in post-Closing periods;

(t) made loans or advances to, guarantees for the benefit of, or any Investments in, any Persons in excess of \$10,000 in the aggregate;

(u) instituted or settled any Action, or paid or fulfilled any judgment, whether requiring payment by any Acquired Company, granting injunctive relief or specific performance or otherwise;

(v) granted any performance guarantees to its customers other than in the ordinary course of business;

(w) instituted or permitted any material change in the conduct of its business, or any material change in its method of purchase, sale, lease, management, marketing, promotion or operation;

(x) acquired any other business or entity (or any significant portion or division thereof), whether by merger, consolidation or reorganization or by the purchase of its assets or Capital Stock;

(y) divested, abandoned or failed to maintain, any material Company Intellectual Property owned by any Acquired Company;

(z) terminated, modified or amended any material Contract or any consent of, with or to any Governmental Entity or entered into any new material Contract except in the ordinary course of business;

(aa) entered into any termination, retention, pay in lieu of notice, severance or change of control agreement or arrangement with any officer, director, employee, consultant or individual service provider of any Acquired Company who receives annual compensation in excess of \$100,000;

(bb) made (outside the ordinary course of business and inconsistent with past practices), revoked or changed any material Tax election, changed any accounting period, adopted or changed any method of accounting or accounting principles, practices or policies (including with respect to Taxes) except as required by GAAP, filed any material amended Tax Return, entered into any closing agreement, settled any claim or assessment, surrendered any right to claim a refund of material Taxes, consented to any extension or waiver of the limitations period applicable to any Tax claim or assessment, incurred any material Taxes outside the ordinary course of business;

(cc) modified, extended or amended any Lease, except in the ordinary course of business, or terminated any Lease, or entered into any new lease, sublease, license or other agreement for the use or occupancy of any real property; or

(dd) committed to do any of the foregoing.

4.22 Officers, Directors and Bank Accounts. Schedule 4.22 attached hereto lists all officers and directors of the Acquired Companies and all of the Acquired Companies' bank accounts.

4.23 Indebtedness and Guarantees. Except as set forth on Schedule 4.23, no Acquired Company has any outstanding Indebtedness. No Acquired Company is a guarantor for any Liability (including Indebtedness) of any Person that is not an Acquired Company.

4.24 Anti-Corruption; Anti-Money Laundering; Export Compliance.

(a) The Acquired Companies, any of their respective directors, officers, agents or employees, and to the Knowledge of the Company, any other Person or entity associated with or acting on behalf of any Acquired Company, or any predecessor, has not (i) made or promised to make, or authorized or agreed to give, directly or indirectly, any improper payment or unlawful transfer of anything of value to any Governmental Official; Governmental Entity (including any government-owned or -controlled company); public international organization; political party or organization or official or candidate thereof; or any other person or entity; (ii) violated the United States Foreign Corrupt Practices Act of 1977, as amended (15 U.S.C. § 78dd-1, et seq.), the United Kingdom Bribery Act 2010 (http://www.legislation.gov.uk/ukpga/2010/23/pdfs/ukpgaen_20100023_en.pdf), or any applicable Legal Requirement of similar effect in any jurisdiction (collectively "Anti-Corruption Legal Requirements"); or (iii) offered, promised, accepted, or received any unlawful payments, contributions, expenditures or gifts, or anything else of value, including bribes, gratuities, kickbacks, lobbying expenditures, political contributions, and contingent fee payments.

(b) Neither the Acquired Companies, nor any of their respective directors, officers, agents or employees, nor to the Knowledge of the Company, any other Person or entity associated with or acting on behalf of any Acquired Company, or any predecessor, is currently, or has been in the last five (5) years: (i) a Sanctioned Person, (ii) organized, resident or located in a Sanctioned Country, (iii) engaged, directly or indirectly, in any dealings or transactions with or for the benefit of any Sanctioned Person or in any Sanctioned Country, or (iv) engaged in any other transactions or dealings in violation of Ex-Im Legal Requirements, Sanctions Legal Requirements, or U.S. anti-boycott Legal Requirements (collectively "Trade Controls").

(c) In the last five years, the Acquired Companies, and their respective directors, officers, agents and employees, and to the Knowledge of the Company, any other Person or entity associated with or acting on behalf of any Acquired Company, have been in compliance with all anti-money laundering laws, rules, regulations and orders of jurisdictions applicable to the Acquired Companies (collectively, "AML Legal Requirements"), including the Bank Secrecy Act of 1970, and the USA PATRIOT Act. None of the Acquired Companies is required to be registered with the U.S. Department of the Treasury as a money services business, as such term is defined by federal law or regulation. The Acquired Companies have obtained all applicable registrations or licenses for money services businesses, money transmitters, or equivalent enterprises under the applicable law of any other jurisdiction, including U.S. state law.

(d) In the last five years, none of the Acquired Companies has, in connection with or relating to the business of the Acquired Companies, received from any Governmental Entity or any other Person any notice, inquiry, or internal or external allegation; made any voluntary or involuntary disclosure to a Governmental Entity; or conducted any internal investigation or audit concerning any actual or potential violation or wrongdoing related to Trade Controls, Anti-Corruption Legal Requirements, or AML Legal Requirements.

(e) The Acquired Companies have implemented and maintain in effect written policies, procedures and internal controls, including an internal accounting controls system, that are reasonably designed to prevent, deter and detect violations of applicable Trade Controls, Anti-Corruption Legal Requirements, or AML Legal Requirements.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF PARENT AND BUYER

As a material inducement to the Company to enter into and perform its obligations under this Agreement, Parent, Buyer and Merger Sub represents and warrants that the statements contained in this Article 5 are true and correct as of the date hereof.

5.1 Organization; Authority. Parent is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Merger Sub is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware.

5.2 Authorization of Transaction. Each of Parent, Buyer and Merger Sub has full corporate or limited liability company power and authority to execute and deliver the Transaction Documents to which it is a party and to perform its obligations thereunder. The execution, delivery and performance of the Transaction Documents to which Parent, Buyer or Merger Sub is a party have been duly authorized by Parent, Buyer or Merger Sub, as applicable. This Agreement and the other Transaction Documents to which Parent, Buyer or Merger Sub is a party or by which Parent, Buyer or Merger Sub is bound, when executed and delivered by Parent, Buyer or Merger Sub, as applicable, in accordance with the terms hereof, will each constitute a valid and binding obligation of Parent, Buyer or Merger Sub, as applicable, enforceable in accordance with its terms, in each case subject to the effect of any applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to the effect of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.3 Noncontravention. The execution, delivery and performance of the Transaction Documents to which Parent, Buyer or Merger Sub is a party, and the fulfillment of and compliance with the respective terms thereof, do not and will not (with or without due notice or lapse of time or both) (i) conflict with or result in a breach of the terms, conditions or provisions of, (ii) constitute a default under,

(iii) result in a violation of, or (iv) require any authorization, consent, approval, exemption or other action by or declaration or notice to, or filing with, any Governmental Entity or other Person pursuant to, the charter or bylaws of Parent, Buyer or Merger Sub or any material Contract, or any material Legal Requirement, to which Parent, Buyer or Merger Sub or any of their respective assets is subject (other than the filing of a Certificate of Merger with, and the acceptance for record thereof by, the Secretary of State of the State of Delaware), except, in each case, to the extent that a Material Adverse Effect upon their ability to perform their obligations hereunder would not result.

5.4 Financing. Buyer has, and will have on the Closing Date and at all times during the period beginning on the date hereof and ending on the Closing Date, sufficient cash on hand that is available to consummate the transactions contemplated hereby, including to pay the Merger Consideration, any Indebtedness of the Acquired Companies repaid in connection herewith, the Company Transaction Expenses, all amounts payable to the Equityholders pursuant to Section 1.9 and the fees and expenses of Parent, Buyer and Merger Sub related to the transactions contemplated hereby. Buyer confirms that it is not a condition to Closing or any of its other obligations under this Agreement that Buyer obtain financing for or in connection with the transactions contemplated by this Agreement.

5.5 Securities Matters.

(a) Since May 25, 2021, Parent has timely filed or otherwise furnished (as applicable) all registration statements, prospectuses, forms, reports, proxy statements, schedules, statements and other documents (including exhibits) required to be filed or furnished (as applicable) by it under the Securities Act or the Exchange Act, as the case may be, together with all certifications required pursuant to the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") (such documents and any other documents filed by Parent with the SEC since January 1, 2018, as have been supplemented, modified or amended since the time of filing, collectively, the "Parent SEC Documents"). None of Parent's Subsidiaries is currently, or since becoming a Subsidiary of Parent has been, required to file any forms, reports or other documents with the SEC.

(b) As of their respective effective dates (in the case of the Parent SEC Documents that are registration statements filed pursuant to the requirements of the Securities Act) and as of their respective SEC filing dates (in the case of all other Parent SEC Documents), or in each case, if amended prior to the Effective Time, as of the date of the last such amendment, the Parent SEC Documents complied in all material respects with the applicable requirements of the Securities Act or the Exchange Act, as the case may be. As of their respective effective dates (in the case of the Parent SEC Documents that are registration statements filed pursuant to the requirements of the Securities Act) and as of their respective SEC filing dates (in the case of all other Parent SEC Documents), or in each case, if amended prior to the Effective Time, as of the date of the last such amendment, the Parent SEC Documents did not, and any Parent SEC Documents filed with or furnished to the SEC subsequent to the Effective Time will not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading.

(c) To the Parent's knowledge, none of the Parent SEC Documents is the subject of ongoing SEC review or outstanding SEC comment. There are no internal investigations, any SEC inquiries or investigations or other governmental inquiries or investigations pending or, to the knowledge of Parent, threatened, in each case regarding any accounting practices of Parent.

(d) Parent is in compliance in all material respects with the applicable listing and corporate governance rules and regulations of the NYSE.

(e) Each of the consolidated financial statements (including in all cases the notes thereto, if any) contained in or incorporated by reference into the Parent SEC Documents (a) was prepared in accordance with generally accepted accounting principles consistently applied throughout the periods covered thereby, except as may be indicated in the notes thereto and subject in the case of the unaudited financial statements to the absence of footnote disclosures and changes resulting from normal year-end adjustments for recurring accruals and (b) fairly presented in all material respects in accordance with generally accepted accounting principles the consolidated financial position and the results of operations, changes in stockholders' equity, and cash flows of Parent and its consolidated subsidiaries as of the respective dates of and for the periods referred to in such financial statements, subject, in the case of unaudited interim financial statements, to normal and year-end audit adjustments as permitted by generally accepted accounting principles and the applicable rules and regulations of the SEC (but only if the effect of such adjustments would not, individually or in the aggregate, be material).

(f) The Equity Consideration will have been duly authorized and, when issued and delivered pursuant to the terms of this Agreement, as applicable, will be validly issued, fully paid and non-assessable free and clear of all Liens and other contractual or other restrictions of transferability or voting (other than restrictions on transfer arising under securities laws, this Agreement or the Lock Up Agreement) and will not have been issued in violation of, or subject to, any pre-emptive rights or other contractual rights to purchase securities.

5.6 Brokerage. There are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any Contract binding upon Parent, Buyer or any of their Affiliates.

ARTICLE 6 ADDITIONAL AGREEMENTS

6.1 Conduct of the Company. During the period from the date of this Agreement to the earlier of the Closing and the date that this Agreement is terminated in accordance with Section 8.1:

(a) the Company will, and will cause its Subsidiaries to, conduct its business in the ordinary course consistent with past practice and the Company (except with respect to any COVID-19 Measures), will and will cause its Subsidiaries to, use commercially reasonable efforts to (A) maintain and preserve intact the current organization, business, assets and franchise of the Company and such Subsidiary and to preserve the rights, franchises, goodwill and relationships of their employees, customers, lenders, suppliers, regulators and others having business relationships with Company and each of its Subsidiaries, (B) maintain in effect all of its material Permits and (C) keep available the services of its directors, officers and key employees (unless the Company reasonably believes such services are not beneficial for the Company's and the Subsidiaries' businesses); and

(b) except as (i) set forth on Schedule 6.1(b), (ii) otherwise consented to by Buyer in writing (which consent shall not be unreasonably withheld, conditioned or delayed), (iii) otherwise contemplated by this Agreement, (iv) in connection with any COVID-19 Measures or (v) as would constitute a violation of applicable law, the Company shall not, and shall cause its Subsidiaries not to, (A) take any action that would have required disclosure pursuant to Schedule 4.21 if such action had been taken after the date of the Latest Balance Sheet and prior to the date hereof, (B) enter into any termination, retention, pay in lieu of notice, severance or change of control agreement or arrangement with any officer, director, employee, consultant or individual service provider of any Acquired Company who receives annual compensation in excess of \$100,000, (C) make or grant or announce any bonus, incentive, severance or profit sharing distribution or similar payment of any kind or increase or decrease in the compensation or benefits of any current or former employee, officer or other service provider of any Acquired Company,

(D) other than renewals or making Employee Benefit Plans or PEO Plans available to newly hired or promoted employees or individual service providers in the ordinary course of business, entered into, established, adopted, amended or modified or terminated any Employee Benefit Plan or PEO Plan or any other benefit or compensation plan, policy, program, contract, agreement or arrangement that would be an Employee Benefit Plan if in effect on the date hereof increased the benefits provided under any Employee Benefit Plan or PEO Plan or any other benefit or compensation plan, policy, program, contract, agreement or arrangement that would be an Employee Benefit Plan if in effect on the date hereof, and (E) accelerate or commit to accelerate the vesting, funding or payment of any compensation or benefits under any Employee Benefit Plan or PEO Plan.

(c) Notwithstanding anything in this Section 6.1 to the contrary, Buyer and Merger Sub acknowledge and agree that the Company may determine it needs to take measures or will sustain impacts on its business as a result of COVID-19, and nothing herein shall prevent any Acquired Company from taking any reasonable measure it deems fit in order to preserve its business as a result thereof, nor shall any such impact sustained by the Company be deemed as a breach of this Section 6.1. Notwithstanding anything to the contrary contained herein, nothing herein shall prevent any Acquired Company or the business thereof from taking or failing to take any action, including the establishment of any policy, procedure or protocol, in response to COVID-19 or any COVID-19 Measures; provided, however, that prior to taking or failing to take any material action pursuant to this Section 6.1(c), the Acquired Companies shall consult in good faith with Buyer and consider in good faith Buyer's recommendations with respect thereto.

(d) Notwithstanding anything in this Section 6.1 to the contrary, at any time and from time to time prior the close of business on the day prior to the Closing, the Company shall be permitted (but not obligated), at any time and from time to time and whether or not in the ordinary course of business, to distribute of cash and cash equivalents of the Acquired Company prior to the close of business on the day prior to the Closing Date so long as such distributions do not adversely affect the operations of the business, other than with respect for distributions on the Business Day prior to the Closing Date.

6.2 Access. During the period from the date of this Agreement to the earlier of the Closing and the date that this Agreement is terminated in accordance with Section 8.1 (a) the Company shall grant to Buyer and its authorized representatives reasonable access, during normal business hours and upon reasonable notice, to the personnel, properties, books and records of the Acquired Companies that are in the possession or under the control of the Acquired Companies, (b) the Company shall to furnish to Buyer and its authorized representatives such financial, Tax and operating data and other information relating to the Acquired Companies in such Person's possession as Buyer or its representatives may reasonably request in connection with the transactions contemplated hereby or to the extent relating to the transition of the Company's and its Subsidiaries' businesses to Buyer, and (c) instruct the employees, counsel and financial advisors of the Acquired Companies to reasonably cooperate with Buyer in connection with clauses (a) and (b); provided that (i) such access does not unreasonably interfere with the normal operations of any of the Acquired Companies, (ii) such access shall occur in such a manner as the Company reasonably determines to be appropriate to protect the confidentiality of the transactions contemplated by this Agreement, (iii) all requests for such access shall be directed to Nomura Securities International, Inc., the Chief Executive Officer or such other Person as the Company may designate in writing from time to time (collectively, the "Designated Contacts"), and (iv) nothing herein shall require the Company to provide access to, or to disclose any information to, Buyer or any of its representatives if such access or disclosure, in the good faith reasonable belief of the Company, (y) would waive any legal privilege or (z) would be in violation of applicable laws or regulations of any Governmental Entity (including the HSR Act and other competition laws). Other than the Designated Contacts or as expressly provided in the preceding sentence or as otherwise agreed by the Company, Buyer is not authorized to and shall not (and shall cause its employees, agents, representatives and Affiliates not to) contact any officer, director, employee, customer, supplier, joint-venture partner, lessor, lender or other material business relation of the Company or any of its

Subsidiaries prior to the Effective Time without the prior written consent of the Company, other than in the ordinary course of its business and unrelated to the transactions contemplated hereby. Buyer shall, and shall cause its representatives and financing sources to, abide by the terms of the Confidentiality Agreement with respect to such access and any information furnished to it or its representatives or financing sources.

6.3 Press Releases. No press release or other public disclosure relating to the subject matter of this Agreement shall be made by any party hereto (or any of their respective Affiliates) without the prior written approval of the Company (prior to the Closing) or the Equityholders' Representative (following the Closing) and Buyer (which shall not be unreasonably withheld, conditioned or delayed); provided, however, that (a) Buyer and its Affiliates may make any public disclosure it believes in good faith is required by any Legal Requirement, regulation or stock exchange rule (in which case the disclosing Party shall advise the other Party and the other Party shall, if practicable, have the right to review and reasonably comment on such press release or announcement prior to its publication), (b) Buyer and its Affiliates shall be entitled, without the written consent of the Equityholders' Representative, to answer questions from analysts and investors of Buyer and its Affiliates related to the transactions contemplated hereby and (c) no such prior approval shall be required in connection with any press release, public announcement or other public communication by a Party or any Affiliate of a Party if the contents of such press release, public announcement or other public communication that relate to the transactions contemplated by this Agreement are limited to information that previously has been publicly disclosed in accordance with the terms of this Agreement.

6.4 [Reserved.]

6.5 Expenses. Except as otherwise provided herein or therein, Buyer and Merger Sub will pay their own, and the Equityholders will pay the Company's and their own, fees, costs and expenses (including fees and expenses of legal counsel, investment bankers, brokers or other representatives and consultants and appraisal fees and expenses) incurred in connection with or related to the sales process, the negotiation of this Agreement and the other Transaction Documents, the performance of the obligations hereunder and thereunder, and the consummation of the transactions contemplated hereby and thereby, including all fees, costs and expenses arising from any breach of any provision of this Agreement.

6.6 Tax and Related Matters.

(a) The Merger Consideration (plus any assumed liabilities and other items required to be taken into account for income Tax purposes) will be allocated among the assets and properties of the Acquired Companies in accordance with Sections 751, 755, and 1060 of the Code and the Treasury Regulations thereunder (and any similar provision of state, local, or non-U.S. law, as appropriate) in accordance with the methodologies set forth on Exhibit C. For purposes of determining the amount paid and amount realized with respect to any Equity Consideration delivered pursuant to this Agreement, the parties agree that the Equity Consideration shall be deemed to have a fair market value equal to the Parent Trading Price. Within 90 days after the Merger Consideration is finalized pursuant to Section 1.6 (and promptly following any adjustments thereto after finalization), Buyer will deliver a schedule to the Equityholders' Representative setting forth such allocation, which shall be made in accordance with applicable principles under the Code and the methodologies set forth on Exhibit C, and shall incorporate any reasonable comments provided by the Equityholders' Representative in writing within 15 days of such delivery. Buyer, the Equityholders and the Acquired Companies will report, act and file Tax Returns in all respects and for all Tax purposes consistent with such allocation prepared by Buyer. The Acquired Companies will timely and properly prepare, execute, file and deliver all such documents, forms and other information as Buyer may reasonably request to prepare such allocation. Buyer, the Equityholders' Representative, and the Acquired Companies will not take any position for Tax purposes (whether in audits, Tax Returns or otherwise) that is inconsistent with such allocation unless required to do so by applicable

law. The parties agree that for Tax purposes they will not treat Buyer as being deemed to receive a payment in exchange for assuming any deferred revenue of the Acquired Companies.

(b) All transfer, documentary, sales, use, stamp, registration, recordation, conveyance and other similar Taxes and fees (including any penalties and interest) (the "Transfer Taxes") incurred in connection with the transactions contemplated by this Agreement will be paid 50% by the Equityholders and 50% by Buyer. The Person primarily responsible for the filing of any Tax Return relating to such Transfer Taxes will file such Tax Return and, if required by applicable law, the other Parties will, and will cause their respective Affiliates to, join in the execution thereof.

(c) The Acquired Companies, on the one hand, and the Equityholders' Representative, on the other hand, will cooperate fully, as and to the extent reasonably requested by the other Party, in connection with the preparation and filing of Tax Returns for Pre-Closing Tax Periods and any audit, litigation, or other proceeding with respect to Pre-Closing Tax Periods. Such cooperation will include the retention and (upon the other Party's request) the provision of records and information that are reasonably relevant to any such audit, litigation, or other proceeding, and making employees reasonably available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. The parties agree to retain all books and records with respect to Tax matters pertinent to the Acquired Companies relating to any taxable period beginning before the Closing Date in their respective possession on the Closing Date until the expiration of the statute of limitations of the respective taxable periods, and to abide by all record retention agreements entered into with any taxing authority.

(d) Other than (i) as requested by Buyer, (ii) any agreements solely among the Acquired Companies and (iii) any agreements entered into in the ordinary course of business the primary purpose of which is unrelated to Taxes, all Tax-sharing agreements, Tax allocation agreements, Tax indemnity obligations or similar agreements, arrangements, understandings, and practices with respect to or involving any Acquired Company in existence prior to the Closing will be terminated as of the Closing Date and, after the Closing Date, the Acquired Companies will not be bound thereby or have any liability thereunder.

(e) In the case of any taxable period that includes (but does not end on) the Closing Date (a "Straddle Period"), the amount of any Taxes based on or measured by income, receipts, sales, payments, or payroll of the Acquired Companies for the Pre-Closing Tax Period will be determined based on an interim closing of the books as of the close of business on the Closing Date (and for such purpose, the taxable period of any partnership or any pass-through entity will be deemed to end at such time), and the amount of other Taxes of or imposed on the Acquired Companies for a Straddle Period that relates to the Pre-Closing Tax Period will be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction the numerator of which is the number of days in the taxable period ending on and including the Closing Date and the denominator of which is the number of days in such Straddle Period.

(f) After the Closing, the Acquired Companies will prepare or cause to be prepared and shall subsequently file or cause to be filed, at the expense of the Acquired Companies, all Tax Returns with respect to income Taxes of the Acquired Companies for Pre-Closing Tax Periods the due date of which (taking into account extensions of time to file) is after the Closing Date. All such Tax Returns shall be prepared and filed in a manner consistent with the past practices, procedures and accounting methods of the Acquired Companies to the extent permitted by applicable law; provided that, with respect to the preparation and filing of the Tax Returns under this Section 6.6(f) with respect to income Taxes, such Tax Returns shall reflect all applicable Transaction Tax Deductions in the Pre-Closing Tax Period so long as such Transaction Tax Deductions are "more likely than not" deductible (or deductible at a higher confidence level) in the Pre-Closing Tax Period (and, for that purpose, the safe harbor election of Internal Revenue Service Revenue Procedure 2011-29 (or corresponding state or local election) shall be made on the applicable Tax Return for any success-based fees). Buyer shall use commercially reasonable efforts to

cause the Acquired Companies to deliver any such Tax Return with respect to income Taxes for any Pre-Closing Tax Period to the Equityholder's Representative at least thirty (30) days prior to the due date (taking into account valid extensions of time to file) thereof, and will incorporate such changes and revisions to such Tax Returns as are reasonably requested by the Equityholder's Representative in writing within twenty (20) days of delivery of such Tax Return and consistent with the standard set forth in the preceding sentence. Buyer shall cause the Acquired Companies to timely file all Tax Returns prepared pursuant to this Section 6.6(f).

(g) Excluding any Tax Returns described in Section 6.6(f), Buyer shall, at the expense of the Acquired Companies, prepare and file, or cause to be prepared and filed, all Tax Returns of the Acquired Companies for Pre-Closing Tax Periods the due date of which (taking into account extensions of time to file) is after the Closing Date. All such Tax Returns shall be prepared and filed in a manner consistent with the past practices, procedures and accounting methods of the Acquired Companies to the extent permitted by applicable law. Buyer shall use commercially reasonable efforts to deliver any such Tax Return for any Pre-Closing Tax Period to the Equityholders' Representative that shows any amount for which the Equityholders could be liable hereunder at least twenty (20) days prior to the due date (taking into account valid extensions of time to file) thereof for Equityholders' Representative's review and approval (which approval shall not be unreasonably withheld, conditioned, or delayed). Buyer shall cause the Acquired Companies to timely file all Tax Returns described in this Section 6.6(f).

(h) Tax Proceedings. After the Closing, the Acquired Companies and Buyer, as applicable, shall promptly notify the Equityholders' Representative in writing upon receiving notice from any taxing authority of any audit, claim, examination, litigation or other proceeding with respect to Taxes or Tax Returns for any Pre-Closing Tax Period or Straddle Period (each a "Tax Contest"). With respect to any Tax Contest that is solely with respect to Pre-Closing Tax Period (a "Pre-Closing Tax Contest"), the Equityholders' Representative shall have the right to elect in writing to control such Pre-Closing Tax Contest; provided, that (x) Buyer shall have the right to fully participate in any such Tax contest and to retain advisors of its choice (including to review in advance and reasonably comment upon material submissions made in the course of such Tax contest and to attend any material in-person or telephonic meetings) and (y) Equityholders' Representative shall keep Buyer reasonably informed of the status of such Tax contest. Equityholders' Representative shall not settle or compromise any Pre-Closing Tax Contest without Buyer's prior written consent, not to be unreasonably withheld, conditioned or delayed. If the Equityholders' Representative does not elect to control any such Pre-Closing Tax Contest, fails to diligently pursue any such Pre-Closing Tax Contest or the Tax Contest is not a Pre-Closing Tax Contest, then Buyer shall have the right to control such Tax Contest provided that (x) the Equityholders' Representative shall have the right to fully participate in any such Tax Contest at its own expense (including to review in advance and reasonably comment upon material submissions made in the course of such Tax Contest and to attend any material in-person or telephonic meetings), (y) Buyer shall keep the Equityholders' Representative reasonably informed of the status of such Tax Contest and (z) Buyer shall diligently pursue any such Tax Contest. Buyer shall not settle any such Tax Contest without the Equityholders' Representative's prior written consent (not to be unreasonably withheld, conditioned or delayed). With respect to any audit, claim, examination, litigation or other proceeding for a Pre-Closing Tax Period in which the Partnership Tax Audit Rules apply to the Acquired Companies, notwithstanding anything herein to the contrary, the Acquired Companies will make the election under Section 6226(a) of the Code with respect to the alternative to payment of any imputed underpayment by the applicable Acquired Company, and Buyer, Equityholders, Equityholders' Representative and the Acquired Companies will take any action necessary to effectuate the foregoing. None of the Equityholders' Representative, any Acquired Company or any of their Affiliates shall make any election or otherwise take any action to cause the Partnership Tax Audit Rules to apply at any earlier date than is required by law to any Acquired Company. In the event of a conflict between this Section 6.6(g) and Section 7.4, the provisions of this Section 6.6(g) shall control.

(i) The Parties intend that for U.S. federal income tax purposes (and applicable state and local income tax purposes), the transactions contemplated by this Agreement shall be treated as a sale of the equity interests of the Company by the Equityholders and a purchase of the assets of the Company by Buyer in accordance with Revenue Ruling 99-6, 1999-1 C.B. 432 (Situation 2) (collectively, the "Intended Tax Treatment"). No Party will take any action or position for Tax purposes inconsistent with the Intended Tax Treatment, and each Party will take all actions necessary to effectuate such treatment, including filing all applicable Tax Returns in a manner consistent with the Intended Tax Treatment.

(j) Post-Closing Tax Actions. After the Closing, Buyer shall not, and Buyer shall cause its Affiliates (including the Acquired Companies) not to, without the prior written consent of Equityholders' Representative (not to be unreasonably withheld, conditioned or delayed), (i) other than Tax Returns that are filed pursuant to this Section 6.6, file or amend or otherwise modify any Tax Return for a Pre-Closing Tax Period, (ii) after the date any Tax Return filed pursuant to this Section 6.6 is filed, amend or otherwise modify any such Tax Return, (iii) extend or waive, or cause to be extended or waived, any statute of limitations or other period for the assessment of any Tax or deficiency for a Pre-Closing Tax Period other than in connection with a Tax Contest, (iv) make or change any Tax election or accounting method or practice with respect to, or that has retroactive effect to, any Pre-Closing Tax Period, or (v) make or initiate any voluntary contact with a Tax authority (including any voluntary disclosure agreement or similar process) regarding any Pre-Closing Tax Period. Notwithstanding the preceding sentence, if Buyer believes that applicable Legal Requirement affirmatively requires Buyer or the Acquired Companies to take an action described in clauses (i) through (v) of the preceding sentence (including any requirement due to the settlement or compromise of any audit or other proceeding with respect to Taxes or Tax Returns of the Acquired Companies), Buyer shall deliver written notice of such belief and the legal basis for determining that such action (the "Proposed Action") is so affirmatively required to the Equityholders' Representative and the Equityholders' Representative shall have twenty days to notify Buyer if it agrees or disagrees with such conclusion and the legal basis therefor; provided that if the Equityholders' Representative does not agree with Buyer's conclusion, then such disagreement shall be promptly submitted to, and resolved by, the Accounting Firm, who shall apply a "more likely than not" standard (with the fees and expenses of the Accounting Firm borne by Buyer unless the Accounting Firm agrees with Buyer's position, in which case such fees and expenses shall be borne by the Equityholders' Representative); provided further, that if the Accounting Firm determines that applicable Legal Requirement affirmatively requires any action described in clauses (i) through (v) to be taken, then Buyer shall have the right to take such action subject to the Equityholders' Representative's right to review and approve the manner in which such action is taken (which approval shall not be unreasonably withheld, conditioned, or delayed). In the event the Equityholders' Representative agrees to the Proposed Action or does not provide written notice of its disagreement to the Proposed Action within twenty days of receipt of notice thereof, then Buyer shall be entitled to take such Proposed Action.

6.7 Confidentiality.

(a) Each Equityholder will treat and hold as confidential all of the Confidential Information and refrain from disclosing or using any of the Confidential Information except (i) in connection with this Agreement, as required by law or, (ii) in the case of any Equityholder that is an investment fund or a venture capital fund, to its existing and prospective investors, Affiliates and equityholders (including limited partners), who are subject to confidentiality obligations with respect to such disclosures, as may be legally or contractually required or reasonably necessary in the good faith exercise of fiduciary duties on the part of such Equityholder, and (iii) disclosing of the general terms of the Agreement and related summary financial performance to its actual and prospective limited partners and investors in connection with their reporting and fundraising activities, subject to customary confidentiality obligations with respect thereto. In the event that any Equityholder (or any officer or director thereof) is requested or required (by oral question or request for information or documents in any legal proceeding,

interrogatory, subpoena, civil investigative demand, or similar process) to disclose any Confidential Information, such Equityholder will notify Buyer promptly of the request or requirement so that Buyer may seek an appropriate protective order or waive compliance with the provisions of this Section 6.7. If, in the absence of a protective order or the receipt of a waiver hereunder, any Equityholder (or any officer or director thereof) is, on the advice of counsel, compelled to disclose any Confidential Information to any tribunal or else stand liable for contempt, such Equityholder (or any officer or director thereof) may disclose the Confidential Information to the tribunal; provided, however, that such Equityholder (or any officer or director thereof) will use his, her or its commercially reasonable efforts to obtain, at the reasonable request of Buyer, an order or other assurance that confidential treatment will be accorded to such portion of the Confidential Information required to be disclosed as Buyer will designate. Upon consummation of the transactions contemplated by this Agreement, each Equityholder will, and will cause its Affiliates, advisors, agents and representatives to deliver promptly to Buyer, at the request and option of Buyer, all tangible embodiments (and all copies) of such Confidential Information which are in such Equityholder's possession or under such Equityholder's control.

(b) Each of Buyer and Merger Sub acknowledges that the information provided to Buyer, Merger Sub and their affiliates and representatives in connection with this Agreement and the transactions contemplated hereby is subject to the terms of the confidentiality agreement between Parent and the Company dated as of July 12, 2021 (as amended from time to time, the "Confidentiality Agreement"), the terms of which are incorporated herein by reference. The Confidentiality Agreement shall terminate at the Effective Time.

6.8 Exclusivity. The Company shall not, and shall cause each of its Subsidiaries and each of their respective directors, officers, employees, equityholders, debt holders, controlling parties, investment banking advisors, consultants, other advisors and other representatives (collectively, "Representatives") to not (a) directly or indirectly, solicit, participate in, engage in or otherwise knowingly facilitate discussions, conversations or negotiations with any third party in connection with a proposed investment in or acquisition of any capital stock or any assets of the Company (an "Alternative Acquisition"), or (b) provide any information with respect to the Acquired Companies to any third party in connection with an Alternative Acquisition or outside the ordinary course of business. The Company will promptly inform Buyer in writing of any third party inquiries or proposals (whether such inquiries or proposals are written or not) received by any Acquired Company or any of their respective equityholders, officers, directors, investment banking advisors, consultants, advisors, employees or other representatives, including a summary of the material terms of such inquiry or proposal and the identity of the party or parties making such inquiry or proposal. The covenants in this Section 6.8 will apply to any and all discussions, inquiries or proposals relating to an Alternative Acquisition in which any Acquired Company or their Representatives is involved, including currently ongoing discussions, inquiries or proposals.

6.9 Release. Effective upon the Closing, each Equityholder agrees that in no circumstances will such Equityholder bring any Action against the Acquired Companies or any of their respective officers, managers, directors or employees, in their capacity as such, arising out of any breach of the representations and warranties or covenants made by the Company or the Equityholders contained in this Agreement. Effective upon the Closing, each Equityholder hereby releases and forever discharges the Company and its Affiliates and their respective past, present, and future equityholders, directors, officers, employees, counsel, agents and representatives, and each of their respective successors and assigns (individually, a "Company Releasee" and, collectively, the "Company Releasees") from any Liability relating to any matter, circumstance or event occurring prior to the Closing or the operating agreements, bylaws or any other organizational document of any of the Acquired Companies (the "Company Released Claims"). Further, each Equityholder (by virtue of the adoption of the Agreement and the approval of the transactions contemplated hereby, including the Merger), for himself, herself or itself and on behalf of each of his, her or its heirs, executors, administrators, trustees, successors and assigns hereby irrevocably

covenants to refrain from, directly or indirectly, asserting any Company Released Claim, or commencing, instituting or causing to be commenced, any proceeding of any kind against any Company Releasee based upon any Company Released Claim. Notwithstanding anything to the contrary herein, nothing contained in this Section 6.9 will be deemed to constitute a release (i) by any Equityholder of any right of such Equityholder under this Agreement or any other Transaction Document, (ii) to the extent an Equityholder is a current or former employee, consultant or individual service provider, by such Equityholder of any right of the Equityholder to receive accrued but unpaid wages, salary, compensation, bonuses, accrued vacation, and any other accrued but unpaid compensation and/or benefits (other than any equity-based compensation) owed to such Equityholder in his, her, or its capacity as such, or any employment rights that cannot be waived as a matter of applicable law, (iii) if the Equityholder is or was at any time an officer or director of any Acquired Company, by the Equityholder of the Equityholder's rights, if any, to continuing indemnification under (x) the organizational documents of the applicable Acquired Company, (y) with respect to any directors' and officers' liability insurance policy maintained by the Acquired Companies, and (z) any indemnification agreement to which the undersigned and the Company are parties thereto. Each Equityholder represents to the Company Releasees that such Equityholder has not assigned or transferred or purported to assign or transfer to any Person all or any part of, or any interest in, any Company Released Claim. Each Equityholder understands and hereby agrees that the release under this Section 6.9 with respect to the Company Released Claims will remain effective in all respects notwithstanding such additional or different facts and legal theories or the discovery of those additional or different facts or legal theories.

6.10 Director and Officer Liability and Indemnification and Insurance.

(a) Notwithstanding anything to the contrary contained in this Agreement, unless required by law, for six years following the Closing, Buyer shall not, and shall not permit the Surviving Company or any of the other Acquired Companies to, amend, repeal or modify in a manner adverse to the beneficiary thereof any provision in any of the Acquired Companies' certificate of incorporation or by-laws (or equivalent governing documents) relating to the exculpation or indemnification of current (i.e., as of the date hereof and as of the Closing) and former officers and directors of the Acquired Companies as in effect immediately prior to the Effective Time, it being the intent of the parties that the officers and directors of the Acquired Companies prior to the Closing shall continue to be entitled to such exculpation and indemnification to the fullest extent permitted under applicable law.

(b) At the Closing, the Company will obtain, maintain and fully pay for an irrevocable "tail" insurance policies covering (i) the Persons that are covered under the Acquired Companies' current policies of directors' and officers' liability insurance as direct beneficiaries (the "D&O Tail Policy") and (ii) any business liability from data breaches and other cyber business interruption that are covered under the Acquired Companies' current cyber insurance (the "Cyber Tail Policy"), each with a claims period of at least six years from the Closing Date from an insurance carrier with the same or better credit rating as the Acquired Companies' current insurance carrier with respect to 'such liability insurance in an amount and scope at least as favorable as the Acquired Companies' existing policies with respect to matters existing or occurring at or prior to the Closing Date. Buyer will not, or will cause the Acquired Companies not to, cancel or change the D&O Tail Policy or Cyber Tail Policy in any material respect.

(c) Notwithstanding anything contained in this Agreement to the contrary, this Section 6.10 shall survive the consummation of the Closing for six years. In the event that Buyer or any of its successors or assigns (a) consolidates with or merges into any other Person, or (b) transfers all or substantially all of its properties or assets to any Person, then, and in each case, the successors and assigns of Buyer, as the case may be, shall expressly assume and be bound by the obligations set forth in this Section 6.10.

(d) The obligations of Buyer under this Section 6.10 shall not be terminated or modified in such a manner as to adversely affect any Person to whom this Section 6.10 applies without the consent of such affected Person.

6.11 W-9 Delivery. The Company shall use commercially reasonable efforts to deliver to Buyer at least five (5) Business Days prior to the Closing Date, with respect to each Equityholder that is not a U.S. Person (within the meaning of 7701(a)(30) of the Code) a calculation, reasonably acceptable to Buyer, of any amounts required to be withheld with respect to such Equityholder (including a determination of any "amount realized" by such Equityholder with respect to the transactions contemplated by this Agreement) under Section 1446(f) of the Code and the Treasury Regulations thereunder; provided, however, that the parties agree and acknowledge that they shall reasonably cooperate prior to Closing to revise such calculation to take into account the fair market value of the Equity Consideration (as determined in accordance with Section 1.11 hereof) and the sole remedy of Buyer in connection with a failure by any Person to deliver the certificates or calculations described in this Section 6.11 shall be to withhold payment to such Person in accordance with Section 1.11, and, notwithstanding anything herein to the contrary, such failure shall not affect the obligations of Buyer to consummate the transactions at the Closing.

6.12 NYSE Listing. Promptly following the issuance of the Equity Consideration, Parent shall use reasonable efforts to cause the Parent Shares to be listed on the NYSE.

6.13 Parent Restricted Stock Units. Prior to the Closing, Parent shall allocate to management and key employees of the Company restricted stock units in Parent in the aggregate amount of seven million dollars (\$7,000,000) (the "Parent RSUs"). Within seven (7) Business Days following the Closing Date, the Parent shall grant the Parent RSUs to the recipients selected by Parent, in consultation with Company, subject to execution by such recipient of the applicable grant agreements. The Parent RSUs will be subject to vesting based on continued employment over five (5) years from the Closing Date with twenty percent (20%) of the units vesting on the one-year anniversary of the Closing Date and then in quarterly installments thereafter; provided that in Parent's discretion Parent shall elect to have the vesting occur at the mid-point of a calendar quarter.

ARTICLE 7

REMEDIES FOR BREACHES OF THIS AGREEMENT AND OTHER MATTERS

7.1 Survival.

(a) All of the representations and warranties of the Parties contained in this Agreement will survive the Closing and continue in full force and effect thereafter until such time as provided in Section 7.1(b) (each time period described in Section 7.1(b), a "Survival Period" with respect to such specified representations, warranties or covenants). Notwithstanding anything to the contrary contained in this Agreement, for purposes of determining whether there has been a breach pursuant to this Article 7 and the amount of any Adverse Consequences resulting therefrom that are the subject matter of a claim for indemnification hereunder, each representation and warranty in this Agreement and each certificate delivered pursuant hereto will be read without regard and without giving effect to the term "material" or "Material Adverse Effect" or similar phrases contained in such representation or warranty the inclusion of which would limit or potentially limit a claim by a Buyer Party or Equityholder hereunder (as if such word were deleted from such representation and warranty).

(b) Each of the Fundamental Representations will survive for six years following the Closing Date. All representations and warranties in this Agreement other than the Fundamental Representations, will survive for one year following the Closing Date. All covenants set forth herein that by their terms are to be performed prior to the Closing will survive the Closing for one year following the

Closing Date. All covenants set forth herein that by their terms are to be performed following the Closing will survive the Closing indefinitely or, if any such covenant specifies a shorter time period, such shorter period as the applicable covenant by its terms survives.

7.2 Indemnification Provisions for Benefit of Buyer.

(a) The Equityholders will, severally and not jointly, in proportion to each such Equityholder's Allocated Share and Preferred Indemnity Allocated Share, as applicable, indemnify Buyer and its Affiliates (including following the Closing, the Acquired Companies) and its and their respective equityholders, members, partners, officers, directors, employees, agents, representatives, successors and assigns (each a "Buyer Party," and collectively, the "Buyer Parties") against and hold them harmless from, and pay on behalf of or reimburse them as and when incurred for, any Adverse Consequences, which they suffer, sustain or become subject to as a result of, arising out of, or relating to: the breach by the Company of any representation or warranty of the Company contained in Article 4 of this Agreement or any other certificate furnished to Buyer by the Company or the Equityholders' Representative pursuant to this Agreement in each case as of the date hereof and at and as of the Closing as though then made (except for such representations and warranties made as of a specific date, for which any breach shall be determined as of such date); the breach or nonfulfillment by the Company (on or prior to the Closing) or the Equityholders' Representative of any covenant or agreement contained in this Agreement; any Indemnified Taxes; any unpaid Company Transaction Expenses as of the Closing (to the extent not included as a reduction to the Merger Consideration); and any unpaid Indebtedness of the Acquired Companies as of the Closing (to the extent not included as a reduction to the Merger Consideration).

(b) The indemnification provided for in Section 7.2(a) will be subject to the following limitations:

(i) The Equityholders will be liable to a Buyer Party pursuant to Section 7.2(a) only if a Buyer Party gives the Equityholders' Representative notice thereof on or prior to the expiration of the applicable Survival Period set forth in Section 7.1(b); provided that any claims asserted in writing by notice from a Buyer Party to the Equityholders' Representative prior to the expiration date of the applicable Survival Period shall not thereafter be barred by the expiration of such Survival Period and such claims, and all related indemnification obligations, shall survive until finally resolved;

(ii) The Equityholders will not be liable to Buyer Parties for any Adverse Consequences pursuant to Section 7.2(a)(i) (other than breaches of Fundamental Representations) unless and until the aggregate amount of such Adverse Consequences relating to all such breaches exceeds \$800,000 (the "Threshold"), at which time the Equityholders will be liable for any Adverse Consequences in excess of the Threshold (subject to Section 7.2(b)(iii));

(iii) The Buyer Parties may not recover any claims against the Equityholders pursuant to Section 7.2(a)(i) (other than breaches of Fundamental Representations, which will also not be included in the calculation of the General Cap) in excess of the full amount of the Indemnification Escrow Amount (the "General Cap"); provided that such limitation shall not apply to any recovery for any claims arising from Fraud and such amounts shall not count toward the General Cap;

(iv) All claims of the Buyer Parties will be satisfied (A) first, by the Equityholders in proportion to each Equityholder's Allocated Share until the aggregated amount of such Adverse Consequences is equal to the result of (x) the Merger Consideration minus (y) the

aggregate Liquidation Preference payable to the Preferred Holders and (B) second, by the Preferred Holders in proportion to each such Preferred Holder's Preferred Indemnity Allocated Share.

(v) The Buyer Parties may not recover any additional claims against the Equityholders pursuant to Section 7.2(a) in excess of an amount equal to the Merger Consideration.

(vi) The Buyer Parties shall not have any right to indemnification under Section 7.2(a) or otherwise under this Agreement for Taxes (i) that are attributable to taxable periods (or portions thereof) beginning after the Closing Date (other than with respect to any breach of any of the representations in Sections 4.8(f), (g), (j) and (n)), (ii) that are due to the unavailability in any taxable period (or portion hereof) beginning after the Closing Date of any net operating losses, credits or other Tax attribute from a taxable period (or portion thereof) ending on or prior to the Closing Date, or (iii) that directly result from the breach of the covenant in Section 6.6 by any of the Buyer Parties or their Affiliates.

7.3 Indemnification Provisions for Benefit of the Equityholders. Parent and Buyer, jointly and severally, will indemnify the Equityholders and hold the Equityholders harmless against, and pay on behalf of or reimburse them as and when incurred for, any Adverse Consequences (other than Adverse Consequences in their capacity as, or as a result of being, an equityholder of Buyer or any of its Affiliates) which they suffer, sustain or become subject to as a result of, arising out of, or relating to: (a) the breach of any representation or warranty contained in Article 5 of this Agreement or any other certificate furnished to the Company or the Equityholders' Representative by Parent, Buyer or Merger Sub pursuant to this Agreement in each case as of the date hereof and at and as of the Closing as though then made (except for such representations and warranties made as of a specific date, for which any breach shall be determined as of such date); or (b) the breach or non-fulfillment by Parent, Buyer or Merger Sub of any covenant or agreement contained in this Agreement; provided that, (x) Parent and Buyer will not be liable to the Equityholders for any Adverse Consequences under Section 7.3(a) with respect to breaches of the representations and warranties set forth in Section 5.5 unless and until the aggregate amount of such Adverse Consequences relating to such breaches exceeds the Threshold, at which time Parent and Buyer will be liable for any Adverse Consequences in excess of the Threshold; provided that the Equityholders may not recover any additional claims against Parent or Buyer pursuant to (i) Section 7.3(a) with respect to breaches of the representations and warranties set forth in Section 5.5 once Parent and Buyer have paid an aggregate amount equal to the General Cap to the Equityholders and (ii) Section 7.3(a) (other than with respect to breaches of the representations and warranties set forth in Section 5.5) and Section 7.3(b) once Parent and Buyer have paid an aggregate amount equal to the Merger Consideration to the Equityholders.

7.4 Matters Involving Third Parties.

(a) If any Equityholder or any Buyer Party seeks indemnification under Section 7.2 or Section 7.3, as applicable, such Person (the "Indemnified Party") will give written notice to the other Person (the "Indemnifying Party") specifying in reasonable detail the basis for the claim. In that regard, if any Liability brought or asserted by any third party which, if adversely determined, may entitle the Indemnified Party to indemnity pursuant to Section 7.2 or Section 7.3, as applicable (a "Third Party Claim"), the Indemnified Party will promptly notify the Indemnifying Party of the same in writing, specifying in detail the basis of such Liability and the facts pertaining thereto; provided, however, that no delay on the part of the Indemnified Party in notifying any Indemnifying Party will relieve the Indemnifying Party from any Liability or Adverse Consequences hereunder unless, and only to the extent, the delay in notice materially prejudices the Indemnifying Party's ability to defend such claim; provided further that in the event of a conflict between this Section 7.4 and Section 6.6(h), the provisions of Section 6.6(h) shall control.

(b) Any Indemnifying Party will have the right to defend the Indemnified Party against the Third Party Claim with counsel of its choice reasonably satisfactory to the Indemnified Party so long as (i) the Indemnifying Party notifies the Indemnified Party in writing within 30 days after the Indemnified Party has given notice of the Third Party Claim that the Indemnifying Party will indemnify the Indemnified Party from and against the entirety of any Adverse Consequences the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of, or caused by the Third Party Claim, (ii) the Third Party Claim involves only money damages and does not seek an injunction or other equitable relief, criminal or quasi criminal proceeding, action, indictment, allegation or investigation, (iii) settlement of, or an adverse judgment with respect to, the Third Party Claim is not, in the good faith judgment of the Indemnified Party, likely to establish a precedent, custom or practice materially adverse to the continuing business interests of the Indemnified Party, (iv) the Indemnifying Party conducts the defense of the Third Party Claim actively and diligently and (v) in the case of a claim by a Buyer Party, Buyer would not be liable hereunder for more than 50% of the expected amount of the Adverse Consequences assuming the alleged facts in the Third Party Claim were true.

(c) So long as the Indemnifying Party is conducting the defense of the Third Party Claim in accordance with Section 7.4(b), (i) the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate to the extent permitted by law or court rules in the defense of the Third Party Claim, (ii) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnifying Party (which consent will not be withheld unreasonably) and (iii) the Indemnifying Party will not consent to the entry or any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnified Party (which consent will not be withheld unreasonably).

(d) In the event that any of the conditions in Section 7.4(b) is or becomes unsatisfied, (i) the Indemnified Party may defend against, and consent to the entry of any judgment or enter into any settlement with respect to, the Third Party Claim in any manner it may deem appropriate (and the Indemnified Party need not consult with, or obtain any consent from, any Indemnifying Party in connection therewith) and (ii) the Indemnifying Party will remain responsible for any Adverse Consequences the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of, or caused by the Third Party Claim to the fullest extent provided in this Section 7.4.

7.5 Manner of Payment. Any indemnification payment of Buyer Parties or any Equityholders pursuant to this Article 7 will be effected by cashier's or certified check or by wire transfer of immediately available funds from Buyer or Equityholders, as the case may be, to an account designated by the Paying Agent or Buyer, as the case may be, within five days after the determination of indemnification amounts; provided that the Parties will treat all indemnification payments made pursuant to this Agreement as adjustments to the Merger Consideration for Tax purposes to the extent permitted by applicable law; provided that, from and after the Closing, the Buyer Parties' sole recourse in respect of the matters identified in Section 7.2(a)(i) (other than with respect to breaches of Fundamental Representations) will be recovery against the amounts in the Indemnification Escrow Account.

7.6 Insurance Recovery. Each Indemnified Party that is a Buyer Party shall use its commercially reasonable efforts to recover under insurance policies (including from the R&W Insurance Policy) for any Adverse Consequences prior to seeking recovery (but not making a claim for indemnification) against the Equityholders to the extent contemplated by this Article 7; provided, that any dispute as to the applicability of, or delay in obtaining, such recovery shall not be a basis for delay or refusal of payment by any Indemnifying Party that is an Equityholder under this Agreement. In determining the liability of a Party for any Adverse Consequence pursuant to this Article 7, no Adverse Consequence will be deemed to have been sustained by such Party to the extent of any proceeds actually received by such

Party from any insurance recovery during the year in which the claim for the Adverse Consequences was made (net of all costs of such recovery and the present value of any associated increase in premiums) with respect to insurance coverage in place as of the date of such claim.

7.7 Exclusive Remedy. EACH PARTY ACKNOWLEDGES AND AGREES THAT, FROM AND AFTER THE CLOSING (INCLUDING WITH RESPECT TO ALL MATTERS ARISING UNDER ENVIRONMENTAL LAWS OR INVOLVING THE COMPREHENSIVE ENVIRONMENTAL RESPONSE COMPENSATION AND LIABILITY ACT) (EXCEPT FOR (I) DISPUTES UNDER SECTION 1.6(B), WHICH DISPUTES WILL BE RESOLVED IN ACCORDANCE WITH THE DISPUTE MECHANISM SET FORTH IN SECTION 1.6(B), (II) CLAIMS FOR FRAUD (AS DEFINED HEREIN) (IN WHICH CASE NONE OF THE LIMITATIONS HEREIN SHALL APPLY), (III) CLAIMS UNDER ANY TRANSACTION DOCUMENT (OTHER THAN THIS AGREEMENT) OR (IV) REMEDIES PURSUANT TO SECTION 10.5), ITS SOLE AND EXCLUSIVE REMEDY WITH RESPECT TO ANY AND ALL CLAIMS RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT AND THE SCHEDULES AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE PURSUANT TO THE INDEMNIFICATION PROVISIONS SET FORTH IN THIS ARTICLE 7.

ARTICLE 8 TERMINATION

8.1 Termination. This Agreement may be terminated at any time prior to the Closing, whether before or after receipt of the Company Member Approval and Company Preferred Member Approval:

(a) by mutual written consent of Buyer and the Company;

(b) by Buyer, by written notice to the Company, if the Company has breached or failed to perform any of its covenants or other agreements set forth in this Agreement or if any representation or warranty of the Company contained in Article 4 of this Agreement shall be or shall have become inaccurate, in either case (i) such that the conditions set forth in Section 2.1 or Section 2.2 would not reasonably be expected to be satisfied if the Closing were then to otherwise occur and (ii) such breach or failure to perform or inaccuracy cannot be cured by the Company or, if capable of being cured, shall not have been cured by the earlier of the Outside Date and the date that is fifteen (15) days after receipt by the Company of notice in writing from Buyer, specifying the nature of such breach and requesting that it be cured; provided that Buyer shall not have the right to terminate this Agreement pursuant to this Section 8.1(b) if it is then in breach of its obligations under this Agreement and such breach would cause the conditions set forth in Section 3.1 or Section 3.2 to not be satisfied if the Closing were then to otherwise occur;

(c) by the Company, by written notice to Buyer, if Buyer has breached or failed to perform any of its covenants or other agreements set forth in this Agreement or if any representation or warranty of Buyer contained in this Agreement shall be or shall have become inaccurate, (i) such that the conditions set forth in Section 3.1 or Section 3.2 would not be reasonably expected to be satisfied if the Closing were then to otherwise occur and (ii) such breach or failure to perform or inaccuracy cannot be cured by Buyer or, if capable of being cured, shall not have been cured by the earlier of the Outside Date and the date that is fifteen (15) days after receipt by Buyer of notice in writing from the Company, specifying the nature of such breach and requesting that it be cured; provided that the Company shall not have the right to terminate this Agreement pursuant to this Section 8.1(c) if it is then in breach of its obligations under this Agreement and such breach would cause the conditions set forth in Section 2.1 or Section 2.2 to not be satisfied if the Closing were then to otherwise occur; or

(d) by either Buyer or the Company if the Closing has not occurred on or prior to November 9, 2021 (the "Outside Date"), by reason of the failure of any condition precedent under Article 2 and Article 3 hereof; provided that neither Buyer nor the Company will be entitled to terminate this Agreement pursuant to this Section 8.1(c) if the willful breach of this Agreement by Buyer (in the event of a termination being sought by Buyer) or the Company (in the event of a termination being sought by the Company) has prevented satisfaction of the conditions or the consummation of the transactions contemplated hereby at or prior to such time.

8.2 Effect of Termination. In the event of termination of this Agreement by either Buyer or the Company as provided above, this Agreement will forthwith become void and there will be no Liability on the part of any Party to any other Party or its officers, directors, employees, equityholders or representatives other than Liability of the Company or Buyer, as the case may be, for (i) Fraud or (ii) any Liability for willful breach of its covenants and agreements under this Agreement (which, for the avoidance of doubt, shall be deemed to include any failure by Buyer to consummate the transactions contemplated by this Agreement if it is obligated to do so hereunder) occurring prior to such termination. The provisions of this Section 8.2 (Effect of Termination), Section 6.3 (Press Releases), Section 6.5 (Expenses), Section 6.7 (Confidentiality) and Article 10 (Miscellaneous) (in each case, including the related definitions) will survive any termination of this Agreement.

ARTICLE 9 CERTAIN DEFINITIONS

"Accredited Investor" means an "accredited investor" as defined in Regulation D promulgated by the SEC under the Securities Act.

"Acquired Companies" means the Company and its Subsidiaries.

"Action" means any action, claim, cause of action, suit, proceeding, charge, inquiry, arbitration, complaint, hearing, investigation, audit, lawsuit, litigation, order, complaint or claim (whether at law or in equity, whether civil, criminal, administrative, judicial or investigative).

"Additional Merger Consideration" means, as of any date of determination, without duplication, the sum of: (i) the portion of the Adjustment Escrow Amount paid or payable to the Equityholders pursuant to this Agreement and the Escrow Agreement, (ii) the portion of the Indemnification Escrow Amount paid or payable to the Equityholders pursuant to this Agreement and the Escrow Agreement, (iii) the portion of the Equityholders' Representative Expense Fund Amount paid or payable to the Equityholders pursuant to this Agreement and (iv) any consideration paid or payable to the Equityholders pursuant to Section 1.6(c) in accordance with such Equityholder's Allocated Share.

"Adjustment Escrow Amount" means an aggregate amount of \$1,000,000.

"Adverse Consequences" means, with respect to any Person, damage or other Liability whether or not arising out of a Third Party Claim, including all amounts paid or incurred in connection with any action, demand, proceeding, investigation or claim by any third party (including any Governmental Entity) against such Person; provided that Adverse Consequences arising from punitive damages will only be recoverable by an Indemnified Party if owed to a third party.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, (including all directors and officers of such Person) controlled by, or under common control with, such Person.

"Affiliated Group" means an affiliated group as defined in Section 1504 of the Code (or any analogous combined, consolidated or unitary group defined under state, local or foreign income Tax law).

"AI Cash Percentage" means the total (expressed as a percentage) equal to (i) one hundred percent (100%) minus the AI Equity Percentage.

"AI Closing Percentage" means the percentage of the aggregate Merger Consideration, as set forth in the Allocation Schedule, payable to the Equityholders who are Accredited Investors and have executed and returned their (i) Letter of Transmittal (in the case of a Unitholder) or Option Cancellation Agreement (in the case of an Optionholder) and (ii) Accredited Investor questionnaire, at least 2 business days prior to the Closing.

"AI Holdback Amount" means an amount equal to (i) the AI Holdback Sharing Percentage multiplied by (ii) the value of the Equity Consideration that would be payable following the Closing to all Equityholders who are not Consented Equityholders at the Closing assuming all such Equityholders are Accredited Investors.

"AI Holdback Sharing Percentage" means the percentage equal to (i) the Consented Shortfall Percentage divided by (ii) (a) 100% minus (b) the Consented Percentage

"AI Equity Percentage" means the quotient (expressed as a percentage) of (i) the Consented Equity Percentage divided by the AI Closing Percentage.

"Allocable Portion of the Closing Merger Consideration" means, with respect to any Unit or Option outstanding immediately prior to the Effective Time, an amount, rounded down to the nearest whole cent, equal to that portion, if any, of the Closing Merger Consideration that would be payable in respect of such Unit or Option, as applicable, if the Company were liquidated immediately after the Closing and the Closing Merger Consideration was available for distribution to the Unitholders in accordance with the Allocation Schedule and the terms of the Operating Agreement.

"Allocated Share" means, for any Equityholder, the percentage across from such Equityholder's name under the heading "Allocation Share" set forth on the Allocation Schedule, which shall be calculated (a) with respect to each holder of Units, the quotient of (expressed as a percentage) (1) the total number of shares of Common Shares outstanding as of immediately prior to the Effective Time held by such holder (including, for the avoidance of doubt, the Common Shares into which the outstanding Preferred Shares (including the Preferred Shares into the which each Credit Union Member receive pursuant to Section 1.13) would be convertible as of immediately prior to the Effective Time), divided by (2) the Fully-Diluted Number, and (b) with respect to each holder of Vested Options, the quotient of (expressed as a percentage) (1) the total number of shares of Common Shares that would be issued assuming the exercise of all outstanding Vested Options held by such Optionholder, assuming such exercise immediately prior to the Effective Time, divided by (2) the Fully-Diluted Number.

"Allocation Schedule" means the schedule delivered by the Company to Buyer and attached hereto as Exhibit D, and may be updated as necessary by the Company prior to Closing, to the extent consistent with the distribution provisions set forth in the Operating Agreement, which sets forth with respect to each Equityholder (i) the number and class of Capital Stock owned by such Equityholder as of immediately prior to the Effective Time, (ii) such Equityholder's Liquidation Preference, (iii) the number of Vested Options held by such Equityholder as of immediately prior to the Effective Time (including the strike price of such Vested Option and designation of such Optionholder as an Employee Option Holder or Non-Employee Option Holder), (iv) such Equityholder's Allocated Share (which will be used to calculate

any payments of Additional Merger Consideration and Forfeited Management Proceeds due to such Equityholder), (v) the portion (expressed as a dollar amount) of the Closing Cash Merger Consideration payable to such Equityholder with respect to such Equityholder's Capital Stock in accordance with Section 1.14, (vi) the portion (expressed as a dollar amount) of the Cash Option Payments payable to such Equityholder with respect to such Equityholder's outstanding Vested Options in accordance with Section 1.12, (vii) the portion (expressed as a dollar amount) of the Equity Option Payments, which will be allocated pro rata among the Accredited Investors, payable to such Equityholder with respect to such Equityholder's outstanding Vested Options in accordance with Section 1.12, (viii) the Equity Consideration, which will be allocated pro rata among the Accredited Investors, attributable to such Equityholder in respect of such Equityholder's Capital Stock, (ix) such Equityholder's Allocated Share (expressed as a dollar amount) of the Escrow Amount, (x) such Equityholder's Allocated Share (expressed as a dollar amount) of the Equityholders' Representative Expense Fund Amount and (xi) such Preferred Holder's Preferred Indemnity Allocated Share and (xii) the amount of any Taxes required to be withheld from any amounts payable or consideration otherwise deliverable to such Equityholder in connection with the Merger; provided that two (2) days prior to the Closing, each of the Closing Cash Merger Consideration and Equity Consideration payable to Equityholders, who are Accredited Investors, shall be adjusted so that the percentage of Merger Consideration allocable to such Equityholders in (i) Closing Cash Merger Consideration shall be equal to AI Cash Percentage and (ii) in Equity Consideration shall be equal to AI Equity Percentage.

"Business Day" means a day on which banks are open for business in Redmond, WA, but does not include any day that is a Saturday, Sunday or a statutory holiday in the State of Washington.

"Capital Stock" means (i) in the case of a corporation, any and all shares (however designated) of capital stock, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, (iii) in the case of a partnership or limited liability company, any and all partnership or membership interests (whether general or limited), (iv) in any case, any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, and (v) in any case, any right to acquire any of the foregoing.

"CARES Act" means the Coronavirus Aid, Relief and Economic Security Act, (Pub. L. No. 116-136), as amended, and the guidance, rules and regulations promulgated thereunder (including IRS Notices 2020-22 and 2020-65), or any other law or executive order or executive memorandum (including the Payroll Tax Executive Order) intended to address the consequences of COVID-19 (in each case, including any comparable provisions of state, local or non-U.S. law and including any related or similar orders or declarations from any Governmental Entity).

"Closing Cash Merger Consideration" means the Estimated Cash Merger Consideration minus the Escrow Amount minus the Equityholders' Representative Expense Fund Amount minus the PPP Escrow Amount.

"Closing Indebtedness Amount" means as of immediately prior to the Closing, the amount of all Indebtedness of the Acquired Companies.

"Closing Merger Consideration" means the Closing Cash Merger Consideration and the Equity Consideration.

"Code" means the Internal Revenue Code of 1986, as amended from time to time and the regulations promulgated and rulings issued thereunder, as amended, supplemented or substituted therefor from time to time.

"Common Shares" has the meaning for such term as set forth in the Operating Agreement.

"Company Data" means (i) information that identifies a particular consumer, including all information classified as "personally identifiable information," "personal data," "nonpublic personal information," or similar data under any applicable Data Security Requirements, and (ii) confidential information (including source code and financial data), in each case whether in electronic or any other form or medium, in each case of (i) and (ii) that is collected, acquired, processed, or stored by an Acquired Company.

"Company Incentive Plans" means the Company 2014 Share Plan and the Company 2011 Share Plan, in each case as amended or restated from time to time and as currently in effect.

"Company Intellectual Property" means all Intellectual Property owned or purported to be owned by any Acquired Company.

"Company Member Approval" means the written consent of the Equityholders holding greater than 50% of Common Shares of the total issued and outstanding of the Company as of the execution of this Agreement.

"Company Preferred Member Approval" means the written consent of the Required Series B Holders and Required Series CD Holders.

"Company Systems" means all computer software, computer hardware, electronic data processing, data communications, telecommunications, networks, interfaces, platforms, servers, peripherals, and computer systems, in each case that are owned or used by any Acquired Company in the conduct of the Business.

"Company Transaction Expenses" means (a) the fees and disbursements payable to legal counsel, accountants, investment bankers and other professional advisors of any Acquired Company or the Equityholders in connection with the process of selling the Acquired Companies transactions contemplated by this Agreement; (b) any success, retention, stay, sale, transaction, change of control, severance, termination or similar bonuses (excluding for the avoidance of doubt the payment of the Aggregate Options Proceeds) (in each case, together with the employer portion of any employment, payroll, social security, unemployment, withholding or other similar Taxes related thereto) made or to be made by or on behalf of any Acquired Company solely as a result of the consummation of the transactions contemplated hereunder; (c) the employer portion of any employment, payroll, social security, unemployment, withholding or other similar Taxes related to any payments made in connection with the transactions contemplated by this Agreement, including the Aggregate Options Proceeds; (d) 100% of the costs and expenses associated with the D&O Tail Policy; (e) 50% of the fees for the Escrow Agent; (f) 50% of the costs, expenses and premiums of the R&W Insurance Policy; (g) 50% of the fees payable to the Paying Agent; (h) 100% of the costs and expenses of the Cyber Tail Policy and (i) all other taxes, fees and expenses, in each case, incurred by the Acquired Companies or the Equityholders in connection with the transactions contemplated by this Agreement.

"Confidential Information" means all information (whether or not specifically identified as confidential), in any form or medium, that is disclosed to, or developed or learned by any Equityholder as an owner of Capital Stock of the Company, as an employee or consultant of any Acquired Company, in the performance of duties for, or on behalf of, any Acquired Company or that relates to the Business or the business, services or research of the Acquired Companies or any of their respective investors, partners, affiliates, strategic alliance participants, officers, directors, employees or equityholders or their respective Affiliates, including: (i) internal business information (including information relating to strategic plans and

practices, business, accounting, financial or marketing plans, practices or programs, training practices and programs, salaries, bonuses, incentive plans and other compensation and benefits information and accounting and business methods); (ii) identities of, individual requirements of, specific contractual arrangements with, and information about, the Company, its Affiliates and their confidential information; (iii) industry research compiled by, or on behalf of any Acquired Company, including identities of potential target companies, management teams, and transaction sources identified by, or on behalf of, any Acquired Company; (iv) compilations of data and analyses, processes, methods, track and performance records, data and data bases relating thereto; (v) computer software documentation, data and data bases and updates of any of the foregoing; and (vi) the terms of this Agreement and the transactions contemplated hereby except for disclosure required by Governmental Entities, provided, however, "Confidential Information" does not include any information that any Equityholder can demonstrate has become generally known to and widely available for use within the industry other than as a result of the acts or omissions of such Equityholder in breach of this Agreement.

"Consented Equityholder" means an Equityholder that has executed and returned a Letter of Transmittal and Accredited Investor questionnaire (in the case of a Unitholder) or Option Cancellation Agreement (including the Accredited Investor questionnaire therein) (in the case of an Optionholder), at least 2 business days prior to the Closing.

"Consented Equity Percentage" means the product of (expressed as a percentage) (i) the Consented Percentage multiplied by the Total Equity Percentage.

"Consented Percentage" means the aggregate percentage of the Estimated Closing Merger Consideration to which all Consented Equityholders are entitled hereunder (disregarding the second to last sentence of Section 1.14(a)).

"Consented Shortfall Percentage" means 95% minus the Consented Percentage, not to exceed 5% or be less than 0%.

"Contract" means any agreement, contract, instrument, commitment, lease, guaranty, indenture, license, or other arrangement or understanding between parties or by one party in favor of another party, whether written or oral.

"COVID-19" means the novel coronavirus, SARS-CoV-2 or COVID-19 (and all related strains and sequences), including any intensification, resurgence or any evolutions or mutations thereof, and/or related or associated epidemics, pandemics, disease outbreaks or public health emergencies.

"COVID-19 Measures" means any quarantine, "shelter in place", "stay at home", social distancing, shut down, closure, sequester or any other Legal Requirement, Order, directive, guidelines or recommendations by any Governmental Entity in connection with or in response to COVID-19, including, but not limited to, the CARES Act.

"Credit Union Members" means VyStar Credit Union, a credit union chartered under Florida law ("VyStar"), Switchthink Solutions, LLC, an Arizona limited liability company ("Switchthink"), and Washington State Employees Credit Union, a credit union chartered under the laws of the state of Washington ("WSECU").

"Data Security Requirements" means to the extent applicable to an Acquired Company, all of the following to the extent relating to the access, collection, use, processing, storage, sharing, distribution, transfer, destruction, disclosure, or security of any Company Data, or otherwise relating to applicable privacy, security, or security breach notification requirements: (i) the Company's and each

Acquired Company's own rules, policies, and procedures; (ii) all applicable Legal Requirements; (iii) industry standards and generally accepted practices applicable to Company's business in the United States, including the Payment Card Industry Data Security Standard (PCI DSS) and Payment Application Data Security Standard (PA-DSS); and (iv) agreements, contracts, and other arrangements into which the Company or any Acquired Company has entered into.

"Designated Equityholder" means an Equityholder whose Allocable Portion of the Closing Merger Consideration is less than \$25,000 or any other Equityholder agreed by the Company and Buyer to be considered a Designated Equityholder hereunder; provided that for purposes of this Agreement a Designated Equityholder shall not be considered an Accredited Investor for purposes used hereunder unless otherwise agreed by the Company and Buyer.

"Employee Benefit Plan" means any Employee Pension Benefit Plan, Employee Welfare Benefit Plan, fringe benefit, bonus, equity or equity-based, incentive, retention, change in control, deferred compensation, retirement, vacation, paid time off, sick leave, stock purchase, stock option, welfare, post-employment welfare, profit sharing, retirement, employment, consulting, severance or other benefit or compensation plan, program, policy, agreement, or arrangement, whether or not subject to ERISA, that is sponsored, maintained, contributed to, or required to be contributed to by any Acquired Company or under or with respect to which any Acquired Company has any Liability, other than any PEO Plans or those maintained by a Governmental Entity.

"Employee Option Holder" means each holder of Vested Options that is a current or former employee of Parent, the Company and/or any of their respective Subsidiaries.

"Employee Pension Benefit Plan" has the meaning set forth in Section 3(2) of ERISA.

"Employee Welfare Benefit Plan" has the meaning set forth in Section 3(1) of ERISA.

"Environmental Laws" means all Legal Requirements concerning public or worker health or safety (solely with respect to exposure to Hazardous Materials), pollution or protection of the environment.

"Equity Consideration" means the number of shares of Parent Common Stock equal to \$66,500,000, calculated using the Parent Trading Price for the VWAP Measurement Period.

"Equityholder" means each Unitholder and each Optionholder.

"Equityholders' Representative Expense Fund Amount" means \$100,000.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder, as amended, supplemented or substituted therefor from time to time.

"Escrow Agent" means Acquiom Clearinghouse LLC, as the Escrow Agent under the Escrow Agreement.

"Escrow Agreement" means an escrow agreement reasonably satisfactory to Buyer and the Equityholders' Representative, to be entered into by and among Buyer, the Equityholders' Representative and the Escrow Agent.

"Escrow Amount" means an amount equal to the Adjustment Escrow Amount plus the Indemnification Escrow Amount.

"Estimated Cash Merger Consideration" means the Cash Merger Consideration component of the Estimated Merger Consideration.

"Ex-Im Legal Requirements" means all U.S. and non-U.S. Legal Requirements relating to export, reexport, transfer, and import controls, including the Export Administration Regulations, and the customs and import laws administered by U.S. Customs and Border Protection.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Fraud" means Delaware common law fraud, committed with the element of scienter.

"Fully-Diluted Number" means an amount equal to the sum of (a) the total number of shares of Common Shares outstanding as of immediately prior to the Effective Time (including, for the avoidance of doubt, the Common Shares into which the outstanding Preferred Shares (including the Preferred Shares into the which each Credit Union Member receive pursuant to Section 1.13) would be convertible as of immediately prior to the Effective Time), plus (b) the total number of shares of Common Shares that would be issued assuming the exercise of all outstanding Vested Options, assuming such exercise immediately prior to the Effective Time.

"Fundamental Representations" means the representations and warranties set forth in Sections 4.1 (Organization; Authority; Authorization), 4.2 (Capital Stock, Options and Related Matters), 4.3 (Subsidiaries; Investments), 4.8 (Tax Matters), and 4.12 (Brokers).

"GAAP" means generally accepted accounting principles, consistently applied, in the United States and consistent with the Acquired Companies' past practices.

"Governmental Entity" means the United States of America or any other nation, any state, any province, or other political subdivision thereof, or any entity exercising executive, legislative, judicial, regulatory or administrative functions of government, including any arbitrator or arbitral body (public or private), or any industry self-regulatory authority.

"Governmental Official" means any officer or employee of a Governmental Entity or any department, agency or instrumentality thereof, including state-owned entities, or of a public organization or any person acting in an official capacity for or on behalf of any such government, department, agency, or instrumentality or on behalf of any such public organization.

"Hazardous Material" means any substance, material or waste as to which Liability or standards of conduct are imposed pursuant to Environmental Law due to its hazardous or deleterious properties or characteristics.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and the rules and regulations promulgated thereunder.

"Income Taxes" means Taxes imposed on, or determined by reference to, (i) net or gross income or (ii) multiple bases if one or more of the bases upon which such tax may be imposed on or determined by reference to is described in clause (i) of this definition.

"Indebtedness" means, with respect to any Person: (i) any indebtedness for borrowed money (including all accrued but unpaid interest, premiums, expenses, commitment fees, reimbursements, indemnities, penalties and all other amounts payable in connection therewith), (ii) any indebtedness evidenced by any note, bond, debenture or other debt security, (iii) any Liabilities for the deferred purchase price of property or services with respect to which a Person liable, as obligor or otherwise (other than trade payables and other current liabilities which are included in the calculation of Net Working Capital), (iv) any commitment by which a Person assures a creditor against loss (including contingent reimbursement obligations with respect to letters of credit (whether drawn or undrawn), performance bonds, customs bonds, surety bonds, bankers acceptances and fidelity bonds), (v) any indebtedness guaranteed in any manner by a Person (including guarantees in the form of an agreement to repurchase or reimburse), (vi) all deferred rent, (vii) any Liability under any synthetic lease or any lease which has been or should be recorded under GAAP as a capital lease with respect to which a Person is liable, contingently or otherwise, as obligor, guarantor or otherwise, (viii) any Liability under conditional sale or other title retention agreements, (ix) any Liabilities secured by a Lien on any of the assets or properties of such Person, (x) any Liabilities of such Person arising out of interest rate and currency swap arrangements or any other hedging arrangements, (xi) any amounts, owed by a Person to any Person under any earn-out or similar performance payment (assuming the maximum amount of any such earn-out or similar performance payment is payable), noncompetition, consulting or nonqualified deferred compensation arrangements (including the employer's share of payroll, social security, unemployment and similar Taxes in respect of such amounts) other than what is included in the calculation of Net Working Capital, (xii) the Pre-Closing Income Tax Amount, (xiii) any "applicable employment taxes" (as defined in Section 2302(d)(1) of the CARES Act) deferred pursuant to Section 2302 of the CARES Act, (xiv) unpaid paid time off and bonuses, calculated as through such obligations were due and payable on the Closing Date, and the employer's share of unpaid payroll, social security, unemployment and similar Taxes and (xv) any Liabilities in respect of unpaid severance, retention or incentive or transaction or special bonuses in respect of any employees of the Acquired Companies (including the employer's share of payroll, social security, unemployment and similar Taxes as a result of such payments and any amounts payable to gross-up any excise or income Taxes relating thereto). The Closing Indebtedness Amount will include all principal, premium, accrued and unpaid interest, related expenses, prepayment penalties, commitment and other fees, sale or liquidity participation amounts, reimbursements, indemnities and all other amounts payable in connection with the foregoing which would be payable if such Indebtedness were paid in full at the Closing. For the avoidance of doubt, "Indebtedness" shall not include any item that would otherwise constitute "Indebtedness" that is (1) an obligation between any Company and any Subsidiary of any Company or between any Subsidiaries of any Company, (2) an obligation under any operating lease, (3) an undrawn letter of credit, or (4) any PPP Loans not forgiven prior to the Closing and accounted for in the PPP Escrow Amount.

"Indemnification Escrow Amount" means \$800,000.

"Indemnified Taxes" means: (a) all Taxes (or the non-payment thereof) of the Acquired Companies for all Pre-Closing Tax Periods, including any "applicable employment taxes" (as defined in Section 2302(d)(1) of the CARES Act) that any Acquired Company has elected prior to the Closing to defer until after the Closing Date pursuant to Section 2302 of the CARES Act, and for the avoidance of doubt, including any imputed underpayment imposed on, or with respect to the assets and operations of, the Acquired Companies with respect to a taxable period ending on or before the Closing that is paid in a taxable year after the Closing pursuant to Code Section 6225; (b) all Taxes of any member of an Affiliated Group of which any Acquired Company (or any of their respective predecessors) is or was a member on or prior to the Closing Date, including pursuant to Treasury Regulation Section 1.1502-6 or any analogous or similar state, local, or non-U.S. law or regulation; and (c) any and all Taxes of any Person imposed on any Acquired Company as a transferee or successor, by contract, or pursuant to any law as the result of transactions or events occurring prior to the Closing (other than pursuant to any contract entered into in the ordinary course of business the primary purpose of which is not Taxes).

"Intellectual Property" means all intellectual property and proprietary rights in any jurisdiction throughout the world, including: (i) patents and patent applications; (ii) trade secrets, know-how, and confidential information; (iii) copyrights; (iv) domain names; (v) trade names, logos, common law trademarks and service marks and trademark and service mark registrations, together with all goodwill associated therewith, and related applications and registrations therefor; and (vi) rights in computer software, whether in source code or object code, and documentation.

"Investment" as applied to any Person means (i) any direct or indirect purchase or other acquisition by such Person of any notes, obligations, instruments, stock, securities or ownership interest (including partnership interests and joint venture interests) of any other Person and (ii) any capital contribution by such Person to any other Person.

"IRS" means the U.S. Internal Revenue Service.

"Knowledge" when applied to the Company means the actual knowledge without further inquiry of Ron Bergamesca, Marcell King, Nate Dudek, Tom Pierce, Karen Buell or Carly Fannon.

"Legal Requirement" means any law (including common law), statute, code, constitution, ordinance, rule, regulation, order, judgment, writ, injunction, act, decree or any other determination, award, ruling or direction of any arbitrator or any Governmental Entity.

"Liability" or "Liabilities" means any liability, debt, obligation, deficiency, interest, Tax, penalty, fine, claim, demand, judgment, cause of action or other loss, cost or expense of any kind or nature whatsoever, whether asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, known or unknown, and whether due or become due and regardless of when asserted.

"Lien" or "Liens" means any security interest, pledge, license, encumbrance, claim, bailment (in the nature of a pledge or for purposes of security), hypothecation, mortgage, deed of trust, the grant of a power to confess judgment, conditional sales and title retention agreement (including any lease in the nature thereof), charge, or other similar arrangement or interest in real or personal property. For the avoidance of doubt, the term "Lien" shall not be deemed to include any non-exclusive license, option, covenant or other contractual obligation with respect to Intellectual Property.

"Liquidation Preference" means, with respect to any Preferred Share outstanding immediately prior to the Effective Time, an amount, rounded down to the nearest whole cent, equal to that portion, if any, of the Closing Merger Consideration payable to such Preferred Share in preference to the Common Shares, on as converted basis, if the Company were liquidated immediately after the Closing and the Closing Merger Consideration was available for distribution to the Unitholders as set forth on the Allocation Schedule and the terms of the Operating Agreement.

"Lock Up Agreement" means a lock up agreement, in form of Exhibit E attached hereto.

"Mandatory Exchange" means a mandatory exchange of Shares (as defined in the Tech Holdings LLC Agreement) for Units of the Company pursuant to Section 4.2(a)(iii)(2) of the Tech Holdings LLC Agreement (in the case of Vystar), Section 4.2(a)(iv)(2) of the Tech Holdings LLC Agreement (in the case of Switchthink) and Section 4.2(a)(v)(2) of the Tech Holdings LLC Agreement (in the case of WSECU) assuming a Parent Cash Liquidity Event (as defined in the Tech Holdings LLC Agreement) was consummated.

"Material Adverse Effect" means any event, change, circumstance, development, effect, or state of facts that, when considered individually or in the aggregate, is, or is reasonably likely to be,

materially adverse to: (a) the business, financial condition, assets, liabilities, operations or results of operations of the Acquired Companies, or (b) the ability of the Company to perform its obligations under the transaction agreement or to consummate the transactions contemplated thereby. "Material Adverse Effect" will not include: (i) earthquakes, floods, hurricanes, tornadoes, volcanic eruptions, wildfires, natural disasters or other "acts of God", (ii) the announcement or performance of this Agreement (subject to the compliance by the Company, the Equityholders and the Company with Section 6.3 and their applicable Support Agreement and Option Cancellation Agreement), (iii) taking any action expressly permitted or required by this Agreement, (iv) the termination or reduction in business by clients, customers, suppliers, distributors, partners, financing sources, employees and/or independent contractors to the extent due to the identity of Buyer or its Affiliates, (v) any failure by the Company or any of the Company's Subsidiaries to meet any projections, forecasts or estimates (provided, that this clause (v) shall not prevent a determination that any event, change, circumstance, development, effect, or state of facts underlying such failure to meet projections or forecasts has resulted in a Material Adverse Effect), (vi) any change in general business or economic conditions affecting the industry in which the Company and its Subsidiaries operate, (vii) national or international political or social conditions, including the engagement by the United States in hostilities or the escalation thereof, whether or not pursuant to the declaration of a national emergency or war, or the occurrence or the escalation of any military, cyber or terrorist attack upon the United States, or any of its territories, possessions, or diplomatic or consular offices or upon any military installation, asset, equipment or personnel of the United States or any pandemic or epidemic (including COVID-19 and any law, directive, pronouncement or guideline issued by a Governmental Entity, the Centers for Disease Control and Prevention, the World Health Organization or industry group providing for business closures, "sheltering-in-place", curfews or other restrictions that relate to, or arise out of, an epidemic, pandemic or disease outbreak, including COVID-19), (viii) financial, banking, or securities markets (including (w) any disruption of any of the foregoing markets, (x) any change in currency exchange rates, (y) any decline or rise in the price of any security, commodity, contract or index and (z) any increased cost, or decreased availability, of capital or pricing or terms related to any financing for the transactions contemplated hereby), (ix) changes in GAAP or other applicable accounting rules or the interpretation thereof after the date hereof, or (x) changes in Legal Requirements after the date hereof, unless, in any of the cases specified in clauses (i), (vi), (vii), (viii), (ix), (x) and (xi) above, such event, change, circumstance, development, effect, or state of facts has or is reasonably likely to have a disproportionate impact on the Acquired Companies, taken as a whole, relative to the other companies in the industries in which any of the Acquired Companies operate; provided, however, that only the extent of such disproportionate impact on the Acquired Companies shall be taken into account for purposes of determining whether a Material Adverse Effect has occurred.

"Multiemployer Plan" has the meaning set forth in Section 3(37) of ERISA.

"Net Working Capital" means, as of the close of business on the day before the Closing Date, (i) the sum of the current assets of the Company (excluding (a) cash and cash equivalents, and (b) deferred and current income Tax assets), minus (ii) the sum of the current liabilities of the Company (excluding (a) Indebtedness, (b) Company Transaction Expenses, and (c) deferred and current income Tax liabilities), in each case, as determined in accordance with GAAP. An illustrative calculation of Closing Net Working Capital as of June 30, 2021 is set forth on Exhibit F.

"Net Working Capital Target" means [negative \$600,000].

"Non-Employee Option Holder" means each holder of Vested Options that is not an Employee Option Holder.

"NYSE" means the New York Stock Exchange.

"Off-the-Shelf Software" means click-wrap, shrink-wrap or other software licenses for unmodified, commercially available, off-the-shelf software used by the Acquired Companies solely for their internal business purposes, in each case with aggregate license, maintenance, support and other fees of less than \$100,000 per year.

"Open Source Software" means software or other materials that are licensed pursuant to: (i) any license that is approved by the Open Source Initiative and listed at <http://www.opensource.org/licenses> (which licenses shall include all versions of GNU GPL, GNU LGPL, GNU Affero GPL, MIT license, Eclipse Public License, Common Public License, CDDL, Mozilla Public License, BSD license and Apache license) or (ii) any other similar license, including those under which such software are distributed or licensed as "free software," "open source software".

"Operating Agreement" means the Tenth Amended and Restated Operating Agreement of the Company, dated as of January 22, 2021, by and among the Company and its members.

"Option" means any option that is exercisable for Capital Stock of the Company and issued pursuant to a grant agreement between the Optionholder and the Company.

"Option Cancellation Agreement" means an agreement between the Company and the Optionholder, in the form attached hereto as Exhibit G pursuant to which such Optionholders' Options will be cancelled in exchange for a portion of the Merger Consideration.

"Optionholders" means any holder of Options.

"Ordinary course of business" means the ordinary course of the Acquired Companies' business consistent with past custom and practice.

"Parent Common Stock" means the class A common stock of Parent.

"Parent Shares" means the shares of Parent Common Stock issued by Parent pursuant to the terms and conditions of this Agreement.

"Parent Trading Price" means the volume-weighted average sales price per share of Parent Common Stock on the New York Stock Exchange calculated to four decimal places and determined without regard to after-hours trading or any other trading outside the regular trading session trading hours over the VWAP Measurement Period.

"Partnership Tax Audit Rules" means Sections 6221 through 6241 of the Code, together with any guidance issued thereunder or successor provisions and any similar provision of state or local Tax laws.

"Party." or "Parties" means any party hereto.

"Paying Agent" means Acquiom Financial LLC, a Colorado limited liability company, as the payments administrator pursuant the Paying Agent Agreement.

"Paying Agent Agreement" means a Payments Administration Agreement, in form and substance reasonably satisfactory to Buyer and the Equityholders' Representative, to be entered into at the Closing by Buyer, Equityholders' Representative and the Paying Agent.

"Payoff Letters" means those payoff letters associated with the Repaid Indebtedness, in form and substance reasonably satisfactory to Buyer, which shall indicate the Payoff Amounts and the recipients thereof.

"Payroll Tax Executive Order" means the Presidential Memorandum on Deferring Payroll Tax Obligations in Light of the Ongoing COVID-19 Disaster, as issued on August 8, 2020 and including any administrative or other guidance published with respect thereto by any Governmental Entity (including IRS Notice 2020-65 and IRS Notice 2021-11).

"PEO Plan" means any benefit or compensation plan or arrangement maintained by a third party professional employer organization for the benefit of employees of an Acquired Company and under which an Acquired Company is a participating employer.

"Permits" means any permits, filings, notices, licenses, consents, authorizations, accreditation, waivers, registrations, approvals and the like of, to or with any Governmental Entity or any other Person.

"Permitted Liens" means (a) Liens for Taxes or assessments and similar charges, which either are (i) not yet due and payable or (ii) being contested in good faith and by appropriate proceedings, and as to which adequate reserves have been established on the Company's financial statements in accordance with GAAP, (b) Liens imposed by applicable law and incurred in the ordinary course of business for obligations not yet due and payable to landlords, carriers, warehousemen, laborers, materialmen and the like, (c) zoning, building codes and other land use Legal Requirements regulating the use or occupancy of any Leased Real Property or the activities conducted thereon which are imposed by any Governmental Entity having jurisdiction over such Leased Real Property and (d) easements, covenants, conditions, restrictions and other similar matters affecting title to any Leased Real Property and other title defects which do not materially impair the use or occupancy of such Leased Real Property or the operation of the business of the Company.

"Person" means an individual, a partnership, a corporation, an association, a limited liability company a joint stock company, a trust, a joint venture, an unincorporated organization, or a Governmental Entity.

"PPP Escrow Agreement" means an escrow agreement by and between PPP Lender and the Company, in a form reasonably satisfactory to Buyer.

"PPP Escrow Amount" means an amount equal to the entire principal of the PPP Loan incurred by the Company plus accrued interest thereon through the Closing Date.

"PPP Loan" means a loan incurred under 15 U.S.C. 636(a)(36) (as added to the Small Business Act by Section 1102 of the CARES Act), and the "Company PPP Loan" means that certain SBA Loan No. 7052647209 incurred by the Company.

"PPP Lender" means Webster Bank, National Association.

"Pre-Closing Income Tax Amount" means an amount (which may not be less than zero in any jurisdiction) equal to the sum of the Pre-Closing Income Tax Liability of the Acquired Companies separately calculated for each jurisdiction in which the Acquired Companies are currently filing Tax Returns for Income Taxes or in which any Acquired Company started doing business after December 31, 2020.

"Pre-Closing Income Tax Liability" means, with respect to any jurisdiction, an amount (which may not be less than zero) equal to the liability for Income Taxes unpaid as of the Closing Date for taxable years or periods beginning on or after January 1, 2020 for which an applicable Tax Return has not been filed and the Taxes shown as due thereon have not been paid prior to the Closing with respect to such jurisdiction; provided that, for purposes of calculating any such liability for Income Taxes: (i) such liability for Income Taxes shall be calculated in accordance with the past practice (including reporting positions, elections and accounting methods) of the Acquired Companies in preparing Tax Returns for Income Taxes, (ii) all deductions (including the Transaction Tax Deductions) of the Acquired Companies attributable to the transactions contemplated by this Agreement (including, without limitation, any deductions attributable to the Company Transaction Expenses, amounts included in Indebtedness, or other compensatory payments) shall be taken into account to the extent "more likely than not" deductible (or deductible at a higher level of confidence) in the Pre-Closing Tax Period and applying the seventy percent safe-harbor election under Revenue Procedure 2011-29 to any "success-based fees," (iii) any Taxes attributable to financing or refinancing arrangements entered into at any time by or at the direction of Buyer or any of its Affiliates (which, for the avoidance of doubt, shall not include the Acquired Companies prior to the Closing) or any other transactions entered into by or at the direction of Buyer or any of its Affiliates (which, for the avoidance of doubt, shall not include the Acquired Companies prior to the Closing) in connection with the transactions contemplated by this Agreement after the Closing shall not be taken into account, (iv) any Income Taxes attributable to transactions outside the ordinary course of business on the Closing Date after the Closing not specifically contemplated by this Agreement shall be excluded, (v) any liabilities for accruals or reserves established or required to be established under GAAP methodologies that require the accrual for contingent Income Taxes or with respect to uncertain Tax positions and any liabilities arising from any change in accounting methods shall be excluded, (vi) any election made after the Closing that increases the amount of income realized in (or Tax payable for) a Pre-Closing Tax Period shall be excluded, (vii) all deferred Tax liabilities established, or required to be established, for GAAP purposes shall be excluded, (viii) any Taxes otherwise taken into account in calculating Indebtedness, Net Working Capital, or Company Transaction Expenses shall be excluded, and (ix) any overpayments of Income Taxes with respect to the tax year immediately preceding the taxable period (or portion thereof) ending on and including the Closing Date shall be taken into account as reductions of the liability for Income Taxes for the tax period (or portion thereof) ending on the Closing Date.

"Pre-Closing Tax Period" means (i) any Tax period ending on or before the Closing Date and (ii) with respect to a Taxable period that commences on or before but ends after the Closing Date, the portion of such period up to and including the Closing Date.

"Preferred Holder" means a holder of Preferred Shares.

"Preferred Indemnity Allocated Share" means, with respect to each Preferred Holder, a percentage equal to the quotient of (x) the Liquidation Preference receivable by such Preferred Holder as set forth in the Allocation Schedule, divided by (y) the aggregate Liquidation Preference receivable by all Preferred Holders as set forth in the Allocation Schedule.

"Preferred Shares" means each of Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares, Series D-1 Preferred Shares, Series D-2 Preferred Shares, Series Y-1 Preferred Shares and Series Y-2 Preferred Shares.

"Principal Equityholder" means each holder set forth on Schedule 9.1(a).

"R&W Insurance Policy" shall mean that certain representation and warranty insurance policy for the benefit of Buyer obtained in connection with this Agreement; provided, that the R&W

Insurance Policy shall contain a customary waiver of subrogation rights against the Equityholders except in the case of Fraud.

"Registration Rights Agreement" means that certain Registration Rights Agreement dated as of May 24, 2021 among Paymentus Holdings, Inc. and each of the parties thereto.

"Required Series B Holders" has the meaning for such term as set forth in the Operating Agreement.

"Required Series CD Holders" has the meaning for such term as set forth in the Operating Agreement.

"Sanctioned Country" means any country or region that is (or the government of which is), or has been in the last five years, the subject or target of a comprehensive embargo under Sanctions Legal Requirements (including Cuba, Iran, North Korea, Sudan, Syria, Venezuela and the Crimea region of Ukraine).

"Sanctioned Person" means any individual or entity that is the subject or target of sanctions or restrictions under Sanctions Legal Requirements or Ex-Im Legal Requirements, including: (i) any individual or entity listed on any applicable U.S. or non-U.S. sanctions- or export-related restricted party list, including the U.S. Department of the Treasury Office of Foreign Assets Control's ("OFAC") Specially Designated Nationals and Blocked Persons List; (ii) any entity that is, in the aggregate, 50 percent or greater owned, directly or indirectly, or otherwise controlled by a person or persons described in clause (i); or (iii) any national of a Sanctioned Country.

"Sanctions Legal Requirements" means all U.S. and non-U.S. Legal Requirements relating to economic or trade sanctions, including the laws administered or enforced by the United States (including by OFAC or the U.S. Department of State), and the United Nations Security Council.

"SEC" means the United States Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Series A Preferred Shares" has the meaning for such term as set forth in the Operating Agreement.

"Series B Preferred Shares" has the meaning for such term as set forth in the Operating Agreement.

"Series C Preferred Shares" has the meaning for such term as set forth in the Operating Agreement.

"Series D Preferred Shares" has the meaning for such term as set forth in the Operating Agreement.

"Series D-1 Preferred Shares" has the meaning for such term as set forth in the Operating Agreement.

"Series D-2 Preferred Shares" has the meaning for such term as set forth in the Operating Agreement.

"Series Y-1 Preferred Shares" has the meaning for such term as set forth in the Operating Agreement.

"Series Y-2 Preferred Shares" has the meaning for such term as set forth in the Operating Agreement.

"Share Plans" means the PayVeris, LLC 2011 Share Plan and PayVeris, LLC 2014 Share Plan.

"Specified Management Equityholders" means the Persons set forth on Schedule 9.1(b).

"Specified Restricted Share Agreements" means those certain agreements between the Company and each of the Specified Management Equityholders as set forth on Schedule 9.1(b), as amended from time to time.

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership, association or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if a limited liability company, partnership, association or other business entity, a majority of the partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by any Person or one or more Subsidiaries of that Person or a combination thereof. For the avoidance of doubt, with respect to the Company, "Subsidiary" shall include Tech Holdings and PayVeris Cooperative LLC, a Delaware limited liability company.

"Support Agreement" means a support agreement, in form of Exhibit H attached hereto, or such other similar agreement in a form as agreed to by Buyer and the Company.

"Tax" or "Taxes" means any federal, state, local, or non-U.S. taxes, fees, assessments, levies, customs, duties or other charges in the nature of a tax imposed by any Governmental Entity, including income, gains, capital gains, gross receipts, license, payroll, employment, excise, escheat, unclaimed property, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, and all other similar charges in the nature of a tax, and including any interest, penalty, or addition thereto, whether disputed or not.

"Tax Return" means any federal, state, local, or non-U.S. returns, declarations, reports, claims for refund, estimates, elections, information returns or other documents (including any amendments or related or supporting schedules, supplements, statements, exhibits or information) filed or required to be filed in connection with the determination, assessment, reassessment, imposition or collection of any Taxes of any party or the administration of any laws, regulations or other Legal Requirements relating to any Taxes.

"Total Equity Percentage" means the quotient (expressed as a percentage) of (i) \$66,500,000 divided by (ii) the sum of (a) the Cash Merger Consideration (as used in the Estimated Merger Consideration) and (b) \$66,500,000.

"Trading Day" means any day on which the Parent Common Stock is traded on the New York Stock Exchange; provided that "Trading Day" shall not include any day on which the Parent Common Stock is suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00:00 p.m., New York time).

"Transaction Documents" means this Agreement and the Contracts and other documents contemplated to be delivered or executed in connection herewith.

"Transaction Tax Deductions" means any item of Tax loss, deduction or credit, as determined for U.S. federal, state, local or non-U.S. Income Tax purposes, resulting from or attributable to (a) amounts that are included in Net Working Capital, Indebtedness or Company Transaction Expenses, provided that to the extent such amounts are success-based fees within the meaning of Revenue Procedure 2011-29 the parties agree to rely on the safe harbor such that seventy percent (70%) of fees shall be treated as deductible, (b) bonuses, the acceleration or vesting of any equity and any other compensatory amounts payable pursuant to the transactions contemplated by this Agreement and any payroll Taxes imposed with respect thereto, and (c) write-off of deferred financing fees and any other deductions resulting from the repayment of any Indebtedness.

"Unit" means all of the Capital Stock of the Company, including Common Shares, Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares, Series D-1 Preferred Shares, Series D-2 Preferred Shares, Series Y-1 Preferred Shares and Series Y-2 Preferred Shares.

"Unitholder" means a holder of a Unit.

"Unvested Option" means an Option that is not a Vested Option.

"Vested Option" means an Option (or any portion thereof) that, as of immediately prior to the Effective Time, is vested, outstanding and exercisable, including any such Option (or portion thereof) that vests in connection with the consummation of the transaction contemplated by this Agreement either in accordance with the terms of the award agreement under which such Option was issued or as a result of the board of directors (or committee thereof) of the Company taking action, prior to the Effective Time, to accelerate the vesting thereof, (to the extent their vesting is so accelerated prior to Closing).

"VWAP Measurement Period" means the thirty (30) consecutive Trading Days ending on and including the Trading Day two days immediately preceding the Closing Date.

9.1 Additional Definitions.

<u>Term</u>	<u>Section</u>
Accounting Firm	1.6(b)
Adjustment Amount	1.6(c)
Adjustment Escrow Account	1.9(a)
Agreement	Preamble
AML Legal Requirements	4.24(b)
Anti-Corruption Legal Requirements	4.24(a)
Business	Recitals
Buyer	Preamble
Buyer Parties	7.2(a)

Certificate of Merger	1.1
Closing	1.5
Closing Date	1.5
Closing Statement	1.6(b)
COBRA	4.15(d)
Collective Bargaining Agreements	4.9(i)
Company	Preamble
D&O Tail Policy	6.10
Effective Time	1.1
Equityholders' Representative	Preamble
Escrow Agent	1.8(e)
Escrow Agreement	1.8(e)
Escrow Shortfall Amount	1.6(d)
Estimated Merger Consideration	1.6(a)
Excess Amount	1.6(d)
Final Cash Merger Consideration	1.6(c)
Financial Statements	4.5
Indemnified Party	7.4(a)
Indemnifying Party	7.4(a)
Insider	4.17
Interim Financial Statements	4.5
Invoices	1.8(i)
Latest Balance Sheet	4.5
Lease	4.19(b)
Leased Real Property	4.19(b)
Letter of Transmittal	1.16
Material Customers	4.18(a)
Material Suppliers	4.18(b)
Merger	Recitals
Merger Consideration	1.6(a)
Merger Sub	Preamble
Parent	Preamble
Payoff Amount	1.17
PPP Escrow Fund	1.18(a)
PPP Forgiven Amount	1.18(a)
PPP Forgiveness Expiration Date	1.18(a)
PBGC	4.15(b)
Permitted Liens	4.7
Plan	4.8(j)
Released Claims	6.9
Releasees	6.9
Repaid Indebtedness	1.17
Survival Period	7.1(a)
Surviving Company	1.2
Surviving Company LLC Agreement	1.3(b)
Third Party Claim	7.4(a)
Threshold	7.2(b)(ii)

ARTICLE 10
MISCELLANEOUS

10.1 Equityholders' Representative.

(a) By the adoption of the Merger, and by receiving the benefits thereof, including any consideration payable hereunder, each Equityholder shall be deemed to have approved Shareholder Representative Services LLC as the agent, representative, proxy and attorney-in-fact for each of the Equityholders to act as Equityholders' Representative as of Closing for all purposes in connection with this Agreement and any agreements ancillary hereto.

(b) Equityholders' Representative is hereby authorized by each Equityholder to act for and on behalf of such Equityholder for all purposes in connection with this Agreement and any related agreements, including to:

(i) take all actions required by, and exercise all rights granted to, Equityholders' Representative in this Agreement and the other Transaction Documents;

(ii) receive all notices or other documents given or to be given to the Equityholders by Buyer or the Company pursuant to this Agreement and the other Transaction Documents;

(iii) receive and accept service of legal process in connection with any Action against the Equityholders or the Company arising under this Agreement or any Transaction Document;

(iv) undertake, compromise, defend, settle, and deal in any way with any Action or indemnity claim hereunder on behalf of the Equityholders as a group or any Equityholder arising under this Agreement or any Transaction Document;

(v) execute and deliver on behalf of the Equityholders, or any of the Equityholders, all agreements, certificates and documents required or deemed appropriate by the Equityholders' Representative in connection with any of the transactions contemplated hereby or under the other Transaction Documents, whether before, at, or after Closing hereunder;

(vi) engage special counsel, accountants and other advisors and incur such other expenses in connection with any of the transactions contemplated hereby or under the other Transaction Documents whether before, at, or after Closing hereunder;

(vii) consent to the settlement of any disputes in connection with Section 1.6 of this Agreement; and

(viii) take such other action as the Equityholders' Representative may deem appropriate, including:

(A) agreeing on behalf of the Equityholders, or any of the Equityholders, to any waiver, modification or amendment of this Agreement or any Transaction

Document and executing and delivering an agreement of such waiver, modification or amendment; and

(B) all such other matters as the Equityholders' Representative may deem necessary or appropriate to carry out the intent and purposes of this Agreement and the other Transaction Documents.

(c) Buyer and its Affiliates and the Escrow Agent will be entitled to rely upon, and will be fully protected in relying upon, the power and authority of the Equityholders' Representative without independent investigation. Buyer and its Affiliates and the Escrow Agent will have no liability whatsoever to the Equityholders or any other Persons for any acts or omissions of the Equityholders' Representative, or any acts or omissions taken or not taken by Buyer or any other Persons at the direction of the Equityholders' Representative.

(d) Except as otherwise indicated by the Equityholders' Representative in writing to Buyer, after the Closing, a decision, act, consent or instruction of the Equityholders' Representative relating to this Agreement and the other Transaction Documents will constitute a decision for all of the Equityholders, and will be final, binding and conclusive upon the Equityholders, and Buyer may rely upon any such decision, act, consent or instruction of the Equityholders' Representative as being the decision, act, consent or instruction of every Equityholder and Buyer will have no liability to any Equityholder as a result of such reliance; provided that, upon payment by Buyer of any amount required to be paid by Buyer to Equityholders' Representative (on behalf of the Equityholders) under this Agreement or the other Transaction Documents, Buyer will have no further obligations or liabilities to the Equityholders' Representative or any Equityholder with respect to such payment, and such Equityholder hereby waives any and all claims against Buyer with respect to such payment and agrees to indemnify and hold harmless Buyer for any claims made by such Equityholder with respect to such payment.

(e) The Equityholders' Representative will incur no liability in connection with its services pursuant to this Agreement and any related agreements except to the extent resulting from its gross negligence or willful misconduct. The Equityholders' Representative shall not be liable for any action or omission pursuant to the advice of counsel. The Equityholders' Representative may act in reliance upon any written instrument or signature received by it and reasonably believed to be genuine and/or properly executed. The Equityholders shall indemnify the Equityholders' Representative against any reasonable, documented, and out-of-pocket losses, liabilities and expenses ("Representative Losses") arising out of or in connection with this Agreement and any related agreements, in each case as such Representative Loss is suffered or incurred; provided, that in the event that any such Representative Loss is finally adjudicated to have been caused by the gross negligence or willful misconduct of the Equityholders' Representative, the Equityholders' Representative will reimburse the Equityholders the amount of such indemnified Representative Loss to the extent attributable to such gross negligence or willful misconduct. Representative Losses may be recovered by the Equityholders' Representative from (i) the funds in the Equityholders' Representative Expense Fund and (ii) any other funds that become payable to the Equityholders under this Agreement at such time as such amounts would otherwise be distributable to the Equityholders; provided, that while the Equityholders' Representative may be paid from the aforementioned sources of funds, this does not relieve the Equityholders from their obligation to promptly pay such Representative Losses as they are suffered or incurred. In no event will the Equityholders' Representative be required to advance its own funds on behalf of the Equityholders or otherwise. Notwithstanding anything in this Agreement to the contrary, any restrictions or limitations on liability or indemnification obligations of, or provisions limiting the recourse against non-parties otherwise applicable to, the Equityholders set forth elsewhere in this Agreement are not intended to be applicable to the indemnities provided to the Equityholders' Representative hereunder. The foregoing indemnities will survive the Closing, the resignation or removal of the Equityholders' Representative or the termination of this Agreement.

(f) At the Closing, Buyer shall deliver to the Equityholders' Representative an amount equal to the Equityholders' Representative Expense Fund Amount (the "Equityholders' Representative Expense Fund") to be held to cover and reimburse the fees and expenses incurred by the Equityholders' Representative for its obligations in connection with the Transaction Documents, the transactions contemplated thereby, and any related agreements. The Equityholders will not receive any interest or earnings on the Equityholders' Representative Expense Fund and irrevocably transfer and assign to the Equityholders' Representative any ownership right that they may otherwise have had in any such interest or earnings. The Equityholders' Representative will hold these funds separate from its corporate funds and will not voluntarily make these funds available to its creditors in the event of bankruptcy. As soon as practicable following the completion of the Equityholders' Representative's responsibilities, the Equityholders' Representative will deliver any remaining balance of the Equityholders' Representative Expense Fund to the Paying Agent for further distribution to the Equityholders. For tax purposes, the Equityholders' Representative Expense Fund will be treated as having been received and voluntarily set aside by the Equityholders at the time of Closing.

(g) If the Equityholders' Representative shall resign or be removed by the Equityholders, the Equityholders shall (by consent of those Persons entitled to at least a majority of the Merger Consideration), within 10 days after such resignation or removal, appoint a successor to the Equityholders' Representative. Any such successor shall succeed the former Equityholders' Representative as the Equityholders' Representative hereunder.

10.2 No Additional Representations; Disclaimer.

(a) Buyer acknowledges and agrees that neither the Company nor any of its Affiliates or representatives, nor any other Person acting on behalf of the Company or any of their respective Affiliates or representatives has made any representation or warranty, express or implied, as to the accuracy or completeness of any information regarding the Company or any of its Subsidiaries or their respective businesses or assets, except as expressly set forth in this Agreement or as and to the extent required by this Agreement to be set forth in the Schedules. Buyer further agrees that no Equityholder nor any of their respective direct or indirect Affiliates or representatives will have or be subject to any liability to Buyer or any other Person resulting from the distribution to Buyer, or Buyer's use of, any such information, including any information, document or material made available to Buyer or its Affiliates or representatives in certain "data rooms" and online "data sites," management presentations or any other form in expectation of the transactions contemplated by this Agreement.

(b) Each of Buyer and Merger Sub acknowledges and agrees that except for the representations and warranties of the Company expressly set forth in Article 4 hereof and any applicable Letter of Transmittal, the Units being acquired AS IS WITHOUT ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR INTENDED USE OR OTHER EXPRESSED OR IMPLIED WARRANTY. Each of Buyer and Merger Sub acknowledges and agrees that it has not relied on any statements, representations or warranties whatsoever, other than the representations and warranties of the Company expressly set forth in Article 4 of this Agreement.

(c) In connection with Buyer's investigation of the Company and its Subsidiaries, Buyer may have received from or on behalf of the Company certain projections, including projected statements of operating revenues and income from operations of the Company and its Subsidiaries and certain business plan information of the Company and its Subsidiaries. Buyer acknowledges that there are uncertainties inherent in attempting to make any such estimates, projections and other forecasts and plans, that Buyer is familiar with such uncertainties, that Buyer is taking full responsibility for making its own evaluation of the adequacy and accuracy of all estimates, projections and other forecasts and plans so furnished to it (including the reasonableness of the assumptions underlying such estimates, projections and forecasts), and

that Buyer shall have no claim against any Equityholder or any other Person with respect thereto except for the representations and warranties of the Company expressly set forth in Article 4 hereof and any holder of units in any applicable Letter of Transmittal. Accordingly, the Company makes no representations or warranties whatsoever with respect to such estimates, projections and other forecasts and plans (including the reasonableness of the assumptions underlying such estimates, projections and forecasts) except for the representations and warranties of the Company expressly set forth in Article 4 hereof.

10.3 Specific Performance. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed by Buyer, Merger Sub, the Company or the Equityholders' Representative as applicable, in accordance with their specific terms or were otherwise breached by Buyer, Merger Sub, the Company or the Equityholders' Representative, as applicable. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions, without any requirement to post or provide any bond or other security in connection therewith, to prevent breaches of this Agreement by any of Buyer, Merger Sub, the Company or the Equityholders' Representative, as applicable, and to enforce specifically the terms and provisions hereof against Buyer, Merger Sub, the Company or the Equityholders' Representative, as applicable, in any court having jurisdiction, this being in addition to any other remedy to which the parties hereto are entitled at law or in equity.

10.4 No Third Party Beneficiaries. This Agreement will not confer any rights or remedies upon any Person other than the Parties (and, where indicated herein, with respect to Article 7, and the Affiliates of the Parties) and their respective successors and permitted assigns.

10.5 Entire Agreement. This Agreement (including the Schedules and the documents referred to herein) constitutes the entire agreement between the Parties and supersedes any prior understandings, agreements or representations by or between the Parties, written or oral, that may have related in any way to the subject matter hereof. The Parties agree that prior drafts of this Agreement and other agreements and other instruments entered into in connection with this Agreement relating to the transaction contemplated hereby will be deemed not to provide any evidence as to the meaning of any provision hereof or the intent of the Parties with respect hereto.

10.6 Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the Parties named herein and their respective successors, permitted assigns, heirs, transferees, executors, administrators and legal representatives, but neither this Agreement nor any of the rights or obligations hereunder may be assigned (whether by operation of law, through a change in control or otherwise) by the Company without the prior written consent of Buyer, or by Buyer (except as otherwise provided in this Agreement) without the prior written consent of the Company (prior to the Closing) or the Equityholders' Representative (following the Closing); provided that Buyer may assign its rights and obligations under this Agreement (including its right to indemnification), in whole or in part, (a) to one or more of their respective Affiliates (including, for the avoidance of doubt, any Affiliate organized subsequent to the date hereof), (b) for collateral security purposes, to any lender providing financing to Buyer or any of its Affiliates and all extensions, renewals, replacements, refinancings and refundings thereof in whole or in part and (c) in connection with a (i) merger or consolidation involving Buyer or any of its Affiliates, (ii) a sale of Capital Stock or assets (including any real estate) of Buyer or any of its Affiliates or (iii) dispositions of Buyer or any of its Affiliates or any part thereof.

10.7 Counterparts; Delivery by Facsimile or PDF. This Agreement may be executed in one or more counterparts (including by means of telecopied signature pages or signature pages delivery by electronic transmission in portable document format (pdf)), all of which taken together will constitute one and the same instrument. This Agreement and any signed agreement or instrument entered into in connection with this Agreement, and any amendments hereto or thereto, to the extent signed and delivered by means of a facsimile machine or electronic transmission in portable document format (pdf), will be

treated in all manner and respects as an original agreement or instrument and will be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto will re-execute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement or instrument will raise the use of a facsimile machine or electronic transmission in portable document format (pdf) to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or electronic transmission in portable document format (pdf) as a defense to the formation of a contract and each such party forever waives any such defense, except to the extent such defense related to lack of authenticity.

10.8 Descriptive Headings. The headings and captions used in this Agreement and the table of contents to this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.

10.9 Notices. All notices, consents, waivers and other communications required or permitted by this Agreement will be in writing and will be deemed given to a party (a) when delivered to the appropriate address by hand, (b) one day after being sent by nationally recognized overnight courier service (costs prepaid), or (c) when sent by facsimile or e-mail with confirmation of transmission by the transmitting equipment, in each case to the following addresses, facsimile numbers or e-mail addresses and marked to the attention of the person (by name or title) designated on Schedule 10.9 (or to such other address, facsimile number, e-mail address or person as a party may designate by notice to the other parties). Any Party may send any notice, request, demand, claim or other communication hereunder to the intended recipient at the address set forth above using any other means, but no such notice, request, demand, claim or other communication will be deemed to have been duly given unless and until it actually is received by the intended recipient. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

10.10 Governing Law. All issues and questions concerning the construction, validity, enforcement and interpretation of this Agreement will be governed by and construed in accordance with the laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule that would cause the application of the laws of any jurisdiction other than the State of Delaware.

10.11 Amendments and Waivers. No amendment of any provision of this Agreement will be valid unless the same will be in writing and signed by Buyer and the Company (prior to Closing) or the Equityholders' Representative (following the Closing). No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, will be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

10.12 Incorporation of Schedules. The information set forth in disclosure schedules ("Schedules") identified and delivered pursuant to this Agreement on the date hereof are incorporated herein by reference and made a part hereof.

10.13 Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the Parties, and no presumption or burden of proof will arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Where specific language is used to clarify by example a general statement contained herein (such as by using the word "including"), such specific language will not be deemed to modify, limit or restrict in any manner the construction of the general statement to which it relates. Whenever required by the context, any pronoun

used in this Agreement will include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs will include the plural and vice versa. Any references to dollars or \$ will mean United States Dollars. Any item disclosed in any Schedule referenced by a particulate Section of this Agreement shall be deemed to have been disclosed with respect to any other section of the Disclosure Schedules to the extent that such is reasonably apparent on its face to be applicable to such other section. The Parties intend that each representation, warranty, and covenant contained herein will have independent significance. If any Party has breached any representation, warranty, or covenant contained herein (or is otherwise entitled to indemnification) in any respect, the fact that there exists another representation, warranty, or covenant (including any indemnification provision) relating to the same subject matter (regardless of the relative levels of specificity) which the Party has not breached (or is not otherwise entitled to indemnification with respect thereto) will not detract from or mitigate the fact that the Party is in breach of the first representation, warranty, or covenant (or is otherwise entitled to indemnification pursuant to a different provision). Any reference to any particular Code section or any other Legal Requirement will be interpreted to include any revision of or successor to that section regardless of how it is numbered or classified.

10.14 Severability of Provisions. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable Legal Requirement, but if any provision of this Agreement or the application of any such provision to any Person or circumstance will be held to be prohibited by, illegal or unenforceable under applicable Legal Requirement in any respect by a court of competent jurisdiction, such provision will be ineffective only to the extent of such prohibition, illegality or unenforceability, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

10.15 Provision Respecting Legal Representation. Buyer and the Company (each on behalf of itself and its Subsidiaries) hereby (a) waive any claim they have or may have that Kirkland & Ellis LLP has a conflict of interest or is otherwise prohibited from engaging in such representation and (b) agree that, in the event that a dispute arises after the Closing between Buyer, the Surviving Corporation or any Subsidiary and any Equityholder, Kirkland & Ellis LLP may represent any member of the Equityholder Group in such dispute even though the interests of such Person(s) may be directly adverse to Buyer, the Surviving Corporation or its Subsidiaries and even though Kirkland & Ellis LLP may have represented the Company or its Subsidiaries in a matter substantially related to such dispute. Buyer and the Company (each on behalf of itself and its Subsidiaries) also further agree that, as to all legal communications prior to the Closing among Kirkland & Ellis LLP and the Company, its Subsidiaries, and the Equityholder Group that relate in any way to the transactions contemplated by this Agreement, the attorney-client privilege and the expectation of client confidence belongs to the Equityholder Group and shall be controlled by the Equityholders' Representative (on behalf of the Equityholder Group) and will not pass to or be claimed by Buyer, the Company or any of its Subsidiaries. Notwithstanding the foregoing, in the event that a dispute arises between Buyer, the Company or any of its Subsidiaries and a third party other than a party to this Agreement after the Closing, the Company and its Subsidiaries may assert the attorney-client privilege to prevent disclosure of confidential communications by Kirkland & Ellis LLP to such third party; provided, however, that neither the Company nor any such Subsidiary may waive such privilege without the prior written consent of the Equityholders' Representative (on behalf of the Equityholder Group). Nothing in this Section 10.15 shall amend or modify that Letter Agreement re: Waiver of Conflict in Representation, dated July 15, 2021, by and among, Kirkland & Ellis LLP, Parent, the Company and the other parties thereto.

10.16 Consent to Jurisdiction. Each Party (a) irrevocably submits to the exclusive jurisdiction of the courts of the State of Delaware for the purpose of any Action arising out of or based upon this Agreement or relating to the subject matter hereof (b) waives, to the extent not prohibited by any Legal Requirement, and agrees not to assert, by way of motion, as a defense or otherwise, in any such Action, any claim that such Party is not subject personally to the jurisdiction of the above named courts, that such Party's

property is exempt or immune from attachment or execution, that any such proceeding brought in one of the above named courts is improper, or that this Agreement or the subject matter hereof may not be enforced in or by such court and (c) agrees not to commence any Action arising out of or based upon this Agreement or relating to the subject matter hereof other than before one of the above named courts nor to make any motion or take any other action seeking or intending to cause the transfer or removal of any such Action (other than for any Action seeking injunctive or other equitable relief) to any court other than one of the above named court whether on the grounds of inconvenient forum or otherwise. Each Party consents to service of process in any such proceeding in any manner permitted by Delaware law, and agrees that service of process by registered or certified mail, return receipt requested, at its address specified pursuant to Section 10.9 is reasonably calculated to give actual notice.

10.17 WAIVER OF JURY TRIAL. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LEGAL REQUIREMENTS WHICH CANNOT BE WAIVED, EACH OF THE PARTIES WAIVES AND COVENANTS THAT IT NOT WILL ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE, ACTION, CLAIM, CAUSE OF ACTION, SUIT (IN CONTRACT, TORT OR OTHERWISE), INQUIRY, PROCEEDING OR INVESTIGATION ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE SUBJECT MATTER HEREOF OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE TRANSACTIONS CONTEMPLATED HEREBY, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING. EACH PARTY ACKNOWLEDGES THAT IT HAS BEEN INFORMED BY THE OTHER PARTY THAT THIS SECTION 10.17 CONSTITUTES A MATERIAL INDUCEMENT UPON WHICH THE PARTIES ARE RELYING AND WILL RELY IN ENTERING INTO THIS AGREEMENT AND ANY OTHER AGREEMENTS RELATING HERETO OR CONTEMPLATED HEREBY. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 10.17 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF EACH SUCH PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

* * * * *

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

PARENT:

PAYMENTUS HOLDINGS, INC.

By: /s/ Dushyant Sharma
Name: Dushyant Sharma
Its: Chief Executive Officer

BUYER:

PAYMENTUS GROUP, INC.

By: /s/ Dushyant Sharma
Name: Dushyant Sharma
Its: Chief Executive Officer

MERGER SUB:

PEACOCK MERGER SUB, LLC

By: /s/ Dushyant Sharma
Name: Dushyant Sharma
Its: Chief Executive Officer

COMPANY:

PAYVERIS, LLC

By: /s/ Ron Bergamesca

Name: Ron Bergamesca

Its: Chief Executive Officer

EQUITYHOLDERS' REPRESENTATIVE:

SHAREHOLDER REPRESENTATIVE SERVICES LLC

By: /s/ Sam Riffe

Name: Sam Riffe

Its: Managing Director

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002.**

I, Dushyant Sharma, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Paymentus Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2021

By: Is/ Dushyant Sharma
Dushyant Sharma
Chairman, President and,
Chief Executive Officer
(Principal Executive Officer)

By: Is/ Matt Parson
Matt Parson
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Paymentus Holdings, Inc. (the "Company") for the period ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 10, 2021

By: Isi Dushyant Sharma
Dushyant Sharma
Chairman, President and,
Chief Executive Officer
(Principal Executive Officer)

In connection with the Quarterly Report on Form 10-Q of Paymentus Holdings, Inc. (the “Company”) for the period ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

