As filed with the Securities and Exchange Commission on October 4, 2021.

No. 333-259632

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 2
to
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

AvidXchange Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware	7372	86-3391192
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

1210 AvidXchange Lane
Charlotte, NC 28206
(800) 560-9305
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Michael Praeger
Chief Executive Officer
AvidXchange Holdings, Inc.
1210 AvidXchange Lane
Charlotte, NC 28206
(800) 560-9305
(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

Teri E. O'Brien Brandon J. Bortner Paul Hastings LLP 2050 M Street NW Washington, D.C. 20036 (202) 551-1720	Ryan Stahl General Counsel, Senior Vice President AvidXchange Holdings, Inc. 1210 AvidXchange Lane Charlotte, NC 28206 (800) 560-9305	Eric Jensen Matthew Dubofsky David Ambler Cooley LLP 3175 Hanover Street Palo Alto, CA 94304 (650) 843-5000

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the "Securities Act"), check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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 under the Securities Exchange Act of 1934:

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

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, 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 7(a)(2)(B) of the Securities Act. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities To Be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share(1)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(2)
Common stock, par value $0.001 per share	25,300,000	$23.00	$581,900,000	$55,582.13

(1) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(a) of the Securities Act of 1933, as amended.
(2) The registrant previously paid a registration fee of $10,910.00 in connection with prior filings of this registration statement (in addition to the $44,672.13 paid hereby).

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities nor a solicitation of an offer to buy these securities in any jurisdiction where the offer and sale are not permitted.

SUBJECT TO COMPLETION, DATED OCTOBER 4, 2021

22,000,000 Shares

Common Stock

This is an initial public offering of common stock of AvidXchange Holdings, Inc. We are offering 22,000,000 shares of our common stock.

Prior to this offering, there has been no public market for our common stock. The initial public offering price of our common stock is expected to be between $21.00 and $23.00 per share. We have applied to list our common stock on the Nasdaq Global Select Market, or Nasdaq, under the symbol "AVDX."

We are an "emerging growth company" as defined under the federal securities laws and, as such, we intend to comply with reduced disclosure and regulatory requirements.

Investing in our common stock involves risks. See "Risk Factors" beginning on page 28.

Neither the Securities and Exchange Commission, or SEC, nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	$	$
Underwriting discounts and commissions(1)	$	$
Proceeds to AvidXchange Holdings, Inc., before expenses	$	$

(1) See "Underwriting" for a description of compensation payable to the underwriters and estimated offering expenses.

One or more funds and/or accounts managed by Capital Research Global Investors, certain funds and accounts managed by subsidiaries of BlackRock, Inc., and one or more funds and/or accounts affiliated with Neuberger Berman Investment Advisers LLC, or collectively, the cornerstone investors, have indicated an interest, severally but not jointly, in purchasing up to an aggregate of $140 million in shares of our common stock offered in this offering at the initial public offering price. Because this indication of interest is not a binding agreement or commitment to purchase, the cornerstone investors may determine to purchase more, less or no shares of our common stock in this offering or the underwriters may determine to sell more, less or no shares of our common stock to the cornerstone investors. The underwriters will receive the same discount from any shares of common stock sold to the cornerstone investors as they will from any other shares of common stock sold to the public in this offering.

We have granted the underwriters the right to purchase up to an additional 3,300,000 shares of common stock at the initial public offering price less the underwriting discounts and commissions within 30 days from the date of this prospectus.

The underwriters expect to deliver the shares against payment in New York, New York on , 2021

Goldman Sachs & Co. LLC **J.P. Morgan**

BofA Securities **Barclays**

Credit Suisse **KeyBanc Capital Markets** **Deutsche Bank Securities** **Piper Sandler**

Nomura **Fifth Third Securities**

Prospectus dated , 2021.

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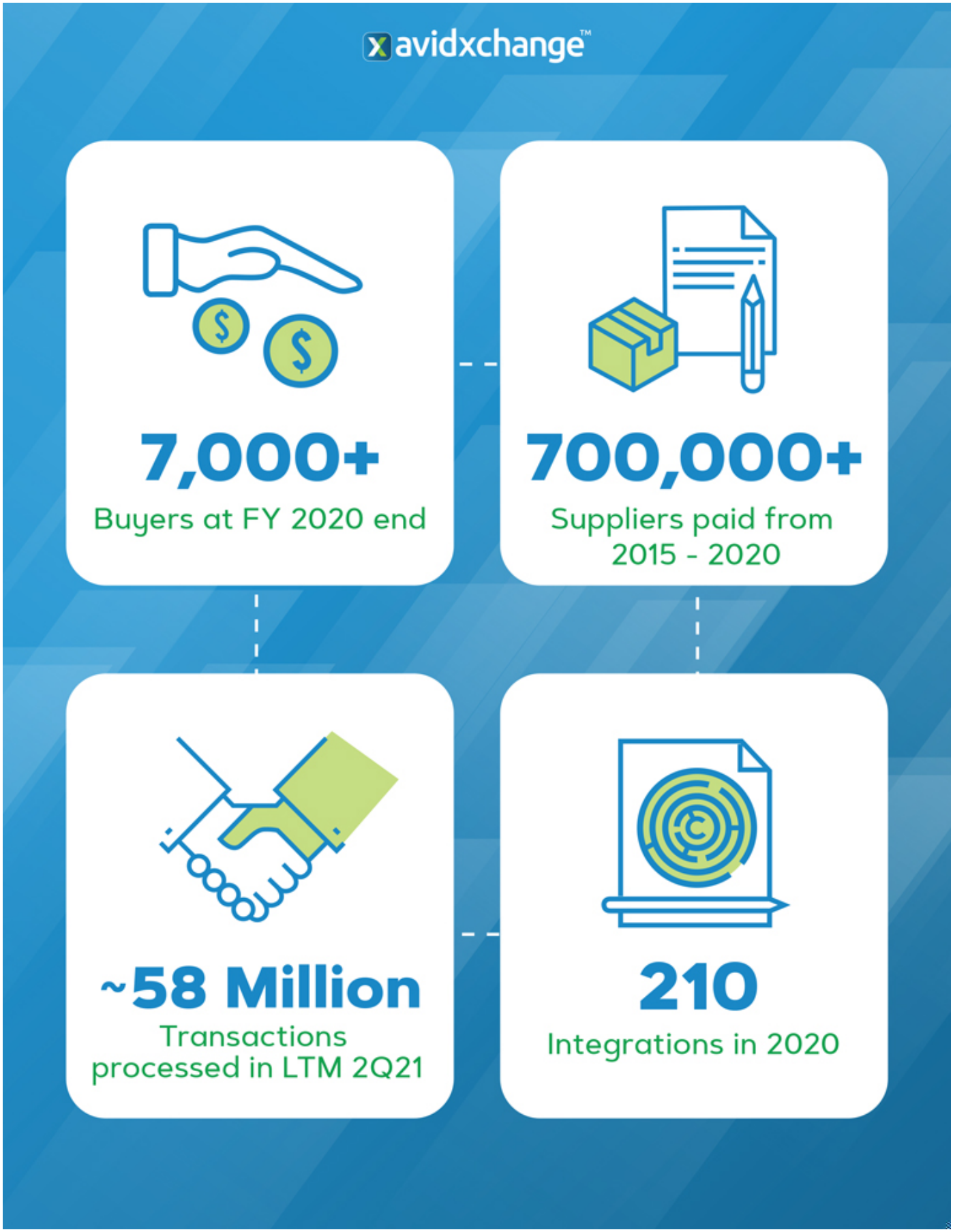

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avidxchange™

Transforming how middle-market businesses receive, manage and pay their bills.

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Neither we nor the underwriters have authorized anyone to provide you with information different from, or in addition to, the information contained in this prospectus or in any free-writing prospectus prepared by or on behalf of us or to which we may have referred you. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are offering to sell, and seeking offers to buy, the shares of common stock offered hereby, but only under circumstances and in jurisdictions where offers and sales are permitted and lawful. The information contained in this prospectus is current only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the shares of common stock offered hereby.

Neither we nor any of the underwriters have taken any action that would permit a public offering of the shares of common stock outside of the United States or permit the possession or distribution of this prospectus or any related free-writing prospectus outside of the United States. Persons outside of the United States who come into possession of this prospectus or any related free-writing prospectus must inform themselves about and observe any restrictions relating to the offering of the shares of common stock and the distribution of the prospectus outside of the United States.

Until , 2021 (the 25th day after the date of this prospectus), all dealers that buy, sell or trade shares of common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Basis of Presentation

Unless otherwise indicated or the context otherwise requires, financial data included, or incorporated by reference, in this prospectus reflects the business and operations of AvidXchange, Inc. and its consolidated subsidiaries. Until July 9, 2021, we operated through AvidXchange, Inc., which is now a wholly-owned subsidiary of AvidXchange Holdings, Inc. Following a reorganization, AvidXchange, Inc. merged into a wholly owned subsidiary of AvidXchange Holdings, Inc. and stockholders of AvidXchange, Inc. received identical shares in a 1:1 ratio of AvidXchange Holdings, Inc. in exchange for their shares of AvidXchange, Inc. AvidXchange Holdings, Inc. currently holds no assets other than the stock of AvidXchange, Inc., and conducts no separate operations. We currently use a calendar year fiscal year, with our fiscal year ending each year on December 31. Throughout this prospectus, all references to quarters and years are to our fiscal quarters and fiscal years, respectively, unless otherwise noted.

About This Prospectus

Unless otherwise indicated or the context otherwise requires, references in this prospectus to “we,” “our,” “us,” “AvidXchange,” and “our company” refer to AvidXchange, Inc. prior to our reorganization, and to AvidXchange Holdings, Inc. and its consolidated subsidiaries following the reorganization.

Trademarks

This prospectus contains references to our trademarks and service marks and to those belonging to other entities. Some of our trademarks and service marks include: AvidXchange, AvidPay Network, AvidPay Direct, AvidInvoice, BankTEL Ascend, Avid for NetSuite, Strongroom Payables Lockbox and Timberscan. Solely for convenience, trademarks and trade names referred to in this prospectus may appear without the ™ or ® symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other companies’ trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

Market, Ranking and Other Industry Data

In this prospectus, we refer to information regarding market data obtained from internal sources, market research, publicly available information, and industry publications. Estimates are inherently uncertain, involve risks and uncertainties, and are subject to change based on various factors, including those discussed in the sections of this prospectus titled “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements.” We believe that these sources and estimates are reliable as of the date of this prospectus but have not independently verified them and cannot guarantee their accuracy or completeness. See “Market and Industry Data” for more information.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before deciding to purchase our common stock in this offering. You should read the entire prospectus carefully, including the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus, before making an investment decision. See "About This Prospectus."

Mission

Our mission is to transform how middle market businesses receive, manage and pay their bills.

Overview

We are a leading provider of accounts payable, or AP, automation software and payment solutions for middle market businesses and their suppliers. Our software-as-a-service, or SaaS, -based, end-to-end software and payment platform digitizes and automates the AP workflows for more than 7,000 businesses (our buyers) and we have made payments to more than 700,000 supplier customers of our buyers (suppliers) over the past five years. While acquiring new and retaining existing relationships with buyers and suppliers are important to our business, the growth of our business is ultimately dependent upon the number of transactions we process, as well as our total payment volume. We developed our technology platform through years of working to solve our buyers' unique middle market workflow challenges. Leveraging our deep domain expertise, we purpose-built a powerful two-sided network that connects buyers and suppliers, drives digital transformation, increases efficiency and accuracy in AP workflows, accelerates payments, enables insight into critical analytics, and lowers operating costs for our buyers.

The majority of businesses continue to operate paper-intensive back offices, particularly in their AP workflows. According to a study by the Association of Finance Professionals, 42% of business-to-business, or B2B, payment volumes in the United States are executed with paper checks. These manual payment methods are accompanied by complicated and labor-intensive steps to process invoices that are slow, expensive and vulnerable to error and fraud.

While solutions have been developed to address this friction, they are predominantly suited for larger enterprises and small to medium size businesses, or SMB. Larger enterprises can purchase expensive and highly sophisticated tools because they have the financial resources and talent base to support these systems. Meanwhile, SMBs more often utilize one-size-fits-all solutions that address simplistic or single-step workflows in less sophisticated business environments.

The middle market, however, remains underserved. We define middle market businesses primarily as companies with between $5 million and $1 billion in annual revenue. They have high invoice throughput, complex AP workflows and general ledger coding that are too sophisticated for the solutions typically utilized by SMBs. However, middle market businesses also operate at a smaller scale than the typical enterprise, which makes the more complicated enterprise solutions cost-prohibitive and difficult to implement. Additionally, the technology landscape for the middle market is highly fragmented and siloed, requiring a flexible technology stack that integrates with multiple software providers to automate workflows.

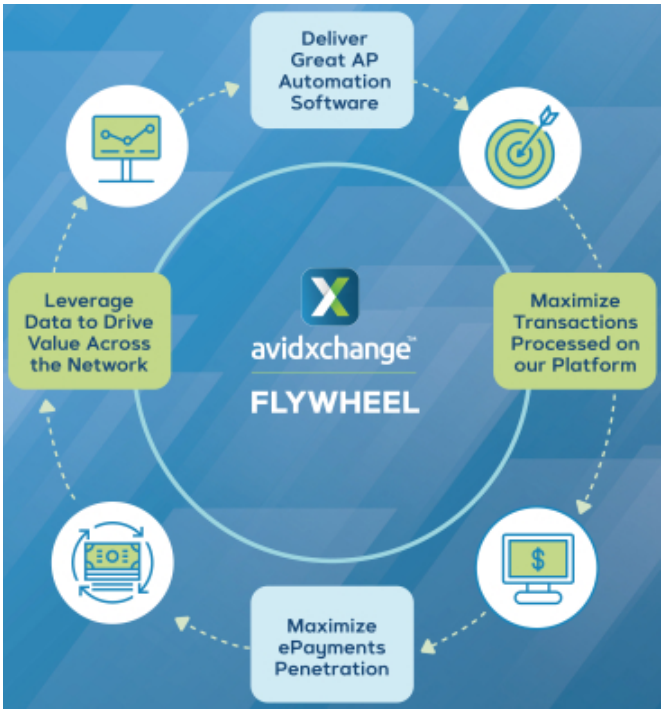
We built our business to solve this gap for the middle market and believe we have become a uniquely strategic platform for our customers' CFOs, treasurers and finance teams by digitally transforming how they receive, manage and pay their bills. Supported by deep integrations to our customers' middle market oriented accounting

and information systems, our platform automates the end-to-end AP workflows for our buyers and enhances the payment experience for our suppliers through the following products and features:

- ***AP Automation Software.*** We have developed a SaaS-based solution automating and digitizing the capture, review, approval and payment of invoices for our buyers. Our omni-channel ingestion engine provides unique, vertical-specific front-end software tools that streamline AP workflows for our buyers. We digitally capture invoices from suppliers and apply the buyer's specific business rules to enable them to begin processing the invoice, extract and utilize transaction data from the invoice to enhance and configure the approval workflows, and manage the entire AP process through the payment of the invoice.
- ***The AvidPay Network.*** Our two-sided payments network connects our buyers with their suppliers, enabling invoice payments on behalf of a buyer and according to the supplier's business rules, payment preferences and remittance data. We support a variety of payment methods depending on the supplier's preference, including virtual commercial card, or VCC, enhanced ACH (our AvidPay Direct) and physical check, while delivering rich remittance data to streamline the reconciliation process.
- ***Cash Flow Manager.*** We provide cash management solutions to our supplier network, including tools that provide a comprehensive view of invoices and an accelerator feature (our Invoice Accelerator). These additional features, and others in our product pipeline, allow us to both monetize and increase engagement on our two-sided payments network.

As indicated above, we serve over 7,000 buyers and have made payments to over 700,000 suppliers over the past five years. We do not have significant customer concentration in our business, with no single customer contributing more than 6% of 2020 revenue and with our top 10 customers contributing less than 15% of revenue in 2020 as well as the first six months of 2020 and 2021. Our customers operate across a variety of verticals in which we have deep domain expertise, including real estate, homeowners associations, or HOA, construction, financial services (including banks and credit unions), healthcare facilities, social services, education, and media. In 2020, we processed approximately 53 million transactions representing over $145 billion in spend under management across our platform and, of that, moved $38 billion in total payment volume from our buyers to their suppliers. Spend under management represents the sum of (i) the aggregate dollar amount of payments processed by us, plus (ii) the aggregate dollar amount represented by the total number of invoices processed by us, in each case, during the specified period. As described in more detail in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations," we generate revenue from each transaction processed on a per transaction basis and earn interchange revenue from a portion of the total payment volume.

Our two-sided AvidPay Network of buyers and suppliers drives a powerful flywheel. We believe that by delivering a world-class AP automation experience, we attract more buyers and increase the number of transactions processed through our system. We also leverage our direct connections to our supplier network to increase penetration of electronic payments, which attracts more suppliers to our network. We capture more data from these additional transactions and e-payments that we use to continuously improve our AP automation experience, drawing more buyers, suppliers and, as a result, more transactions to our platform, which continues to fuel our organic growth. As we add more buyers to the AvidPay Network, both buyers and their suppliers benefit from our current network density which drives electronic payment adoption. In addition, new buyers bring new suppliers, thereby enabling us to continuously add more suppliers to the AvidPay Network and accelerating the flywheel of growth depicted below.



We sell our solutions through a hybrid go-to-market strategy that includes direct and indirect channels. Our direct sales force leverages their deep domain expertise in select verticals and over 120 referral relationships with integrated software providers, financial institutions and other partners to identify and attract buyers that would benefit from our AP software solutions and the AvidPay Network. Our indirect channel includes reseller partners and other strategic partnerships such as Mastercard, through MasterCard's B2B Hub, which includes Fifth Third Bank and Bank of America, and other financial institutions, such as KeyBank, and third-party software providers such as MRI Software, RealPage and SAP Concur. Our referral and indirect channel partnerships provide us greater reach across the market to access a variety of buyers.

We have achieved significant growth through our recurring revenue business model, which gives us visibility into future periods and which is leading to increasing gross margins as we grow our revenue base. We generated revenue of $149.6 million in 2019 and $185.9 million in 2020, representing year-over-year growth of 24.3%. Our gross profit was $62.6 million in 2019 and $85.4 million in 2020, resulting in gross margin of 41.9% in 2019 and 45.9% in 2020. Our Non-GAAP gross profit was $78.6 million in 2019 and $102.3 million in 2020, resulting in Non-GAAP gross margin of 52.5% in 2019 and 55.0% in 2020. Our net loss was $93.5 million in 2019 and $101.2 million in 2020, and we have generated a net loss of more than $484.0 million since inception. See the section titled "Summary Consolidated

Financial and Other Data — Key Performance Indicators and Non-GAAP Measures" for a discussion of the limitations of Adjusted EBITDA, Non-GAAP gross profit and Non-GAAP gross margin and reconciliations of these non-GAAP measures to the most comparable GAAP measures for the periods presented.

Our Industry

Our industry is a significant and growing market, which is defined by the following key factors and trends:

- ***Legacy B2B Payments are complicated and inefficient.*** Unlike the world of consumer payments, B2B payments require a set of complex workflows, accounting system integrations and processes centered on the purchase order or invoice. These involve rigorous payment approval processes and a payment generally initiated from and integrated to various accounting systems. Approximately 42% of U.S. B2B payment volume is still paid using paper checks which may require some form of manual intervention, taking time and resources to resolve. The labor and direct costs associated with these manual processes are expensive and time intensive, creating significant challenges and inefficiencies to those that are not able to digitize and automate these workflows.
- ***Middle market businesses face unique challenges.*** Middle market businesses face unique challenges with respect to their AP processes. The middle market features hundreds of accounting systems and integrations that support various vertical and sub-industries, resulting in a multitude of complex and highly specific business, accounting and compliance requirements. Furthermore, costs related to these complex AP workflows are a significant component of middle market companies' administrative expenses. These businesses are increasingly required to turn to automated cloud-based AP automation and B2B payment solutions to unlock substantial cost savings and create more operational efficiencies within their organizations.
- ***Middle market businesses and their suppliers are largely ignored by existing solutions.*** We believe middle market businesses and their suppliers are vastly underserved by existing financial software solutions. While a few key providers serve each of the larger enterprise buyers and the SMB buyers segment, middle market businesses are largely served by a highly fragmented market of vertical focused enterprise resource planning, or ERP, and software solutions. This fragmentation has led to hundreds of accounting systems available in the middle market today. Additionally, we believe that close to half of the market representing suppliers of our buyers is currently underserved by available offerings.
- ***Generational shift in technology adoption.*** As the next generation of accounting and finance leaders hail from an era of digital consumer finance transformation, there will be an increasing demand for digitization, data and technological efficiency added to standard business workflows. Today, the average newly hired CFO is over 49 years old, but we believe that the average CFO will be a digitally native millennial by the 2030s. Furthermore, the growing importance of data requires businesses to adopt platforms that provide real-time visibility, analytics and insights to inform better, more informed decision making. This next generation of leaders are driving the demand for technological advances in their companies and leading the outreach for solutions such as AvidXchange.

The COVID-19 pandemic highlighted and, in some cases, accelerated the need for dynamic, cloud-based solutions that are able to be utilized anytime and anywhere. The critical need for business continuity was even more pronounced during the shift to remote work environments and through the U.S. mail disruption. Businesses need to be able to receive invoices, pay bills and seamlessly run their businesses no matter what external factors may occur. Digital solutions offer a more secure, reliable, and flexible solution to legacy manual processes.

Our Market Opportunity

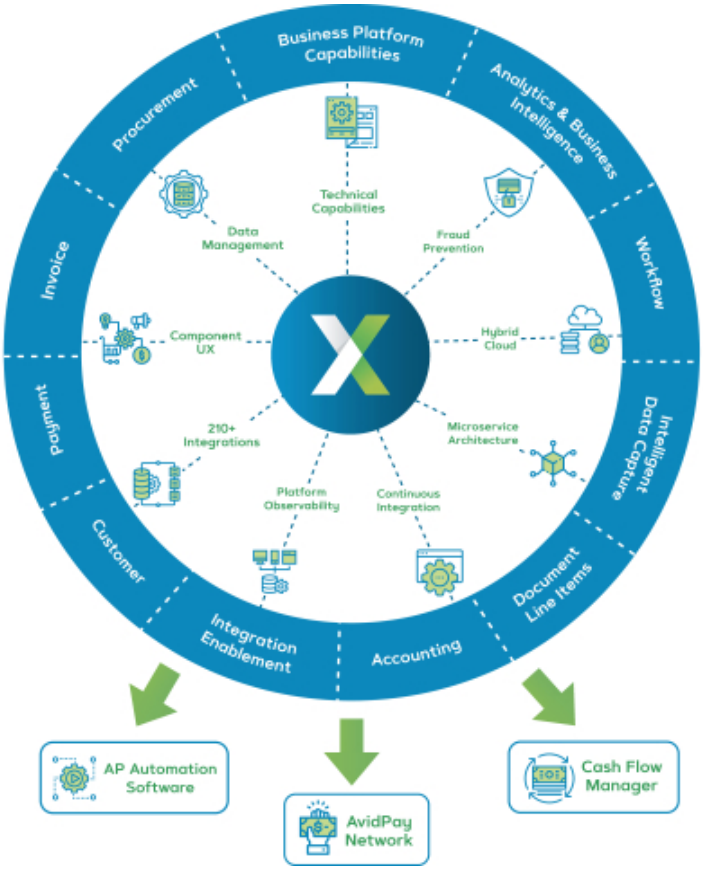
The B2B payments market is rapidly evolving and represents a significant opportunity for digital transformation. According to a 2018 Mastercard report, North American companies make approximately $25 trillion of B2B payments annually. Despite their intrinsic process inefficiencies and high costs, paper checks still comprise 42% of all B2B payments in the United States. In response to this large volume of inefficient processes, the market is undergoing a transformation. A recent study from PYMNTS.com found that 46% of AP professionals would like to implement digital AP automation solutions while a separate MarketsandMarkets study expects the AP automation market to grow 11% annually by 2024.

We believe these market inefficiencies and current trends present a large and growing opportunity for our business. We believe based on our analysis that our current addressable market includes approximately 435,000 U.S. middle market businesses, and represents a significant and underserved revenue opportunity for future growth. We define this opportunity set as businesses with primarily between $5 million and $1 billion in annual revenue or those that manage and aggregate large volumes of AP within our defined verticals. As companies continue to automate complex AP workflows and replace paper checks with alternative electronic payment methods such as VCCs and proprietary electronic payment methods, we estimate more than $20 billion in addressable annual revenue opportunities across both AP automation solutions and B2B payment transactions based on our average revenue per core customer (that is, those customers who subscribe to our services other than only to our Create-a-Check product) during the year ended December 31, 2020.

In addition to providing B2B payments, we believe we can become a strategic cornerstone of our suppliers' finance organizations to better manage expenses and cash flow. We believe that there is a large unmet need in supplier invoice finance, with close to half of the market underserved. Our solutions help suppliers accelerate invoices for early payment, manage supplier payment preferences, and forecast future cash flows. We believe that the total addressable market opportunity for these solutions represents more than $20 billion in additional whitespace opportunity, bringing our total addressable market to north of $40 billion.

Our Solution and Key Strengths

We transform the way AP works for the middle market. Our platform was purpose-built for the middle market since we wrote our first line of code, based on our desire to deal with the business process complexities of our initial customers. Our intuitive user interfaces are an entry point to a broader user experience emphasizing visibility and control. The SaaS-based technical underlayer drives digital transformation and provides the scalability to grow with our buyers. At the same time, we deliver innovative solutions to our buyers, giving them access to the advanced features needed to transform their AP processes. In addition to horizontal offerings, we have a range of sophisticated vertical specific software offerings, including AvidInvoice, AvidBuy, AvidPay, AvidUtility, BankTEL Ascend, Avid for NetSuite, Strongroom Payables Lockbox, Timberscan and Titanium among other offerings. In 2020, we processed approximately 53 million transactions with over $145 billion in spend under management across our platform.



Product Overview

- ***AP Automation Software.*** Our SaaS-based AP automation products simplify and streamline the end-to-end payables workflows beginning with the ingestion of the invoice by the buyer, continuing through the approval and review stages and ending with the payment of the invoice. Our AP automation software provides vertical-specific platforms that are designed to address the intricacies of the business challenges facing each of our core verticals. Throughout this process, our solutions

integrate into and synchronize with accounting systems to ensure reporting and reconciliation occur timely and accurately.

- ***The AvidPay Network.*** One of our core innovations is our two-sided payments network connecting our buyers with their suppliers. We support a variety of fast and efficient payment methods for our suppliers, including electronic payments by VCC and ACH, and check, and deliver robust remittance data to streamline the reconciliation process with the supplier's accounting systems.
- ***Cash Flow Manager.*** We provide cash management solutions to our supplier network that include tools providing a comprehensive view of invoices and an accelerator feature. For example, we offer Cash Flow Manager, which provides suppliers with visibility and access to their outstanding invoices, and Invoice Accelerator, which allows eligible invoices to be paid prior to their due date.

Our products are supported by the following technical and business platform capabilities.

Technical Platform Capabilities

- ***Cloud Based.*** Our technology infrastructure is built upon a hybrid cloud, which we are currently migrating from private to public hosting. This supports a scalable architecture that underpins our growth strategy.
- ***Velocity of Innovation.*** We are continuing to develop a microservices architecture as well as capabilities around continuous integration and delivery. This allows us to compress development cycles and release multiple feature updates per quarter versus quarterly or even annual cycles observed among legacy providers.
- ***Flexibility.*** We offer over 210 integrations with different accounting systems, ensuring our customers have the flexibility to integrate with the fragmented universe of software solutions that defines the middle market technology landscape.

Business Platform Capabilities

- ***Procurement and Order Management.*** Allows buyers to order and ensure appropriate delivery of purchased items, including requisition, purchase order, receipt management, and other related features.
- ***Invoice.*** Provides capabilities to ingest, standardize, centralize, and publish invoices.
- ***Payment.*** Provides straight through processing for payments to advance the customer experience by bridging the gap between front-end customer touchpoints and back-end payment execution while reducing customer cost.
- ***Customer.*** Provides capabilities to unify and make customer entities and their related entities visible, manageable, and searchable. This enables other platform domains to associate transactions, interactions, and other relevant metadata to the AvidXchange unified customer record for operations, analysis, and customer experiences.
- ***Integration Enablement.*** Centralized, configurable and extensible engine allowing the critical, bi-directional flow of data between customers' financial systems, partners, and the broader AvidXchange ecosystem of services.
- ***Accounting.*** Allows management of common accounting objects such as codes, dimensions, legal entities, budgets, and other accounting elements essential to procurement and payment.
- ***Document Line Items.*** Allows AvidXchange buyers to properly account for purchases by tracking individual items and their costs in requisitions, purchase orders, invoices, and receipts.

- ***Intelligent Data Capture.*** Combines character recognition technology, Artificial Intelligence, or AI, based data extraction and stored customer business rules to automatically insert ingested invoices into customer approval workflows. This expedites document delivery and processing and automates manual processes that burden our customers.
- ***Workflow.*** Provides business automation capabilities and allows AvidXchange buyers the ability to create configurable business rules and sequences of operations for processing of objects found in the AvidXchange ecosystem.
- ***Analytics & Business Intelligence.*** Enables AI/Machine Learning, or ML, capabilities throughout AvidXchange's platforms and products, reducing operational costs through the power of automation at scale.

Benefits to our Buyers

- ***Accelerate Digital Transformation.*** We enable middle market buyers to digitize their mission-critical AP workflows from invoice ingestion to payment. For example, by applying business rules configurable to each company to document ingestion, our intelligent data capture automates acceptance of invoices and seamlessly inserts them into the AP workflows and approval process. By automating these processes, our platform reduces human-error, speeds approvals and ensures businesses have more transparency on their cash flow.
- ***Enhanced Visibility and Control.*** We empower our buyers to control each step of their AP workflows through flexible software that can be self-tailored to fit their unique business and process logic. This ensures that each of our buyers can impose the appropriate level of reviews and approvals to support the required internal controls of their customers.
- ***Reduced Cost Burden.*** Eliminating manual reviews and intervention allows our buyers to realize significant savings. We estimate the total cost of processing a paper invoice is approximately $19.00 across the paper invoice and paper check payment. We believe that automating these processes reduces that cost by over 60%, while also improving the accuracy of reporting and reconciliation.
- ***Advanced Risk Management.*** Our software platform and data enables risk mitigation for our buyers and suppliers. According to the 2019 AFP Payments Fraud and Control Survey, 82% of organizations reported fraud incidents in 2018, and 43% experienced direct financial loss as a result. Our SaaS automation software coupled with our depth of buyer business logic better empowers our buyers to detect and prevent fraudulent attacks through paper and digital means. In addition, in order to ensure we can move money on our buyers' behalf safely, securely and with transparency, we have become a licensed money transmitter in the United States.
- ***Manage Supplier Relationships.*** We enable buyers to manage and maintain strong supplier relationships. In addition to enabling payments to be made on time, we maintain supplier payment preferences that buyers need in order to make payments. By digitizing this information to facilitate payments made on our network, we streamline buyer and supplier engagement, helping buyers build long-term supplier relationships that drives business growth.

Benefits to our Suppliers

- ***Send invoices electronically.*** Enabling the digital transmittal of invoices saves our suppliers the time and cost associated with mailing paper invoices.
- ***Receive payments faster.*** Suppliers who elect to receive payment via our VCC or AvidPay Direct product can expect delivery of each payment and related remittance information in as little as 24 hours. These rapid payment schemes enable suppliers to effectively manage their cash flows.

- ***Data rich remittances.*** Along with the payment, we also deliver robust data files regarding the transaction, which enable suppliers to quickly and accurately update their back-end systems and facilitate their cash application and reconciliation process with limited manual data entry.

Go-To-Market

We have made significant investments in our sales and marketing organization, and we employ a hybrid go-to-market strategy utilizing both direct and indirect channels. Our go-to-market organization consists of over 600 employees supporting buyers and suppliers in our direct sales, marketing and relationship management teams and is a cornerstone of creating and maintaining trusted customer relationships.

Direct sales

Our buyer direct sales organization is aligned within key industry verticals where we have developed a specialized industry and product domain expertise, including: real estate, HOAs, construction, financial services (including banks and credit unions), healthcare facilities, social services, education, and media. The buyer-focused sales team takes a targeted approach to assess and attract clients that would benefit from our AP software solutions and the AvidPay Network. Our direct sales team manages our network of over 120 referral relationships with integrated software providers, financial institutions and other partners that refer AvidXchange's solutions and services to their customer networks. Our target businesses generally have greater than $5 million in annual revenue and/or process at least 200 invoices or more than 100 payments per month.

Indirect channels

Our buyer indirect sales channel includes reseller partners and other strategic partnerships. Bank of America and Fifth Third Bank, through Mastercard's branded "Mastercard B2B Hub," and KeyBank resell AvidXchange's software and services to their customers. Our strategic software and technology partners include brands such as MRI Software, RealPage, and SAP Concur, in addition to other non-strategic partners. These partnerships allow us to increase wallet share in existing markets and expand into adjacent markets.

We also have an extensive sales force of over 90 employees dedicated to executing our proprietary supplier engagement process and onboarding the vast number of suppliers that interact with our solutions and network. Our automated processes quickly detect anytime a payment is made to an out-of-network supplier, after which our dedicated teams quickly work to engage and onboard interested parties. Our active focus on supplier retention and enhancement of supplier-focused automated solutions continues to expand the overall network.

We intend to continue to invest in our sales and marketing capabilities to capitalize on our market opportunity.

Why We Win

Our customers choose us for the tangible value proposition our solutions offer. We believe we have several competitive advantages that drive our ability to leverage our first mover market position:

- ***Built to solve the unique business challenges of the middle market.*** Since our inception, our solution has been purpose-built for the middle market. Our platform addresses enterprise level challenges, but at the scale, price and in the language of the middle market.
- ***Digitize the entire AP workflow.*** We apply data and SaaS-based software automation to the entirety of the AP workflow. While some tools require the buyer to first handle invoice ingestion, we focus on transforming the buyer experience by owning, and enhancing, each point of the value chain. Our

platform will handle invoice ingestion, whether through paper or electronic means, and replicate that ownership and automation through to payment.

- ***Comprehensive, end-to-end AP Automation and payments platform.*** Our comprehensive solution provides a single-vendor approach to eliminate paper, streamline workflows and ensure timely and accurate reconciliation. We have spent years building a software and payments platform coupled with hundreds of integrations to vertical-specific middle market accounting and information systems. We believe this provides us with a unique competitive advantage to automate AP workflows, streamline invoice payment and continue to grow our two-sided network.
- ***Scaled, two-sided network of buyers and suppliers powers a flywheel effect.*** We provide the infrastructure layer connecting our buyers with their suppliers. As buyers approve and pay more invoices through our platform, we connect them to their suppliers and add more suppliers to our network, which drives an expansion of the flywheel effect that fuels our growth. As a result of this ongoing flywheel, we have built a high level of supplier density that allows us to monetize payments almost immediately after a buyer joins our platform.
- ***Diverse and deep integration layer.*** We offer more than 210 integrations with different accounting systems that allow our clients to curate a technology stack tailored to the nuances of their size, scale and vertical. Our "built inside" integrations, many of which are flexible API-based integrations, facilitate increasingly seamless exchanges of data, driving enhanced user experiences and utility and providing a feature set and level of customization historically reserved only for enterprises.
- ***Unparalleled data capabilities.*** Our buyers and suppliers benefit from the more than 190 million invoices we have ingested and processed since inception. From the beginning, we recognized the feedback value of data and as such our product development and operations benefit from two decades of transactions. We believe we ingest invoices more accurately, manage risk more insightfully and assess credit more thoughtfully in part due to a knowledge base that continues to grow every day.
- ***"Win as a team" culture.*** Our culture is our DNA. It's what brings us together and makes us who we are. We believe our culture gives us a unique competitive advantage. Our strength lies in leveraging the unique differences our employees bring to the workplace. We value diverse talents, skills, ideas, ways of thinking, backgrounds and life stories – all of which drive our innovation and performance. As entrepreneurs seeking innovative solutions to serve our customers, we want every employee to feel a strong sense of purpose and belonging. Therefore, we strive to create a workplace where every employee feels comfortable and empowered to bring their full, authentic self to work every day. As we continue to grow the business, we also intentionally focus on the key drivers of employee experience and engagement: wellbeing, growth and development, and rewards and recognition. Engaged employees are imperative to achieve strong company performance and excellent customer experience.

Our Commitment to Our Community

We are committed to sharing our resources and time in support of philanthropic efforts. In demonstration of this commitment, on June 24, 2021, our board of directors approved the reservation of 1,657,296 shares of our common stock (representing approximately 1% of our issued and outstanding common stock and common stock equivalents as of June 24, 2021) for future issuance to fund our philanthropic endeavors, including possible issuance to a philanthropic partner in connection with the establishment of a donor-advised fund, over a ten-year period. On October 1, 2021, the Company executed an agreement with a philanthropic partner and intends to issue the first contribution of 10% of the pledged shares shortly after the execution of the agreement. The Company intends to provide annual ongoing grants of 10% of the pledged shares for a period of nine subsequent years, subject in each case to the approval of our board of directors.

Growth Strategy

We are dedicated to continuing to differentiate ourselves as the leader in AP automation software and payment solutions for middle market businesses through our multi-pronged approach. Key elements of our growth strategy include the following.

- Continue to drive the number of transactions processed by acquiring new buyers and suppliers and increasing transactions processed between our existing buyers and their suppliers.
- Increase conversion of paper checks to electronic payments.
- Continue to innovate and enhance new products.
- Selectively pursue strategic M&A.
- Enter new verticals.
- International expansion.

Recent Operating Results (Preliminary and Unaudited)

We are in the process of finalizing our results as of and for the three months ended September 30, 2021 and we expect to complete our interim financial statements as of and for the three months ended September 30, 2021 subsequent to the completion of this offering. We have presented below certain preliminary results representing our estimates for the three months ended September 30, 2021, which are based solely on currently available information and do not present all necessary information for an understanding of our financial condition as of September 30, 2021 or our results of operations for the three months ended September 30, 2021. We have provided ranges, rather than specific amounts, for the preliminary estimates for the unaudited financial and other data described below primarily because our financial closing procedures for the three months ended September 30, 2021 are not yet complete. As a result, our actual results may differ from these estimates due to the completion of our financial closing procedures and final adjustments, including, but not limited to, purchase accounting adjustments in connection with our acquisition of FastPay during the three months ended September 30, 2021, as well as other developments that may arise between now and the time our final quarterly financial statements are completed, and such changes could be material. Accordingly, undue reliance should not be placed on these preliminary estimates.

The preliminary financial data presented below has been prepared solely on the basis of currently available information by, and is the responsibility of, AvidXchange's management. PricewaterhouseCoopers LLP has not audited, reviewed, compiled, or applied agreed-upon procedures with respect to the preliminary financial data. Accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto.

These preliminary estimates are forward-looking statements, may differ from actual results and should be read together with “Risk Factors”, “Cautionary Note Regarding Forward-Looking Statements”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes included in this prospectus.

Selected Financial Data and Key Metrics: (in millions)	Three Months Ended September 30, 2021 Estimated Low	2021 Estimated High	2020 Actual
Revenues	$ 62.0	$ 63.5	$ 47.6
Transactions processed(1)	16.0	16.1	13.7
Loss from operations	$(21.4)	$(17.4)	$(13.5)

(1) We define transactions processed as the number of invoice transactions and payment transactions, such as invoices, purchase orders, checks, ACH payments and VCCs, processed through our platform during a particular period. For a further description of how we calculate Transactions Processed and other financial and operating metrics as well as a discussion of their uses see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Metrics.”

We estimate revenues will increase between $14.4 million and $15.9 million, or 30% to 33%, for the three months ended September 30, 2021 compared to the three months ended September 30, 2020 primarily as a result of new buyer invoice and payment transaction volume.

We estimate transactions processed will increase between 2.3 million and 2.4 million, or 17% to 17.5%, for the three months ended September 30, 2021 compared to the three months ended September 30, 2020 primarily as a result of growth in new and existing customers processing transactions on our platform.

We estimate loss from operations will increase between $7.9 million and $3.9 million, or 58.5% to 29%, for the three months ended September 30, 2021 compared to the three months ended September 30, 2020. This increase was primarily attributable to increased sales and marketing activity and research and development expenses largely associated with increased headcount to support our growth and investment in our products and platform as well as increased general and administrative expenses primarily associated with headcount growth and professional and consulting fees in connection with our preparation to operate as a public company.

We closed our acquisition of FastPay in July 2021. As of the date of this prospectus, we have yet to fully reflect the impact of this acquisition in our results of operations for the period ended September 30, 2021. As the final determination of the purchase price allocation has not been completed, we are not yet in a position to provide an estimate of each discrete expense category for the period ended September 30, 2021. However, we have provided our preliminary estimated range of revenues and loss from operations for the period ended September 30, 2021 in the table above.

Summary Risk Factors

Investing in our common stock involves risk. Before investing in our common stock, you should carefully consider all the information in this prospectus. In particular, please read the section titled "Risk Factors," which describes certain known risks and uncertainties that may offset our competitive strengths or have a negative effect on our strategy or operating activities, which could cause a decrease in the price of our common stock and result in a loss of all or a portion of your investment. These risks and uncertainties include, but are not limited to, the following:

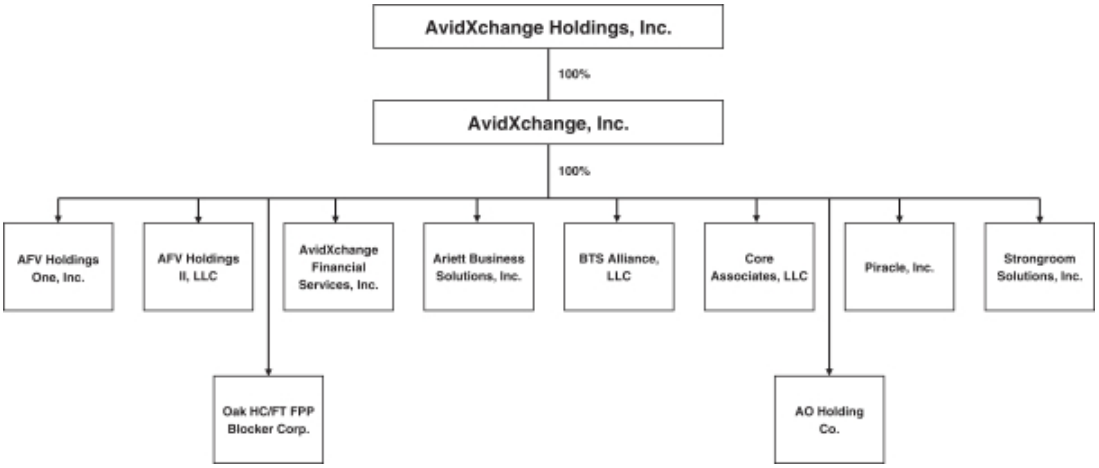
- We have a history of operating losses and we may not achieve or sustain profitability in the future.
- Our future revenue and operating results will be harmed if we are unable to acquire new customers, retain existing customers, expand sales to our existing customers, or deliver new features, functionality and integrations for our platform that achieve market acceptance.
- Our historical growth may not be indicative of our future performance and our growth is dependent on a number of factors that we do not control.
- We participate in highly competitive and fragmented markets, and our industry is rapidly evolving.
- We transfer large sums of customer funds daily, and are subject to the risk of errors, which could result in financial losses and damage to our reputation and customer trust.
- We, our strategic partners, our buyers and suppliers, and others who use our services obtain and process a large amount of data. Any real or perceived improper or unauthorized use of, exposure 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.
- We earn a substantial portion of our revenue from electronic payment transactions and our growth is dependent upon the continued acceptance, security and adoption of electronic payment types that result in interchange revenue.
- If we lose key members of our team including our Co-Founder and Chief Executive Officer, or if we are unable to attract and retain talent, our business may be harmed.
- We may not be able to scale our business and technology quickly enough to meet our growth.
- We may lose existing customers or fail to attract new customers if we are unable to deliver new software, solutions and technology for our platform.
- Uncertain or weakened economic conditions, including as a result of COVID-19, have adversely affected our industry, business and results of operations resulting in a negative impact on new sales.
- Interruptions or delays in the services provided by third-party data centers or internet service providers could impair the delivery of our products and services.
- We are subject to the payment card network rules and our failure to comply with these rules could harm our business.
- We depend on banks, bank partners and other third-party service providers to process transactions.
- Our long-term growth strategy depends, in part, on strategic partnerships and indirect sales partners.
- The loss of one or more of our key customers or strategic partners could negatively affect our ability to market our platform.
- We use open-source software in our products, which could subject us to litigation or other actions.
- 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.

- Our risk management efforts may not be effective to prevent fraudulent activities by our customers or their counterparties or third parties, which could expose us to material financial losses and liability and otherwise harm our business.
- Our business, which includes payment services, is subject to extensive government regulation and oversight. Our failure to comply with extensive, complex, overlapping, and frequently changing rules, regulations, and legal interpretations could materially harm our business and noncompliance with such laws can subject us to criminal liability.
- Our Senior Secured Credit Facilities and Guaranty Agreement provides our lenders with a first-priority lien against substantially all of our and our subsidiaries' assets and personal property, and contains financial covenants and other restrictions on our and our subsidiaries' actions, which could limit our operational flexibility and otherwise adversely affect our financial condition.

Our Corporate Information

AvidXchange Holdings, Inc. was formed in January 2021 to serve as a holding company for AvidXchange, Inc., which was formed in 2000 as a Delaware corporation, originally named AvidXchange.com, Inc., changing its name in 2003 to AvidXchange, Inc. In our restructuring transaction, on July 9, 2021, stockholders of AvidXchange, Inc. received identical shares in a 1:1 ratio of AvidXchange Holdings, Inc. in exchange for their shares of AvidXchange, Inc., and AvidXchange, Inc. became a wholly owned subsidiary of AvidXchange Holdings, Inc., which is a holding company, the sole asset of which is the stock of AvidXchange, Inc. Prior to the restructuring, AvidXchange Holdings, Inc. did not conduct any activities other than in connection with its formation and in preparation for this offering. Accordingly, our consolidated financial statements and other financial information included in this prospectus as of dates and for periods prior to the date of the restructuring reflect the results of operations and financial position of AvidXchange, Inc. Our consolidated financial information, if any, as of dates and for periods from and after the date of the restructuring reflect the results of operations and financial condition of AvidXchange Holdings, Inc. and its wholly-owned subsidiary, AvidXchange, Inc., unless otherwise expressly stated. References throughout this prospectus to "AvidXchange," "we," "us" or "our" refer to either AvidXchange, Inc. (prior to the restructuring) or AvidXchange Holdings, Inc. (after the restructuring).

The diagram below depicts our current organizational structure (including the direct subsidiaries of AvidXchange, Inc.).



Our principal executive offices are located at 1210 AvidXchange Lane, Charlotte, NC 28206 and our telephone number is (800) 560-9305. We maintain a website at the address www.avidxchange.com. **Information contained on, or accessible through, our website is not a part of this prospectus and you should not rely on that information when making a decision to invest in our common stock.**

Implications of Being an Emerging Growth Company

As a company with less than $1.07 billion in revenue during our last fiscal year, we qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act, or JOBS Act, enacted in April 2012. An emerging growth company may take advantage of reduced reporting requirements that are otherwise applicable to public companies. These provisions include:

- not being required to comply for a certain period of time with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended, or the Sarbanes-Oxley Act;
- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements; and
- exemptions from the requirements of holding a stockholder advisory vote on executive compensation and any golden parachute payments not previously approved.

We may take advantage of these provisions until the last day of our fiscal year following the fifth anniversary of the date of the first sale of our common stock in this offering. However, if certain events occur prior to the end of such five-year period, including if: (i) we become a "large accelerated filer," with at least $700 million of equity securities held by non-affiliates; (ii) our annual gross revenue exceeds $1.07 billion; or (iii) we issue more than $1.0 billion of non-convertible debt in any three-year period, we will cease to be an emerging growth company prior to the end of such five-year period.

We have elected to take advantage of certain of the reduced disclosure obligations in this prospectus and in the registration statement of which this prospectus is a part and may elect to take advantage of other reduced reporting requirements in future filings. As a result, the information in this prospectus and that we provide to our stockholders in the future may be different from what you might receive from other public reporting companies in which you hold equity interests. In addition, pursuant to the JOBS Act, as an emerging growth company we have elected to take advantage of an extended transition period for complying with new or revised accounting standards. This effectively permits us to delay adoption of certain accounting standards until those standards would otherwise apply to private companies. As a result, our consolidated financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies, which may make our common stock less attractive to investors.

The Offering	
Issuer	AvidXchange Holdings, Inc.
Common stock we are offering	22,000,000 shares
Option to purchase additional shares of common stock	3,300,000 shares
Common stock to be outstanding after the offering	191,350,102 shares
Use of proceeds	We estimate that we will receive net proceeds from this offering of approximately $444.6 million (or approximately $512.1 million if the underwriters exercise their option to purchase additional shares of our common stock in full) based on an assumed initial public offering price of $22.00 per share of common stock, the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds from this offering (including any additional proceeds that we may receive if the underwriters exercise their option to purchase additional shares of our common stock) to redeem the shares of redeemable preferred stock issuable upon conversion of our senior preferred stock (approximately $169 million), and for general corporate purposes, which we currently expect will include headcount expansion, continued investment in our sales and marketing efforts, product development, general and administrative matters, and working capital. We may also use a portion of the net proceeds for acquisitions or strategic investments in complementary businesses, products, services, or technologies, although we do not currently have any definitive plans or commitments for any such acquisitions or investments. See the section titled “Use of Proceeds” for more information.
Directed share program	At our request, an affiliate of BofA Securities, Inc., a participating underwriter, has reserved for sale, at the initial public offering price, up to 5% of the common stock being offered for sale, to certain individuals and entities associated with us. We will offer these shares to the extent permitted under applicable regulations. Any directors and officers that buy shares of common stock through the directed share program will be subject to a lock-up agreement with respect to such shares. See “Shares Eligible for Future Sale-Lock-Up Agreements.” The number of shares of common stock available for sale to the general public in this offering will be reduced to the extent that such persons or entities purchase such reserved shares. Any reserved shares not purchased will be offered by the underwriters to the general public on the same terms as the other shares of common stock. See “Underwriting.”

Listing	We have applied to list our common stock on Nasdaq under the trading symbol “AVDX.”
Risk factors	For a discussion of risks relating to our company, business, industry and an investment in our common stock, see “Risk Factors” and the other information set forth in this prospectus before investing in our common stock.
Indications of Interest	One or more funds and/or accounts managed by Capital Research Global Investors, certain funds and accounts managed by subsidiaries of BlackRock, Inc., and one or more funds and/or accounts affiliated with Neuberger Berman Investment Advisers LLC, or collectively, the cornerstone investors, have indicated an interest, severally but not jointly, in purchasing up to an aggregate of $140 million in shares of our common stock offered in this offering at the initial public offering price. Because this indication of interest is not a binding agreement or commitment to purchase, the cornerstone investors may determine to purchase more, less or no shares of our common stock in this offering or the underwriters may determine to sell more, less or no shares of our common stock to the cornerstone investors. The underwriters will receive the same discount from any shares of common stock sold to the cornerstone investors as they will from any other shares of common stock sold to the public in this offering.

The number of shares of our common stock that will be outstanding after this offering is based on 169,350,102 shares of our common stock outstanding as of June 30, 2021 (including preferred stock on an as-converted basis, 188,448 restricted stock units, or RSUs, that have met their time-based vesting trigger and will vest in full upon completion of this offering, 732,356 shares of common stock to be issued upon the automatic net exercise of warrants outstanding as of June 30, 2021 as well as 1,409,090 shares of our common stock issued in connection with our acquisition of FastPay in July 2021) and excludes:

- 5,684,432 shares of our common stock issuable upon the exercise of options to purchase shares of our common stock outstanding as of June 30, 2021, with a weighted-average exercise price of $7.43 per share;
- 2,305,744 shares of our common stock issuable upon the vesting of RSUs outstanding as of June 30, 2021;
- 1,657,296 shares of our common stock reserved for issuance pursuant to the 1% pledge program;
- 4,793,716 shares of our common stock reserved for future issuance under our Equity Incentive Plan, or our 2020 Plan, which will no longer be available for issuance thereunder at the time our 2021 Plan becomes effective;
- 18,023,020 shares of our common stock reserved for future issuance under our 2021 Long Term Incentive Plan, or our 2021 Plan, which includes an annual evergreen increase and will become effective in connection with this offering, plus any shares underlying outstanding stock awards under our 2010 Stock Option Plan, or our 2010 Plan, the 2017 amendment and restatement of the 2010 Option Plan, or our 2017 Plan, or our 2020 Plan that expire or are reacquired, forfeited, terminated or withheld, as more fully described in the section titled “Executive Compensation — Incentive Award Plans — 2021 Long-Term Incentive Plan”; and
- 2,703,452 shares of our common stock reserved for future issuance under our 2021 Employee Stock Purchase Plan, or ESPP, which includes an annual evergreen increase and will become effective in connection with this offering.

Unless otherwise indicated, the information in this prospectus assumes or reflects:

- the filing of our amended and restated certificate of incorporation and the effectiveness of our amended and restated bylaws, each of which will occur immediately following the completion of this offering;
- a 4-for-1 forward stock split of our then-outstanding common stock effected on September 30, 2021 (without any change in the par value per share and, in the case of outstanding preferred stock, a corresponding adjustment to the respective conversion prices and not shares of preferred stock outstanding);
- the automatic conversion of all 27,359,830 outstanding shares of our preferred stock (other than our senior preferred stock) as of June 30, 2021, into an aggregate of 111,142,490 shares of our common stock, which will occur immediately prior to the completion of this offering;
- the automatic conversion of our senior preferred stock into 169,000 shares of redeemable preferred stock and 2,785,608 shares of convertible common stock and the automatic conversion of all shares of convertible common stock issuable upon conversion of the senior preferred stock into an aggregate of 1,273,906 shares of our common stock (based upon an assumed initial public offering price of $22.00, the midpoint of the price range set forth on the cover of this prospectus), which will occur immediately prior to the completion of this offering (see below for a calculation of shares of common stock issuable upon such conversion at various public offering prices);
- the redemption of all shares of redeemable preferred stock issuable upon conversion of the senior preferred stock;
- 732,356 shares of common stock to be issued upon the automatic net exercise of warrants outstanding as of June 30, 2021, with a weighted-average exercise price of $1.80 per share, immediately prior to the completion of this offering, based on an assumed initial public offering price of $22.00 per share, the midpoint of the price range set forth on the cover of this prospectus;
- 1,409,090 shares of common stock issued in connection with our acquisition of FastPay, based on an assumed initial public offering price of $22.00 per share, the midpoint of the price range set forth on the cover of this prospectus;
- no exercise of the outstanding options or warrants described above (other than the net exercises described above) or settlement of RSUs described above;
- no exercise by the underwriters of their option to purchase up to an additional 3,300,000 shares of common stock from us; and
- no purchase of our common stock by executive officers, directors and existing stockholders through the directed share program described under “Underwriting.”

Price Sensitive Share Issuances

Our senior preferred stock converts automatically upon the closing of this offering into shares of redeemable preferred stock and convertible common stock. No shares of senior preferred stock will remain outstanding following such conversion. Prior to completion of this offering, holders of a majority of the convertible common stock to be issued upon automatic conversion of the senior preferred had the option to provide us a notice of election to redeem all shares of convertible common stock issued upon conversion of the senior preferred stock, which redemption would occur upon consummation of this offering. However, the holders of senior preferred stock have affirmatively elected to allow the shares of convertible common stock to automatically convert into our common stock upon consummation of this offering and, as a result, the convertible common stock will similarly convert into our common stock with the number of shares so issued being determined based on the initial public offering price per share of our common stock in this offering, or the IPO Price.

As of June 30, 2021, we had 2,722,166 shares of senior preferred stock outstanding, which would convert into 169,000 shares of redeemable preferred and 2,785,608 shares of convertible common stock. Upon consummation of this offering 2,785,608 shares of convertible common stock will convert into 1,273,906 shares of our common stock, based upon an assumed initial public offering price of $22.00 per share, the midpoint of the price range set forth on the cover page of this prospectus, or the Midpoint Price.

Additionally, the number of shares of our common stock issuable upon consummation of this offering from the automatic net exercise of certain of our outstanding warrants as well as the amount of shares previously issued by us in connection with the acquisition of FastPay are also subject to adjustment based on the IPO Price. At the Midpoint Price, 732,356 shares of our common stock would be issued upon the automatic net exercise of warrants outstanding as of June 30, 2021 and the number of shares of our common stock issued in connection with the acquisition of FastPay would be adjusted to 1,409,090 shares or, together with the shares of our common stock issuable upon automatic conversion of the convertible common stock at the Midpoint Price, 3,415,352 shares in the aggregate, which aggregate amount we refer to at the "Midpoint Share Assumption."

For illustrative purposes only, the table below sets forth, at various IPO Prices, the number of shares of our common stock: (i) issuable upon the automatic conversion of all shares of convertible common stock and automatic net exercise of warrants, in both cases upon consummation of this offering; and (ii) issued to FastPay on a post-adjustment basis.

	Common Stock Issuable				
IPO Price	Conversion of Convertible Common Stock	Net Exercise of Warrants	To FastPay	Total	Variance from Midpoint Assumption
$ 20.00	1,122,736	725,827	1,550,000	3,398,563	(16,789)
$ 21.00	1,201,920	729,246	1,476,190	3,407,356	(7,997)
$ 22.00	1,273,906	732,356	1,409,090	3,415,352	—
$ 23.00	1,339,632	735,195	1,347,826	3,422,653	7,301
$ 24.00	1,399,881	737,797	1,291,666	3,429,344	13,992

Summary Consolidated Financial and Other Data

The following tables set forth our summary consolidated financial and other data for the periods presented and at the dates indicated below. The selected consolidated statements of operations data for the years ended December 31, 2020 and 2019, and the consolidated balance sheet data as of December 31, 2020, have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated statements of operations data for the six months ended June 30, 2021 and 2020, and the unaudited consolidated balance sheet data as of June 30, 2021, have been derived from our unaudited interim consolidated financial statements included elsewhere in this prospectus. The consolidated financial and other data for the periods presented reflects (1) the revision for the correction of errors described in the notes to the financial statements included within this prospectus and (2) the four-for-one stock split effected on September 30, 2021. Our historical results are not necessarily indicative of the results that may be expected in any future period. The following summary consolidated financial data should be read together with the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited consolidated financial statements and related notes included elsewhere in this prospectus.

	Year Ended December 31,		Six Months Ended June 30,	
Consolidated Statements of Operations	**2020**	**2019**	**2021**	**2020**
(in thousands, except share and per share data)				
Revenues	$ 185,928	$ 149,584	$ 113,968	$ 85,465
Cost of revenues (excluding depreciation and amortization)	83,755	71,133	45,551	40,666
Operating expenses				
Sales and marketing	47,910	39,583	28,058	23,516
Research and development	44,500	33,591	27,553	21,101
General and administrative	56,395	52,101	29,934	20,456
Impairment of intangible asset	924	7,891	574	924
Depreciation and amortization	27,514	22,340	14,170	13,780
Total operating expenses	177,243	155,506	100,289	79,777
Loss from operations	(75,070)	(77,055)	(31,872)	(34,978)
Other income (expense)				
Interest income	1,675	1,383	297	977
Interest expense	(20,080)	(17,259)	(10,111)	(9,977)
Change in fair value of derivative instrument	(7,537)	(555)	(138)	(6,545)
Charge for amending financing advisory engagement letter — related party	—	—	(50,000)	—
Other expenses	(25,942)	(16,431)	(59,952)	(15,545)
Loss before income taxes	(101,012)	(93,486)	(91,824)	(50,523)
Income tax expense	234	60	201	117
Net loss	$ (101,246)	$ (93,546)	$ (92,025)	$ (50,640)
Deemed dividend on preferred stock	(43,414)	(6,494)	—	—
Accretion of convertible preferred stock	(21,682)	(7,906)	(9,405)	(10,419)
Net loss attributable to common shareholders	(166,342)	(107,946)	(101,430)	(61,059)
Net loss per share attributable to common shareholders, basic and diluted	$ (3.34)	$ (2.54)	$ (1.90)	$ (1.35)
Weighted-average shares used to compute net loss per share attributable to common shareholders, basic and diluted	49,738,252	42,526,716	53,317,276	45,384,232
Pro forma net loss attributable to common shareholders(1)	(131,956)		(92,025)	
Pro forma net loss per share attributable to common shareholders, basic and diluted(1)	$ (0.80)		$ (0.55)	
Pro forma weighted-average shares used to compute net loss per share attributable to common shareholders, basic and diluted(1)	164,484,542		168,063,566	

Disaggregation of Revenue: *(in thousands)*	Year Ended December 31, 2020	Year Ended December 31, 2019	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Software revenue	$ 68,063	$ 50,147	$ 42,071	$ 33,012
Payment revenue	115,745	98,335	70,620	51,807
Services revenue	2,119	1,102	1,277	646
Total revenues	$ 185,928	$ 149,584	$ 113,968	$ 85,465

Consolidated Balance Sheet Data: *(in thousands)*	As of December 31, 2020	As of June 30, 2021 Actual	As of June 30, 2021 Pro Forma(2)	As of June 30, 2021 Pro Forma As Adjusted(3)(4)
Cash and cash equivalents	$ 252,458	$ 202,938	$ 202,938	$ 478,558
Total assets	726,511	1,222,373	1,253,373	1,528,993
Total liabilities	404,991	939,715	929,322	929,322
Total convertible preferred stock	832,625	842,030	169,000	—
Total stockholders' (deficit) equity	(511,105)	(559,372)	155,051	599,671

(1) The following table presents the calculation of pro forma basic and diluted net loss and net loss per share for the periods indicated *(in thousands, except share and per share data)*:

	Year Ended December 31, 2020	Six Months Ended June 30, 2021
Numerator:		
Net loss attributable to common stockholders	$ (166,342)	$ (101,430)
Add: Deemed dividend on preferred stock	43,414	—
Add: Accretion of convertible preferred stock	21,682	9,405
Add: Change in fair value of derivative to reflect conversion of convertible common stock	(17,633)	—
Add: Stock-based compensation expense for RSUs with performance–related vesting condition satisfied with this offering	(13,077)	—
Net loss used to compute pro forma net loss per share, basic and diluted	$ (131,956)	$ (92,025)
Denominator:		
Weighted-average number of shares used to compute net loss per share attributable to common stockholders, basic and diluted	49,738,252	53,317,276
Pro forma adjustment to reflect the assumed conversion of redeemable convertible preferred stock (other than senior preferred stock)	111,142,490	111,142,490
Pro forma adjustment to reflect assumed vesting of RSUs with performance-related vesting condition	188,448	188,448
Pro forma adjustment to reflect issuance of common stock to acquire FastPay	1,409,090	1,409,090
Pro forma adjustment to reflect net exercise of outstanding warrants	732,356	732,356
Pro forma adjustment to reflect conversion of convertible common stock issued upon conversion of senior preferred stock	1,273,906	1,273,906
Pro forma weighted-average shares used to compute pro forma net loss per share, basic and diluted	164,484,542	168,063,566
Pro forma net loss per share, basic and diluted	$ (0.80)	$ (0.55)

Basic and diluted unaudited pro forma net loss per share attributable to common stockholders for the year ended December 31, 2020 and the six months ended June 30, 2021 includes an adjustment for RSUs for which the service-based vesting condition has been met and for which the performance-based condition will be satisfied in

connection with this offering. All of our RSUs outstanding prior to this offering contain both service-based and performance-based vesting conditions. Using the accelerated attribution method in recognizing stock-based compensation expense for these RSUs, expense for each vesting tranche in an award is recognized ratably from the grant date to the vesting date for that tranche, resulting in acceleration of expense recognition as compared to recognition on a straight-line basis. As a result, we expect to recognize a relatively larger amount of stock-based compensation expense relating to these RSUs in upcoming quarters as compared to later quarters in the vesting period. To illustrate, we expect to recognize approximately $20.9 million of stock-based compensation expense related to these RSUs for the four fiscal quarters ended June 30, 2022, of which approximately $13.1 million will be recognized immediately following this offering, and approximately $2.9 million for the two fiscal quarters ending December 31, 2022, in each case, assuming (i) completion of this offering prior to December 31, 2021, (ii) no RSUs are cancelled or forfeited during such period, and (iii) no additional RSUs are granted during such period.

(2) The pro forma column in the consolidated balance sheet data table above reflects (i) a 4-for-1 forward stock split of our then-outstanding common stock, effected on September 30, 2021 without a change in the par value per share; (ii) the automatic conversion of all 27,359,830 outstanding shares of our preferred stock (other than our senior preferred stock) as of June 30, 2021, into an aggregate of 111,142,490 shares of our common stock which will occur immediately prior to the completion of this offering; (iii) the automatic conversion of our senior preferred stock into 169,000 shares of redeemable preferred stock and 2,785,608 shares of convertible common stock; (iv) the 188,448 RSUs that met their time-based vesting condition as of June 30, 2021 and will vest in full upon completion of this offering; (v) the automatic conversion of all shares of convertible common stock issuable upon conversion of the senior preferred stock into an aggregate of 1,273,906 shares of our common stock (based upon an assumed initial public offering price of $22.00, the midpoint of the price range set forth on the cover of this prospectus), which will occur immediately prior to the completion of this offering; (vi) 732,356 shares of common stock to be issued upon the automatic net exercise of warrants outstanding as of June 30, 2021, with a weighted-average exercise price of $1.80 per share, immediately prior to the completion of the offering, based on an assumed initial public offering price of $22.00 per share, the midpoint of the price range set forth on the cover of this prospectus; (vii) stock-based compensation expense of $13.1 million associated with the RSUs for which the time-based vesting condition was satisfied as of June 30, 2021 and for which the performance-based vesting condition will be satisfied in connection with this offering, as further described in the notes to our consolidated financial statements included elsewhere in this prospectus, reflected as an increase to additional paid-in capital and accumulated deficit; (viii) the issuance of 1,409,090 shares of our common stock in connection with the acquisition of FastPay, based on an assumed initial public offering price of $22.00 per share, the midpoint of the price range set forth on the cover of this prospectus; and (ix) the filing and effectiveness of our amended and restated certificate of incorporation, which will occur in connection with this offering.

(3) The pro forma as adjusted column in the consolidated balance sheet data table above reflects (i) the pro forma items described immediately above; (ii) the sale and issuance by us of 22,000,000 shares of common stock in this offering at the assumed initial public offering price of $22.00 per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us; (iii) the redemption of all shares of redeemable preferred stock issuable upon conversion of the senior preferred stock; and (iv) no exercise by the underwriters of their option to purchase up to an additional 3,300,000 shares of common stock from us.

(4) Each $1.00 increase or decrease in the assumed initial public offering price of $22.00 per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease the amount of pro forma as adjusted cash, cash equivalents, and marketable securities, total assets, working capital, and total stockholders' equity by $20.7 million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. An increase or decrease of 1,000,000 in the number of shares we are offering would increase or decrease the amount of pro forma as adjusted cash, cash equivalents, and marketable securities, total assets, working capital, and total stockholders' equity by $20.7 million, assuming the

assumed initial public offering price per share, the midpoint of the price range set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. The pro forma as adjusted information is illustrative only and will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing.

Selected Cash Flow Data: *(in thousands)*	Year Ended December 31, 2020	Year Ended December 31, 2019	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Net cash provided by (used by):				
Operating activities	$ (44,129)	$ (61,791)	$ (41,093)	$ (26,616)
Investing activities	(36,560)	(116,855)	(10,132)	(5,614)
Financing activities	193,794	308,259	544,906	151,467
Net increase in cash and cash equivalents, and restricted funds held for customers	$ 113,105	$ 129,613	$ 493,681	$ 119,237

Key Metrics

We regularly monitor a number of financial and operating metrics in order to measure our current performance and estimate our future performance. For a description of how we calculate these financial and operating metrics as well as their uses, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Key Metrics."

	Year Ended December 31, 2020	Year Ended December 31, 2019	Percentage Change	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020	Percentage Change
Transactions Processed(1)	52,757,295	44,825,421	17.7%	29,880,127	24,647,693	21.2%
Transaction Yield(2)	$ 3.52	$ 3.34	5.4%	$ 3.81	$ 3.47	9.8%
Total Payment Volume (in millions)(3)	$ 37,880	$ 28,172	34.5%	$ 23,003	$ 16,876	36.3%

(1) We define transactions processed as the number of invoice transactions and payment transactions, such as invoices, purchase orders, checks, ACH payments and VCCs, processed through our platform during a particular period.
(2) We define transaction yield as the total revenue during a particular period divided by the total transactions processed during such period.
(3) We define total payment volume as the dollar sum of buyers' AP payments paid to their suppliers through the AvidPay Network during a particular period.

Certain Non-GAAP Financial Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, we use certain non-GAAP financial measures, as described below, to understand and evaluate our core operating performance. These non-GAAP financial measures, which may be different than similarly titled measures used by other companies, are presented to enhance investors' overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

We believe that these non-GAAP financial measures provide useful information about our financial performance, enhance the overall understanding of our past performance and prospects, and allow for greater transparency with

respect to important metrics used by our management for financial and operational decision-making. We are presenting these non-GAAP metrics to assist investors in seeing our financial performance using a management view. We believe that these measures provide an additional tool for investors to use in comparing our core financial performance over multiple periods with other companies in our industry.

Other Financial and Operating Data: *(in thousands, except percentages)*	Year Ended December 31, 2020	Year Ended December 31, 2019	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
GAAP gross profit	$ 85,390	$ 62,623	$ 59,314	$ 36,479
Non-GAAP gross profit(1)	102,342	78,565	68,557	44,876
GAAP gross margin	45.9%	41.9%	52.0%	42.7%
Non-GAAP gross margin(1)	55.0%	52.5%	60.2%	52.5%
GAAP net loss	(101,246)	(93,546)	(92,025)	(50,640)
Non-GAAP net loss(2)	(67,902)	(70,209)	(30,558)	(36,859)
Adjusted EBITDA(3)	(32,723)	(37,438)	(12,080)	(19,550)
Net cash used in operating activities	(44,129)	(61,791)	(41,093)	(26,616)
Free cash flow(4)	(56,153)	(71,084)	(49,515)	(32,332)

(1) We define non-GAAP gross profit and non-GAAP gross margin as GAAP gross profit and GAAP gross margin, respectively, excluding the portion of stock-based compensation expense and depreciation and amortization expense allocated to our cost of revenues. We allocate a portion of depreciation and amortization to cost of revenue based on headcount. We believe non-GAAP gross profit and non-GAAP gross margin provide our management and investors consistency and comparability with our past financial performance and facilitate period-to-period comparisons of operations by eliminating the uneven impact of non-cash equity compensation expense and depreciation and amortization expense in order to assess our core operating results. The following table presents a reconciliation of our non-GAAP gross profit and non-GAAP gross margin to our GAAP gross profit and GAAP gross margin for the periods presented:

Reconciliation from Revenue to Non-GAAP Gross Profit and Non-GAAP Gross Margin *(in thousands, except percentages)*	Year Ended December 31, 2020	Year Ended December 31, 2019	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Total revenues	$185,928	$149,584	$113,968	$ 85,465
Expenses:				
Cost of revenues (exclusive of depreciation and amortization expense)	(83,755)	(71,133)	(45,551)	(40,666)
Depreciation and amortization expense	(16,783)	(15,828)	(9,103)	(8,320)
GAAP Gross profit	$ 85,390	$ 62,623	$ 59,314	$ 36,479
Adjustments:				
Stock-based compensation expense	169	114	140	77
Depreciation and amortization expense	16,783	15,828	9,103	8,320
Non-GAAP gross profit	$102,342	$ 78,565	$ 68,557	$ 44,876
GAAP Gross margin	45.9%	41.9%	52.0%	42.7%
Non-GAAP gross margin	55.0%	52.5%	60.2%	52.5%

(2) We define Non-GAAP net loss as our net loss before amortization of acquired intangible assets, impairment and write-off of intangible assets, provision for income taxes, stock-based compensation expense, transaction and acquisition-related costs, change in fair value of derivative instrument, and non-recurring items not indicative of ongoing operations for our business. Non-GAAP net loss provides investors with greater transparency to the information used by management in its financial and operational decision-

making and when viewed in combination with our results prepared in accordance with U.S. GAAP, it provides a more complete understanding of the factors and trends affecting our business and performance. The following table presents a reconciliation of our Non-GAAP net loss to our GAAP net loss for the periods presented:

Reconciliation from Net Loss to Non-GAAP Net Loss *(in thousands)*	Year Ended December 31, 2020	Year Ended December 31, 2019	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Net loss	$(101,246)	$(93,546)	$(92,025)	$(50,640)
Amortization of acquired intangible assets	10,740	5,445	5,506	5,471
Impairment and write-off of intangible assets	924	7,891	574	924
Provision for income taxes	234	60	201	117
Stock-based compensation expense	1,630	1,379	1,952	573
Transaction and acquisition-related costs	1,352	2,363	3,046	99
Change in fair value of derivative instrument	7,537	555	138	6,545
Non-recurring items not indicative of ongoing operations	10,927	5,644	50,050	52
Total net adjustments	33,344	23,337	61,467	13,781
Non-GAAP net loss	$ (67,902)	$(70,209)	$(30,558)	$(36,859)

(3) To provide investors with additional information regarding our financial results, we have disclosed here and elsewhere in this prospectus adjusted EBITDA, a non-GAAP financial measure that we define as our net loss before depreciation and amortization of property and equipment, amortization of software development costs, amortization of acquired intangible assets, impairment and write-off of intangible assets, interest income and expense, income tax expense, stock-based compensation expense, transaction and acquisition-related costs expensed, and non-recurring items not indicative of ongoing operations for our business. We have provided a reconciliation below of adjusted EBITDA to GAAP net loss, the most directly comparable GAAP financial measure.

We have included adjusted EBITDA in this prospectus because it is a key measure used by our management and board of directors to evaluate our operating performance, generate future operating plans and make strategic decisions regarding the allocation of capital. In particular, the exclusion of certain expenses in calculating adjusted EBITDA facilitates operating performance comparability across reporting periods by removing the effect of non-cash expenses and certain variable charges. Accordingly, we believe that adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

We believe it is useful to exclude non-cash charges, impairment and write-off of intangible assets, stock-based compensation expense, and change in fair value of derivative instrument from our adjusted EBITDA because the amount of such expenses in any specific period may not directly correlate to the underlying performance of our business operations. We believe it is useful to exclude transaction and acquisition-related costs and non-recurring items not indicative of ongoing operations for our business as these items are not components of our core business operations. For 2020, non-recurring items primarily comprised an approximate $11 million payment related to the modification of an existing VCC processor contract with a service provider. For 2019, non-recurring items primarily included $2.9 million in consulting fees to secure government grants for job development, $1.6 million in debt modification costs and $0.8 million related to remaining lease payments on vacated office space. Additionally, for the six months ended June 30, non-recurring items was primarily comprised of an approximately $50 million non-cash charge for an amended financing advisory engagement letter.

Adjusted EBITDA has limitations as a financial measure, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future and adjusted EBITDA does not reflect capital expenditure requirements for such replacements or for new capital expenditures;
- adjusted EBITDA does not reflect stock-based compensation and related taxes. Stock-based compensation has been, and will continue to be for the foreseeable future, a recurring expense in our business and an important part of our compensation strategy;
- adjusted EBITDA does not reflect interest income (expense), net; or changes in, or cash requirements for, our working capital;
- adjusted EBITDA excludes non-recurring items not indicative of ongoing operations for our business; and
- other companies, including companies in our industry, may calculate adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

Because of these limitations, you should consider adjusted EBITDA alongside other financial performance measures, including various cash flow metrics, net loss and our other GAAP results.

The following table presents a reconciliation of net loss to adjusted EBITDA for each of the periods indicated.

	Year Ended December 31,		Six Months Ended June 30,	
Reconciliation of Net Loss to Adjusted EBITDA *(in thousands)*	**2020**	**2019**	**2021**	**2020**
Net loss	$(101,246)	$(93,546)	$(92,025)	$(50,640)
Depreciation and amortization	27,514	22,340	14,170	13,780
Impairment and write-off of intangible assets	924	7,891	574	924
Interest income	(1,675)	(1,383)	(297)	(977)
Interest expense	20,080	17,259	10,111	9,977
Provision for income taxes	234	60	201	117
Stock-based compensation expense	1,630	1,379	1,952	573
Transaction and acquisition-related costs	1,352	2,363	3,046	99
Change in fair value of derivative instrument	7,537	555	138	6,545
Non-recurring items not indicative of ongoing operations	10,927	5,644	50,050	52
Adjusted EBITDA	$ (32,723)	$(37,438)	$(12,080)	$(19,550)

(4) To provide investors with additional information regarding our financial results, we have also disclosed here and elsewhere in this prospectus free cash flow, a non-GAAP financial measure that we calculate as net cash used in operating activities less capital expenditures (which consist of purchases of property and equipment and internally developed intangible assets). Below we have provided a reconciliation of free cash flow to net cash used in operating activities, the most directly comparable GAAP financial measure.

We have included free cash flow in this prospectus because it is an important indicator of our liquidity, as it measures the amount of cash we generate. Accordingly, we believe that free cash flow provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

Free cash flow has limitations as a financial measure and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. There are limitations to using non-GAAP

financial measures, including that other companies and industry peers may calculate free cash flow differently. Because of these limitations, you should consider free cash flow alongside other financial performance measures, including net cash used in operating activities, capital expenditures and our other GAAP results.

The following table presents a reconciliation of net cash used in operating activities to free cash flow for each of the periods indicated.

Reconciliation of Net Cash Used in Operating Activities to Free Cash Flow *(in thousands)*	Year Ended December 31,		Six Months Ended June 30,	
	2020	2019	2021	2020
Net cash used in operating activities	$(44,129)	$(61,791)	$(41,093)	$(26,616)
Purchases of property and equipment	(678)	(1,944)	(344)	(567)
Capitalization of internal-use software costs	(11,346)	(7,349)	(8,078)	(5,149)
Free Cash Flow	$(56,153)	$(71,084)	$(49,515)	$(32,332)

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should consider and carefully read all of the risks and uncertainties described below, as well as other information included in this prospectus, including our consolidated financial statements and related notes appearing elsewhere in this prospectus, before making an investment decision. The risks described below are not the only ones we face. The occurrence of any of the following risks or additional risks and uncertainties not presently known to us or that we currently believe to be immaterial could materially and adversely affect our business, financial condition or results of operations. In such case, the trading price of our common stock could decline, and you may lose some or all of your original investment. This prospectus also contains forward-looking statements and estimates that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of specific factors, including the risks and uncertainties described below. See "Cautionary Note Regarding Forward-Looking Statements."

Summary Risk Factors

- We have a history of operating losses and we may not achieve or sustain profitability in the future.
- Our future revenue and operating results will be harmed if we are unable to acquire new customers, retain existing customers, expand sales to our existing customers, or deliver new features, functionality and integrations for our platform that achieve market acceptance.
- Our historical growth may not be indicative of our future performance and our growth is dependent on a number of factors that we do not control.
- We participate in highly competitive and fragmented markets, and our industry is rapidly evolving.
- We transfer large sums of customer funds daily, and are subject to the risk of errors, which could result in financial losses and damage to our reputation and customer trust.
- We, our strategic partners, our buyers and suppliers, and others who use our services obtain and process a large amount of data. Any real or perceived improper or unauthorized use of, exposure 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.
- We earn a substantial portion of our revenue from electronic payment transactions and our growth is dependent upon the continued acceptance, security and adoption of electronic payment types that result in interchange revenue.
- If we lose key members of our team including our Co-Founder and Chief Executive Officer, or if we are unable to attract and retain talent, our business may be harmed.
- We may not be able to scale our business and technology quickly enough to meet our growth.
- We may lose existing customers or fail to attract new customers if we are unable to deliver new software, solutions and technology for our platform.
- Uncertain or weakened economic conditions, including as a result of COVID-19, have adversely affected our industry, business and results of operations resulting in a negative impact on new sales.
- Interruptions or delays in the services provided by third-party data centers or internet service providers could impair the delivery of our products and services.
- We are subject to the payment card network rules and our failure to comply with these rules could harm our business.
- We depend on banks, bank partners and other third-party service providers to process transactions.
- Our long-term growth strategy depends, in part, on strategic partnerships and indirect sales partners.
- The loss of one or more of our key customers or strategic partners could negatively affect our ability to market our platform.

- We use open-source software in our products, which could subject us to litigation or other actions.
- 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.
- Our risk management efforts may not be effective to prevent fraudulent activities by our customers or their counterparties or third parties, which could expose us to material financial losses and liability and otherwise harm our business.
- Our business, which includes payment services, is subject to extensive government regulation and oversight. Our failure to comply with extensive, complex, overlapping, and frequently changing rules, regulations, and legal interpretations could materially harm our business and noncompliance with such laws can subject us to criminal liability.
- Our Senior Secured Credit Facilities and Guaranty Agreement provides our lenders with a first-priority lien against substantially all of our and our subsidiaries' assets and personal property, and contains financial covenants and other restrictions on our and our subsidiaries' actions, which could limit our operational flexibility and otherwise adversely affect our financial condition.

Risks Related to Our Business and Industry

We have a history of operating losses and we may not achieve or sustain profitability in the future.

We were incorporated in 2000 and have experienced net losses and negative cash flows from operations since inception. We generated net losses of $93.5 million and $101.2 million during the years ended December 31, 2019 and 2020, respectively. We generated net losses of $50.6 million and $92.0 million during the six months ended June 30, 2020 and 2021, respectively. We had an accumulated total stockholders' deficit of $411.8 million and $511.1 million as of December 31, 2019, and December 31, 2020, respectively. Our losses and accumulated total stockholders' deficit reflect the substantial investments we made in our people, products and services, and technology, and to acquire new buyers. While we have experienced significant revenue and transaction volume growth in recent years, we are not certain whether or when we will be able to achieve or maintain profitability in the future.

We also expect our costs and expenses to increase in future periods. In particular, we intend to continue to expend significant funds to invest in our people, products and services, technology, and the AvidPay Network and to expand our sales and marketing teams and invest in strategic partnerships and system integrations. We expect our general and administrative costs to also increase, but at a slower rate than our other operating expenses, for the foreseeable future. If we are not able to reduce or maintain the costs of providing our services, we could face competitive pricing pressure. If we are unable to continue to grow our revenue, or to reduce or maintain the costs of providing our services, we could continue to suffer increasing operating losses.

We may incur significant losses in the future for several reasons, including the other risks described herein, and unforeseen expenses, difficulties, complications, delays, and other unknown events. If we are unable to achieve and sustain profitability, the value of our business and stock may significantly decrease.

Our future revenue and operating results will be harmed if we are unable to acquire new customers, retain existing customers, expand sales to our existing customers, or deliver new features, functionality and integrations for our platform that achieve market acceptance.

To continue to grow our business, it is important that we continue to attract new buyers and suppliers to use our platform. Our success in adding new buyers depends on numerous factors, including our ability to: (1) offer

compelling AP automation products and services and features in the markets and industries we serve, (2) execute our sales and marketing strategy, (3) attract, effectively train and retain new sales, marketing, professional services, and support personnel in the markets we pursue, (4) develop or expand relationships with partners, payment providers, systems integrators, and resellers, (5) expand into new industry verticals, geographies, and market segments, which may require specific product and service features that we do not currently provide, (6) efficiently onboard new buyers on to our platform, (7) efficiently add more suppliers to our network and continue to drive increased adoption of electronic forms of payment, (8) execute a successful mergers and acquisitions strategy, and (9) provide additional paid services that complement the capabilities of our customers and their partners.

Our ability to increase revenue also depends in part on our ability to retain existing buyers and suppliers, sell more functionality and to increase product penetration to existing and new buyers and suppliers. Our buyers have no obligation to renew their subscriptions for our solutions after the expiration of their initial subscription period. In addition, some of our buyers can terminate their existing agreements with us prior to the expiration of the current contract terms. Our ability to increase sales to existing buyers depends on several factors, including their experience with implementing and using our platform, their ability to integrate our platform with other technologies, and our pricing model. Suppliers in our network select their preferred method of payment, which may include VCC, ACH, or check, based on their internal business rules, preferences, or perceived value, which may change at any time. Our ability to increase sales to suppliers already in our AvidPay Network depends on several factors, including their experience enrolling in and using our platform, development of new supplier product offerings, and our pricing model.

Given the highly fragmented nature of the middle market, and the unique challenges faced by middle market customers, the lack of certain product features and functionality and system integrations has from time to time limited our ability to sell our products and services more deeply into certain of the sub-markets and industries that we serve and has limited our ability to expand into new sub-markets and industries. If we are unable to deliver new product and services features and functionality and system integrations, or keep pace with current technological developments, in each case in a timely manner, or if our new product and services features and functionality and system integrations do not achieve acceptance in the market and industries we serve, our competitive position may be impaired, and our potential to generate new revenue or to retain existing revenue could be diminished. The adverse effect on our financial results may be particularly acute because of the significant research, development, marketing, sales, and other expenses we will have incurred in connection with the new functionality and services.

Our historical growth may not be indicative of our future performance and we may not be able to sustain our current growth rate, which is dependent on a number of factors that we do not control.

Although we have experienced significant historical revenue and transaction volume growth, we expect that, in the future, as our revenue and transaction volumes increase to higher levels, our growth rates may decline over time. Our revenue and transaction volume growth depends on a number of factors, including our ability to:

- attract and retain buyers and suppliers and grow the AvidPay Network and drive the use of our products and services across our customer base;
- expand the functionality and scope of the products and services we offer;
- expand into new and existing verticals and industries and geographies which may require specific product and service features that we do not currently provide;
- drive the acceptance and use of electronic payment types that result in interchange revenue;
- successfully invest in our technology, products and people;
- develop new integrations with third party accounting systems;

- manage the effects of the COVID-19 pandemic, including the spread of variants such as the Delta variant, on our business and operations.
- execute a successful mergers and acquisition strategy;
- enter into new strategic partnerships to continue our business;
- convince the stakeholders of potential buyers to outsource functions that they have traditionally handled internally; and
- price our products and services effectively.

Further, the revenue that we derive from our invoice and payment transaction volume is dependent on several factors that we do not control. These factors include the number of invoices and payments submitted through our system, card brand interchange rates and tiers, payment amounts and types, the payment method selected by suppliers in our network, and competitive pricing pressure on products and incentives.

These factors make it difficult for us to control or forecast our future operating results and growth. If the assumptions we use to plan our business are incorrect or change, or if we are unable to maintain consistent revenue or revenue growth, it may be difficult to achieve and maintain profitability and the value of our business could be negatively impacted. You should not rely on our growth rates from any prior periods as any indication of our future growth.

We participate in highly competitive and fragmented markets, and our industry is rapidly evolving.

The AP and payments markets are highly fragmented and competitive and evolving. As businesses continue to adopt AP and payment automation solutions, we expect existing competitors and new market entrants to offer new and enhanced products and services and we expect the competitive environment to remain intense going forward. We currently compete on several factors, including:

- product and service features, functionality and quality and system stability;
- integrations with leading accounting and banking systems;
- pricing and incentives;
- supplier network;
- ability to automate existing processes; and
- customer onboarding time and effort.

Our current competitors range from other fintech companies and financial institutions to smaller, niche providers of software and services. We compete with companies that offer comprehensive solutions focused on the entire AP and payment processes and companies that focus only on select portions of these processes such as invoice and bill presentment, document and workflow management, AP and payment processing or accounts receivables. Solutions are also often specifically tailored to industry vertical or customer size making it difficult to expand into new verticals or attract larger or smaller customer types.

Accounting and ERP software providers, financial institutions, payment processing, and other service providers, a number of which we partner with in offering our solutions, may currently offer or develop solutions, acquire third-party solutions or competitors, or enter into strategic relationships that would enable them to expand their solutions to compete more effectively with our products and services. These parties may have access to larger, installed customer bases and may be able to effectively bundle and cross sell competitive solutions with their other services, which may enable them to compete more effectively or provide them with greater pricing and operating flexibility.

Companies that currently focus on providing solutions to enterprise businesses or SMBs may seek to expand the offering of their solutions to midmarket customers which would be more directly competitive with the products and services that we offer. New entrants not currently considered to be competitors may also enter the market through acquisitions, partnerships, or strategic relationships.

We often find that we are selling our products and services to potential customers that have not adopted a competing third-party solution and we must be able to convince internal stakeholders that our products and solutions are superior to their existing processes or third-party solutions.

For the reasons mentioned above, we may not be able to compete successfully against our current or future competitors, and this competition could result in the failure of our products and services to continue to achieve or maintain market acceptance, any of which would harm our business, operating results, and financial condition.

We transfer large sums of customer funds daily, and are subject to the risk of errors, which could result in financial losses and damage to our reputation and customer trust.

We processed approximately 53 million transactions for our customers in 2020. We have grown rapidly and seek to continue to grow, and although we maintain risk management processes, our business is always subject to the risk of financial losses as a result of operational errors, software defects, service disruption, third party fraud, employee misconduct, security breaches, credit losses, or other similar actions or errors. Furthermore, for 2018 to 2020, we identified a material weakness in our internal control over financial reporting relating to our reconciliation of funds held for customers. Our remediation efforts are ongoing and there can be no assurance that we will remediate this material weakness; further, we may experience additional material weaknesses in the future.

As a provider of AP and payment solutions, we collect and transfer funds on behalf of our customers. Software errors in our platform and operational errors by our employees and business partners may also expose us to losses. Moreover, our trustworthiness and reputation are fundamental to our business. As a provider of cloud-based software for complex back-office financial operations, the occurrence of any operational errors, software defects, service disruption, third party fraud, employee misconduct, security breaches, credit losses or other similar actions or errors on our platform could result in financial losses to our business and our customers, loss of trust, damage to our reputation, or termination of our agreements with strategic partners and accountants, each of which could result in:

- loss of buyers and suppliers;
- lost or delayed market acceptance and sales of our products and services;
- legal claims against us, including warranty and service level agreement claims;
- regulatory enforcement action;
- diversion of our resources, including through increased service expenses; and
- financial concessions, and increased insurance costs.

Although our terms of service generally allocate to our customers the risk of loss resulting from our customers' errors, omissions, employee fraud, or other fraudulent activity related to their systems, some of our customers may be able to negotiate changes to this position or in some instances we may cover such losses for efficiency or to prevent damage to our reputation, irrespective of fault or our terms of service. Although we maintain insurance to cover losses resulting from our errors and omissions, there can be no assurance that our insurance will cover all losses or our coverage will be sufficient to cover our losses. If we suffer significant losses or reputational harm as a result, our business, operating results, and financial condition could be adversely affected.

We, our strategic partners, our buyers and suppliers, and others who use our services obtain and process a large amount of data. Any real or perceived improper or unauthorized use of, exposure 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.

We, our strategic partners, our buyers and suppliers, and the third-party vendors and data centers that we use, obtain and process large amounts of data, including confidential information, along with personal and other data related to our buyers and suppliers and their transactions, as well as other data of the counterparties to their payments. We face risks, including financial risks and risks 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 incidents and malicious internet-based activity continue to increase generally, and providers of cloud-based services have frequently been targeted by such attacks. These cybersecurity challenges, including threats to our own IT infrastructure or those of our customers or third-party providers, may take a variety of forms ranging from stolen bank accounts, business email compromise, customer employee fraud, supply-chain attacks, ransomware, 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 disclosure of data and intellectual property, or cause production downtimes and compromised data. We have in the past experienced cybersecurity incidents of limited scale. 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 customer 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 customers' data.

We have administrative, technical, and physical security measures in place, and perform periodic penetration tests of our environment. We additionally have policies and procedures in place to contractually require service providers to whom we disclose data to implement and maintain reasonable privacy and security measures. However, if our protection or security measures or those of the previously mentioned third parties are inadequate or expose vulnerabilities or are breached as a result of third-party action, employee or contractor action or inaction, 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 sensitive information, including personally identifiable information, or PII, 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 data by large institutions suggest that the risk of such events is significant, even if privacy protection and security measures are implemented and enforced. If sensitive information is lost 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, if our financial institutions or strategic partners conclude that our systems and procedures are insufficiently rigorous, they could terminate their relationships with us, and our financial results and business could be adversely affected. If there is a breach of the information that we store, we could be liable to our partners 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, regardless of how it occurs or the extent of the breach, could have a significant impact on our reputation as a trusted brand, cause us to lose existing partners or other customers, prevent us from obtaining new partners and other customers, require us to expend significant funds to remedy problems caused by breaches and implement measures to prevent

further breaches, and expose us to legal risk and potential liability including those resulting from governmental or regulatory investigations, class action litigation, and costs associated with remediation, such as fraud monitoring and forensics. Any actual or perceived security breach at a company providing services to us or our customers could have similar effects.

While we maintain cybersecurity insurance, our insurance may be insufficient or may not cover all liabilities incurred by such incidents. 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, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, including our financial condition, operating results, and reputation.

We earn a substantial portion of our revenue from electronic payment transactions and our growth is dependent upon the continued acceptance, security and adoption of electronic payment types that result in interchange revenue.

We earn a substantial portion of our revenue from VCC and ACH payment transactions paid to suppliers in our network and our growth is dependent upon the continued acceptance, security, and adoption of electronic payment types that result in interchange revenue on the amount of the transactions. During the fiscal year ended December 31, 2020, we earned approximately $109.6 million in revenue from VCC and AvidPay Direct paid through our network.

Although we expect businesses to continue to accept and adopt electronic forms of payment, we do not mandate a specific payment type in our network and the adoption rates of electronic payments in AP transactions could erode or grow more slowly than expected. Suppliers in our network select their preferred method of payment, which may include VCC, ACH, or check, based on their internal business rules, preferences, or perceived value, which may change at any time. Additionally, accounts receivable, or AR, service providers market and sell their AR services to suppliers and groups of supplier types in our network. These service providers may not accept electronic payments and may convert existing suppliers in our network that accept electronic payments to check. Suppliers in our network, and those AR service providers, may, with or without advance notice, prohibit or impose restrictions on the methods we use to provide or deliver electronic payments that we may not be aware of or be able to comply with, seek to negotiate reduced pricing, or charge fees in order to accept electronic payments. Certain industries and verticals are also less inclined to accept electronic forms of payment which may limit our ability to successfully expand into new industries or verticals. We have experienced, and may in the future experience, fluctuations in quarterly revenue resulting from suppliers or AR service providers changing their preferred method of payment in our network or leveraging data to reduce their interchange rates.

The revenue we receive from electronic payment transactions is also dependent upon number of factors, many of which we do not control, including the continued acceptance and adoption by businesses of electronic payments, interchange rates which we expect may decline over time, fees charged by suppliers to accept electronic payments, buyer incentives, and the terms of our commercial agreements with third-party service providers that are involved in the payment process. Widespread adoption of new forms of electronic payments, such as real time payments, could also negatively impact the revenue we receive from electronic payment transactions.

If we lose key members of our team including our Co-Founder and Chief Executive Officer, or if we are unable to attract and retain talent, our business may be harmed.

Our success and future growth depend upon the continued services of our team and other key employees. Our Co-Founder and Chief Executive Officer, Michael Praeger, is critical to our overall strategic direction, our culture, and the development of key products, partnerships and relationships. Our senior management and key

employees are employed on an at-will basis. The loss of our chief executive officer, one or more members of our senior management, or other key employees, could harm our business, and we may not be able to find adequate replacements.

To execute our business strategy, we must attract and retain highly qualified personnel. Our headquarters and primary center of employment is in Charlotte, North Carolina. In general, the talent pool in Charlotte may be smaller than in other geographic areas. Competition for executive officers, software developers and engineers, compliance and risk management personnel, and other key employees in our industry and location is intense and increasing, and we may not be able to attract the talent we need to grow and succeed. 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. The current regulatory environment related to immigration may increase the likelihood that immigration laws may be modified to further limit the availability of H1-B and other visas. If a new or revised visa program is implemented, it may impact our ability to recruit, hire, retain or effectively collaborate with qualified skilled personnel, including in the areas of AI and ML, and payment systems and risk management, which could adversely impact our business, operating results and financial condition. 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, and may be in geographies perceived by some employees as more desirable. 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.

We may not be able to scale our business and technology quickly enough to meet our growth.

As we continue to grow and process additional transactions, and as we sign additional strategic partners, we will need to devote additional resources to improving and maintaining our infrastructure and computer network and integrating with third-party applications to maintain the performance of our platform. In addition, we will need to appropriately scale our internal business systems and our services organization, including customer support, risk and compliance operations, and professional services, to serve our growing customer base.

We have also experienced, and may in the future experience, disruptions, outages and other performance problems that interfere with our customers' ability to access and use our products and services. These events may be due to a variety of factors, including capacity constraints due to increased use and transaction volumes, legacy infrastructure, architecture, code and processes, and software and human errors. It may become increasingly difficult to maintain and improve the performance of our platform and our products and services especially during peak usage times and as our solutions become more complex.

Any failure of or delay in our efforts to maintain, improve and scale our technology, infrastructure and platform could result in service interruptions, impaired system performance, and reduced customer satisfaction, resulting in decreased sales to new customers, lower renewal rates by existing customers, or requested refunds, all of which could hurt our revenue growth. Even if we are successful in these efforts to scale our business, 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.

We may lose existing customers or fail to attract new customers if we are unable to deliver new software, solutions and technology for our platform.

Our success depends on our continued development of new and improved AP automation software and payment solutions and related technology and the continued automation of payments processes. If we are unable to deliver new products or services, or to enhance existing products and services, that achieve market acceptance or if we

are unable to integrate technology, products and services that we acquire into our platform, our business could be adversely affected through increased attrition of current customers or slower addition of new customers. We have experienced, and may in the future experience, delays in the planned release dates of enhancements to our platform, and we have discovered, and may in the future discover, errors in new releases after their introduction. Either situation could result in adverse publicity, loss of sales, delay in market acceptance of our platform or customer claims, including, among other things, warranty claims against us, any of which could cause us to lose existing customers or affect our ability to attract new customers.

Interruptions or delays in the services provided by third-party data centers or internet service providers could impair the delivery of our products and services.

We host our products and platform on a hybrid cloud platform leveraging public cloud infrastructure services and co-located infrastructure in datacenter facilities. Public cloud services are provided by Microsoft Azure, and others which include infrastructure as a service and platform as a service technologies. All products utilize resources operated by us through these providers, therefore, we depend on these third parties to protect their data centers against damage or interruption from natural disasters, power or telecommunications failures, criminal acts, and similar events. We have periodically experienced service disruptions in the past, and we cannot assure you that we will not experience interruptions or delays in our service in the future. Many of our core products are run in production from a single data center in Charlotte, North Carolina. If that data center were not available to us due to damage or otherwise, we would have to operate using our disaster recovery plan, as we do not have a fully redundant system for all of our core functions. This could cause substantial disruption in our operations if we were not able to move our main processes in a timely manner to a backup data center. 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, any incident affecting their infrastructure that may be caused by fire, flood, severe storm, earthquake, power loss, telecommunications failures, unauthorized intrusion, computer viruses and disabling devices, natural disasters, military actions, terrorist attacks, negligence, and other similar events beyond our control could negatively affect our platform. Any prolonged service disruption affecting our platform for any of the foregoing reasons could damage our reputation with current and potential customers, expose us to liability, cause us to lose customers, or otherwise harm our business. 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.

Our platform is accessed by many customers, often at the same time. As we continue to expand the number of our customers and products available to our customers, 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.

Moreover, we are currently executing on a long-term strategy to transition to public cloud services completely and decommission on-premise infrastructure hosted in co-located datacenters. As this transition occurs, it is possible that the availability of the platform may be impacted and outages or disruptions may occur. Although we have a disaster recovery program, it does not yet provide full redundancy, so there will be a period of time that our platform will remain shut down while the transition to the back-up data centers take place. We were informed in June 2021 that our current lease for our core data center in Charlotte will terminate in September 2022. We will have to either accelerate our move of our infrastructure to public cloud services, or move the existing data

center operations to a new location. Any service disruption affecting our platform during such migration or while operating on the Azure cloud infrastructure could damage our reputation with current and potential customers, expose us to liability, cause us to lose customers, or otherwise harm our business.

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

Like we have in the past with our acquisitions of Piracle, Strongroom, Ariett, Entryless, BankTEL, and Core Associates and most recently FastPay, we may in the future seek to acquire or invest in businesses, products, or technologies that we believe could complement or expand our platform, enhance our technical capabilities, or otherwise offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating, and pursuing suitable acquisitions, whether or not such acquisitions are completed. In addition, we may not successfully identify desirable acquisition targets, or if we acquire additional businesses, we may not be able to integrate them effectively following the acquisition or effectively manage the combined business following the acquisition. Integration may prove to be difficult due to the necessity of integrating personnel with disparate business backgrounds and accustomed to different corporate cultures.

We also may not achieve the anticipated benefits from any acquired business due to a number of factors, including:

- inability to integrate or benefit from acquired technologies or services in a profitable manner;
- unanticipated costs or liabilities, including legal liabilities, associated with the acquisition;
- difficulties and additional expenses associated with supporting legacy products and hosting infrastructure of the acquired business;
- difficulty converting the customers of the acquired business into our current and future offerings and contract terms, including disparities in the revenue model of the acquired company;
- diversion of management’s attention or resources from other business concerns;
- adverse effects on our existing business relationships with customers, members, or strategic partners as a result of the acquisition;
- the potential loss of key employees; and
- use of substantial portions of our available cash to consummate the acquisition.

Acquisitions could result in lower cash reserves, possible dilutive issuances of equity securities or the incurrence of debt, as well as unfavorable accounting treatment. Any such issuances of additional capital stock may cause stockholders to experience significant dilution of their ownership interests and the per share value of our common stock to decline. In addition, a significant portion of the purchase price of any companies we acquire may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. We also may not generate sufficient financial returns to offset the costs and expenses related to any acquisitions. If our acquisitions do not yield expected returns, we may be required to take charges to our results of operations based on this impairment assessment process, and our business, operating results and financial condition may suffer.

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

Our ability to increase our base of buyers and suppliers 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. We plan to continue expanding our direct sales force as well as our sales force focused on identifying new strategic and indirect sales partners. We also dedicate significant resources to sales and marketing programs. Our business and operating results will be harmed if those efforts do not generate significant increases in revenue. We may not achieve anticipated revenue growth from expanding our sales force 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 and advertising are not effective.

We are subject to the payment card network rules and our failure to comply with these rules could harm our business.

We use Mastercard branded VCCs exclusively in connection with our VCC payment service and we are subject to payment card network operating rules, including the Payment Card Industry Data Security Standard, or PCI-DSS. The payment card networks set and interpret the card operating rules and 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. AvidXchange was not previously PCI-DSS compliant, but recently obtained its PCI-DSS certification. There can be no assurances that AvidXchange will be able to maintain this certification. Failure to maintain this certification, or any prior or future violations of existing or new rules of the payment card network, or increased fees, could result in the revocation of our ability to make payments using VCCs, or such payments could become prohibitively expensive for us or for our customers. If we are unable to make buyer payments to suppliers using VCCs, our business would be adversely affected. We also may seek to introduce other card-related products in the future which may entail additional operating rules.

If we fail to maintain or grow our brand recognition, our ability to expand our base of suppliers and buyers will be impaired and our financial condition may suffer.

We believe that growing the AvidXchange brand is important to supporting continued acceptance of our existing and future solutions, attracting new buyers and suppliers to our platform, and retaining existing buyers and suppliers. We also believe that the importance of brand recognition will increase as competition in our market increases. Successfully maintaining our brand will depend largely on the effectiveness of our marketing efforts, our ability to provide a reliable and useful platform to meet the needs of our customers at competitive prices, our ability to maintain our customers' trust, our ability to continue to develop new functionality and solutions, and our ability to successfully differentiate our platform. Additionally, our partners' performance may affect our brand and reputation if customers do not have a positive experience. Brand promotion activities may not generate customer awareness or yield increased revenue. Even if they do, any increased revenue may not offset the expenses we incurred in building our brand. If we fail to successfully promote and maintain our brand, we may fail to attract enough new customers or retain enough existing customers to realize a sufficient return on our brand-building efforts, and our business could suffer.

In connection with our financial statement close process for the year ended December 31, 2020, material weaknesses were identified in the design and operating effectiveness of our internal control over financial reporting. If we fail to develop and maintain effective internal control over financial reporting, we may not be able to accurately and timely report our financial results, which may adversely affect investor confidence in us.

In connection with the preparation of our financial statements for the year ended December 31, 2020, we and our independent registered public accounting firm identified certain control deficiencies in the design of our internal control over financial reporting that constituted material weaknesses as of December 31, 2020. 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 lack a sufficient complement of personnel with an appropriate level of accounting knowledge, training, and experience to appropriately analyze, record and disclose accounting matters timely and accurately. This material weakness contributed to the following additional material weaknesses:
  - We did not design and maintain effective controls over the accounting for preferred stock transactions.
  - We did not design and maintain effective controls over the preparation and review of the statement of cash flows.

These material weaknesses resulted in material misstatements related to our preferred stock, additional-paid-in-capital accounts, and the classification of cash flows from operating and investing activities as of and for the year ended December 31, 2019, which resulted in the restatement of the 2019 consolidated financial statements, errors identified and corrected in the aforementioned accounts as of and for the periods ended December 31, 2020 and June 30, 2021, and in immaterial misstatements related to our cost of revenues, sales and marketing expense, research and development expense, general and administrative expense, and additional-paid-in-capital accounts, which resulted in the revision of our December 31, 2020 and June 30, 2021 financial statements.

- We did not design and maintain effective controls to appropriately reconcile cash receipt and disbursement transactions within our treasury operations accounts at the individual transaction level. This material weakness resulted in material misstatements to our treasury operations liability and treasury operations expense accounts and related disclosures for the period ended December 31, 2017 and immaterial misstatements to the aforementioned accounts and disclosures for the periods ended December 31, 2019, 2020 and June 30, 2021.

Additionally, these material weaknesses could result in a misstatement of substantially all of our accounts or disclosures that such material weaknesses could result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected. As of the date of this prospectus we have taken the following steps as part of our remediation plan.

- We recently hired a new Controller with extensive knowledge and experience consulting on public company U.S. GAAP and SEC requirements.
- We have hired additional technical accounting resources with public company experience to assess complex technical accounting and reporting matters, including accounting for preferred stock transactions and preparing and reviewing the statement of cash flows.
- We have designed review procedures and implemented enhanced processes and controls for the areas impacted by these material weaknesses.

As of the date of this prospectus we are in the process of implementing the following steps of our remediation plan.

- We are in the process of developing a timely, automated, systemic reconciliation of our treasury operations accounts inclusive of IT general controls, utilizing individual source system transactions.
- We continue to hire additional technical accounting resources with public company experience to enhance our accounting and financial reporting function.
- We will engage third-party resources to supplement our resources and current processes where needed.
- We will continue to design and refine adequate review procedures and implement improved processes and controls for the areas impacted by these material weaknesses.

We believe the material weaknesses will be fully remediated in 2022, at which time we believe we will have implemented and tested review controls executed by our newly hired resources. We have incurred certain costs

associated with the aforementioned remediation activities completed to date, which are reflected in our historical financial statements, and do not expect to incur material costs related to our remaining remediation efforts.

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 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 common stock, and diversion of financial and management resources from the operation of our business.

Customer funds held by us are subject to market, interest rate, credit, and liquidity risks, as well as general political and economic conditions. The loss of these funds could have a material adverse effect on our business, financial condition, and results of operations.

We arrange for funds of our customers, including funds that will be remitted to suppliers, to be held in trust in cash or cash equivalents, and these funds may be invested in highly liquid, investment-grade marketable securities and money market securities from time to time. Nevertheless, our customer fund assets are subject to general market, interest rate, credit, and liquidity risks. These risks may be exacerbated, individually or in aggregate, during periods of heavy financial market volatility. In the event of a financial crisis, such as that experienced in 2008 and such as that which has resulted, or may result, from the COVID-19 pandemic or other similar events, employment levels and interest rates may decrease with a corresponding impact on our business. As a result, we could experience a constriction in the availability of liquidity, which may impact our ability to fulfill our obligations to enable the movement of customer funds to the intended recipients. Additionally, we rely upon certain banking partners and other third parties to originate ACH payments, process checks, execute wire transfers, and issue VCCs, and these banking partners and other third parties could be similarly affected by a liquidity shortage, which may further exacerbate our ability to operate our business. Any material loss of or inability to access customer funds could have an adverse impact on our cash position and results of operations, could require us to obtain additional sources of liquidity, and could have a material adverse effect on our business, financial condition, and results of operations.

We are licensed as a money transmitter (or statutory equivalent) in all U.S. jurisdictions where, to the best of our knowledge, licensure is required for our business. Accordingly, we are subject to direct regulation by the licensing authorities of the jurisdictions where we are licensed. In certain jurisdictions where we operate, we are required to hold eligible liquid assets, as defined by the relevant regulatory authority, equal to at least 100% of the aggregate amount of any outstanding customer liabilities. Our ability to manage and accurately account for the assets underlying our customer funds and comply with applicable liquid asset requirements requires a high level of internal controls. As our business continues to grow and we expand our product offerings, it may be necessary to scale the applicable internal controls. Our success requires significant public confidence in our ability to properly manage our customers' balances and handle large and growing transaction volumes and amounts of customer funds. Any failure to maintain the necessary controls or to accurately manage our customer funds and the assets underlying our customer funds in compliance with applicable regulatory requirements could result in reputational harm, lead customers to discontinue or reduce their use of our products, and result in significant penalties and fines, up to and including the loss of our state money transmitter licenses, which would materially harm our business.

We depend on banks, bank partners and other third-party service providers to process transactions.

We depend on bank partners and other third-party service providers, including KeyBank, Comdata Inc., Fiserv Solutions and Fidelity Information Services, to process electronic payment transactions and check payments for our customers. We have entered into treasury services agreements and other arrangements with our bank partners and other third-party service providers for payment processing and related services. If these arrangements are terminated for any reason, or if services provided by our bank partners and other third-party service providers are interrupted, we could experience delays, interruptions, and additional costs in processing payments for our customers.

We also depend on third-party service providers for other critical functions, including customer invoicing and scanning solutions. We have entered into service agreements with these third-party service providers for scanning, indexing and related services, and these agreements include significant security, compliance, and operational obligations. If our agreements with the scanning and/or indexing partners are terminated for any reason, we could experience service interruptions as well as delays and additional expenses in arranging for new services.

Our business depends, in part, on our relationships with providers of accounting and ERP solutions.

Our relationships with accounting and ERP solutions partners are integral to our ability to deliver our products and services to our customers. We rely upon their cooperation to develop and maintain integrations between our products and services and their respective solutions. These integrations allow information to be communicated between our products and services and our customers' accounting systems. These partners may also market and promote our products and services to customers. We may also compete with accounting and ERP solution providers from time to time that have developed or offer third party products and services that are competitive with our products and services.

If our current partners decided instead to design their own AP solutions, that could harm our business.

If we were unable to continue these relationships and add relationships with new accounting and ERP solutions partners, our growth prospects could be negatively impacted by not being able to offer necessary integrations to customers.

Our long-term growth strategy depends, in part, on strategic partnerships and indirect sales partners.

We intend to continue to expand our current strategic partner relationships and to develop new strategic partner relationships to expand our sales and marketing efforts that we believe will allow us to sell and market our services in existing and new markets. Establishing strategic partner relationships, particularly with our financial institution customers and accounting software providers, entails extensive and highly specific upfront sales efforts, with little predictability and various ancillary requirements.

For example, our partners may require us to submit to an exhaustive security audit, given the sensitivity and importance of storing their customer billing and payment data on our platform. As a result, formalizing and maintaining new strategic partner relationships involve a degree of effort and risks that may not be present or that are present to a lesser extent with direct customer sales. With strategic partners, the decision to enter into a relationship with us frequently requires the approval of multiple management personnel and technical personnel. Additionally, sales to strategic partners' customers may require us to invest more time educating and selling to these potential customers. Purchases of our services by customers of strategic partners are also frequently subject to delays and considerable efforts to negotiate and document relationships with them. Further, we may integrate our platform with our strategic partners' own websites and apps, which requires significant time and resources to design and deploy both before and after marketing and sales efforts begin. If we are unable to increase sales of our services through strategic partners and to manage the costs associated with these relationships, including without limitation, integrating with their systems and ongoing training for their marketing and sales personnel, our business, financial position, and operating results may be adversely affected.

Our ability to attract new strategic partners may be limited by our commitments to provide our existing strategic partners with certain exclusivity and/or first rights to participate in certain channels or territories. We also may not be able to attract new strategic partners if our potential partners favor our competitors' products or services over our services or choose to compete with our services directly. Certain of our strategic partners may have the resources and inclination to develop their own solutions to replace ours. Moreover, strategic partners could decide to focus on other market segments. Further, there can be no guarantee that our strategic partners will not choose to terminate their relationships with us for strategic or other reasons. If we are unsuccessful in establishing, growing, or maintaining our relationships with strategic partners, our ability to compete in the marketplace or to grow our revenue could be impaired, and our results of operations may suffer.

The loss of one or more of our key buyers or strategic partners could negatively affect our ability to market our platform.

We rely on our reputation and recommendations from key buyers and strategic partners in order to promote our platform. The loss of any of our key buyers or strategic partners could have a significant impact on our revenues, reputation and our ability to obtain new customers. Some of our key customers have the ability to terminate their existing agreements without cause prior to the expiration of the applicable term. In addition, acquisitions of our buyers could lead to cancellation of our contracts with those customers or by the acquiring companies, thereby reducing the number of our existing and potential customers.

If we cannot maintain our company culture as we grow, we could lose the innovation, teamwork, passion and focus on execution that we believe contribute to our success and our business may be harmed.

We believe that a critical component of our success has been our company culture, which is based on our core values of ensuring customer success, focusing on results and striving for excellence. We have invested substantial time and resources in building our team within this company culture. As we grow and develop the infrastructure of a public company, we may find it difficult to maintain these important aspects of our company culture. If we fail to preserve our culture, our ability to retain and recruit personnel and to effectively focus on and pursue our corporate objectives could be compromised, potentially harming our business.

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

Both our buyers and suppliers rely on our customer support services to resolve issues and realize the full benefits provided by our products and services. High-quality support is also important for the renewal and expansion of our products and services with existing customers. We primarily provide customer support over chat, email and phone-based support. If we do not help our customers 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 customers, our ability to retain customers, increase the density of our supplier network and acquire new customers could suffer, and our reputation with existing or potential customers could be harmed.

Uncertain or weakened economic conditions, including as a result of COVID-19, have adversely affected our industry, business and results of operations resulting in a negative impact on new sales.

Our overall performance depends on economic conditions, which may be challenging at various times in the future. Financial developments seemingly unrelated to us or our industry may adversely affect us. Domestic and international economies have from time-to-time been impacted by falling demand for a variety of goods and services, tariffs and other trade issues, threatened sovereign defaults and ratings downgrades, restricted credit, threats to major multinational companies, poor liquidity, reduced corporate profitability, volatility in credit, equity and foreign exchange markets, bankruptcies and overall uncertainty. For example, COVID-19 has created and may continue to create significant uncertainty in global financial markets and the long-term economic impact of COVID-19 is highly uncertain. We cannot predict the timing, strength or duration of the current or any future

potential economic slowdown in the United States or globally. These conditions affect the rate of technology spending generally and could adversely affect our customers' ability or willingness to use our services, delay prospective customers' purchasing decisions or reduce the value of payments made on our network, any of which could adversely affect our results of operations.

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

Natural disasters or other catastrophic events may cause damage or disruption to our operations, international commerce and the global economy, and thus could harm our business. We have a large employee presence in Charlotte, North Carolina and smaller employee groups in Houston, Texas, Salt Lake City, Utah, Birmingham, Alabama, Columbus, Mississippi, Somerset, New Jersey and Pembroke, Massachusetts, and our primary co-located data center is located in North Carolina. 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, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our application development, lengthy interruptions in our products, breaches of data security, and loss of critical data, all of which could harm our business, operating results, and financial condition.

Additionally, as computer malware, viruses, and computer hacking, fraudulent use attempts, phishing attacks, and other data security breaches 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 customers. Any such data security breach 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 customers and attract new customers.

In addition, the insurance we maintain may be insufficient to cover, or may not 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 COVID-19 outbreak has materially impacted the U.S. and global economies generally, and our business specifically, and could continue to have a material adverse impact on our business, employees, buyers and suppliers and strategic partners.

The COVID-19 outbreak has materially impacted the U.S. and global economies and could have a material adverse impact on our employees, customers and strategic partners. Beginning in March 2020, the outbreak of COVID-19, or coronavirus, caused by a novel strain of the coronavirus became increasingly widespread in the United States and worldwide. During the second half of 2021, infection and hospitalization rates in in the United States have been increasing—in many cases notwithstanding concurrently increasing rates of vaccination—largely due to the emergence of recently discovered variants that are thought to be more contagious (such as the increasingly widespread "Delta variant"). Vaccines for COVID-19 have been developed and are being administered in the United States and globally, however, uncertainty remains regarding the availability and efficient distribution and administration of vaccines as well as long-term vaccine efficacy. Additionally, uncertainty remains regarding vaccine receptivity and, in turn, the extent to which vaccination rates will dictate government-imposed restrictions across the markets in which we transact business.

As a result, many jurisdictions in the United States have implemented, and may in the future implement, measures to try to contain the virus or mitigate the associated harm, such as imposing restrictions on travel, social and business gatherings, schools, and the workplace. Many business establishments have closed or restricted hours or operations due to such government-imposed restrictions. As virus positivity rates fluctuate, we cannot accurately forecast the potential impact of additional outbreaks as government restrictions are relaxed, the impact of further shelter-in-place or other government restrictions that are implemented in response to such outbreaks, or

the impact on the ability of our buyers and suppliers to remain in business, each of which could continue to have an adverse impact on our business. Due to the uncertainty of the COVID-19 pandemic, we will continue to assess the situation, including abiding by any government-imposed restrictions, market-by-market.

We are unable to accurately predict the ultimate impact that the COVID-19 pandemic will have on our business on our buyers and suppliers' operations going forward due to uncertainties that will be dictated by the length of time that the disruptions resulting from the pandemic continue, which will, in turn, depend on the currently unknowable duration and severity of the COVID-19 pandemic, the impact of governmental regulations that might be imposed in response to the pandemic, the effectiveness and wide-spread availability of the vaccine, the speed and extent to which normal economic and operating conditions will resume, and overall changes in consumer behavior.

We also believe that, as a result of these conditions, many buyers have been and may continue to be in the near term reluctant to invest in the purchase and implementation of our products and services, which has had a negative impact on new sales and has led to longer sales cycles. These trends have made it more difficult for us to acquire new buyers and have led to greater uncertainty around the timing and likelihood of closing new sales opportunities that we have already devoted meaningful time and resources to, adversely impacting our future revenue. We also expect that the severity and timing of the impact from the pandemic, together with any associated recovery, will vary by industry and may disproportionately impact certain vertical industries and sub-industry markets that we serve today.

In response to the outbreak, our company shifted to a work-from-home environment in accordance with its business continuity policy. Although we have re-opened most of our office locations, and have invited our employees to return to the office, our return to the office poses additional risks and operational challenges for us. The re-opening of our offices has and may continue to require us to make material investments in the design, implementation and enforcement of new workplace safety protocols. Additionally, any incidents of actual or perceived transmission may require us to temporarily close an impacted office, disrupt our operations, expose us to liability from employee claims, adversely impact employee productivity and morale, and even result in negative publicity and reputational harm. Furthermore, it is possible that local authorities could impose stay at home orders in jurisdictions where we have opened our offices, which would require us to close our offices once again and resume remote operations. Even if we follow what we believe to be best practices, it is unlikely that our measures will completely prevent the transmission of COVID-19 between workers and, because governmental restrictions and positivity rates vary by jurisdiction, to the extent the jurisdictions in which we transact business are subject to relatively strict restrictions, COVID-19 could disproportionately adversely affect our operations relative to our competitors.

In response to the outbreak, we also modified existing business practices particularly around employee travel and the cancellation of physical participation in meetings and other activities including sales events, tradeshows, and conferences, including our annual customer conference. We believe we are effective at marketing and selling our products in person, and the inability to participate at in person events may limit our lead generation, marketing and selling efforts. Although we are attempting to resume in-person business activities, including participation at sales events, tradeshows, and conferences, there can be no assurance if and when such efforts will be successful or, even if they recommence in full, whether subsequent outbreaks will result in future shelter-in-place or other government restrictions adversely impacting these sales channels.

The COVID-19 pandemic may also continue to adversely impact our employees and our productivity and the operations of our customers and our strategic partners. The disruption caused by the pandemic may negatively impact our ability to meet customer demand and our revenue and profit margins and we may experience delays or changes in customer demand, particularly if customer funding priorities change.

In addition, the disruption and volatility in the global and domestic capital markets caused by the pandemic may increase the cost of capital and limit our ability to access capital.

Both the health and economic aspects of the pandemic are highly fluid and the future course of each is uncertain. For these reasons and other reasons that may come to light if the COVID-19 pandemic and associated protective or preventative measures expand, we may experience a material adverse impact on our business operations, revenues and financial condition; however, its ultimate impact is highly uncertain and subject to change.

Our risk management efforts may not be effective to prevent fraudulent activities by our customers or their counterparties or third parties, which could expose us to material financial losses and liability and otherwise harm our business.

We offer products and services, including software, that digitize and automate back-office financial operations for a large number of buyers and execute payments to their suppliers. We are responsible for verifying the identity of our buyers and their users, and monitoring transactions for fraud. We and our buyers and our suppliers have been in the past, and will continue in the future 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 our buyers and suppliers and their users, our employees or third-parties.

The techniques used to perpetrate fraud on our platform are continually evolving. 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 steal significant amounts of money from businesses like ours. As greater numbers of customers use our platform, our exposure to material risk losses from a single customer, or from a small number of customers, will increase.

Our current business and anticipated 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 in our books for fraud related losses.

Further, these types of fraudulent activities on our platform can also expose us to civil and criminal liability, governmental and regulatory sanctions as well as potentially cause us to be in breach of our contractual obligations to our third-party partners and buyers or suppliers.

Our estimates of market opportunity and forecasts of market growth may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates as we could fail to capture the market share that we anticipate.

Market opportunity estimates and growth forecasts are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. Our estimates and forecasts relating to the size and expected growth of our market may prove to be inaccurate. Even if the market in which we compete meets our size estimates and forecasted growth, our business could fail to grow at similar rates or we could fail to secure the portion of market share we expect.

Our business, which includes payment services, is subject to extensive government regulation and oversight. Our failure to comply with extensive, complex, overlapping, and frequently changing rules, regulations, and legal interpretations could materially harm our business and noncompliance with such laws can subject us to criminal and civil liability.

Financial Services Regulation

In addition to the regulatory regimes described elsewhere, the local, state, and federal laws, rules, regulations, licensing schemes, and industry standards that govern our payment services include, or may in the future include, those relating to banking, invoicing, cross-border and domestic money transmission, foreign exchange, payment processing and settlement services, and escheatment. These laws, rules, regulations, licensing schemes, and industry standards are enforced by multiple authorities and governing bodies in the United States, including federal regulators, self-regulatory organizations, and numerous state and local authorities.

As a licensed money transmitter in various U.S. states and territories, we are subject to a range of restrictions and ongoing compliance obligations under the money transmitter statutes (or their equivalent) administered by the banking departments of the various U.S. states and territories, including requirements with respect to the investment of customer funds, financial recordkeeping and reporting, reconciliation of customer funds, bonding, minimum capital, disclosure, and inspection, audit or examination by regulatory authorities concerning various aspects of our business. In a number of cases, evaluation of our compliance efforts depends on regulatory interpretations that could change over time. In the past, regulators have identified violations or alleged violations of certain statutory and regulatory regimes, and we have been subject to fines, a state consent order and financial penalties by state regulatory authorities due to their interpretation and application of their respective state money transmitter regime to our business model.

In the future, as a result of the financial services regulations applicable to our business, we will be subject to routine examinations by state and federal regulatory authorities; any identified violations or non-compliance during the course of such examinations could subject us to liability, including governmental fines, restrictions on our business, or other similar enforcement actions, 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, regulatory approvals, or other similar authorizations. We cannot make any assurances that we will be able to obtain or maintain any such licenses, regulatory approvals, and other similar authorizations, and there could be substantial costs and potential product changes involved in maintaining any such licenses, approvals, or other similar authorizations, which could have a material adverse effect on our business. In addition, there are substantial costs involved in maintaining and renewing those licenses, regulatory approvals, and other similar authorizations that we currently hold, and we could be subject to fines or other enforcement action if we are found to violate the various requirements applicable to us in connection with maintaining the same. These factors could impose substantial additional costs on us, involve considerable delay to the development or provision of our products or services to our customers, require significant and costly operational changes, or prevent us from providing our products or services in any given market.

Governmental authorities may impose new or additional rules on money transmission, including regulations that:

- prohibit, restrict, and/or impose taxes or fees on money transmission transactions in, to or from certain countries or with certain governments, individuals, or entities;
- impose additional customer identification and customer due diligence requirements;
- impose additional reporting or recordkeeping requirements, or require enhanced transaction monitoring;
- limit the types of entities capable of providing money transmission services, or impose additional licensing or registration requirements;
- impose higher minimum capital or other financial requirements;

- limit or restrict the revenue that may be generated from money transmission, including revenue from interest earned on customer funds, transaction fees, and revenue derived from foreign exchange;
- require enhanced disclosures to our money transmission customers;
- require the principal amount of money transmission originated in a country to be invested in that country or held in trust until paid;
- limit the number or principal amount of money transmission transactions that may be sent to or from a jurisdiction, whether by an individual or in the aggregate;
- restrict or limit our ability to process transactions using centralized databases, for example, by requiring that transactions be processed using a database maintained in a particular country or region; or
- impose other requirements in furtherance of their missions.

Other Regulation

Our success and increased visibility 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 and federal laws, rules, regulations, licensing schemes, and industry standards in the United States, which govern numerous areas important to our business; we will likely become subject to additional laws, rules, regulations, licensing schemes, and industry standards in other jurisdictions if we expand our operations internationally in the future. In addition to those laws and regulations described elsewhere, our business is also subject to, without limitation, rules and regulations applicable to: securities, labor and employment, immigration, competition, data usage and marketing and communications practices. These are subject to change, including by means of legislative action and/or executive orders and by way of evolving interpretations and application of existing statutory and regulatory regimes by the applicable regulatory authorities. Thus, it may be difficult to predict how these changes will apply 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, or other developments, which, in turn, may impair our ability to offer our existing or planned features, products, and services and/or increase our cost of doing business.

Although we have a compliance program focused on the laws, rules, regulations, licensing schemes, and industry standards that we have determined apply to our business, and although we continue to prioritize investments in this program, we can make no assurances that our employees or contractors will not violate such laws, rules, regulations, licensing schemes, and industry standards. Any failure or perceived failure to comply with existing or new laws, rules, regulations, licensing schemes, or industry standards (including as a result of any changes to the interpretation or application of the same), may:

- 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 by federal, state, local or foreign regulators, state attorneys general, or 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; and
- restrict our operations 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 scope of any future 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 brands and business, cause us to lose existing customers, prevent us from obtaining new customers, require us to expend significant funds to remedy problems caused by violations and to avoid further violations, expose us to legal or regulatory risk and potential liability, and adversely affect our results of operations and financial condition.

We are subject to governmental regulation and other legal obligations 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, or adverse publicity and reputational damage that may negatively affect the value of our business and decrease the value of our common stock. Compliance with such laws could also result in additional costs and liabilities to us or inhibit sales of our products.

Our buyers and other users store personal and business information, financial information and other sensitive information on our platform. In addition, we receive, store, and process personal and business information and other data from and about actual and prospective customers and users, in addition to our employees and service providers. Our handling of data may subject us to a variety of laws and regulations, including regulation by various government agencies. Our data handling also is subject to contractual obligations and industry standards.

The U.S. federal and various state and foreign governments have 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 collection, processing, disclosure, and security of certain types of data. The laws and regulations relating to privacy and data 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. Additionally, the scope and interpretation of the laws 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.

Any failure or perceived failure by us to comply with laws, regulations, policies, legal, or contractual obligations, industry standards, or regulatory guidance relating to privacy or data security, may result in governmental investigations and enforcement actions, litigation, fines and penalties, or adverse publicity, and could cause our customers and partners to lose trust in us, which could have an adverse effect on our reputation and business. We expect that there will continue to be new proposed laws, regulations, and industry standards relating to privacy, data protection, marketing, consumer communications, and information security, and we cannot determine 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 could impair our ability to develop and market new functionality, use particular forms of data, and maintain and grow our customer base and increase revenue. Future restrictions on the collection, use, sharing, or disclosure of data, or additional requirements for express or implied consent of our customers, partners, or end users for the use 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.

As we expand into new jurisdictions, the number of foreign laws, rules, regulations, licensing schemes, and industry standards governing our business will expand. In addition, as we expand our business and develop new products and services, we may become subject to additional laws, rules, regulations, licensing schemes, and industry standards. We may not always be able to accurately predict the scope or applicability of certain laws, rules, regulations, licensing schemes, or industry 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.

We are subject to governmental laws and requirements regarding economic and trade sanctions, export controls, 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.

Although we currently only operate in the United States, in the future, we may seek to expand internationally. In that case, we would become subject to additional laws and regulations, and would need to implement new controls to comply with applicable laws and regulations. We are required to comply with U.S. export control and economic and trade sanctions administered by the U.S. Department of the Treasury's Office of Foreign Assets Control, or OFAC. We have implemented policies and procedures designed to ensure compliance with these regulations and requirements, as well as similar requirements in other jurisdictions, to the extent applicable. However, we cannot assure you that such policies and procedures will effectively prevent violations of these laws in the future. If we fail to comply with applicable export control and economic and trade sanctions laws, we could be subject to fines or other enforcement actions, which could adversely affect our business. We are also subject to various anti-money laundering, or AML, and counter-terrorist financing laws and regulations around the world that prohibit, among other things, our involvement in transferring the proceeds of criminal activities. In the United States, most of our services are subject to AML laws and regulations, including the Bank Secrecy Act of 1970, as amended by the USA PATRIOT Act of 2001, and its implementing regulations, or collectively, the BSA, and other similar laws and regulations. The BSA, among other things, requires money transmitters to develop and implement risk-based AML programs, to report large cash transactions and suspicious activity, and, in some cases, to collect and maintain information about customers who use their services and maintain other transaction records. Regulators in the U.S. and globally continue to increase their scrutiny of compliance with these obligations, which may require us to further revise or expand our compliance program, including the procedures we use to verify the identity of our customers and to monitor transactions on our system, including payments to persons outside of the United States Regulators regularly re-examine the transaction volume thresholds at which we must obtain and keep applicable records or verify identities of customers, and any change in such thresholds could result in greater costs for compliance. Regulators and third-party auditors have identified gaps in our AML program, and we could be subject to potentially significant fines, penalties, inquiries, audits, investigations, enforcement actions, and criminal and civil liability if such gaps are not sufficiently remediated or our AML program is found to violate the BSA by a regulator.

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 and reputation.

We are subject to the U.S. Foreign Corrupt Practices Act, or the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, and other anti-corruption and anti-bribery laws and regulations in any non-U.S. jurisdictions in which we do business. These laws generally prohibit companies, their employees, and their third-party intermediaries from promising, authorizing, making, offering, or providing, directly or indirectly, anything of value to foreign government officials or commercial partners for the purpose of obtaining or retaining business or securing an improper business advantage. These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions.

As we increase our international business, our risks under these laws may increase. Although we currently only maintain operations in the United States, 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. 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; and we cannot assure that all of our employees and agents will comply with applicable anti-corruption and anti-bribery laws and internal policies.

Detecting, investigating, and resolving actual or alleged violations of anti-corruption laws can require a significant diversion of time, resources, and attention from senior 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, results of operations, financial condition, and growth prospects could be materially harmed. In addition, responding to any action will likely result in a materially significant diversion of management's attention and resources and significant defense costs and other professional fees.

Indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement, data protection, and other losses.

Our agreements with partners and certain customers may include indemnification provisions under which we agree to indemnify them for losses suffered or incurred as a result of claims of intellectual property infringement, data protection, damages caused by us to property or persons, or other liabilities relating to or arising from our platform or other contractual obligations. Some of these indemnity agreements provide for uncapped liability and some indemnity provisions survive termination or expiration of the applicable agreement. Large indemnity payments could harm our business, operating results, and financial condition. Although we normally limit our liability with respect to such obligations in our contracts with direct customers and with customers acquired through our accounting firm partners, we may still incur substantial liability, and we may be required to cease use of certain functions of our platform or products, as a result of IP-related claims. Any dispute with a customer with respect to these obligations could have adverse effects on our relationship with that customer and other existing or new customers, and harm our business and operating results. In addition, although we carry insurance, our insurance may not be adequate to indemnify us for all liability that may be imposed, or otherwise protect us from liabilities or damages with respect to claims alleging compromises of customer data, and any such coverage may not continue to be available to us on acceptable terms or at all.

We could be required to collect additional sales taxes or be subject to other tax liabilities that may increase the costs our customers would have to pay for our offerings and adversely affect our operating results.

The vast majority of states have considered or adopted laws that impose tax collection obligations on out-of-state companies. States where we have nexus may require us to calculate, collect, and remit taxes on sales in their jurisdiction. Additionally, the Supreme Court of the U.S. ruled in South Dakota v. Wayfair, Inc. et al (Wayfair) that online sellers can be required to collect sales and use tax despite not having a physical presence in the buyer's state. In response to Wayfair, or otherwise, states or local governments may enforce laws requiring us to calculate, collect, and remit taxes on sales in their jurisdictions. We may be obligated to collect and remit sales and use tax in states in which we have not historically collected and remitted sales and use tax. A successful assertion by one or more states requiring us to collect taxes where we historically have not or presently do not do so could result in substantial tax liabilities, including taxes on past sales, as well as penalties and interest. The imposition by state governments or local governments of sales tax collection obligations on out-of-state sellers could also create additional administrative burdens for us, put us at a perceived competitive disadvantage if they do not impose similar obligations on our competitors, and decrease our future sales, which could adversely affect our business and operating results.

Our ability to use our net operating losses, or NOLs, to offset future taxable income may be subject to certain limitations.

As of December 31, 2020, we had federal and state NOL carryforwards of approximately $338.8 million and $314.8 million, respectively. The federal NOLs include $141.6 million that may be used to offset up to 100% of future taxable income and the federal and state NOLs will begin to expire in the calendar year 2021, unless

previously utilized. The NOL carryforwards subject to expiration could expire unused and be unavailable to offset future income tax liabilities.

Under the Tax Cuts and Jobs Act, or the Tax Act, as modified by the Coronavirus Aid, Relief and Economic Security Act, or CARES Act, federal NOLs incurred in taxable years beginning after December 31, 2017 may be carried forward indefinitely, but the deductibility of such federal NOLs in taxable years beginning after December 31, 2020 is limited to 80% of taxable income in such years. There is variation in how states have responded and may continue to respond to the Tax Act and CARES Act.

Separately, under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, and corresponding provisions of state law, if a corporation undergoes an "ownership change," which is generally defined as a greater than 50% change, by value, in its equity ownership over a three-year period, the corporation's ability to use its pre-change NOL carryforwards and other pre-change tax attributes to offset its post-change income or taxes may be limited. Similar rules may apply under state tax laws. We may have experienced such ownership changes in the past, and we may experience ownership changes in the future as a result of this offering or subsequent shifts in our stock ownership, some of which are outside our control. We have not conducted any studies to determine if our NOLs could be subject to limitation as a result of such changes in ownership. For these reasons, our ability to utilize our NOL carryforwards and other tax attributes to reduce future tax liabilities may be limited, which would have a material adverse effect on our cash flows and results of operations.

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 of them, including the Tax 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; and
- the outcome of current and future tax audits, examinations, or administrative appeals, including limitations or adverse findings regarding our ability to do business in some jurisdictions.

Any of these developments could adversely affect our operating results.

Any future litigation against us could be costly and time consuming to defend.

We may become subject to legal proceedings and claims that arise in the ordinary course of business, such as claims brought in connection with intellectual property disputes, claims brought by our customers in connection with commercial disputes, employment claims made by our current or former employees, or claims for reimbursement following misappropriation of customer funds or data.

The software industry is characterized by the existence of many patents, copyrights, trademarks, trade secrets, and other intellectual and proprietary 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. 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. If a third party is able to obtain an injunction preventing us from accessing such third-party 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

software 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 may also be contractually obligated to indemnify our customers in the event of infringement of a third party's intellectual property rights.

Lawsuits are time-consuming and expensive to resolve and they divert management's time and attention. Although we carry insurance, our insurance may not cover certain future claims, may not provide sufficient payments to cover all the costs to resolve one or more such claims, 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 trading price of our stock.

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.

Our Senior Secured Credit Facilities and Guaranty Agreement provides our lenders with a first-priority lien against substantially all of our and our subsidiaries' assets and personal property, and contains financial covenants and other restrictions on our and our subsidiaries' actions, which could limit our operational flexibility and otherwise adversely affect our financial condition.

Our Senior Secured Credit Facilities and Guaranty Agreement, or our Senior Facilities Agreement, restricts our and our subsidiaries' ability to, among other things (in each case, subject to certain exceptions based on dollar caps or other conditions):

- incur additional indebtedness;
- use our and our subsidiaries' assets as security in other borrowings or transactions or otherwise incur liens upon our and our subsidiaries' assets and property, including without limitation, accounts receivable, whether now owned or hereafter acquired, or any income or profits therefrom;
- enter into other agreements that restrict the creation or assumption of liens upon our and our subsidiaries' properties or assets;
- enter into other agreements that restrict our subsidiaries' ability to (i) make dividend payments or certain distributions to us, (ii) repay our subsidiaries' indebtedness owed to us, (iii) make loans or advances to us, or (iv) transfer property or assets to us;
- declare dividends or make certain distributions;
- redeem or repurchase common and preferred capital stock or make payments to retire outstanding warrants, options or other rights to acquire capital stock, in each case;
- prepay indebtedness (other than indebtedness under, and in connection with, the Senior Facilities Agreement);
- make purchases or acquisitions of equity interests or assets (including, without limitation, accounts receivable) of other persons or legal entities, or make other investments, including, without limitation, investments in our real estate subsidiary, AFV Holdings One, Inc., a North Carolina corporation, joint ventures and foreign subsidiaries (if any);
- make loans, advances or capital contributions to other persons or legal entities;
- undergo a merger or consolidation or liquidation or dissolution or other transactions;
- sell, lease or sublease (as lessor or sublessor), enter into a sale and leaseback with respect to, assign, convey, transfer, license or otherwise dispose of, our or our subsidiaries' businesses, assets, capital stock or other properties;

- enter into transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any holder of 5% or more of any class of our or our subsidiaries' capital stock or with any other affiliate of ours or other affiliate of any such holder;
- engage in new businesses, other than our primary B2B payments business;
- amend our and our subsidiaries' organizational documents; and
- amend, terminate, or waive any provision of certain of our and our subsidiaries' material contracts.

Our Senior Facilities Agreement also contains certain financial covenants that prohibit us from (i) allowing our and our subsidiaries' ratio of total debt to recurring revenue (i.e., our Consolidated Recurring Revenue Ratio, as defined in the Senior Facilities Agreement) as of the end of each fiscal quarter to be in excess of prescribed maximums, (ii) allowing our and our subsidiaries' balance of unrestricted cash-on-hand in the United States less our usage of the revolving credit and letter of credit capacity under our Senior Facilities Agreement to be less than the prescribed minimum and (iii) allowing our and our subsidiaries' segregated cash and cash equivalents balance required to be maintained pursuant to applicable financial services laws (i.e., our Client Funds Coverage Amount, as defined in the Senior Facilities Agreement) to be in excess of the prescribed maximums under a prescribed formula. Our ability to comply with these and other covenants is dependent upon several factors, some of which are beyond our control.

Our or our subsidiaries' failure to comply with the covenants or payment requirements, or the occurrence of other events specified in our Senior Facilities Agreement, could result in an event of default under the Senior Facilities Agreement, which would give our lenders, in addition to other rights and remedies, the right to terminate their commitments to provide additional loans under the Senior Facilities Agreement and to declare all outstanding loans, together with accrued and unpaid interest and fees and any other outstanding amounts, to be immediately due and payable. In addition, we and our subsidiaries have granted our lenders under the Senior Facilities Agreement first-priority liens against substantially all of our and our subsidiaries' assets and property as collateral. If the debt under our Senior Facilities Agreement was to be accelerated, we might not have sufficient cash on hand or be able to sell sufficient collateral to repay the obligations then due. In such event, the lenders under our Senior Facilities Agreement would have the right to, among other remedies, enforce liens against our and our subsidiaries assets and property and seek other judicial and non-judicial enforcement of their rights, any or all of which would likely have an immediate adverse effect on our business and operating results.

If we are unable to effectively document or perfect our ownership over our proprietary technology and intellectual property, our ability to protect our proprietary rights against third parties might be adversely affected.

Historically, we have developed our proprietary technology and other intellectual property both internally, through development by our employees and consultants, and externally, through engaging third party developers in the United States and abroad. We generally enter into confidentiality and invention assignment agreements with such employees, consultants and third party developers with the expressed intention that we own all proprietary rights in all applicable technology and intellectual property developed during the relationship. However, it is possible that these agreements may not have been properly entered into on every occasion with the applicable counterparty, and if one of these agreements were found to be defective under applicable law, it may not have effectively granted ownership of certain technology or other intellectual property to us. In such an event, there would be a risk that the applicable counterparty would not be available to (or would not be willing to) assist us in perfecting our ownership of the technology or intellectual property, which may have an adverse effect on our ability to protect our proprietary rights over such technology and intellectual property.

If we are unable to obtain necessary or desirable third-party technology licenses, our ability to develop platform enhancements may be impaired.

We utilize commercially available off-the-shelf technology in the development of our products and services. As we continue to introduce new features or improvements to our products and services, we may be required to

license additional technologies from third parties. These third-party licenses may be unavailable to us on commercially reasonable terms, if at all. If we are unable to obtain necessary third-party licenses, we may be required to obtain substitute technologies with lower quality or performance standards, or at a greater cost, any of which could harm the competitiveness of our platform and our business. In the future, we could be required to seek licenses from third parties in order to continue offering our products and services or to develop enhancements to our technology, which licenses may not be available on terms that are acceptable to us, or at all. Our inability to use third-party software could result in disruptions to our business, or delays in the development of future offerings or enhancements of existing offerings, which could impair our business, financial condition, and results of operations.

We use open-source software in our products, which could subject us to litigation or other actions.

We use open-source software in the development of our products and services. From time to time, there have been claims challenging the ownership of open-source software against companies that incorporate it into their products. As a result, we could be subject to lawsuits by parties claiming ownership of what we believe to be open-source software. Litigation could be costly for us to defend, have a negative effect on our operating results and financial condition, or require us to devote additional research and development resources to change our products. In addition, if we were to combine our proprietary software products with open-source software in a certain manner under certain open-source licenses, we could be required to release the source code of our proprietary software products. If we inappropriately use or incorporate open-source software subject to certain types of open-source licenses that challenge the proprietary nature of our products, we may be required to re-engineer such products, discontinue the sale of such products, or take other remedial actions.

If our technology and other proprietary rights are not adequately protected to prevent use or appropriation by our competitors, the value of our brand and other intangible assets may be diminished, and our business may be adversely affected.

We rely and expect to continue to rely on a combination of confidentiality and license agreements with our employees, consultants and third parties with whom we have relationships, as well as trademark, copyright, patent and trade secret protection laws, to protect our proprietary rights. We may also seek to enforce our proprietary rights through court proceedings or other legal actions. We have filed and we expect to file from time to time for trademark, copyright and patent applications. However, the steps we take to protect our intellectual property rights may be inadequate. We make business decisions about when to seek patent protection for a particular technology and when to rely upon trade secret protection, and the approach we select may ultimately prove to be inadequate. For example, we have not historically prioritized seeking patent protections for our technology and therefore we may have limited capacity to assert proprietary rights against third parties that may offer similar products, services or functionality. Even in cases where we seek patent protection, we cannot assure that the resulting patents will effectively protect every significant feature of our solutions and any U.S. or other patents issued to us may not be sufficiently broad to protect our proprietary technologies. Specifically, there can be no guarantee that others will not independently develop similar products, duplicate any of our solutions or design around our patents, or adopt similar or identical brands for competing platforms or technology. Furthermore, legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Therefore, our registration applications may not be approved, third parties may challenge any copyrights, patents or trademarks issued to or held by us, third parties may knowingly or unknowingly infringe our intellectual property rights, and we may not be able to prevent infringement or misappropriation without substantial expense to us. If the protection of our intellectual property rights is inadequate to prevent use or misappropriation by third parties, the value of our brand, content, and other intangible assets may be diminished.

Further, intellectual property law, including statutory and case law, particularly in the United States, is constantly developing, and any changes in the law could make it harder for us to enforce our rights. In addition, we believe that the protection of our trademark rights is an important factor in product recognition, protecting our brand and

maintaining goodwill. If we do not adequately protect our rights in our trademarks from infringement and unauthorized use, any goodwill that we have developed in those trademarks could be lost or impaired, which could harm our brand and our business. Failure to protect our domain names could also adversely affect our reputation and brand and make it more difficult for subscribers to find our products and services. We may be unable, without significant cost or at all, to prevent third parties from acquiring domain names that are similar to, infringe upon or otherwise decrease the value of our trademarks and other proprietary rights.

We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with the parties with whom we have strategic relationships and business alliances. No assurance can be given that these agreements will be effective in controlling access to and distribution of our proprietary information. Further, these agreements do not prevent our competitors or partners from independently developing technologies that are substantially equivalent or superior to our platform.

In order to protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights. Litigation may be necessary in the future to enforce our intellectual property rights and to protect our intellectual property. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. An adverse determination of any litigation proceedings could put our intellectual property at risk of being invalidated or interpreted narrowly and could put our related patents, patent applications and trademark filings at risk of not issuing or being cancelled. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential or sensitive information could be compromised by disclosure in the event of litigation. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could delay further sales or the implementation of our platform, impair the functionality of our platform, delay introductions of new functionality to our platform, result in our substituting inferior or more costly technologies into our platform, or injure our reputation. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property. Moreover, policing unauthorized use of our technologies, trade secrets and intellectual property may be difficult, expensive and time-consuming, particularly in foreign countries where the laws may not be as protective of intellectual property rights as those in the United States and where mechanisms for enforcement of intellectual property rights may be weak. If we fail to meaningfully protect our intellectual property and proprietary rights, our business, operating results and financial condition could be adversely affected.

Accordingly, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. Our failure to secure, protect and enforce our intellectual property rights could seriously damage our brand and our business.

Risks Related to Our Initial Public Offering and Ownership of Our Common Stock

The market price of our 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. You may not be able to resell your shares at or above the initial public offering price and may lose all or part of your investment.

The initial public offering price for our common stock will be determined through negotiations between the underwriters and us, and will vary from the market price of our common stock following this offering. If you purchase shares of our common stock in this offering, you may not be able to resell those shares at or above the initial public offering price. We cannot assure you that the market price following this offering will equal or exceed prices in privately negotiated transactions of our shares that have occurred from time to time before this

offering. The market price of our common stock may fluctuate or decline significantly in response to numerous factors, many of which are beyond our control, including:

- 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 us or our failure to meet these estimates or the expectations of investors;
- additional shares of our 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;
- hedging activities by market participants;
- 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 the economy as a whole;
- lawsuits threatened or filed 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 COVID-19, political conditions, election cycles, 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 technology companies’ stock prices. Stock prices often fluctuate in ways unrelated or disproportionate to a company’s 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 revenues 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 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.

Sales of a substantial number of shares of our common stock in the public market, or the perception that they might occur, could cause the price of our common stock to decline.

The price of our common stock could decline if there are substantial sales of our common stock, particularly sales by our directors, executive officers, and significant stockholders. We had a total of 54,603,812 shares of our common stock outstanding as of June 30, 2021. Our executive officers, directors, and other stockholders and

optionholders owning substantially all of our common stock and options to acquire common stock will be subject to a lock-up agreement with respect to their shares. These agreements contain several exemptions from the lock-up restrictions. For example, our executive officers may enter into Rule 10b5-1 trading plans under which they would contract with a broker to sell shares of our common stock on a periodic basis. These plans provide for sales to occur from time to time, and sales under such plans that were entered into prior to execution of a lock-up agreement in connection with this offering by our executive officers will not be subject to the additional lock-up period related to this offering.

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales might occur, whether due to the expiration or release of lock-up restrictions or otherwise, could cause the market price of our common stock to decline or make it more difficult for you to sell your common stock at a time and price that you deem appropriate and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that sales, or the perception that our shares may be available for sale, will have on the prevailing market price of our common stock.

Certain of our stockholders have rights, subject to some conditions, to require us to file registration statements covering their shares and/or to include their shares in registration statements that we may file for ourselves or our stockholders, subject to market standoff and lockup agreements. The market price of the shares of our common stock could decline as a result of the sale of a substantial number of our shares of common stock in the public market or the perception in the market that the holders of a large number of shares intend to sell their shares.

In addition, we intend to file registration statements to register shares reserved for future issuance under our equity compensation plans. Subject to the satisfaction of applicable exercise periods and expiration of the lock-up agreements referred to above, the shares issued upon exercise of outstanding stock options or settlement of outstanding RSUs will be available for immediate resale in the United States in the open market.

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 to date primarily through equity financings, sales of our products and services, and transaction fees. We cannot be certain when or if our operations will generate sufficient cash to fully fund our ongoing operations or the growth of our business. Additionally, we expect to continue to invest heavily in our business and expend substantial financial and other resources on:

- our technology infrastructure, including systems architecture, scalability, availability, performance, and security;
- product development including investments in our product team and the development of new products and new functionality;
- acquisitions or strategic investments;
- sales, marketing and customer success, including an expansion of our sales organization; and
- general administration, including increased legal, compliance, risk management and accounting expenses.

These investments may not result in increased revenue growth in our business. If we are unable to increase our revenue at a rate sufficient to offset the expected increase in our costs, or if we encounter difficulties in managing a growing volume of payments, we may be required to engage in equity or debt financings to secure additional capital, which may be dilutive to our current stockholders. Additional financing may not be available on terms favorable to us, if at all. 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, and financial condition. Because our decision to issue securities in the future will depend on numerous considerations, including certain 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 value of our current stock and diluting their interests.

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 change their recommendations regarding our common stock adversely, the trading price or trading volume of our common stock could decline.

The trading market for our 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 analysts initiate research with an unfavorable rating or downgrade our common stock, provide a more favorable recommendation about our competitors or publish inaccurate or unfavorable research about our business, our 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 trading price or trading volume of our common stock to decline.

We do not intend to pay dividends for the foreseeable future and, as a result, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

We have never declared or paid any cash dividends on our capital stock, and we do not intend to pay any cash dividends in the foreseeable future. In addition, our Senior Credit Facilities Agreement contains restrictions on our ability to pay cash dividends on our capital stock. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

Delaware law and provisions in our amended and restated certificate of incorporation and bylaws that will be in effect immediately following the completion of this offering could make a merger, tender offer or proxy contest difficult, thereby depressing the trading price of our common stock.

Our amended and restated certificate of incorporation and bylaws that will go into effect immediately following the completion of this offering contain provisions that could depress the trading price of our 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. For example, these provisions:

- establish a classified board of directors so that not all members of our board of directors are elected at one time;
- permit the board of directors to establish the number of directors and fill any vacancies and newly-created directorships;
- provide that directors may only be removed for cause;
- require super-majority voting to amend some provisions in our amended and restated certificate of incorporation and bylaws;
- authorize the issuance of “blank check” preferred stock that our board of directors could use to implement a stockholder rights plan;
- prohibit stockholders from calling special meetings of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that the board of directors is expressly authorized to make, alter or repeal our bylaws;
- restrict the forum for certain litigation against us to Delaware; and

- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

Any provision of our amended and restated certificate of incorporation or bylaws that will be in effect immediately following the completion of this offering or Delaware 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 common stock. For information regarding these and other provisions, see section titled "Description of Capital Stock — Anti-Takeover Provisions."

Our amended and restated certificate of incorporation, to be effective immediately following the closing of this offering, will provide that the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) is the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (i) any derivative action or proceeding brought on our behalf; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of our current or former directors, officers, or other employees or stockholders to us or our stockholders, or any action asserting a claim for aiding and abetting such breach of fiduciary duty; (iii) any action or proceeding asserting a claim against us or any of our current or former directors, officers or other employees arising out of or pursuant to any provision of the Delaware General Corporation Law, or DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws; (iv) any action or proceeding to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or our amended and restated bylaws (including any right, obligation, or remedy thereunder); (v) any action or proceeding as to which the DGCL confers jurisdiction to the Court of Chancery of the State of Delaware; and (vi) any action or proceeding asserting a claim against us or any of our current or former directors, officers, or other employees or stockholders that is governed by the internal affairs doctrine, in all cases to the fullest extent permitted by law and subject to the court's having personal jurisdiction over the indispensable parties named as defendants. This provision would not apply to suits brought to enforce a duty or liability created by the Securities Exchange Act of 1934, as amended, or the Exchange Act, or any other claim for which the federal courts have exclusive jurisdiction. In addition, to prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated certificate of incorporation to be effective immediately following the closing of this offering will provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act of 1933, as amended, or the Securities Act, including all causes of action asserted against any defendant named in such complaint. For the avoidance of doubt, this provision is intended to benefit and may be enforced by us, our officers and directors, the underwriters to any offering giving rise to such complaint, and any other professional entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying the offering. However, as Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder, there is uncertainty as to whether a court would enforce such provision. Our amended and restated certificate of incorporation, to be effective immediately following the closing of this offering, will further provide that any person or entity holding, owning or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to these provisions. Investors also cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

These choice of forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring such a claim arising under the Securities Act against us, our directors, officers, or other employees in a

venue other than in the federal district courts of the United States. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our amended and restated certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and we cannot assure you that the provisions will be enforced by a court in those other jurisdictions. If a court were to find either exclusive-forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could harm our business.

We have broad discretion in how we may use the net proceeds from this offering, and we may not use them effectively.

The principal purposes of this offering are to create a public market for our common stock, facilitate access to the public equity markets, increase our visibility in the marketplace and obtain additional capital to support further growth in our business. Our management will have broad discretion in applying the net proceeds we receive from this offering. We may use the net proceeds (including any additional proceeds that we may receive if the underwriters exercise their option to purchase additional shares of our common stock) to redeem the shares of redeemable preferred stock issuable upon conversion of our senior preferred stock (approximately $169 million), and for general corporate purposes, which we currently expect will include head count expansion, continued investment in our sales and marketing efforts, product development, general and administrative matters, and working capital. We may also use a portion of the net proceeds for acquisitions or strategic investments in complementary businesses, products, services or technologies, although we do not currently have any definitive plans or commitments for any such acquisitions or investments. We may also spend or invest these proceeds in a way with which our stockholders disagree. If our management fails to use these funds effectively, our business could be seriously harmed.

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 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:

- not being required to have our independent registered public accounting firm audit our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, or Section 404;
- reduced disclosure obligations regarding executive compensation in our periodic reports, including our annual report on Form 10-K; and
- exemptions from the requirements of holding non-binding advisory votes on executive compensation and stockholder approval of any golden parachute payments not previously approved.

As a result, our stockholders may not have access to certain information they may deem important. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if our total annual gross revenues exceed $1.07 billion, if we issue more than $1.0 billion in non-convertible debt securities during any three-year period, or if we are a large accelerated filer and the market value of our common stock held by non-affiliates exceeds $700 million as of the end of any second quarter before that time. We cannot predict if investors will find our common stock less attractive if we choose to rely on any of the exemptions afforded emerging growth companies. If some investors find our common stock less attractive because we rely on any of these exemptions, there may be a less active trading market for our common stock and the market price of our common stock may be more volatile.

Under the JOBS Act, “emerging growth companies” can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We elected to use the extended transition period

for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that we (1) are no longer an emerging growth company or (2) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, these financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

As a result of becoming a public company, we will be obligated to develop and maintain effective internal control over financial reporting, and if we fail to develop and maintain effective disclosure controls and procedures and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired.

Upon becoming a public company, we will be required to comply with the SEC's rules including implementing effective processes and internal control over financial reporting to comply with the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the listing requirements of the Nasdaq Stock Market and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time consuming, or costly, and increase demand on our systems and resources, particularly after we are no longer an emerging growth company. The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting.

Compliance with these requirements may require significant resources and management oversight to maintain and, if necessary, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard. As a result, management's attention may be diverted from other business concerns, which could adversely affect our business and operating results. Although we have already hired additional employees to comply with these requirements, we may need to hire more employees in the future or engage outside consultants, which would increase our costs and expenses.

We will also be required, pursuant to Section 404, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting commencing with our second annual report on Form 10-K. Effective internal control over financial reporting is necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent material misstatements due to fraud or error. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting, as well as a statement that our independent registered public accounting firm has issued an opinion on the effectiveness of our internal control over financial reporting, provided that our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting until our first annual report required to be filed with the SEC following the later of the date we are deemed to be an "accelerated filer" or a "large accelerated filer," each as defined in the Exchange Act, or the date we are no longer an emerging growth company, as defined in the JOBS Act. We could be an emerging growth company for up to five years. An independent assessment of the effectiveness of our internal controls could detect problems that our management's assessment might not. Undetected material weaknesses in our internal control over financial reporting could lead to financial statement restatements and require us to incur the expense of remediation. We will be required to disclose material changes made in our internal control over financial reporting on a quarterly basis. To comply with the requirements of being a public company, we may need to undertake various actions, such as implementing new internal controls and procedures and hiring additional accounting or internal audit staff.

We have already made significant progress towards the challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404. We may not be able to complete our evaluation, testing, and any required remediation in a timely fashion. During the evaluation and testing process, if we identify material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective.

If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an unqualified opinion on the effectiveness of our internal control, including as a result of the material weaknesses described above, we could lose investor confidence in the accuracy and completeness of our financial reports, which could cause the price of our common stock to decline, and we may be subject to investigation or sanctions by the SEC. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the Nasdaq exchange.

Our management team has limited experience managing a public company.

Our management team has limited experience managing a publicly traded company, interacting with public company investors and securities analysts, and complying with the increasingly complex laws pertaining to public companies. These new obligations and constituents require significant attention from our management team and could divert their attention away from the day-to-day management of our business, which could harm our business, operating results, and financial condition.

An active trading market for our common stock may never develop or be sustained.

We have applied to list our common stock on Nasdaq under the symbol “AVDX.” However, we cannot assure you that an active trading market for our common stock will develop on that exchange or elsewhere or, if developed, that any market will be sustained. Accordingly, we cannot assure you of the likelihood that an active trading market for our common stock will develop or be maintained, the liquidity of any trading market, your ability to sell your shares of our common stock when desired or at the prices that you may obtain for your shares.

If you purchase our common stock in this offering, you will incur immediate and substantial dilution.

The assumed initial public offering price is substantially higher than the net tangible book value per share of our common stock of $(13.45) per share as of June 30, 2021. Investors purchasing common stock in this offering will pay a price per share that substantially exceeds the book value of our tangible assets after subtracting our liabilities, goodwill, intangible assets and redeemable non-controlling interest. As a result, investors purchasing common stock in this offering will incur immediate dilution of $19.94 per share, at the initial public offering price of $22.00 per share. This dilution is due to the substantially lower price paid by our investors who purchased shares prior to this offering as compared to the price offered to the public in this offering.

You will be diluted by the future issuance of common stock, preferred stock or securities convertible into common or preferred stock, in connection with our incentive plans, acquisitions, capital raises or otherwise.

After this offering, we will have outstanding 191,350,102 shares of common stock. Our amended and restated certificate of incorporation, which will become effective prior to the closing of this offering, authorizes us to issue shares of common stock and options, rights, warrants, and appreciation rights relating to common stock for the consideration and on the terms and conditions established by our board of directors in its sole discretion, whether in connection with acquisitions or otherwise.

In the future, we expect to obtain financing or to further increase our capital resources by issuing additional shares of our capital stock or offering debt or other equity securities, including senior or subordinated notes, or debt securities convertible into equity or shares of preferred stock. Issuing additional shares of our capital stock or other equity securities or securities convertible into equity may dilute the economic and voting rights of our

existing stockholders or reduce the market price of our common stock or both. Debt securities convertible into equity could be subject to adjustments in the conversion ratio pursuant to which certain events may increase the number of equity securities issuable upon conversion. Shares of preferred stock, if issued, could have a preference with respect to liquidating distributions or a preference with respect to dividend payments that could limit our ability to pay dividends to the holders of our common stock. Our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, which may adversely affect the amount, timing, or nature of our future offerings. As a result, holders of our common stock bear the risk that our future offerings may reduce the market price of our common stock and dilute their stockholdings in us. See “Description of Capital Stock.”

We have reserved 18,023,020 shares of common stock for issuance under our 2021 Plan that will become effective in connection with this offering, which amount is increased by shares subject to outstanding awards under our 2010 Plan, 2017 Plan or 2020 Plan that expire, are forfeited, or otherwise terminate, are settled in cash or are reacquired or withheld (or not issued) to satisfy a tax withholding obligation or the purchase or exercise price. Any common stock that we issue, including under our 2010 Plan, 2017 Plan, 2020 Plan, 2021 Plan or other equity incentive plans that we may adopt in the future, would dilute the percentage ownership held by the investors who purchase common stock in this offering. We intend to file one or more registration statements on Form S-8 under the Securities Act, to register shares of our common stock or securities convertible into or exchangeable for shares of our common stock issued pursuant to our 2010 Plan, 2017 Plan, 2020 Plan 2021 Plan and ESPP. Any such Form S-8 registration statements will automatically become effective upon filing. Accordingly, shares registered under such registration statements will be available for sale in the open market.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus 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. All statements of historical fact included in this prospectus regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described under the heading “Risk Factors” included in this prospectus. These forward-looking statements are based on management’s current beliefs, based on currently available information, as to the outcome and timing of future events. Forward-looking statements contained in this prospectus include, but are not limited to, statements about:

- our ability to attract and retain buyers and suppliers;
- our ability to deepen our relationships with existing customers;
- our expectations regarding our customer and transaction growth rates;
- our business plan and beliefs and objectives for future operations;
- trends associated with our industry and potential market;
- benefits associated with use of our platform and services;
- our ability to develop or acquire new solutions, improve our platform and solutions and increase the value of our platform and solutions;
- our ability to compete successfully against current and future competitors;
- our ability to further develop strategic relationships;
- our ability to successfully identify, acquire and integrate complementary businesses, products or technology;
- our plans to further invest in and grow our business, and our ability to effectively manage our growth and associated investments;
- our ability to timely and effectively scale and adapt our existing technology;
- our ability to achieve positive returns on investments;
- our ability to increase or maintain our revenue, our revenue growth rate and gross margin;
- our ability to generate sufficient revenue to achieve and sustain profitability;
- our future financial performance, including trends in revenue, cost of revenue, operating expenses, other income and expenses, income taxes, billings and customers;
- the sufficiency of our cash and cash equivalents and cash generated from operations to meet our working capital and capital expenditure requirements;
- our ability to raise capital and the terms of those financings;
- our ability to attract, train and retain qualified employees and key personnel;
- our ability to maintain and benefit from our corporate culture;
- our ability to successfully enter new markets and manage our international expansion;

- our ability to maintain, protect and enhance our intellectual property and not infringe upon others' intellectual property; and
- our anticipated uses of our net proceeds from this offering.

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

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this prospectus primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled "Risk Factors" and elsewhere in this prospectus. 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 prospectus. 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.

The forward-looking statements made in this prospectus 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 prospectus to reflect events or circumstances after the date of this prospectus or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and 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.

MARKET AND INDUSTRY DATA

This prospectus contains estimates and information concerning our industry, including market position and the size and growth rates of the markets in which we participate, that are based on industry publications and reports and other information from our internal sources. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to these estimates. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled “Risk Factors.” These and other factors could cause results to differ materially from those expressed in these publications and reports.

Certain information in the text of this prospectus is contained in independent industry publications. The sources of these independent industry publications are provided below:

Mastercard Real-Time Payments Innovation Playbook October 2018
www.mastercard.us/content/dam/mccom/en-us/business-payments/documents/real-time-payments-innovation-playbook-october-2018.pdf

Pymnts.com Payables Friction Playbook Payables-Friction-Playbook_09_2019.pdf (pymnts.com)

AP Automation Market — Global Forecast to 2024 — ResearchAndMarkets.com | Business Wire

2019 AFP Payments Fraud and Control Survey. www.afponline.org/docs/default-source/registered/2021_paymentsfraudsurveyreport-highlights-2.pdf

Certain information included in this prospectus concerning our industry and the markets we serve, including our market share, is also based on our good-faith estimates derived from management’s knowledge of the industry and other information currently available to us.

USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately $444.6 million (or approximately $512.1 million if the underwriters exercise their option to purchase additional shares of our common stock in full) based on an assumed initial public offering price of $22.00 per share of common stock, the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

A $1.00 increase (decrease) in the assumed initial public offering price of $22.00 per share of common stock, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) the net proceeds to us from this offering by approximately $20.7 million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1.0 million shares in the number of shares of common stock offered by us would increase (decrease) the net proceeds to us from this offering by approximately $20.7 million, assuming the assumed initial public offering price remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. We do not expect that a change in the initial public offering price or the number of shares by these amounts would have a material effect on our uses of the proceeds from this offering, although it may accelerate the time at which we will need to seek additional capital.

We intend to use the net proceeds from this offering (including any additional proceeds that we may receive if the underwriters exercise their option to purchase additional shares of our common stock) to redeem the shares of redeemable preferred stock issuable upon conversion of our senior preferred stock (approximately $169 million), and for general corporate purposes, which we currently expect will include headcount expansion, continued investment in our sales and marketing efforts, product development, general and administrative matters, and working capital. We may also use a portion of the net proceeds for acquisitions or strategic investments in complementary businesses, products, services, or technologies, although we do not currently have any definitive plans or commitments for any such acquisitions or investments. We cannot specify with certainty all of the particular uses for the net proceeds to us from this offering. We will have broad discretion over how to use the net proceeds to us from this offering. We intend to invest the net proceeds to us from the offering that are not used as described above in investment-grade, interest-bearing instruments.

DIVIDEND POLICY

We have never declared nor paid any cash dividends on our common stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not expect to pay any dividends on our common stock in the foreseeable future. In addition, we currently intend to maintain our existing term loan and credit facility which restricts our ability to pay dividends. Any future determination relating to our dividend policy will be made by our board of directors and will depend on a number of factors, including: our actual and projected financial condition, liquidity and results of operations; our capital levels and needs; tax considerations; any acquisitions or potential acquisitions that we may examine; statutory and regulatory prohibitions and other limitations; the terms of any credit agreements or other borrowing arrangements that restrict the amount of cash dividends that we can pay; general economic conditions; and other factors deemed relevant by our board of directors. We are not obligated to pay dividends on our common stock.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of June 30, 2021:

- on an actual basis;
- on a pro forma basis, giving effect to (i) the conversion of our preferred stock (other than our senior preferred stock) into common stock in connection with this offering; (ii) the conversion of our senior preferred stock into redeemable preferred stock and convertible common stock in connection with this offering; (iii) the conversion of the convertible common stock issuable upon conversion of our senior preferred stock into 1,273,906 shares of common stock in connection with this offering, assuming an offering price equal to the Midpoint Price; (iv) the filing of our amended and restated certificate of incorporation, which will be in effect immediately following the completion of this offering, and the 4:1 forward stock split of our common stock that was effected on September 30, 2021; (v) the RSUs that met their time based vesting condition as of June 30, 2021 and will vest in full upon completion of this offering and the related stock-based compensation expense; (vi) the common stock to be issued upon the automatic net exercise of warrants outstanding as of June 30, 2021 and (vii) the issuance of 1,409,090 shares of our common stock in connection with the acquisition of FastPay, assuming an offering price equal to the Midpoint Price; and
- on a pro forma as adjusted basis, giving effect to (i) the pro forma adjustments set forth above, (ii) the cash used to redeem the redeemable preferred stock and (iii) the sale and issuance by us of 22,000,000 shares of our common stock in this offering.

	As of June 30, 2021		
(in thousands, except share and per share data)	**Actual**	**Pro Forma**	**Pro Forma As Adjusted**
Cash and cash equivalents	$ 202,938	$ 202,938	$ 478,558
Total debt, including current portion:			
Senior secured credit facility (1)	98,209	98,209	98,209
Revolving credit facility	—	—	—
Promissory note in land acquisition	3,000	3,000	3,000
Total debt	101,209	101,209	101,209
Senior preferred stock, $0.001 par value per share, 2,722,166 shares authorized, 2,722,166 shares issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma and pro forma as adjusted	153,764	—	—
Redeemable preferred stock, $0.001 par value per share, 350,000 shares authorized, no shares issued and outstanding, actual; 350,000 shares authorized and 169,000 shares issued and outstanding pro forma and no shares authorized, issued and outstanding, pro forma as adjusted.	—	169,000	—
Preferred stock, $0.001 par value per share, 37,400,000 shares authorized, 27,359,830 shares issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma and pro forma as adjusted	688,266	—	—
Stockholders' (deficit) equity:			
Preferred stock, $0.001 par value per share, no shares authorized, issued and outstanding, actual; 50,000,000 shares authorized and no shares issued and outstanding, pro forma and pro forma as adjusted	—	—	—
Convertible common stock, $0.001 par value per share, 3,000,000 shares authorized, no shares issued and outstanding, actual; 4,000,000 shares authorized and 2,785,608 shares issued and outstanding, pro forma; no shares authorized, issued and outstanding, pro forma as adjusted	—	3	—
Common stock, $0.001 par value per share, 240,000,000 shares authorized, 54,603,812 shares issued and outstanding, actual; 340,000,000 shares authorized, 169,350,102 shares issued and outstanding, pro forma; 1,600,000,000 shares authorized and 191,350,102 shares issued and outstanding, pro forma as adjusted	55	166	191
Additional paid-in capital	204,870	949,889	1,389,647
Accumulated deficit	(764,297)	(795,007)	(790,167)
Total stockholders' (deficit) equity	(559,372)	155,051	599,671
Total capitalization	$ 383,867	$ 256,260	$ 700,880

(1) Net of debt issuance costs of $3.5 million actual, pro forma, and pro forma as adjusted.

The number of shares of common stock that will be outstanding after this offering is based on 169,350,102 shares of common stock outstanding as of June 30, 2021, on a pro forma basis, and excludes (i) 5,684,432 shares of our common stock issuable upon the exercise of options to purchase shares of our common stock outstanding as of June 30, 2021; (ii) 2,305,744 shares of our common stock issuable upon the vesting of RSUs outstanding as of June 30, 2021; (iii) 1,657,296 shares of our common stock reserved for issuance pursuant to the 1% pledge program; (iv) 4,793,716 shares of our common stock reserved for future issuance under our 2020 Plan as of June 30, 2021; (v) 18,023,020 shares of our common stock reserved for future issuance under our 2021 Plan as of June 30, 2021; and (vi) 2,703,452 shares of our common stock reserved for future issuance under our ESPP. You should read this in conjunction with the information regarding the number of shares of common stock issuable upon conversion of the shares of convertible common stock issuable upon conversion of our senior preferred stock, found in “The Offering — Price Sensitive Share Issuances” included elsewhere in this prospectus.

You should read this information in conjunction with our consolidated financial statements and the related notes and the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this prospectus.

DILUTION

If you invest in our common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share and the pro forma as adjusted net tangible book value per share of our common stock after this offering.

As of June 30, 2021, we had a historical net tangible book value (deficit) of $(734.2) million, or $(13.45) per share of common stock. Our historical net tangible book value per share represents total tangible assets less total liabilities and redeemable preferred stock, divided by the number of shares of our common stock outstanding as of June 30, 2021.

Our pro forma net tangible book value (deficit) as of June 30, 2021 was $(50.8) million, or $(0.30) per share, based on shares of our common stock outstanding as of June 30, 2021, after giving effect to (i) the automatic conversion of all 27,359,830 outstanding shares of our preferred stock (other than our senior preferred stock) as of June 30, 2021, into an aggregate of 111,142,490 shares of our common stock, which will occur immediately prior to the completion of this offering; (ii) the automatic conversion of our senior preferred stock into 169,000 shares of redeemable preferred stock and 2,785,608 shares of convertible common stock; (iii) 188,448 RSUs that met their time-based vesting condition as of June 30, 2021 and will vest in full upon completion of this offering; (iv) the automatic conversion of all shares of convertible common stock issuable upon conversion of the senior preferred stock into 1,273,906 shares of our common stock (based upon an assumed initial public offering price of $22.00, the midpoint of the price range set forth on the cover of this prospectus), which will occur immediately prior to the completion of this offering; (v) 732,356 shares of our common stock to be issued upon the automatic net exercise of warrants outstanding as of June 30, 2021 (based upon an assumed initial public offering price of $22.00, the midpoint of the price range set forth on the cover of this prospectus), which will occur immediately prior to the completion of the offering; and (vi) the issuance of 1,409,090 shares of our common stock in connection with the acquisition of FastPay (based upon an assumed initial public offering price of $22.00, the midpoint of the price range set forth on the cover of this prospectus).

After giving further effect to the sale of 22,000,000 shares of common stock in this offering at an assumed initial public offering price of $22.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, and the redemption by us of all outstanding redeemable preferred stock as described under “Use of Proceeds,” pro forma as adjusted net tangible book value as of June 30, 2021 would have been approximately $393.8 million, or approximately $2.06 per share. This amount represents an immediate increase in pro forma net tangible book value of $2.36 per share to our existing stockholders and an immediate dilution of approximately $19.94 per share to new investors participating in this offering. We determine dilution by subtracting the pro forma as adjusted net tangible book value per share after this offering from the amount of cash that a new investor paid for a share of common stock. The following table illustrates this dilution:

Assumed initial public offering price per share		$22.00
Historical net tangible book value (deficit) per share as of June 30, 2021	$(13.45)	
Increase per share attributable to the pro forma adjustments described above	13.15	
Pro forma net tangible book value (deficit) per share as of June 30, 2021, before giving effect to this offering	(0.30)	
Increase in pro forma as adjusted net tangible book value per share attributable to new investors purchasing shares in this offering	2.36	
Pro forma as adjusted net tangible book value per share after this offering		2.06
Dilution per share to new investors in this offering		$19.94

A $1.00 increase (decrease) in the assumed initial public offering price of $22.00 per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted net

tangible book value (deficit) after this offering by approximately $20.7 million or $0.11 per share, and decrease (increase) the dilution to investors participating in this offering by approximately $20.7 million, or $0.89 per share, assuming the number of shares of common stock offered by us, as set forth on the cover page of this prospectus, remained the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

Similarly, a one million share increase (decrease) in the number of shares offered by us, as set forth on the cover of this prospectus, would increase (decrease) the pro forma as adjusted net tangible book value (deficit) after this offering by approximately $20.7 million, or $0.10 per share, and decrease (increase) the dilution to investors participating in this offering by approximately $20.7 million, or $0.10 per share, assuming the assumed initial public offering price of $22.00 per share remained the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriters were to exercise their option to purchase additional shares of our common stock in full, the pro forma as adjusted net tangible book value (deficit) per share of our common stock after this offering would be approximately $2.37 per share, and the dilution in pro forma as adjusted net tangible book value (deficit) per share to investors participating in this offering would be approximately $19.63 per share.

The following table summarizes on the pro forma as adjusted basis described above, as of June 30, 2021, the differences between the number of shares purchased from us, the total consideration paid to us in cash and the average price per share that existing stockholders and investors in this offering paid. The calculation below is based on an assumed initial public offering price of $22.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, before deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price
(In thousands, except share and per share data)	Number	Percent	Amount	Percent	Per Share
Existing Stockholders	169,350,102	89%	$1,166,868	71%	$ 6.89
Investors in this offering	22,000,000	11	484,000	29	22.00
Total	191,350,102	100%	$1,650,868	100%	$ 8.63

A $1.00 increase (decrease) in the assumed initial public offering price of $22.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) total consideration paid by investors in this offering by $22.0 million and increase (decrease) the percentage of total consideration paid by investors in this offering by 1%, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remained the same and before deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

Similarly, a one million share increase (decrease) in the number of shares offered by us, as set forth on the cover of this prospectus, would increase (decrease) total consideration paid by investors in this offering by $22.0 million and increase (decrease) the percentage of total consideration paid by investors in this offering by 1%, assuming the assumed initial public offering price of $22.00 per share, which is the midpoint of the price range set forth on the cover of this prospectus, remained the same and before deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriters were to exercise their option to purchase additional shares of our common stock in full, the percentage of shares of our common stock held by existing stockholders will be reduced by 2% of the total number of shares of our common stock outstanding after this offering, and the number of shares purchased by investors in this offering will increase to 25,300,000 shares, by 2% of the total number of shares of our common stock outstanding after this offering.

The discussion and tables above are based on 169,350,102 shares of our common stock outstanding as of June 30, 2021, and excludes shares of common stock issuable upon the exercise of options to purchase shares of our common stock outstanding as of June 30, 2021, shares of common stock issuable upon the vesting of RSUs outstanding as of June 30, 2021, shares of common stock reserved for issuance pursuant to the 1% pledge program, shares of common stock reserved for future issuance under the 2020 Plan and the 2021 Plan and shares of common stock reserved for issuance under the ESPP. In addition, we may choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. To the extent that additional capital is raised through the sale of equity or convertible debt securities, the issuance of such securities could result in further dilution to our stockholders.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with the section titled "Prospectus Summary—Summary Consolidated Financial and Other Data" and our consolidated financial statements and the related notes appearing elsewhere in this prospectus. Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should read the sections titled "Risk Factors" and "Special Note Regarding Forward-Looking Statements" for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. Our year end is December 31, and our fiscal quarters end on March 31, June 30, September 30, and December 31. The accompanying Management's Discussion and Analysis of Financial Condition and Results of Operations gives effect to the revision adjustments made to the previously reported consolidated financial statements for the fiscal year ended December 31, 2020 and the unaudited interim financial statements for the periods ended June 30, 2021 and 2020 as discussed in the notes to the financial statements included elsewhere in this prospectus and the four-for-one stock split effected on September 30, 2021.

Overview

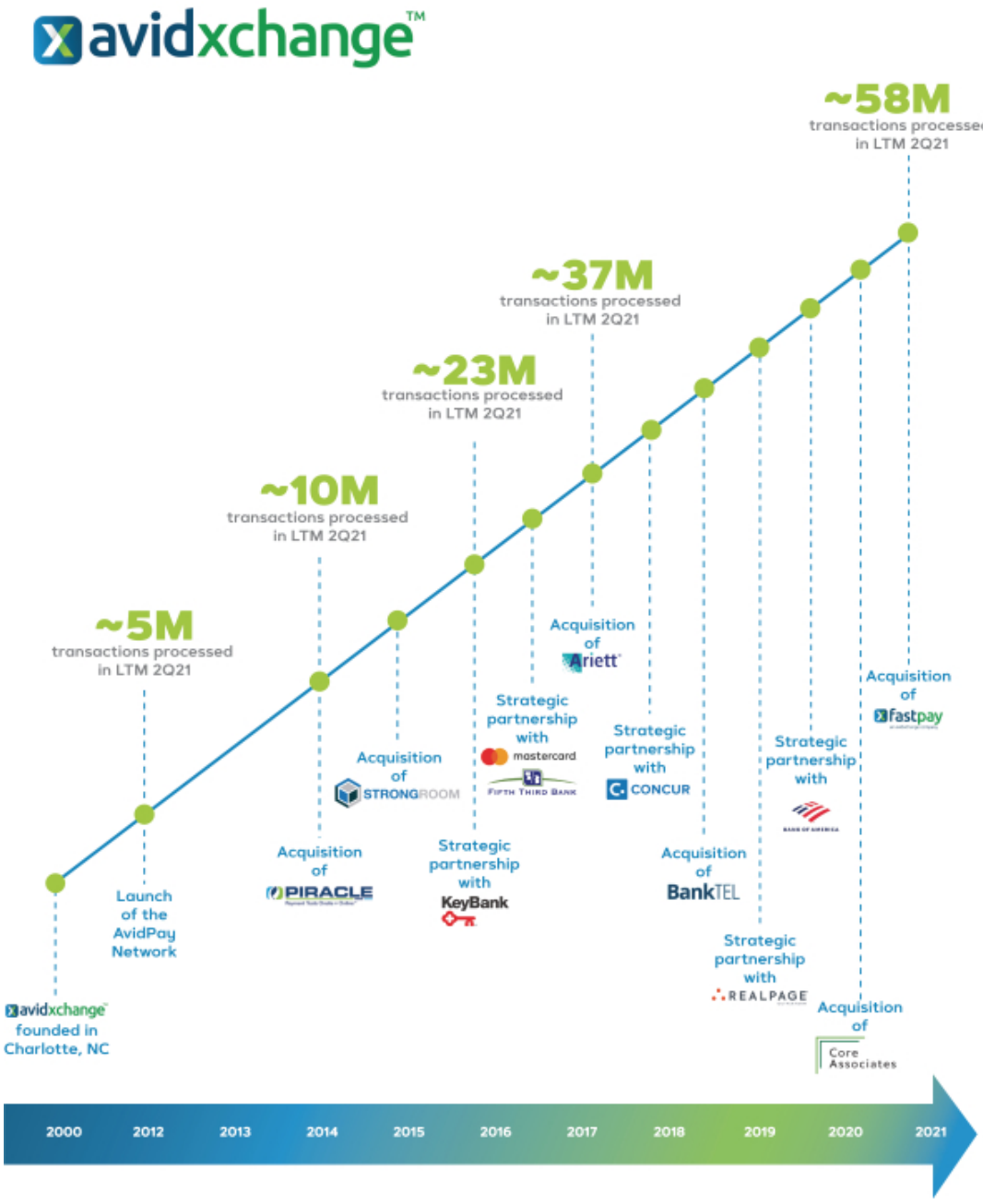
We are a leading provider of AP automation software and payment solutions for middle market businesses and their suppliers. Our SaaS-based, end-to-end software and payment platform digitizes and automates the AP workflows for more than 7,000 businesses (our buyers) and we have made payments to more than 700,000 supplier customers of our buyers (suppliers) over the past five years. While acquiring new and retaining existing relationships with buyers and suppliers are important to our business, the growth of our business is ultimately dependent upon the number of transactions we process, as well as our total payment volume. We developed our technology platform through years of working to solve our buyers' unique middle market workflow challenges. Leveraging our deep domain expertise, we purpose-built a powerful two-sided network that connects buyers and suppliers, drives digital transformation, increases efficiency and accuracy in AP workflows, accelerates payments, enables insight into critical analytics, and lowers operating costs for our buyers.

We transform the way AP works for the middle market. Our platform was purpose-built for the middle market since we wrote our first line of code, based on our desire to deal with the business process complexities of our initial customers. Our intuitive user interfaces are an entry point to a broader user experience emphasizing visibility and control. The SaaS-based technical underlayer drives digital transformation and provides the scalability to grow with our buyers. We built our business to solve this gap for the middle market and believe we have become a uniquely strategic platform for our customers' CFOs, treasurers and finance teams by digitally transforming how they receive, manage and pay their bills. Supported by deep integrations to our customers' middle market oriented accounting and information systems, our platform automates the end-to-end AP workflows for our buyers and enhances the payment experience for our suppliers. We provide a SaaS-based solution automating and digitizing the capture, review, approval and payment of invoices for our buyers. Our two-sided payments network then connects our buyers with their suppliers, enabling invoice payments on behalf of a buyer and according to the supplier's business rules, payment preferences and remittance data. We support a variety of payment methods depending on the supplier's preference, including VCC, enhanced ACH (our AvidPay Direct) and physical check, while delivering rich remittance data to streamline the reconciliation process. Finally, we provide cash management solutions to our supplier network that include tools that provide a comprehensive view of invoices and an accelerator feature (our Invoice Accelerator). These additional features, and others in our product pipeline, allow us to both monetize and increase engagement on our two-sided payments network.

We do not have significant customer concentration in our business, with no single customer contributing more than 6% of 2020 revenue and with our top 10 customers contributing less than 15% of revenue in 2020 as well as the first six months of 2020 and 2021. Our customers operate across a variety of verticals in which we have deep domain expertise, including real estate, HOAs, construction, financial services (including banks and credit unions), healthcare facilities, social services, education, and media. In 2020, we processed approximately 53 million transactions representing over $145 billion in spend under management across our platform and, of

that, moved $38 billion in total payment volume from our buyers to their suppliers. Spend under management represents the sum of (i) the aggregate dollar amount of payments processed by us, plus (ii) the aggregate dollar amount represented by the total number of invoices processed by us, in each case, during the specified period. As described in more detail below, we generate revenue from each transaction processed on a per transaction basis and earn interchange revenue from a portion of the total payment volume.

AvidXchange was founded in 2000 to serve the AP automation needs of the middle market. In 2012, in response to customer demand for more efficient payment methods, we launched the AvidPay Network. Since 2012, we have had substantial growth, both organic and through a series of strategic acquisitions allowing us to expand the vertical markets that we serve. Key milestones in our journey included the following:



We have achieved significant growth through our recurring revenue business model, which gives us visibility into future periods and which is leading to increasing gross margins as we grow our revenue base. We generated revenue of $149.6 million in 2019 and $185.9 million in 2020, representing year-over-year growth of 24.3%. Our gross profit was $62.6 million in 2019 and $85.4 million in 2020, resulting in gross margin of 41.9% in 2019 and 45.9% in 2020. Our Non-GAAP gross profit was $78.6 million in 2019 and $102.3 million in 2020, resulting in Non-GAAP gross margin in 52.5% in 2019 and 55.0% in 2020. Our net loss was $93.5 million in 2019 and $101.2 million in 2020, and we have generated a net loss of more than $484.0 million since inception. See the section titled "Summary Consolidated Financial and Other Data — Key Performance Indicators and Non-GAAP Measures" for a discussion of the limitations of Adjusted EBITDA, Non-GAAP gross profit and Non-GAAP gross margin and reconciliations of these non-GAAP measures to the most comparable GAAP measures for the periods presented.

Our Business and Revenue Model

We sell our solutions through a hybrid go-to-market strategy that includes direct and indirect channels. Our direct sales force leverages their deep domain expertise in select verticals and over 120 referral relationships with integrated software providers, financial institutions and other partners to identify and attract buyers that would benefit from our AP software solutions and the AvidPay Network. Our indirect channel includes reseller partners and other strategic partnerships such as Mastercard, through MasterCard's B2B Hub, which includes Fifth Third Bank and Bank of America, and other financial institutions, such as KeyBank, and third-party software providers such as MRI Software, RealPage and SAP Concur. Our referral and indirect channel partnerships provide us greater reach across the market to access a variety of buyers.

One of the ways that we evaluate our revenue model is by looking at our net transactions processed retention rate. We calculate the net transactions processed retention rate for a current period by dividing the (i) number of total transactions processed for customers in the comparable prior period by (ii) the number of total transactions processed for the same customers in the current period. Accordingly, the net transactions processed retention rate is calculated solely based on transactions of prior period customers in the current period, regardless of whether or not the prior period customer remains a customer in the current period. Correspondingly, customers in the current period that were not customers in the prior period are excluded from the current period calculation of the net transactions processed retention rate. Net transactions processed retention rate, together with our key metric Transactions Processed, enables us to both assess transaction volume attributable to retained customers in a period as well as determine transaction volume attributable to new customers during the same period. This metric allows us to quantify the activity of retained customers over time and illustrates both retention and expansion of the volume of total transactions processed for such customers. Our net transactions processed retention rate from 2018 to 2019 was 105%, and our net transactions processed retention rate from 2019 to 2020 was 102%.

We have a highly visible revenue model based on the durability of our buyer relationships and the recurring nature of the revenues we earn. Our revenues are derived from multiple sources, predominantly through software revenue from our buyers and revenue from payments made to their suppliers. The table below represents our revenues disaggregated by type of service performed:

	Years Ended		Six Months Ended June 30,	
	2020	2019	2021	2020
Software revenue	$ 68,062,964	$ 50,146,554	$ 42,071,205	$ 33,012,350
Payment revenue	115,745,382	98,335,115	70,619,565	51,807,042
Services revenue	2,119,293	1,102,385	1,277,055	645,869
Total revenues	$ 185,927,639	$ 149,584,054	$ 113,967,825	$ 85,465,261

Software Revenue

We generate software revenue from our buyers primarily through (i) fees calculated based on the number of invoices and payment transactions processed and (ii) recurring maintenance and SaaS fees. Software revenue is

typically billed to and paid by our buyers on a monthly basis. Our software offerings, many of which are built for specific verticals, address the needs of buyers and together they comprise our suite of predominately cloud-based solutions designed to manage invoices and automate the AP function. We generally sign multi-year contracts with buyers and revenue is recognized over the term of the contract. We also receive initial upfront implementation fees and software maintenance fee revenue for ongoing support, which are recognized ratably over the term of the applicable support period.

Payment Revenue

We generate revenue from the payments our buyers make to their suppliers through (i) offering electronic payment solutions to suppliers, (ii) fees charged to suppliers using our invoice factoring product, and (iii) interest on funds held for buyers pending disbursement.

Our electronic payment solutions currently include VCC and an enhanced ACH payment product, or AvidPay Direct, which eliminate paper checks and increase the speed to payment for the supplier. AvidPay Direct also provides suppliers with enhanced remittance data allowing the supplier to reconcile the payment and the underlying invoice. VCC revenues result from interchange fees applied to the spend processed and are recorded net of fees and incentives. AvidPay Direct revenue is based on a per transaction fee that we charge to suppliers that generally includes a cap and is based on the spend per payment and is recorded net of incentives.

Our invoice factoring product, Invoice Accelerator, provides certain suppliers with the opportunity to better manage cash flows and receive payments even faster by allowing suppliers to receive advance payment on qualifying invoices. Revenues are generated on a per transaction basis for each payment that is advanced. We currently fund the purchase of invoices from our balance sheet.

Interest income represents interest received from buyer deposits held during the payment clearing process. We receive interest on funds held through our contractual relationship with our buyers.

Impact of Covid-19 Pandemic

Notwithstanding current vaccinations and the gradual re-opening of the U.S. economy, the global COVID-19 pandemic, including the emergence of recently discovered variants that are thought to be more contagious (such as the increasingly widespread “Delta variant”), continues to adversely affect commercial activity and has contributed to significant volatility in the financial markets which may continue.

Our revenue was adversely affected in 2020 by COVID-19 due to a reduction in spending and closures or slowdowns of certain of our buyer’s businesses and other mandated restrictions on travel, social and business gatherings, schools, and the workplace. The impact was higher in certain industry verticals or segments such as HOAs and commercial real estate, with certain buyers tightly managing spend and hesitating to start new implementation projects. On the other hand, the pandemic also had the short term impact of driving increased interest and, for certain buyers, accelerated purchasing decisions for our products and services, as buyers shifted to remote work arrangements.

In 2021, we have continued to see the impact of COVID-19 on our business and our buyers and suppliers. We believe that, as a result of the uncertainty created by the pandemic, many buyers have been and may continue to be in the near term reluctant to invest in the purchase and implementation of our products and services, which has had a negative impact on new sales and has led to longer sales cycles. These trends have made it, and if they continue will make it, more difficult for us to acquire new buyers and have led to greater uncertainty around closing new sales opportunities, adversely impacting our future revenue.

Key Factors Affecting Our Performance

Acquiring new buyers and suppliers

To sustain our growth, we need to continue to sell our AP software and payment solutions to new buyers. New buyers add software revenue and new buyers that use our payment solutions will allow us to continue adding new suppliers to our network, increasing payment volume across our platform and providing us with the opportunity to generate additional revenue from the payments our buyers make to their suppliers. Our financial performance will depend in large part on the overall demand for our platform particularly from middle market buyers and their suppliers.

Expanding our relationships with existing buyers and suppliers

The growth of our software revenue is dependent upon the number of invoice and payment transactions processed across our platform. The number of transactions that our buyers submit through our platform is often based on their experience implementing and using our products and services, realized or perceived value, and confidence in the accuracy and timeliness of our services. Although we often include minimum transaction commitments in our buyer agreements, our growth is dependent on our buyers using our platform to process their invoice and payment transactions and otherwise serve their AP needs.

Payment revenue is a significant component of our overall revenue and is dependent upon the payment spend volume submitted by our buyers and processed through our AvidPay Network. Payment revenue is also dependent upon the continued acceptance by suppliers in our network of electronic payment types that result in interchange revenue. Our growth will depend on our continued ability to deliver electronic payments to existing suppliers in a manner that is consistent with their internal business rules, payment preferences, and perceived value.

We also experience growth from buyers when we cross sell existing products and services or introduce new products and services.

Investing in sales and marketing

We intend to increase our sales and marketing spend to drive awareness and generate demand to acquire new buyers and to grow our supplier network. We also intend to invest in new relationships with accounting software providers and other strategic partners. Our investments in supporting these relationships have been significant and will continue, and we expect such investments to include education and training initiatives such as webinars, industry trade show presentations, and developing sell-sheet case studies. We expect our sales and marketing expenses to increase as we continue to grow.

Growing our network

We will continue to add buyers and suppliers to our proprietary AvidPay Network and to invest in features and functionality to drive value across our network. We expect to add payment methods to our platform over time.

Investing in our platform and products

We are making significant investments in our technology to maintain and enhance our position as a leading provider of AP automation software and payment solutions for middle market businesses and their suppliers. To drive adoption and increase penetration within our base, we have and will continue to introduce new products and features. We believe that investment in research and development contributes 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 that meet and anticipate the needs of both buyers and suppliers. As a result, we expect our expenses related to research and development to increase as we continue to grow. These efforts will require us to invest significant financial and other resources.

Pursue strategic mergers and acquisitions

We will continue to supplement our organic growth by pursuing strategic mergers and acquisitions to expand into new verticals and horizontal capabilities, capture unmonetized or under-monetized spend, and enhance and expand products and capabilities.

In July 2021, we acquired all of the equity interests of FastPay, a leading provider of payments automation solutions for the media industry. This acquisition expands our portfolio of automated payments technologies and services to middle market companies across the media landscape in the United States.

Key Business Metrics

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

	Year Ended December 31,			Six Months Ended June 30,		
	2020	2019	Percentage Change	2021	2020	Percentage Change
Transactions Processed	52,757,295	44,825,421	17.7%	29,880,127	24,647,693	21.2%
Transaction Yield	$ 3.52	$ 3.34	5.4%	$ 3.81	$ 3.47	9.8%
Total Payment Volume (in millions)	$ 37,880	$ 28,172	34.5%	$ 23,003	$ 16,876	36.3%

Transactions processed

We believe that transactions processed is an important measure of our business because it is a key indicator of the use by both buyers and suppliers of our solutions and our ability to generate revenue, since a majority of our revenue is generated based on transactions processed. We define transactions processed as the number of invoice transactions and payment transactions, such as invoices, purchase orders, checks, ACH payments and VCCs, processed through our platform during a particular period.

Transaction yield

We believe that transaction yield is an important measure of the value of solutions to buyers and suppliers as we scale. We define transaction yield as the total revenue during a particular period divided by the total transactions processed during such period.

Total payment volume

We believe total payment volume is an important measure of our AvidPay Network business as it quantifies the demand for our payment services. We define total payment volume as the dollar sum of buyers' AP payments paid to their suppliers through the AvidPay Network during a particular period.

Certain Non-GAAP Financial Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, we use certain non-GAAP financial measures, as described below, to understand and evaluate our core operating performance. These non-GAAP financial measures, which may be different than similarly titled measures used by other companies, are presented to enhance investors' overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

We believe that these non-GAAP financial measures provide useful information about our financial performance, enhance the overall understanding of our past performance and prospects, and allow for greater transparency with respect to important metrics used by our management for financial and operational decision-making. We are presenting these non-GAAP metrics to assist investors in seeing our financial performance using a management view. We believe that these measures provide an additional tool for investors to use in comparing our core financial performance over multiple periods with other companies in our industry.

	Year Ended December 31,		Six Months Ended June 30,	
Other Financial and Operating Data:	**2020**	**2019**	**2021**	**2020**
(in thousands, except percentages)				
GAAP gross profit	$ 85,390	$ 62,623	$ 59,314	$ 36,479
Non-GAAP gross profit(1)	102,342	78,565	68,557	44,876
GAAP gross margin	45.9%	41.9%	52.0%	42.7%
Non-GAAP gross margin(1)	55.0%	52.5%	60.2%	52.5%
GAAP net loss	(101,246)	(93,546)	(92,025)	(50,640)
Non-GAAP net loss(2)	(67,902)	(70,209)	(30,558)	(36,859)
Adjusted EBITDA(3)	(32,723)	(37,438)	(12,080)	(19,550)
Net cash used in operating activities	(44,129)	(61,791)	(41,093)	(26,616)
Free cash flow(4)	(56,153)	(71,084)	(49,515)	(32,332)

(1) We define non-GAAP gross profit and non-GAAP gross margin as GAAP gross profit and GAAP gross margin, respectively, excluding the portion of stock-based compensation expense and depreciation and amortization expense allocated to our cost of revenues. We allocate a portion of depreciation and amortization to cost of revenue based on headcount. We believe non-GAAP gross profit and non-GAAP gross margin provide our management and investors consistency and comparability with our past financial performance and facilitate period-to-period comparisons of operations by eliminating the uneven impact of non-cash equity compensation expense and depreciation and amortization expense in order to assess our core operating results. See “Prospectus Summary — Summary Consolidated Financial and Other Data — Reconciliation from Revenue to Non-GAAP Gross Profit and Non-GAAP Gross Margin” for a reconciliation to GAAP.

(2) We define Non-GAAP net loss as our net loss before amortization of acquired intangible assets, impairment and write-off of intangible assets, provision for income taxes, stock-based compensation expense, transaction and acquisition-related costs, change in fair value of derivative instrument, and non-recurring items not indicative of ongoing operations for our business. Non-GAAP net loss provides investors with greater transparency to the information used by management in its financial and operational decision-making and when viewed in combination with our results prepared in accordance with U.S. GAAP, it provides a more complete understanding of the factors and trends affecting our business and performance. See “Prospectus Summary — Summary Consolidated Financial and Other Data — Reconciliation from Non-GAAP Net Loss” for a reconciliation to GAAP.

(3) To provide investors with additional information regarding our financial results, we have disclosed here adjusted EBITDA, a non-GAAP financial measure that we define as our net loss before depreciation and amortization of property and equipment, amortization of software development costs, amortization of acquired intangible assets, impairment and write-off of intangible assets, interest income and expense, income tax expense, stock-based compensation expense, transaction and acquisition-related costs, and non-recurring items not indicative of ongoing operations for our business. We have included adjusted EBITDA in this prospectus because it is a key measure used by our management and board of directors to evaluate our operating performance, generate future operating plans and make strategic decisions regarding the allocation of capital. In particular, the exclusion of certain expenses in calculating adjusted EBITDA facilitates operating performance comparability across reporting periods by removing the effect of non-cash expenses and certain variable charges. Accordingly, we believe that adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors. See “Prospectus Summary — Summary Consolidated Financial and Other Data — Reconciliation of Net Loss to Adjusted EBITDA” for a reconciliation to GAAP.

(4) To provide investors with additional information regarding our financial results, we have also disclosed here and elsewhere in this prospectus free cash flow, a non-GAAP financial measure that we calculate as net cash used in operating activities less capital expenditures, which consist of purchases of property and equipment, and internally developed intangible assets. See "Prospectus Summary — Summary Consolidated Financial and Other Data — Reconciliation of Net Cash Used in Operating Activities to Free Cash Flow" for a reconciliation to GAAP.

Components of Results of Operations

Revenue

We generate revenue from the following sources: (i) software, (ii) payments, and (iii) services.

Software Revenue

We generate software revenue from our buyers primarily through (i) fees calculated based on the number of invoices and payment transactions processed and (ii) recurring maintenance and SaaS fees. Software revenue is typically billed to and paid by our buyers on a monthly basis. Our software offerings, many of which are built for specific verticals, address the needs of buyers and together they comprise our suite of predominately cloud-based solutions designed to manage invoices and automate the AP function. We generally sign multi-year contracts with buyers and revenue is recognized over the term of the contract. We also receive initial upfront implementation fees and software maintenance fee revenue for ongoing support, which are recognized ratably over the term of the applicable support period.

Payment Revenue

We generate revenue from the payments our buyers make to their suppliers through (i) offering electronic payment solutions to suppliers, (ii) fees charged to suppliers from our invoice factoring product, and (iii) interest on funds held for buyers pending disbursement.

Our electronic payment solutions currently include VCC and an enhanced ACH payment product, or AvidPay Direct, which eliminate paper checks and increase the speed to payment for the supplier. AvidPay Direct also provides suppliers with enhanced remittance data allowing the supplier to reconcile the payment and the underlying invoice. VCC revenues result from interchange fees applied to the spend processed and are recorded net of fees and incentives. AvidPay Direct revenue is based on a per transaction fee that we charge to suppliers that generally includes a cap and is based on the spend per payment and is recorded net of incentives.

Our invoice factoring product, Invoice Accelerator, provides certain suppliers with the opportunity to better manage cash flows and receive payments even faster by allowing suppliers to receive advance payment on qualifying invoices. Revenues are generated on a per transaction basis for each payment that is advanced. We currently fund the purchase of invoices from our balance sheet.

Interest income represents interest received from buyer deposits held during the payment clearing process. We receive interest on funds held through our contractual relationship with our buyers.

Services Revenue

Services revenue includes fees charged to process buyer change in service requests.

We expect our total revenue to increase year over year due to an increase in the number of buyers and transactions processed, and that payment revenue will comprise a greater proportion of total revenue as the volume of transactions on the AvidPay Network continues to increase.

Cost of Revenues and Operating Expenses

Cost of Revenues

Cost of revenues includes personnel related costs, which include direct compensation, fringe benefits, short- and long-term incentive plans and stock-based compensation expense. Cost of revenues includes teams responsible for buyer and supplier onboarding and setup, invoice processing, payment operations, money movement execution, and customer service. Personnel costs also include internal labor associated with the employees who monitor the performance and reliability of our buyer and supplier solutions and the underlying delivery infrastructure (i.e., application and data hosting administration, product support and escalations, payment monitoring and settlement functions).

Cost of revenues also includes external expenses that are directly attributed to the processing of invoice and payment transactions. These expenses include the cost of scanning and indexing invoices, printing checks, postage for mailing checks, expenses for processing payments (ACH, check, and wires), bank fees associated with buyer deposits held during the payment clearing process, and other transaction execution costs. Additionally, cost of revenues includes fees paid to third parties for the use of their technology, data hosting services, and customer relationship management tools in the delivery of our services or in supporting the delivery infrastructure and adjustments to the allowance for uncollectible advancements processed through Invoice Accelerator. Lastly, cost of revenues includes estimates for treasury losses that occur in treasury operations. Treasury losses include various unrecoverable internal payment processing errors that occur in the ordinary course of business, such as duplicate payments, overpayments, payments to the wrong party and reconciliation errors.

We have elected to exclude amortization expense of capitalized developed software and acquired technology, as well as allocations of fixed asset depreciation expense and facility expenses from cost of revenues.

We expect our cost of revenues as a percentage of revenue to decrease as we continue to realize operational efficiencies and shift more of our transactions to electronic payments.

Sales and Marketing

Sales and marketing consists primarily of costs related to our direct sales force and partner channels that are incurred in the process of setting up go-to-market strategies, generating leads, building brand awareness and acquiring new buyers and suppliers, including efforts to convert suppliers from paper check payments to electronic forms of payments and efforts to enroll them into the Invoice Accelerator solution.

Personnel costs include salaries, wages, direct and amortized sales commissions, fringe benefits, short- and long-term incentive plans and stock-based compensation expense. Most of the commissions paid to the direct sales force are incremental based upon invoice and payment volume from the acquisition of a new buyer and are deferred and amortized ratably over an estimated benefit period of five years.

The partner ecosystem consists of reseller, referral and accounting system partners. Compensation paid to referral and accounting system partners in exchange for the referral and marketing efforts of the partner is classified as sales and marketing expense.

In addition, we focus on generating awareness of our platform and products through a variety of sponsorships, user conferences, trade shows, and integrated marketing campaigns. Costs associated with these efforts, including travel expenses, external consulting services, and various technology applications are included in sales and marketing as well.

We expect our sales and marketing expenses to increase in absolute dollars while remaining fairly consistent as a percentage of revenue as we continue to expand our market presence, grow our customer base, and continue to develop new offerings to sell to our buyers and suppliers. We are focused on the efficient deployment of marketing resources to drive our sales efforts and expect to continue to increase marketing over the coming periods.

Research and Development

Research and development efforts focus on the development of new products and business intelligence tools or enhancements to existing products and applications, as well as large scale infrastructure projects that improve the underlying architecture of our technology.

The main contributors of research and development costs are (i) personnel related expenses, including fringe benefits, short- and long-term incentive plans and stock-based compensation expense, and (ii) fees for outsourced professional services. We capitalize certain internal and external development costs that are attributable to new products or new functionality of existing products and amortize such costs to depreciation and amortization on a straight-line basis over an estimated useful life, which is generally three years.

We also incur research and development costs attributed to the use of software tools and technologies required to facilitate the research and development activities. Examples of such costs include fees paid to third parties to host lower technical environments and the associated virtual machine ware fees paid to support agile development efforts, and fees paid for software tools and licenses used in quality control testing and code deployment activities.

We expect our research and development expense to increase in absolute dollars, but to decrease as a percentage of revenue as we are able to efficiently deploy our development resources against a larger revenue base.

General and Administrative

General and administrative expenses consist primarily of our finance, human resources, legal and compliance, facilities, information technology, administration, and information security organizations. Significant cost contributors are (i) personnel expenses, including fringe benefits, short- and long-term incentive plans and stock-based compensation expense, and (ii) costs of software applications, including end user computing solutions, and various technology tools utilized by these organizations. Occupancy expenses, which include personnel, rent, maintenance and property tax costs are not allocated to other components of the statements of operations and remain in general and administrative expenses. General and administrative expenses are reduced by incentives we have received from state and local government agencies as part of various local job development investment grants.

We expect our general and administrative expenses to increase in both absolute dollars and as a percentage of revenue over the next two years, as we continue to build out our infrastructure to support our life as a public company, and to support our greater customer base. After approximately two years we expect these expenses to decrease as a percentage of revenue as a large portion of this public company infrastructure investment is comprised of fixed costs.

Impairment and Write-Off of Intangible Assets

Impairment and write-off of intangible assets is the reduction from carrying value to fair value for assets or asset groups whose carrying value is not recoverable and also includes charges determined based on our estimation of the amount of obsolescence of previously capitalized software development costs.

Depreciation and Amortization

Depreciation and amortization expense includes depreciation of property and equipment over the estimated useful life of the applicable asset, as well as amortization of acquired intangibles (i.e., technology, customer list and tradename) with a useful life between 3 and 12 years, and amortization of capitalized software development costs with an estimated benefit of 3 years.

Other Income (Expense)

Other income (expense) consists primarily of interest expense on our bank borrowings and headquarter finance leases, offset by interest income on non-customer corporate funds. Additionally, other income (expense) includes changes in the fair value of our derivative instrument, which requires adjustments to fair value each reporting period.

Income Tax Expense (Benefit)

Income tax expense (benefit) consists of federal and state income taxes.

Results of Operations

Our results of operations have been revised for correction of errors described in the notes to the financial statements included elsewhere in this prospectus and the four-for-one stock split effected on September 30, 2021. The following table sets forth our results of operations for the periods presented:

	Year Ended December 31,		Six Months Ended June 30,	
Consolidated Statements of Operations	**2020**	**2019**	**2021**	**2020**
(in thousands, except share and per share data)				
Revenues	$ 185,928	$ 149,584	$ 113,968	$ 85,465
Cost of revenues (excluding depreciation and amortization)	83,755	71,133	45,551	40,666
Operating expenses				
Sales and marketing	47,910	39,583	28,058	23,516
Research and development	44,500	33,591	27,553	21,101
General and administrative	56,395	52,101	29,934	20,456
Impairment and write-off of intangible assets	924	7,891	574	924
Depreciation and amortization	27,514	22,340	14,170	13,780
Total operating expenses	177,243	155,506	100,289	79,777
Loss from operations	(75,070)	(77,055)	(31,872)	(34,978)
Other income (expense)				
Interest income	1,675	1,383	297	977
Interest expense	(20,080)	(17,259)	(10,111)	(9,977)
Change in fair value of derivative instrument	(7,537)	(555)	(138)	(6,545)
Charge for amending financing advisory engagement letter — related party	—	—	(50,000)	—
Other expenses	(25,942)	(16,431)	(59,952)	(15,545)
Loss before income taxes	(101,012)	(93,486)	(91,824)	(50,523)
Income tax expense	234	60	201	117
Net loss	$ (101,246)	$ (93,546)	$ (92,025)	$ (50,640)
Deemed dividend on preferred stock	(43,414)	(6,494)	—	—
Accretion of convertible preferred stock	(21,682)	(7,906)	(9,405)	(10,419)
Net loss attributable to common shareholders	(166,342)	(107,946)	(101,430)	(61,059)
Net loss per share attributable to common shareholders, basic and diluted	$ (3.34)	$ (2.54)	$ (1.90)	$ (1.35)
Weighted-average shares used to compute net loss per share attributable to common shareholders, basic and diluted	49,738,252	42,526,716	53,317,276	45,384,232

Comparison of the Six Months Ended June 30, 2021 and 2020

Revenue

(in thousands, except percentages)	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020	Period-to-Period Change Amount	Period-to-Period Change Percentage
Revenue	$113,968	$85,465	$28,503	33.4%

The increase in revenue was comprised of an increase in software revenue of $9.1 million, or 27.4%, primarily driven by the addition of new buyer invoice and payment transaction volume as well as the inclusion of $3.9 million of software license and maintenance fees associated with the acquisition of Core Associates which closed in December 2020. Payment revenue increased by approximately $18.8 million, or 36.3%, driven primarily by increased electronic payments on the AvidPay Network with the addition of new buyer payment transaction volume.

Cost of Revenue

	Six Months Ended June 30,				Period-to-Period Change	
	2021		2020			
(in thousands, except percentages)	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
Cost of revenues (excluding depreciation and amortization expense)	$45,551	40.0%	$40,666	47.6%	$4,885	12.0%

The increase in cost of revenue (excluding depreciation and amortization) was due primarily to an increase in employee costs of $2.8 million. This increase is driven by hiring efforts to support the growth in our business as well as a $0.7 million impact related to headcount additions from our acquisition of Core Associates, which closed in December 2020. The additional employees are supporting implementation and buyer and supplier experience services, SaaS product delivery and money movement. The remainder of the increase was primarily driven by increases in invoice and check processing fees of $1.6 million as well as increases in cloud hosting fees of $0.5 million related to a higher volume of transactions processed through our applications.

Sales and Marketing Expenses

	Six Months Ended June 30,				Period-to-Period Change	
	2021		2020			
(in thousands, except percentages)	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
Sales and marketing	$28,058	24.6%	$23,516	27.5%	$4,542	19.3%

The increase in sales and marketing expenses was due primarily to an increase of $3.1 million in employee costs (net of capitalized sales commissions), driven by a $0.8 million impact related to headcount additions from the acquisition of Core Associates plus organic headcount growth related to personnel directly engaged in acquiring new buyers and suppliers and in marketing our products and services. Additionally, increases in channel marketing fees of $1.2 million were offset by decreases in travel-related costs of $0.2 million as the COVID-19 pandemic decreased travel activity in the first half of 2021 compared to the first half of 2020.

Research and Development Expenses

	Six Months Ended June 30,					
	2021		2020		Period-to-Period Change	
(in thousands, except percentages)	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
Research and development	$27,553	24.2%	$21,101	24.7%	$6,452	30.6%

Research and development expenses increased primarily due to a $3.3 million increase in costs associated with engaging consultants and contractors to support the investment in our platform, and $6.0 million related to increased employee costs. The investments in our platform are intended to increase the quality, reliability and efficiency of our technology and included approximately $1.1 million of consultant and contractor costs associated with the acquisition of Core Associates which closed in December 2020. The increase in employee costs were related to both headcount and compensation increases. These increases were offset, in part, by a reduction in expense associated with capitalization of internally developed software of approximately $2.9 million.

General and Administrative Expenses

	Six Months Ended June 30,					
	2021		2020		Period-to-Period Change	
(in thousands, except percentages)	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
General and administrative	$29,934	26.3%	$20,456	23.9%	$9,478	46.3%

The increase in general and administrative expenses is attributable to a $3.3 million increase in employee costs, a $3.0 million increase in transaction-related costs and $1.9 million of IPO-related costs. The increases reflect the growth in our business and our preparation to operate as a public company.

Impairment and Write-Off of Intangible Assets

	Six Months Ended June 30,					
	2021		2020		Period-to-Period Change	
(in thousands, except percentages)	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
Impairment and write-off of intangible assets	$ 574	0.5%	$ 924	1.1%	$ (350)	-37.9%

The impairment and write-off of intangible assets during the six months ended June 30, 2021 and 2020 relates to internally developed software projects.

Depreciation and Amortization

	Six Months Ended June 30,					
	2021		2020		Period-to-Period Change	
(in thousands, except percentages)	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
Depreciation and amortization	$14,170	12.4%	$13,780	16.1%	$ 390	2.8%

Depreciation and amortization increased slightly due to an increase in the amortization of intangible assets associated with the acquisition of Core Associates which closed in December 2020.

Other Income (Expense)

	Six Months Ended June 30,					
	2021		2020		Period-to-Period Change	
(in thousands, except percentages)	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
Other Income (Expense)	$(59,952)	-52.6%	$(15,545)	-18.2%	$(44,407)	285.7%

Other income (expense) increased primarily due to a $50 million non-cash charge related to amending a financing advisory agreement with a related party which was settled by issuing common stock. This increase was partially offset by a reduction in loss caused by the net revaluation of a derivative instrument of approximately $6.4 million, offset in part by slightly higher interest expense and slightly lower interest income.

Income Tax Expense

	Six Months Ended June 30,					
	2021		2020		Period-to-Period Change	
(in thousands, except percentages)	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
Income tax expense	$ 201	0.2%	$ 117	0.1%	$ 84	71.8%

The provision for income taxes relates primarily to state income taxes and noncurrent federal taxes related to the non-deductibility of goodwill in the future.

Comparison of the Years Ended December 31, 2020 and 2019

Revenue

	Year Ended December 31,		Period-to-Period Change	
(in thousands, except percentages)	2020	2019	Amount	Percentage
Revenue	$185,928	$149,584	$36,344	24.3%

Total revenue increased $36.3 million, or 24.3%, during the year ended December 31, 2020. Software revenue increased $17.9 million, or 35.7%, year over year driven primarily by the addition of new buyer invoice and payment transaction volume and the inclusion of $10.3 million associated with the acquisition of BankTEL, which closed in October 2019. Payment revenue increased $17.4 million, or 17.7%, year over year driven primarily by increased electronic payments on the AvidPay Network primarily from the addition of new buyer payment transaction volume.

Cost of Revenue

	Year Ended December 31,					
	2020		2019		Period-to-Period Change	
(in thousands, except percentages)	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
Cost of revenues (excluding depreciation and amortization expense)	$83,755	45.0%	$71,133	47.6%	$12,622	17.7%

The increase in cost of revenue (excluding depreciation and amortization) was due primarily to an increase in employee costs of $9.0 million related to additional hiring to support the growth in our business. The additional employees are supporting implementation and buyer and supplier experience services, SaaS product-delivery and money movement. The remainder of the increase was primarily driven by an increase in invoice and check processing and bank fees from an increase in the volume of transactions.

Sales and Marketing Expenses

	Year Ended December 31,				Period-to-Period Change	
	2020		2019			
(in thousands, except percentages)	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
Sales and marketing	$47,910	25.8%	$39,583	26.5%	$8,327	21.0%

The increase in sales and marketing expenses was due primarily to a $7.7 million increase in employee costs (net of capitalized sales commissions), including the hiring of additional personnel who were directly engaged in acquiring new buyers and suppliers and in marketing our products and services.

Research and Development Expenses

	Year Ended December 31,				Period-to-Period Change	
	2020		2019			
(in thousands, except percentages)	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
Research and development	$44,500	23.9%	$33,591	22.5%	$10,909	32.5%

The increase in research and development expenses was due primarily to an $11.6 million increase in costs associated with engaging consultants and contractors to support the investment in our platform, which are intended to increase the quality, reliability and efficiency of our technology, and $4.6 million related to increased employee costs, primarily related to compensation increases. These increases were offset, in part, by an increase in costs associated with capitalization of internally developed software of approximately $4.6 million.

General and Administrative Expenses

	Year Ended December 31,				Period-to-Period Change	
	2020		2019			
(in thousands, except percentages)	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
General and administrative	$56,395	30.3%	$52,101	34.8%	$4,294	8.2%

The increase in general and administrative expenses was due primarily to costs recognized during the year ending December 31, 2020 of approximately $11.0 million relating to a non-recurring charge associated with modifying the terms of our agreement with our VCC service provider. In addition, during the 2020 period, we incurred $1.4 million of professional and consulting fees in connection with our preparation to operate as a public company. These increases were offset in part by certain non-recurring costs that occurred during the 2019 period, including $2.9 million in consulting fees to secure government grants for job development, $1.7 million in debt modification costs and $0.8 million related to remaining lease payments on vacated office space.

Impairment and Write-Off of Intangible Assets

	Year Ended December 31,					
	2020		2019		Period-to-Period Change	
(in thousands, except percentages)	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
Impairment and write-off of intangible assets	$ 924	0.5%	$7,891	5.3%	$(6,967)	-88.3%

The impairment and write-off of intangible assets during the year ended December 31, 2019 relates to a new product release, which resulted in the obsolescence of previously capitalized software development costs.

Depreciation and Amortization

	Year Ended December 31,					
	2020		2019		Period-to-Period Change	
(in thousands, except percentages)	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
Depreciation and amortization	$27,514	14.8%	$22,340	14.9%	$5,174	23.2%

The increase in depreciation and amortization expenses was due primarily to the amortization of intangible assets added through the acquisition of BankTEL. Amortization expense related to BankTEL intangible assets was $1.8 million in 2019 compared to $7.3 million in 2020.

Other Income (Expense)

	Year Ended December 31,					
	2020		2019		Period-to-Period Change	
(in thousands, except percentages)	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
Other Income (Expense)	$(25,942)	-14.0%	$(16,431)	-11.0%	$(9,511)	57.9%

Other income (expense) increased to approximately $(25.9) million during the year ended December 31, 2020 from approximately $(16.4) million during the year ended December 31, 2019, due primarily to a greater loss related to the revaluation of a derivative instrument of approximately $7.0 million and an increase in interest expense associated with increased borrowings under our 2019 credit facility.

Income Tax Expense

	Year Ended December 31,					
	2020		2019		Period-to-Period Change	
(in thousands, except percentages)	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage
Income tax expense	$ 234	0.1%	$ 60	0.0%	$ 174	290.0%

The provision for income taxes relates primarily to state income taxes.

Quarterly Results of Operations

The following tables summarize our selected unaudited quarterly consolidated statements of operations data and the percentage of revenue that each line item represents for each of the ten quarters in the period ended June 30, 2021. The information for each of these quarters has been prepared on the same basis as our audited

annual consolidated financial statements and reflects, in the opinion of management, all adjustments of a normal, recurring nature that are necessary for the fair statement of the results of operations for these periods as well as the revision for the correction of errors to the 2020 and 2021 quarterly periods described in the notes to the financial statements included elsewhere in this prospectus. This data should be read in conjunction with our audited consolidated financial statements included elsewhere in this prospectus. Historical results are not necessarily indicative of the results that may be expected in the future.

	Three Months Ended									
Consolidated Statements of Operations Data	**March 31, 2019**	**June 30, 2019**	**September 30, 2019**	**December 31, 2019**	**March 31, 2020**	**June 30, 2020**	**September 30, 2020**	**December 31, 2020**	**March 31, 2021(1)**	**June 30, 2021**
(in thousands)										
Revenues	$ 33,506	$ 36,294	$ 38,109	$ 41,675	$ 43,050	$ 42,415	$ 47,600	$ 52,863	$ 55,214	$ 58,754
Cost of revenues (excluding depreciation and amortization)(2)	15,776	16,750	18,765	19,842	20,343	20,323	20,972	22,117	22,540	23,011
Operating expenses										
Sales and marketing	8,775	10,327	9,156	11,325	11,728	11,788	11,763	12,631	13,511	14,547
Research and development	6,404	7,386	9,618	10,183	10,409	10,692	11,055	12,344	13,933	13,620
General and administrative	13,201	11,092	12,043	15,765	10,597	9,859	10,357	25,582	14,164	15,770
Impairment and write-off of intangible asset	—	—	—	7,891	471	453	—	—	—	574
Depreciation and amortization	5,089	5,168	5,175	6,908	6,875	6,905	6,953	6,781	7,077	7,093
Total operating expenses	33,469	33,973	35,992	52,072	40,080	39,697	40,128	57,338	48,685	51,604
Loss from operations	(15,739)	(14,429)	(16,648)	(30,239)	(17,373)	(17,605)	(13,500)	(26,592)	(16,011)	(15,861)
Other income (expense)(3)	(3,683)	(3,751)	(3,771)	(5,226)	(9,459)	(6,086)	(4,426)	(5,971)	(53,947)	(6,005)
Loss before income taxes	(19,422)	(18,180)	(20,419)	(35,465)	(26,832)	(23,691)	(17,926)	(32,563)	(69,958)	(21,866)
Income tax expense	—	—	—	60	59	58	58	59	68	133
Net loss	$(19,422)	$(18,180)	$ (20,419)	$ (35,525)	$(26,891)	$(23,749)	$ (17,984)	$ (32,622)	$(70,026)	$(21,999)

	Three Months Ended									
Percentage of Revenue Data	**March 31, 2019**	**June 30, 2019**	**September 30, 2019**	**December 31, 2019**	**March 31, 2020**	**June 30, 2020**	**September 30, 2020**	**December 31, 2020**	**March 31, 2021**	**June 30, 2021**
(in thousands)										
Revenues	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Cost of revenues (excluding depreciation and amortization)	47	46	49	48	47	48	44	42	41	39
Operating expenses										
Sales and marketing	26	28	24	27	27	28	25	24	24	25
Research and development	19	20	25	24	24	25	23	23	25	23
General and administrative	39	31	32	38	25	23	22	48	26	27
Impairment and write-off of intangible asset	0	0	0	19	1	1	0	0	0	1
Depreciation and amortization	15	14	14	17	16	16	15	13	13	12
Total operating expenses	100	94	94	125	93	94	84	108	88	88
Loss from operations	(47)	(40)	(44)	(73)	(40)	(42)	(28)	(50)	(29)	(27)
Other income (expense)(3)	(11)	(10)	(10)	(13)	(22)	(14)	(9)	(11)	(98)	(10)
Loss before income taxes	(58)	(50)	(54)	(85)	(62)	(56)	(38)	(62)	(127)	(37)
Income tax expense	0	0	0	0	0	0	0	0	0	0
Net loss	(58)%	(50)%	(54)%	(85)%	(62)%	(56)%	(38)%	(62)%	(127)%	(37)%

(1) The three-month period ended March 31, 2021 includes a correction for the revision related to treasury reconciliation losses that reduces cost of revenues by approximately $768,000.
(2) Cost of revenues for the three month periods ended March 31, 2021 and June 30, 2021 include approximately $57,000 and $83,000, respectively, of stock based compensation expense from stock options, reduced for actual forfeitures.
(3) Other income (expense) includes a $50 million non-cash charge in the three months ended March 31, 2021 related to amending a financing advisory agreement with a related party that was settled by issuing common stock.

Quarterly Revenue Trends

Our quarterly revenue generally increased sequentially for all periods presented, other than the three months ended June 30, 2020, as a result of organic growth of existing customers and onboarding net new transactions. We have in the past and expect in the future from time to time to experience seasonal fluctuations in transaction volumes as well as sales and onboarding of new customers. Seasonality is driven by macro-level events such as the Covid-19 pandemic and enterprise buying patterns within industries. Seasonality has generally not had a material impact on quarterly revenue trends, other than the three months ended June 30, 2020. As the company enters new industries, it is possible that new seasonal patterns may emerge.

Quarterly Cost of Revenues Trends

Our quarterly cost of revenues generally increased sequentially in absolute dollar terms primarily driven by increased personnel-related expenses as we hire to support our growth and by increases in invoice and check processing and bank fees.

Quarterly Expense Trends

Total operating expenses generally increased sequentially for all periods presented primarily due to the addition of personnel in connection with the expansion of our business. General and administrative expenses for the three months ended December 31, 2020 includes a non-recurring charge of approximately $11 million associated with modifying the terms of our agreement with our VCC service provider. For the three months ended December 31, 2019, general and administrative costs included approximately $1.7 million in debt modification costs and impairment and write-off of intangible asset included approximately $7.9 million related to obsolete capitalized software development costs as the result of a new product release.

As reported in the section titled “Summary Consolidated Financial and Other Data,” basic and diluted unaudited pro forma net loss per share attributable to common stockholders for the year ended December 31, 2020 and the six months ended June 30, 2021 includes an adjustment for RSUs for which the service-based vesting condition has been met and for which the performance-based condition will be satisfied in connection with this offering. All of our RSUs outstanding prior to this offering contain both service-based and performance-based vesting conditions. Using the accelerated attribution method in recognizing stock-based compensation expense for these RSUs, expense for each vesting tranche in an award is recognized ratably from the grant date to the vesting date for that tranche, resulting in acceleration of expense recognition as compared to recognition on a straight-line basis. As a result, we expect to recognize a relatively larger amount of stock-based compensation expense relating to these RSUs in upcoming quarters as compared to later quarters in the vesting period. To illustrate, we expect to recognize approximately $20.9 million of stock-based compensation expense related to these RSUs for the four fiscal quarters ended June 30, 2022, of which approximately $13.1 million will be recognized immediately following this offering, and approximately $2.9 million for the two fiscal quarters ending December 31, 2022, in each case, assuming (i) completion of this offering prior to December 31, 2021, (ii) no RSUs are cancelled or forfeited during such period, and (iii) no additional RSUs are granted during such period.

Liquidity and Capital Resources

We do not currently generate positive cash flow through our operations. We have financed our operations and capital expenditures primarily through sales of common and preferred stock and borrowings under our 2019 credit facility. As of June 30, 2021, our principal sources of liquidity are our unrestricted cash and cash equivalents of approximately $202.9 million and funds available under our existing term loan and revolving credit facilities, which we collectively refer to as the 2019 credit facility. As of June 30, 2021, our unused committed capacity under the 2019 credit facility was $56.0 million comprised of a delayed draw term loan, a revolving commitment, and an additional delayed draw term loan. The $30 million additional delayed draw term loan, which was undrawn, expired by its terms on October 1, 2021.

We believe that our unrestricted cash, cash equivalents and funds available under our 2019 credit facility will be sufficient to meet our working capital requirements for at least the next twelve months. To the extent existing

cash, cash from operations, and amounts available for borrowing under the 2019 credit facility are insufficient to fund future activities, we may need to raise additional capital. In the future, we may attempt to raise additional capital through the sale of equity securities or through equity-linked or debt financing arrangements. If we raise additional capital by issuing equity or equity-linked securities, the ownership of our existing stockholders will be diluted. If we raise additional capital by the incurrence of additional indebtedness, we may be subject to increased fixed payment obligations and could also 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. Our ability to raise additional debt may be limited by applicable regulatory requirements as a licensed money transmitter that require us to meet certain net worth requirements. Any future indebtedness we incur may result in terms that could be unfavorable to equity investors. There can be no assurances that we will be able to raise additional capital. The inability to raise capital would adversely affect our ability to achieve our business objectives.

Cash Flows

Below is a summary of our consolidated cash flows:

Selected Cash Flow Data: *(in thousands)*	Year Ended December 31, 2020	Year Ended December 31, 2019	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Net cash provided by (used by):				
Operating activities	$ (44,129)	$ (61,791)	$ (41,093)	$ (26,616)
Investing activities	(36,560)	(116,855)	(10,132)	(5,614)
Financing activities	193,794	308,259	544,906	151,467
Net increase in cash and cash equivalents, and restricted funds held for customers	$113,105	$ 129,613	$493,681	$119,237

Net Cash Used by Operating Activities

Our primary source of cash provided by our operating activities is from our software and payment revenue. Our primary uses of cash in our operating activities include payments for employee salary and related costs, payments to third party service providers to execute our payment transactions, sales and marketing costs, and other general corporate expenditures.

Net cash used in operating activities decreased to approximately $44.1 million during the year ended December 31, 2020 from approximately $61.8 million during the year ended December 31, 2019 due to the increase in cash received from revenue generating activities, as well as reduced payroll tax payments due to deferrals allowed under the CAREs Act, offset by increased operating expenses, primarily employee salary and consulting costs.

Net cash used in operating activities increased to approximately $41.1 million during the six months ended June 30, 2021 compared to approximately $26.6 million during the six months ended June, 2020 due primarily to an $11 million payment to a vendor in connection with a contract modification and the impact of the timing of payments which decreased AP and increased prepaid assets and other current assets, offset by the increase in cash received from revenue generating activities.

Net Cash Used by Investing Activities

Cash used in our investing activities consists primarily of the acquisition of acquired businesses, purchases of property and equipment, capitalization of internal-use software, and supplier advances related to our Invoice Accelerator product.

Net cash used in investing activities decreased to approximately $36.6 million during the year ended December 31, 2020 from approximately $116.9 million during the year ended December 31, 2019, due primarily to a reduction in cash expenditures related to the 2019 acquisition of BankTEL, offset in part by an increase of approximately $2.7 million related to purchases of equipment and capitalized software and $3.0 million increase in supplier advances driven by a rollout of enhancements to the Cash Flow Manager product.

Net cash used in investing activities increased slightly to approximately $10.1 million during the six months ended June 30, 2021 from approximately $5.6 million during the six months ended June 30, 2020, as both internal-use software and cash invested in supplier advances increased by $3.0 million and $1.8 million, respectively.

Net Cash Provided by Financing Activities

Cash provided by our financing activities consists primarily of an increase in restricted buyer fund deposits related to buyer payment transactions, proceeds from the issuance of preferred and common stock, exercise of stock options and borrowings under our 2019 credit facility. Cash used in our financing activities consists primarily of repayments of our borrowings under our 2019 credit facility and the 2019 and 2020 redemption of preferred and common stock.

Net cash provided by financing activities decreased to approximately $193.8 million during the year ended December 31, 2020 from approximately $308.3 million during the year ended December 31, 2019, due primarily to higher net inflows from capital raise activities that occurred during 2019 including proceeds from the issuance of the series F and senior preferred stock and $25.3 million of increased borrowings under the 2019 credit facility. During the year ended December 31, 2020, we raised approximately $301.7 million in net proceeds from the issuance of series F preferred stock and common stock and used a portion of these proceeds to redeem $195.7 million of common and preferred stock and vested stock options. Additionally, restricted buyer fund deposits, or payment service obligations, provided cash of $85.9 million during the year ended December 31, 2020 compared to $51.7 million for the year ended December 31, 2019.

Net cash provided by financing activities increased to approximately $544.9 million during the six months ended June 30, 2021 from approximately $151.5 million during the six months ended June 30, 2020, due primarily to net inflows of $520.9 million from payment service obligations offset, in part, by a $135.4 million decrease in proceeds from the issuance of common and preferred stock.

Outstanding Debt

Below is a summary of our outstanding debt:

Outstanding Debt:	**As of June 30, 2021**
(in thousands)	
Term loan facility	$ 95,000
Delayed draw term loan	6,684
Promissory note payable for land acquisition	3,000
Total principal due	104,684
Current portion of promissory note	(1,000)
Unamortized portion of debt issuance costs	(3,475)
Long term debt	$ 100,209

Credit Facilities

On October 1, 2019, we entered into a new senior secured credit facility, which we refer to as the 2019 credit facility, with Sixth Street Specialty Lending, Inc. and KeyBank National Association. The 2019 credit facility

makes available a facility in an aggregate amount of $163.5 million. Proceeds from the 2019 credit facility were used to pay amounts outstanding under the credit agreement dated October 19, 2016, as amended and restated, and for working capital. The 2019 credit agreement consists of the following:

- $95 million term loan facility, which we refer to as the 2019 term loan facility;
- $18.5 million delayed draw term loan commitment, which we refer to as the Interest DDTL;
- $20 million revolving commitment, which we refer to as the 2019 revolver; and
- $30 million additional delayed draw term loan commitment, which we refer to as the DDTL.

Interest on the loans under the 2019 credit facility is equal to the London InterBank Offered Rate, or LIBOR, which is the base rate, plus a margin. The applicable margin will be between 8.0% and 9.0% for the first three years, with the lower rate applicable for quarters in which we do not borrow from the Interest DDTL, and after the third anniversary will be 7.5% or 8.0% depending on whether the cash burn rate is greater than or less than negative $2.5 million. The base rate is equal to the higher of the current prime rate, federal funds effective rate plus 0.5%, or 4.0%. We may elect an interest period of up to three months in connection with a LIBOR rate loan. In 2017, the United Kingdom's Financial Conduct Authority warned that LIBOR may cease to be available or appropriate for use by 2021. Per the terms of the 2019 credit agreement, the unavailability or replacement of LIBOR would result in the use of a similar measure based upon a calculated average of borrowing rates offered by major banks in the London interbank as determined by Sixth Street. As such, we do not believe that the unavailability of LIBOR will have any material impact on our borrowing costs.

From October 1, 2019 through the third anniversary date of the 2019 credit agreement, we may, on a quarterly basis, borrow under the Interest DDTL to finance up to 4.5% of the interest due on the 2019 term loans. On December 27, 2019, we borrowed $1.1 million at a rate of 11.0% (LIBOR base rate of 2.0% plus 9.0% margin) under the Interest DDTL. During 2020, we borrowed an additional $4.5 million under the Interest DDTL at rates ranging from 10.0% to 10.5% and as of June 30, 2021, we borrowed $1.1 million at a rate of 10%.

We also have available additional DDTL which may be made in minimum increments of $5 million, and multiples of $0.5 million in excess of that amount, up to $30 million. The DDTL commitment terminates on the earlier of October 1, 2021 or in the event of a default.

The maturity date for the 2019 term loans and Interest DDTL is April 1, 2024, or the date any series of preferred stock becomes eligible to be redeemed or otherwise repurchased.

Borrowing increments on the 2019 revolver start at $0.5 million, and multiples of $0.1 million in excess of that amount. There was no balance outstanding under the facility as of December 31, 2020 and June 30, 2021. The maturity date for the 2019 revolver is October 1, 2023. Borrowing availability under the 2019 revolver is reduced by the then current amount of the letter of credit dated October 1, 2019 and issued by KeyBank National Association to secure our obligation to make payments under the lease related to our headquarter building in Charlotte, North Carolina. The current amount of the letter of credit is approximately $6.0 million.

Liquidity and Financial Covenants

Our 2019 credit facility contains certain covenants and restrictions on actions, including limitations on the payment of dividends. In addition, the 2019 credit facility requires that we comply monthly with specified ratios, including a maximum ratio of debt to recurring revenue and a minimum cash balance requirement. We are in compliance with our financial debt covenants as of June 30, 2021.

Land Promissory Note

On November 15, 2018, we signed a promissory note in connection with the purchase of two land parcels at our Charlotte, North Carolina headquarters campus. The principal amount of $5.0 million will be repaid in

$1.0 million installments, plus accrued interest at a rate of 6.75%, due on each anniversary date, with final payment due on November 15, 2023. The note is collateralized by the land parcels and any future building to be situated on, or improvements to, the land. We are current with all payments under the note.

Issuances of Common Stock

On September 30, 2021, we effected a 4-for-1 forward stock split of our 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 four shares of common stock and each stock award and warrant was split accordingly. The par value per share of common was not adjusted. The exercise price of options and warrants was adjusted. Shares of preferred stock were not split however the conversion rate of each share of preferred stock was adjusted to reflect the forward split. All common share, per common share and related information presented in the consolidated financial statements and accompanying notes have been retroactively adjusted, where applicable, to reflect the effect of the stock split.

During the six months ended June 30, 2021, we issued 4,548,932 shares of common stock at a weighted average price per share of $11.25. The common shares included 4,080,636 shares issued in connection with the amended and restated engagement letter with FT Partners, the investment banking firm disclosed in the section titled “Certain Relationships and Related Party Transactions.”

On June 24, 2021, our board of directors approved the reservation of 1,657,296 shares of our common stock (representing approximately 1% of our issued and outstanding common stock and common stock equivalents as of June 24, 2021) for future issuance to fund our philanthropic endeavors, including possible issuance to a philanthropic partner in connection with the establishment of a donor-advised fund, over a ten-year period. We intend to issue the first contribution of 10% of the pledged shares shortly after the execution of an agreement with a philanthropic partner. Thereafter, we intend to provide annual ongoing grants of 10% of the pledged shares for a period of nine subsequent years, subject in each case to the approval of our board of directors.

During the years ended December 31, 2020 and 2019 we issued 19,090,020 shares of common stock at a weighted average price per share of $11.96 and 2,297,176 shares of common stock at a weighted average price per share of $4.46, respectively. The common shares issued in 2020 included 488,704 shares in connection with acquisition activity including the acquisition of Core Associates, a provider of AP software to the construction industry. Gross proceeds from the issuance of 17,988,020 shares of common stock in 2020 of approximately $220.4 million, less expenses of approximately $14.2 million, were used for general corporate purpose and to fund the redemption of common stock and preferred stock discussed below. The remaining issuances were the result of employees and officers exercising vested stock option grants or warrants during this period.

The common shares issued in 2019 included 1,851,784 shares in connection with the BankTEL acquisition, and the remaining issuances were the result of employees and others, including consultants, exercising vested stock option grants or warrants during the period.

Issuances of Preferred Stock

In April 2020, we issued 2,040,316 shares of series F preferred stock at a per share price of $49.01, for gross proceeds of $100.0 million, less expenses of approximately $6.4 million.

In December 2019, we issued 2,652,412 shares of series F preferred stock at a price per share of $49.01 for aggregate consideration of $130.0 million, less expenses incurred of approximately $7.9 million. In October 2019, we issued 2,722,166 shares of senior preferred stock at a price per share of $47.76 for aggregate consideration of approximately $130.0 million, less expenses of approximately $4.8 million. The value of the convertible common stock liability had a fair market value of approximately $2.2 million on the date of issuance.

Redemption of Common Shares, Stock Options and Preferred Stock

On October 20, 2020, we paid a total consideration of approximately $195.7 million, which primarily related to the $1.5 million true-up to an investor discussed in the paragraph below and the redemption of the following shares of preferred stock and common stock at a price per common share equivalent of $11.39 and outstanding vested stock options at a price per share equal to the difference between $11.39 and the exercise price of the awards:

	Shares	Redemption Price
Common Stock	13,002,620	$ 148,132,348
Stock Options	47,220	537,954
Junior Series-1 Preferred Stock	159,119	7,251,053
Series A Preferred Stock	44,143	3,379,972
Series B Preferred Stock	518,328	23,620,207
Series C Preferred Stock	121,664	5,544,228
Series D Preferred Stock	85,456	3,894,230
Series E Preferred Stock	37,471	1,707,553
Total	14,016,021	$ 194,067,546

In September 2019, we entered into a redemption agreement with affiliates of Sixth Street Partners, to repurchase 278,371 shares of our series E preferred stock. The total proceeds paid in connection with the redemption was approximately $12.7 million.

Shares Issued in Acquisitions

In July 2021, we entered into a stock purchase agreement for all of the equity interests of FastPay for total consideration of approximately $81.0 million consisting of approximately $50.0 million and shares of our common stock with an aggregate value of approximately $31.0 million. Additional amounts may be earned upon achievement of future performance goals.

On December 30, 2020, we acquired all of the equity interests in Core Associates for $24.4 million. We paid $19.4 million in cash at closing, inclusive of working capital adjustments, and issued 408,424 common shares valued at $5.0 million. The fair value of the common shares issued in these transactions was determined based on the estimated fair value at the time of the transactions and is included in the purchase price.

On October 1, 2019, we acquired all the equity interests of BankTEL for $115.3 million. We paid $105.8 million in cash at closing, inclusive of working capital adjustments, and issued 1,851,784 common shares valued at $9.5 million.

Off-Balance Sheet Arrangements

Under our legacy trust model for processing payments, which we are in the process of phasing out, buyers' funds were held in trust accounts that are maintained and operated by a trustee pending distribution. After buyers' funds are deposited in a trust account, we initiate payment through external payment networks whereby the buyers' funds are distributed from the trust to the appropriate supplier. We are not the trustee or beneficiary of the trusts which hold these buyer deposits, accordingly, we do not record these assets and offsetting liability on our consolidated balance sheets. However, we contractually earn interest on funds held for buyers with associated counterparties. The amount of buyer funds held in trust accounts was approximately $64.2 million, $723.1 million and $363.6 million at June 30, 2021, December 31, 2020 and December 31, 2019, respectively. We have largely transitioned away from the trust model for processing payments, and expect the amount of buyer funds held in trust to continue to decrease as those buyers transition to our current payments model.

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

Our overall investment portfolio is comprised of (i) our operating cash and (ii) buyer funds. Our operating cash includes cash received from revenues generated, the sale of common and preferred stock and increased borrowings. Buyer funds are funds that have been collected from buyers, but not yet remitted to the applicable supplier. The funds are held in either company-owned accounts, which are subject to applicable state money transmitter laws, or in trust accounts. We are entitled to any interest earned on the investment of all buyer funds.

Our operating cash may be invested in accordance with our cash investment policy. Under that policy, we invest with the objective of preserving capital while optimizing yield. Permissible investments include U.S. Treasury instruments, U.S. Government Agency securities, commercial paper, investment grade corporate bonds and money market funds. As of June 30, 2021, all operating cash has been invested in interest-bearing demand deposit accounts.

Our buyer funds assets are invested with safety of principal, liquidity, and diversification as the primary objectives. Consistent with those objectives, we also seek to maximize interest income and to minimize the volatility of interest income with emphasis on liquidity. Pursuant to our investment policy and subject to applicable law, buyer funds may be invested in U.S. Treasury securities, U.S. Government Agency securities, money market funds that invest in investment grade securities, or other cash equivalents, including certificates of deposit. As of June 30, 2021, all buyer funds have been invested in interest-bearing demand deposit accounts.

We are exposed to interest-rate risk relating to our investment portfolio, which consists principally of interest-bearing demand deposit accounts. We recognize interest earned from buyer funds assets as revenue. We generally do not pay interest to buyers. Factors that influence the rate of interest we earn include the short-term market interest rate environment and the weighting of balances by security type. The annualized interest rate earned on our investment of operating cash and funds held for buyers decreased to 0.46% during the first half of fiscal year 2021 from 0.65% during fiscal year 2020 and 1.58% during fiscal year 2019. Based on current investment practices, an increase in the Federal Funds interest rate of 100 basis points would have changed our interest income in the first half of fiscal year 2021 from our investment of operating cash by approximately $1.4 million and our interest on buyer funds assets by approximately $2.7 million based upon the average balances for the first half of fiscal year 2021 of $221.0 million in operating cash investments and $586.0 million in buyer funds investments, respectively. In addition to interest rate risks, we also have exposure to risks associated with changes in laws and regulations that may affect buyer fund balances. For example, a change in regulations that restricts the permissible investment alternatives for buyer funds may reduce our interest earned revenue.

We are also exposed to interest-rate risk relating to existing variable rate bank borrowings. As of June 30, 2021, December 31, 2020 and December 31, 2019, we had outstanding borrowings on variable rate debt of $101.7 million, $100.6 million and $96.1 million, respectively. A 100 basis points increase in the variable rate would have resulted in incremental interest expense of $0.5 million during the six months ended June 30, 2021 and $1.0 million and $961,000 during the years ended December 31, 2020 and 2019, respectively.

Credit Risk

We may be exposed to credit risk in connection with our investments. Cash deposits may at times exceed Federal Deposit Insurance Company, or FDIC, limits. We limit credit risk by diversifying our portfolio, including a requirement that no more than 5% of invested funds may be held in the issues of a single corporation. Additionally, the minimum credit quality of any investment shall be not less than an ‘(A-) or (A3)’ rating equivalent from any single rating services based on ratings by any of Standard and Poor’s Ratings Services, Moody’s Investors Service, or Fitch Investor Services. The maximum maturity of any security in the portfolio shall not exceed 24 months. The weighted average maturity of the portfolio shall not exceed 12 months. In addition, maximum maturities of individual securities are further limited by the security type and cash segment of the investment.

We are also exposed to credit risk related to the timing of payments made from buyer funds collected. We typically remit buyer funds to our buyers' suppliers in advance of having good or confirmed funds collected from our buyers. Our buyers generally have three days to dispute transactions and if we remit funds in advance of receiving confirmation that no dispute was initiated by our buyer, then we could suffer a credit loss. We mitigate this credit exposure by leveraging our data assets to make credit underwriting decisions about whether to accelerate disbursements, managing exposure limits, and various controls in our operating systems.

We are also exposed to risks associated with our Invoice Accelerator product, in which our supplier customers can accelerate the receipt of payment for outstanding invoices before our buyers initiate the transfer of funds. If those invoices are not approved or the buyer does not transfer the requisite funds then we are exposed to the risk of not being able to recoup our advances to the supplier. We mitigate this risk through data analytics to determine which invoices are available for advance payment and also monitor the credit quality of suppliers.

Liquidity Risk

As part of our buyer funds investment strategy, we use the daily collection of funds from our buyers to satisfy other unrelated buyer funds obligations. We minimize the risk of not having funds collected from a buyer available at the time the buyer's obligation becomes due by collecting the buyer's funds in advance of the timing of payment of the buyer's obligation. As a result of this practice, we have consistently maintained the required level of buyer funds assets to satisfy all of our obligations.

Concentration Risk

A substantial portion of our revenue is derived from interchange fees earned on payment transactions processed from one VCC service provider, Comdata Inc. For the years ended December 31, 2020 and December 31, 2019, interchange fee revenues from this vendor represented approximately 50% and 53% of total revenues, respectively. As of December 31, 2020 and December 31, 2019, 62% and 58% of accounts receivable, net, is comprised of amounts due from this VCC service provider, respectively.

Future regulation or changes by the payment networks could have a substantial impact on our revenue from VCC transactions. If interchange rates decline, whether due to actions by the payment networks, merchant/suppliers availing themselves of lower rates, or future regulation, our total operating revenues, operating results, prospects for future growth and overall business could be materially affected.

The initial term of our current agreement with Comdata expires on December 31, 2023 and automatically renews on a monthly basis thereafter, subject to either party providing 30 days' notice of non-renewal prior to expiration of the initial term or any monthly renewal term. The agreement is subject to earlier termination by either party as a result of the other party's default and subsequent failure to cure within 30 days of receiving notice of default. We may also terminate the agreement if we don't agree with changes that Comdata may propose to the agreement as a result of changes in applicable law or interpretation of applicable law or card network rules that may occur during the agreement term.

Derivative Risk

As of June 30, 2021, December 31, 2020 and December 31, 2019, we had 2,722,166 shares of senior preferred stock. The senior preferred stock may be converted into redeemable preferred stock and convertible common stock. We account for the convertible common stock as a derivative liability and record the derivative liability at fair value each reporting period. The fair value of the derivative liability fluctuates primarily based upon changes in the fair value of our common stock.

Critical Accounting Policies and Estimates

Our consolidated financial statements have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and

liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported revenue generated, and reported expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are described in the notes to our consolidated financial statements included elsewhere in this prospectus, we believe that the following critical accounting policies are most important to understanding and evaluating our reported financial results.

Capitalization of internal-use software

We have significant expenditures associated with the technological maintenance and improvement of our network and technology offerings. These expenditures include both the cost of internal employees, who spend portions of their time on various technological projects, and the use of external temporary labor and consultants. We are required to assess these expenditures and make a determination as to whether the costs should be expensed as incurred or are subject to capitalization. In making these determinations, we consider the stage of the development project, the probability of successful development and if the development is resulting in increased features and functionality. In addition, if we determine that a project qualifies for capitalization, the amount of capitalization is subject to various estimates, including the amount of time spent on the development work and the cost per hour of full-time and temporary labor.

Deferred costs

Deferred costs include deferred sales commissions and implementations costs that are incremental costs of obtaining and fulfilling buyer contracts. We amortize these costs ratably over the estimated period of our relationship with new buyers, which is generally five years. Based on historical experience, we determine the average life of our buyer relationship by taking into consideration our buyer contracts and the estimated technological life of our platform and related significant features.

Stock-based compensation

We use the grant-date fair-value-based measurements for stock-based compensation using the Black-Scholes option-pricing model. We recognize these compensation costs on a straight-line basis over the requisite service period of the award, which is generally the option vesting term of four years, reduced for estimated forfeitures at the date of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. We estimate the forfeiture rate based on the historical experience for annual grant years where the majority of the vesting terms have been satisfied.

The Black-Scholes option-pricing model requires the use of highly subjective assumptions which determine the fair value of stock-based awards. These assumptions include:

- *Expected term.* The expected term represents the period that stock-based awards are expected to be outstanding. The expected term for option grants is determined using the simplified method. The simplified method deems the term to be the average of the time-to-vesting and the contractual life of the stock-based awards.
- *Expected volatility.* Since we are privately held and do not have any trading history for our common stock, the expected volatility was estimated based on the average volatility for comparable publicly traded companies over a period equal to the expected term of the stock option grants. The comparable companies were chosen based on their similar size, stage in the lifecycle or area of specialty.
- *Risk-free interest rate.* The risk-free interest rate is based on the U.S. Treasury zero coupon issues in effect at the time of grant for periods corresponding with the expected term of the option.

- *Expected dividend yield.* We have never paid dividends on our common stock and have no plans to pay dividends on our common stock.

Common Stock and Derivative Instrument Valuation

The valuation of our common stock is important as it is a significant input into the Black-Scholes option-pricing model and therefore impacts our stock compensation expense. In addition, our senior preferred stock has a conversion feature that qualifies as a derivative financial instrument and therefore is required to be recorded at fair value each reporting period, with changes in fair value recorded in the consolidated statements of operations.

In valuing our common stock and derivative instrument, we determine the equity value of our business generally using the income approach and the market comparable approach valuation methods. When applicable due to a recent preferred or common stock offering, the prior sale of company stock method was also utilized.

The income approach estimates value based on the expectation of future cash flows that a company will generate — such as cash earnings, cost savings, tax deductions, and the proceeds from disposition. These future cash flows are discounted to their present values using a discount rate derived from an analysis of the cost of capital of comparable publicly traded companies in our industry or similar lines of business as of each valuation date and is adjusted to reflect the risks inherent in our cash flows. In addition, we also consider an appropriate discount adjustment to recognize the lack of marketability due to being a closely-held entity.

The market comparable approach estimates value based on a comparison of the subject company to comparable public companies in a similar line of business. From the comparable companies, a representative market value multiple is determined which is applied to the subject company's operating results to estimate the value of the subject company. The estimated value is then discounted by a non-marketability factor because stockholders of private companies do not have access to trading markets similar to those enjoyed by stockholders of public companies which impacts liquidity. To determine our peer group of companies, we considered public enterprise cloud-based application providers and select those that are similar to us in size, stage of lifecycle, and financial leverage.

The resulting equity value is then allocated to each class of stock using an Option Pricing Model, or OPM. The OPM treats common stock and redeemable convertible preferred stock as call options on an equity value, with exercise prices based on the liquidation preference of our redeemable convertible preferred stock. Under this method, our common stock has value only if the funds available for distribution to stockholders exceed the value of the liquidation preference at the time of a liquidity event, such as a merger or sale, assuming we have funds available to make a liquidation preference meaningful and collectible by the stockholders. The common stock is considered to be a call option with a claim at an exercise price equal to the remaining value immediately after the redeemable convertible preferred stock is liquidated.

After the completion of this offering, we will determine the fair value of each share of underlying common stock based on the closing price as reported on the date of grant on the primary stock exchange on which our common stock is traded.

Business Combinations and Valuation of Goodwill and Other Acquired Intangible Assets

We allocate the fair value of purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing intangible assets include, but are not limited to, future expected cash flows from acquired users, acquired technology, and trade names from a market participant perspective, useful lives, and discount rates. Management's estimates of fair value are based upon assumptions believed to be

reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. During the measurement period, which is one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings.

We review goodwill for impairment at least annually or more frequently if events or changes in circumstances indicate that the carrying value of goodwill may not be recoverable. We have elected to first assess the qualitative factors to determine whether it is more likely than not that the fair value of our single reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. If we determine that it is more-likely-than-not that its fair value is less than its carrying amount, then the two-step goodwill impairment test will be performed. The first step, identifying a potential impairment, compares the fair value of the reporting unit with its carrying amount. If the carrying amount exceeds its fair value, the second step will be performed; otherwise, no further step is required. The second step, measuring the impairment loss, compares the implied fair value of the goodwill with the carrying amount of the goodwill. Any excess of the goodwill carrying amount over the implied fair value is recognized as an impairment loss, and the carrying value of goodwill is written down to fair value. As of December 31, 2020, no impairment of goodwill has been identified.

Acquired finite-lived intangible assets are amortized over their estimated useful lives, which is generally 3 to 12 years. We evaluate the recoverability of our intangible assets for possible impairment whenever events or circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of these assets is measured by a comparison of the carrying amounts to the future undiscounted cash flows the assets are expected to generate. If such review indicates that the carrying amount of intangible assets is not recoverable, the carrying amount of such assets is reduced to fair value. We have not recorded any such impairment charge for intangible assets acquired in purchase business combinations during the years presented. However, during the year ended December 31, 2019, we recorded an impairment charge of $7.9 million associated with an internally developed intangible asset.

Income Taxes

We account for income taxes in accordance with FASB Accounting Standards Codification 740, “Income Taxes,” or ASC 740. Under ASC 740, we recognize deferred tax assets and liabilities for future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. We measure deferred tax assets and liabilities using the enacted tax rates expected to apply in the years in which we expect the temporary differences to be recovered or settled. We record a valuation allowance to reduce deferred tax assets for the amount expected to be realized by considering all available positive and negative evidence.

Pursuant to ASC 740, we must consider all available positive and negative evidence regarding the realization of deferred tax assets. ASC 740 provides for four sources of taxable income for realization of deferred tax assets: 1.) taxable income in prior carryback years, 2.) reversals of future taxable temporary differences, 3.) tax planning strategies and 4.) projected future taxable income. As of December 31, 2020, we have no taxable income in prior carryback years, limited future reversals of taxable temporary differences and no prudent and feasible tax planning strategies. The recoverability of our deferred tax assets is dependent upon generating future taxable income.

We have maintained a valuation allowance against the deferred tax assets, having determined it was more likely than not that the deferred tax assets would not be realized. The determination of releasing the valuation allowance is made, in part, pursuant to our assessment as to whether it is more likely than not that we will generate sufficient future taxable income to realize the deferred tax assets. Significant judgement is required in making estimates of our ability to generate future taxable income. As of December 31, 2020, our forecasted future taxable income is not sufficient to support the future realization of the deferred tax assets, and our historical losses operations have produced significant losses.

The application of income tax law is inherently complex. Laws and regulations in this area are often ambiguous. Under ASC 740, the impact of uncertain tax positions taken or expected to be taken on an income tax return must be recognized in the financial statements at the largest amount that is more likely than not to be sustained upon audit by the relevant taxing authority. An uncertain tax position will not be recognized in the financial statements unless it is more likely than not of being sustained.

Recent Accounting Pronouncements

See Note 2 to our consolidated financial statements included elsewhere in this prospectus for recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted as of the date of this prospectus.

Emerging Growth Company Status

We are an emerging growth company, as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, these consolidated financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates. During 2020, we early adopted ASU 2016-02, *Leases* (Accounting Standards Codification Topic 842 as the JOBS Act does not preclude an emerging growth company from early adopting a new or revised accounting standard earlier than the time that such standard applies to private companies. We expect to use the extended transition period for any other new or revised accounting standards during the period in which we remain an emerging growth company.

LETTER FROM MICHAEL PRAEGER, OUR CO-FOUNDER AND CHIEF EXECUTIVE OFFICER

As an entrepreneur, my guiding principle has always been “Fortune Favors the Bold.” My passion in bringing people together to solve complex problems started long before AvidXchange began. My story began in the college dorm rooms of Georgetown University as a sophomore during the summer of 1988. I was motivated to start my own painting business to provide me with a means to pay my rent and living expenses to spend the summer in Washington, DC. This experience in creating a student painting business that grew to employ over 200 college students, operating three shifts around the clock focused on painting both college dormitories and residential homes in Northwest DC, served as my own entrepreneurial “master’s program.” This entrepreneurial experience enabled me to apply my passion to solve customer challenges, experience first-hand the level of work ethic required to build a successful business, as well as learn meaningful leadership lessons that I still rely on today. After graduation from Georgetown, my entrepreneurial passion led me to begin my career in venture capital, which opened my eyes to new business models, emerging new ways of distributing software over the internet, and the impact of applying technology to automate paper-based and manual business processes. This then led to me to run several emerging software companies that were focused on automating key business processes in the areas of tax billing and tax collection for municipalities along with automating the recruiting and hiring processes for skilled technology workers.

The Problem We Set Out to Solve

We founded AvidXchange back in April 2000 to tackle a different type of problem that was frustrating many of my fellow entrepreneurs — eliminating the paper invoice and automating the purchasing and AP process for companies. We observed that many businesses of all sizes were paying most bills by paper check, with complicated manual and paper intensive processes to ingest, review, approve and pay invoices with few software enablement solutions to help. Since then, we’ve been on a mission to transform the way middle market companies pay their bills and free up their AP process from all that paperwork and manual process.

From day one, listening to our customers has driven our business forward and has been the catalyst for our innovation. Starting with our first customer, we set-out to develop purpose-built software and key integrations to the accounting systems supporting middle market companies and key industry verticals. We spent our first 12 years focusing exclusively on automating the AP process and integrating with the large number of different accounting and ERP systems that supported our customers’ verticals in the middle market. At the time, we had a built-in network of suppliers sending us invoices on behalf of our buyers.

Yet, I heard story after story from customers that they were tired of managing their entire AP supplier invoice process electronically — only to have to then cut manual paper checks to pay a majority of their suppliers. Once again, we listened to our customers and the AvidPay Network was born in 2012. With this shift, we added a new payment option to our product offering to help reduce paper checks. Today, our suppliers can choose from a range of electronic payment methods, including VCC or AvidPay Direct (enhanced ACH) to get paid in as little as 24 hours through their preferred payment method while gaining more data, visibility into payments and control over their cash flow.

Why Do We Obsess Over Middle Market Customers?

AvidXchange is fundamentally about helping middle market companies succeed. When we founded AvidXchange, we specifically found that middle market businesses faced significant back office and supply chain complexities that were further burdened by inefficient manual processes. In particular, these companies struggled with legacy manual and paper-based AP processes to support their intricate business rules, multiple legal entities and vertical market nuances that created significantly more complexity in how they manage and pay their bills versus the more simplified process typical for small businesses. At the same time, most middle market

businesses cannot afford the expensive upfront licensing and implementation costs inherent with an enterprise software solution.

The middle market struggle is further compounded by a confluence of factors that are accelerating the market adoption of automation solutions, including:

Business continuity. The shift to working from home caused by the COVID-19 pandemic has forced middle market businesses to re-evaluate their payables workflows and replace their physical processes that are no longer viable with cloud-based automation.

Fraud risk. The paper legacy approach is fraught with data privacy and fraud risks, with the costs of failure extending beyond merely a financial impact, but a reputational one.

Cloud-based Software-as-a-Service technology offerings. Business users are increasingly seeking the benefits of cloud-based software solutions that improve efficiency, lower total costs of ownership, and help drive greater data insights.

Millennial effect. As more tech-savvy professionals take increasingly prominent roles in the finance functions across industries, they are demanding use of a digital process for AP just as they have grown to experience in their personal lives.

A Critical Innovation — The AvidPay Network

We created the AvidPay Network with the belief that bill payment automation and electronic payments can bring our constituents more seamlessly together. This was a critical change for our customers and an important evolution of our business. We immediately changed the value proposition we were providing to our suppliers and realized that the supplier receiving payments and remittance data from our AvidPay Network was now a customer who was just as important as our buyers. Our cloud-based software automates the AP value chain to eliminate friction for buyers and suppliers. Buyers are able to manage and pay all of their suppliers through our platform, allowing them to improve controls on spending, reduce data entry errors and the risk of fraud, and better manage supplier relationships. Suppliers are also benefitting from the millions of annually processed invoices and payments that allow us to offer more attractive and innovative supply chain financing solutions. We have continuously expanded our payment methods from VCCs and ACH to data-rich solutions such as AvidPay Direct, and we are committed to investing in new payment rails (e.g., real time payments) as they emerge to better serve our customers.

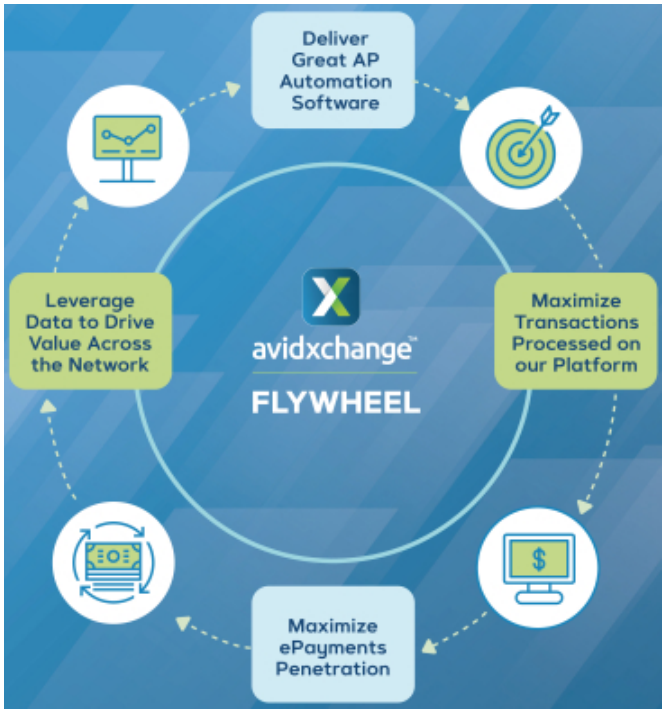
Our growing two-sided network of buyers and suppliers creates a powerful flywheel effect that allows us to leverage unique data insights to strengthen our value proposition to all constituents and serves as the foundation of our dynamic business. The four "gears" of our AvidXchange Business Flywheel include:

Gear #1: Deliver Great AP Automation Software

Gear #2: Maximize Transaction Volume Under Management with Seamless Integrations

Gear #3: Convert Supplier Paper Checks to ePayments via The AvidPay Network

Gear #4: Increase Value with Supplier Financing and Data Services



Buyers are able to manage and pay all of their suppliers through our platform, which gives us visibility on transaction volumes. Suppliers are also benefitting from the millions of annually processed invoices and payments that allow us to offer more attractive and innovative supply chain financing solutions. Approximately 30% of our existing customers use both AvidInvoice and AvidPay.

Largely driven by our innovations in payments, along with our continued focus on providing a strong customer experience, we have built a network of more than 7,000 buyers using our software and have paid over 700,000 suppliers over the last five years who have signed up for the simple idea that eliminating the paper invoice and paper check can help make their businesses run more efficiently. I am humbled by the trust that our customers place in us to help with these critical business processes and the settlement of billions of dollars of payments running through our platform. In the process, together with them, we have eliminated 190 million paper invoices — enough to go around the world more than once.

Our Opportunity and The Journey Ahead

Our mission is to build a company that transforms how middle market companies pay their bills. Becoming a public company is just another milestone along our journey of building a great business. In building the AvidXchange business we have today, we have been fortunate to attract many of the leading software investors and industry thought leaders at each stage of our growth. These investors also believe in the significant market opportunity in front of us along with their confidence in our strategies to continue building and scaling our business to achieve the next stage of our growth.

We are also proud that we have attracted blue-chip industry leading strategic partners that believe in AvidXchange — our solutions, innovation, and future strategies. These include payment networks such as Mastercard; leading software companies including MRI Software, RealPage and SAP Concur; along with terrific bank partners including Bank of America, KeyBank, and Fifth Third Bank. Through partnerships that bring horizontal reach, vertical expertise, and unique capabilities, we have managed to create a wide and deepening competitive moat in our core markets.

Our confidence in navigating our future is rooted in executing our AvidXchange business flywheel which serves as our roadmap for future growth and scalability. Our ability to continue to apply our innovation and execution strategies to each of the four gears holds the key to our ability to continually increase our customers' value proposition driving accelerated growth for AvidXchange as our flywheel begins to turn faster and faster.

In unlocking the next stage of our growth journey, we remain passionate about customer success while continually innovating to "change the game" for our customers, which will enable us to lead both our customers and our industry to the next advances in shifting what is still an antiquated process for many companies today. We are excited by the opportunity to help our customers transform their AP and payment processes, shedding the antiquated paper-based processes weighing them down. By helping customers through this digital transformation process and providing them with best practices, visibility and controls, along with analytical insights into their spending and cash flow, we can have a significant impact on how they run their businesses. We are continuing to develop new analytic offerings to help our buyers and suppliers operate more efficiently, and we believe that we are only at the beginning of mining the insights buried in our customers' data. As we continue to expand our offerings, we are aiming to become an ever more central part of the office of the CFO.

Resilience in Navigating the Covid-19 Pandemic

I would be remiss if I did not mention my pride in how we have navigated the impacts of the COVID-19 pandemic over the last 18 months. Along with everyone else, as we moved over 1,500 AvidXers to "work from home," we had no idea what the future would hold. What the last year has shown us is that AvidXers are steadfast in their desire to support our customers and our middle market customers are resilient. We always believed and evangelized that our solutions would have a meaningful role in helping companies with their business continuity planning, and we believe that the memories of this pandemic will serve as a catalyst for an adoption shift to software-enabled payments. Few CFOs, controllers, and finance leaders feel comfortable with the risks of sending their AP team home with corporate check stock and specialized laser printers to cut corporate payments from their kitchen tables.

Our Culture and the DNA of AvidXchange

As I tell our AvidXers every day, our greatest advantage is our people. We are entrepreneurs who love to innovate and win, with a passion for serving our customers. We take personal ownership of our everyday work and we recognize that we only "win as a team," which supports our collaborative culture.

We view every customer and AvidXer teammate meeting, conversation, and interaction as a powerful place of convergence — bringing together the diverse talents, skills, ideas, ways of thinking, backgrounds and life stories of our teammates and customers to drive performance and deliver "game changing" solutions to our customers that enable them to make the transformation from paper-based AP and payment processes to electronic invoice management and electronic payments. This is our secret sauce.

Across our organization, more than 40% of our teammates are women or ethnically/racially diverse and about the same proportion of all leadership roles are held by women, with 20.5% of leadership roles held by underrepresented groups. In addition, 42.8% of all technology roles are held by underrepresented groups and 24.3% are held by women. At our Board of Directors level, a third of our directors are diverse, including two women. We are dedicated to making further progress on our commitment to diversity, inclusion, and belonging — we hold ourselves accountable for the future we want to create.

My AvidXchange Team and Future Shareholders

A message to my fellow talented AvidXers; it is amazing to see what we have collectively achieved over the last 20 years in partnering with our customers to transform how they pay their bills. We have truly helped our customers better run their businesses and gain greater visibility and insights into their expenses and cash flow. We all should feel extremely proud at what we have built, however, the next phase of our journey in becoming the de-facto standard AP and payables solution for middle market companies is just beginning.

I have tremendous confidence in our collective capabilities and I am energized to tackle the challenges ahead of us. Within our core middle market segment, the majority of companies in the United States are still using legacy software or a paper-based approach for their AP needs. On the payments front, there is still a trillion plus worth of checks that are poised to be disrupted. The greenfield opportunity ahead of us is massive.

And to our new potential shareholders, we welcome you. We believe that we have the opportunity to build a truly great company with long term durable growth. We are excited to continue our mission of leveraging our unique competitive advantages to help middle market companies successfully navigate the paper to electronic transformation process of how they pay their bills — thereby leading the digital transformation for our customers and the industry.

We are energized for our future and hope you join us.

OUR BUSINESS

Mission

Our mission is to transform how middle market businesses receive, manage and pay their bills.

Overview

We are a leading provider of AP automation software and payment solutions for middle market businesses and their suppliers. Our SaaS-based, end-to-end software and payment platform digitizes and automates the AP workflows for more than 7,000 businesses (our buyers) and we have made payments to more than 700,000 supplier customers of our buyers (suppliers) over the past five years. While acquiring new and retaining existing relationships with buyers and suppliers are important to our business, the growth of our business is ultimately dependent upon the number of transactions we process, as well as our total payment volume. We developed our technology platform through years of working to solve our buyers' unique middle market workflow challenges. Leveraging our deep domain expertise, we purpose-built a powerful two-sided network that connects buyers and suppliers, drives digital transformation, increases efficiency and accuracy in AP workflows, accelerates payments, enables insight into critical analytics, and lowers operating costs for our buyers.

The majority of businesses continue to operate paper-intensive back offices, particularly in their AP workflows. According to a study by the Association of Finance Professionals, 42% of B2B payment volumes in the United States are executed with paper checks. These manual payment methods are accompanied by complicated and labor-intensive steps to process invoices that are slow, expensive and vulnerable to error and fraud.

While solutions have been developed to address this friction, they are predominantly suited for larger enterprises and SMBs. Larger enterprises can purchase expensive and highly sophisticated tools because they have the financial resources and talent base to support these systems. Meanwhile, SMBs more often utilize one-size-fits-all solutions that address simplistic or single-step workflows in less sophisticated business environments.

The middle market, however, remains underserved. We define middle market businesses primarily as companies with between $5 million and $1 billion in annual revenue. They have high invoice throughput, complex AP workflows and general ledger coding that are too sophisticated for the solutions typically utilized by SMBs. However, middle market businesses also operate at a smaller scale than the typical enterprise, which makes the more complicated enterprise solutions cost-prohibitive and difficult to implement. Additionally, the technology landscape for the middle market is highly fragmented and siloed, requiring a flexible technology stack that integrates with multiple software providers to automate workflows.

We built our business to solve this gap for the middle market and believe we have become a uniquely strategic platform for our customers' CFOs, treasurers and finance teams by digitally transforming how they receive, manage and pay their bills. Supported by deep integrations to our customers' middle market oriented accounting and information systems, our platform automates the end-to-end AP workflows for our buyers and enhances the payment experience for our suppliers through the following products and features:

- ***AP Automation Software.*** We have developed a SaaS-based solution automating and digitizing the capture, review, approval and payment of invoices for our buyers. Our omni-channel ingestion engine provides unique, vertical-specific front-end software tools that streamline AP workflows for our buyers. We digitally capture invoices from suppliers and apply the buyer's specific business rules to enable them to begin processing the invoice, extract and utilize transaction data from the invoice to enhance and configure the approval workflows, and manage the entire AP process through the payment of the invoice.
- ***The AvidPay Network.*** Our two-sided payments network connects our buyers with their suppliers, enabling invoice payments on behalf of a buyer and according to the supplier's business rules, payment

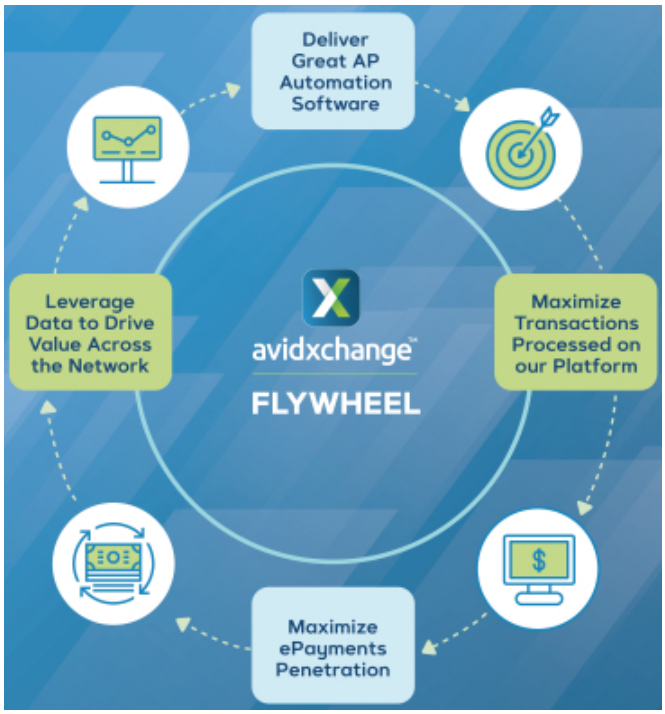
preferences and remittance data. We support a variety of payment methods depending on the supplier's preference, including VCC, enhanced ACH (our AvidPay Direct) and physical check, while delivering rich remittance data to streamline the reconciliation process.

- ***Cash Flow Manager.*** We provide cash management solutions to our supplier network, including tools that provide a comprehensive view of invoices and an accelerator feature (our Invoice Accelerator). These additional features, and others in our product pipeline, allow us to both monetize and increase engagement on our two-sided payments network.

As indicated above, we serve over 7,000 buyers and have made payments to over 700,000 suppliers over the past five years. We do not have significant customer concentration in our business, with no single customer contributing more than 6% of 2020 revenue and with our top 10 customers contributing less than 15% of revenue in 2020 as well as the first six months of 2020 and 2021. Our customers operate across a variety of verticals in which we have deep domain expertise, including real estate, HOAs, construction, financial services (including banks and credit unions), healthcare facilities, social services, education, and media. In 2020, we processed approximately 53 million transactions representing over $145 billion in spend under management across our platform and, of that, moved $38 billion in total payment volume from our buyers to their suppliers. Spend under management represents the sum of (i) the aggregate dollar amount of payments processed by us, plus (ii) the aggregate dollar amount represented by the total number of invoices processed by us, in each case, during the specified period. As described in more detail in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations," we generate revenue from each transaction processed on a per transaction basis and earn interchange revenue from a portion of the total payment volume.

Our two-sided AvidPay Network of buyers and suppliers drives a powerful flywheel. We believe that by delivering a world-class AP automation experience, we attract more buyers and increase the number of transactions processed through our system. We also leverage our direct connections to our supplier network to increase penetration of electronic payments, which attracts more suppliers to our network. We capture more data from these additional transactions and e-payments that we use to continuously improve our AP automation experience, drawing more buyers, suppliers and, as a result, more transactions to our platform, which continues to fuel our organic growth. As we add more buyers to the AvidPay Network, both buyers and their suppliers

benefit from our current network density which drives electronic payment adoption. In addition, new buyers bring new suppliers, thereby enabling us to continuously add more suppliers to the AvidPay Network and accelerating the flywheel of growth depicted below.



We sell our solutions through a hybrid go-to-market strategy that includes direct and indirect channels. Our direct sales force leverages their deep domain expertise in select verticals and over 120 referral relationships with integrated software providers, financial institutions and other partners to identify and attract buyers that would benefit from our AP software solutions and the AvidPay Network. Our indirect channel includes reseller partners and other strategic partnerships such as Mastercard, through MasterCard's B2B Hub, which includes Fifth Third Bank and Bank of America, and other financial institutions, such as KeyBank, and third-party software providers such as MRI Software, RealPage and SAP Concur. Our referral and indirect channel partnerships provide us greater reach across the market to access a variety of buyers.

We have achieved significant growth through our recurring revenue business model, which gives us visibility into future periods and which is leading to increasing gross margins as we grow our revenue base. We generated revenue of $149.6 million in 2019 and $185.9 million in 2020, representing year-over-year growth of 24.3%. Our gross profit was $62.6 million in 2019 and $85.4 million in 2020, resulting in gross margin of 41.9% in 2019 and 45.9% in 2020. Our Non-GAAP gross profit was $78.6 million in 2019 and $102.3 million in 2020, resulting in Non-GAAP gross margin of 52.5% in 2019 and 55.0% in 2020. Our net loss was $93.5 million in 2019 and $101.2 million in 2020, and we have generated a net loss of more than $484.0 million since inception. See the section titled "Summary Consolidated Financial and Other Data — Key Performance Indicators and Non-GAAP Measures" for a discussion of the limitations of Adjusted EBITDA, Non-GAAP gross profit and Non-GAAP gross margin and reconciliations of these non-GAAP measures to the most comparable GAAP measures for the periods presented.

Our Industry

Our industry is a significant and growing market, which is defined by the following key factors and trends:

- ***Legacy B2B Payments are complicated and inefficient.*** Unlike the world of consumer payments, B2B payments require a set of complex workflows, accounting system integrations and processes centered on the purchase order or invoice. These involve rigorous payment approval processes and a payment generally initiated from and integrated to various accounting systems. Approximately 42% of U.S. B2B payment volume is still paid using paper checks which may require some form of manual intervention, taking time and resources to resolve. The labor and direct costs associated with these manual processes are expensive and time intensive, creating significant challenges and inefficiencies to those that are not able to digitize and automate these workflows.
- ***Middle market businesses face unique challenges.*** Middle market businesses face unique challenges with respect to their AP processes. The middle market features hundreds of accounting systems and integrations that support various vertical and sub-industries, resulting in a multitude of complex and highly specific business, accounting and compliance requirements. Furthermore, costs related to these complex AP workflows are a significant component of middle market companies' administrative expenses. These businesses are increasingly required to turn to automated cloud-based AP automation and B2B payment solutions to unlock substantial cost savings and create more operational efficiencies within their organizations.
- ***Middle market businesses and their suppliers are largely ignored by existing solutions.*** We believe middle market businesses and their suppliers are vastly underserved by existing financial software solutions. While a few key providers serve each of the larger enterprise buyers and the SMB buyers segment, middle market businesses are largely served by a highly fragmented market of vertical focused ERP and software solutions. This fragmentation has led to hundreds of accounting systems available in the middle market today. Additionally, we believe that close to half of the market representing suppliers of our buyers is currently underserved by available offerings.
- ***Generational shift in technology adoption.*** As the next generation of accounting and finance leaders hail from an era of digital consumer finance transformation, there will be an increasing demand for digitization, data and technological efficiency added to standard business workflows. Today, the average newly hired CFO is over 49 years old, but we believe that the average CFO will be a digitally native millennial by the 2030s. Furthermore, the growing importance of data requires businesses to adopt platforms that provide real-time visibility, analytics and insights to inform better, more informed decision making. This next generation of leaders are driving the demand for technological advances in their companies and leading the outreach for solutions such as AvidXchange.

The COVID-19 pandemic highlighted and, in some cases, accelerated the need for dynamic, cloud-based solutions that are able to be utilized anytime and anywhere. The critical need for business continuity was even more pronounced during the shift to remote work environments and through the U.S. mail disruption. Businesses need to be able to receive invoices, pay bills and seamlessly run their businesses no matter what external factors may occur. Digital solutions offer a more secure, reliable, and flexible solution to legacy manual processes.

Our Market Opportunity

The B2B payments market is rapidly evolving and represents a significant opportunity for digital transformation. According to a 2018 Mastercard report, North American companies make approximately $25 trillion of B2B payments annually. Despite their intrinsic process inefficiencies and high costs, paper checks still comprise 42% of all B2B payments in the United States. In response to this large volume of inefficient processes, the market is undergoing a transformation. A recent study from PYMNTS.com found that 46% of AP professionals would like to implement digital AP automation solutions while a separate MarketsandMarkets study expects the AP automation market to grow 11% annually by 2024.

We believe these market inefficiencies and current trends present a large and growing opportunity for our business. We believe based on our analysis that our current addressable market includes approximately 435,000 U.S. middle market businesses, and represents a significant and underserved revenue opportunity for future growth. We define this opportunity set as businesses with primarily between $5 million and $1 billion in annual revenue or those that manage and aggregate large volumes of AP within our defined verticals. As companies continue to automate complex AP workflows and replace paper checks with alternative electronic payment methods such as VCCs and proprietary electronic payment methods, we estimate more than $20 billion in addressable annual revenue opportunities across both AP automation solutions and B2B payment transactions based on our average revenue per core customer (that is, those customers who subscribe to our services other than only to our Create-a-Check product) during the year ended December 31, 2020.

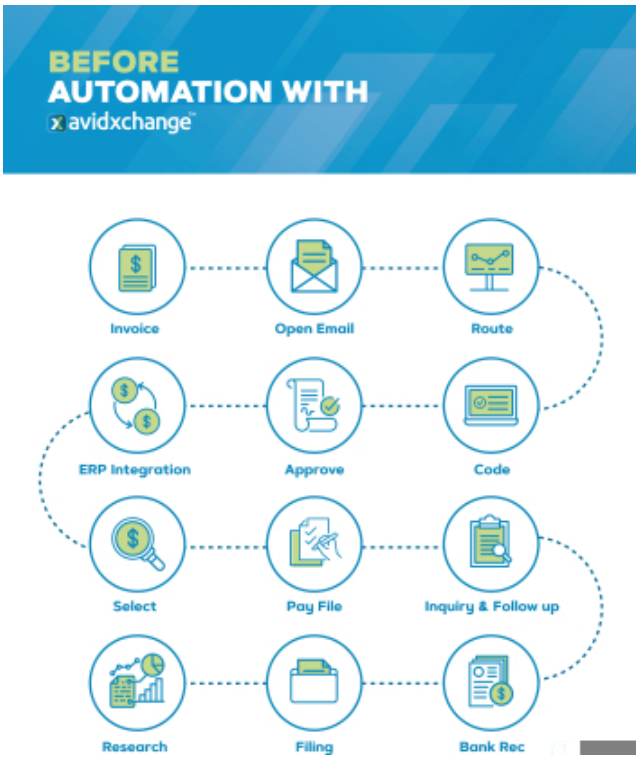
In addition to providing B2B payments, we believe we can become a strategic cornerstone of our suppliers' finance organizations to better manage expenses and cash flow. We believe that there is a large unmet need in supplier invoice finance, with close to half of the market underserved. Our solutions help suppliers accelerate invoices for early payment, manage supplier payment preferences, and forecast future cash flows. We believe that the total addressable market opportunity for these solutions represents more than $20 billion in additional whitespace opportunity, bringing our total addressable market to north of $40 billion.

Transaction Lifecycle

Below is an example of the typical AP invoice management workflows as well as payment execution workflows for middle market businesses. These processes tend to be manual, time-intensive, cumbersome, and expensive relative to the value our solutions can offer customers.

Typical AP Workflows Before AvidXchange

A typical middle market buyer that has not yet moved to AvidXchange has to deal with a complicated and paper-intensive process of receiving and processing invoices from their suppliers.



- A middle market buyer receives an invoice via paper mail or via e-mail
- An AP employee opens the mail and reviews the invoice — the employee will manually look for a purchase order (amongst thousands of other purchase orders) in order to match the invoice and purchase order
- The buyer manually makes multiple copies of each invoice for approval routing and enters the invoice details into the accounting system to begin tracking the review and approval routing process
- The invoice is physically delivered to various other employees for review and approval — this can take several days depending on when these other employees can review the invoice and the delivery method of such (paper or electronic)
- Once approved, the invoice is updated in the accounting system and posted to the general ledger in preparation for payment
- The invoice is then filed and stored by the buyer

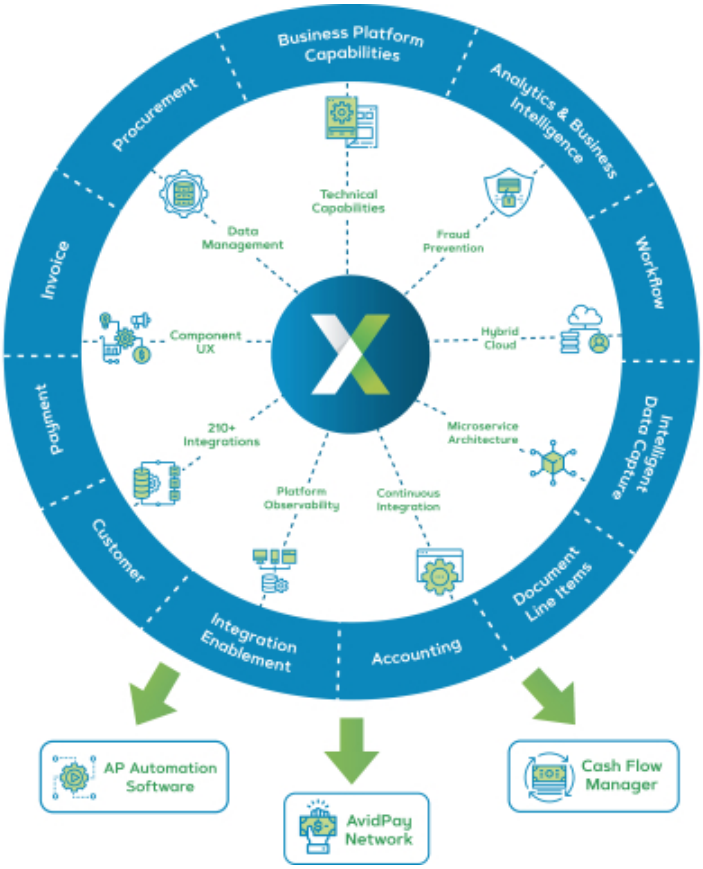
Typical Payment Execution Workflows Before AvidXchange

Once the invoice has been approved and moved through the system as described above, a separate, equally paper-heavy process of selecting and paying approved invoices is launched.

- Once a buyer is ready to execute payment of an invoice to their supplier they go into their accounting system and select which invoice to pay
- They then print, prepare and secure the necessary approvals to mail the check or deliver electronically (typically via wire or ACH)
- Once the check has been mailed or sent to the supplier, they then wait for payment receipt confirmation and address any questions or inquiries the supplier might have
- Once payment confirmation has been made and all inquiries fielded the buyer then reconciles the transaction on their general ledger
- Similarly, the supplier will reconcile their accounts receivables hence why the remittance data is so valuable

Our Solution and Key Strengths

We transform the way AP works for the middle market. Our platform was purpose-built for the middle market since we wrote our first line of code, based on our desire to deal with the business process complexities of our initial customers. Our intuitive user interfaces are an entry point to a broader user experience emphasizing visibility and control. The SaaS-based technical underlayer drives digital transformation and provides the scalability to grow with our buyers. At the same time, we deliver innovative solutions to our buyers, giving them access to the advanced features needed to transform their AP processes. In addition to horizontal offerings, we have a range of sophisticated vertical specific software offerings, including AvidInvoice, AvidBuy, AvidPay, AvidUtility, BankTEL Ascend, Avid for NetSuite, Strongroom Payables Lockbox, Timberscan and Titanium among other offerings. In 2020, we processed approximately 53 million transactions with over $145 billion in spend under management across our platform.



Product Overview

- ***AP Automation Software.*** Our SaaS-based AP automation products simplify and streamline the end-to-end payables workflows beginning with the ingestion of the invoice by the buyer, continuing through the approval and review stages and ending with the payment of the invoice. Our AP automation software provides vertical-specific platforms that are designed to address the intricacies of the business challenges facing each of our core verticals. Throughout this process, our solutions integrate into and synchronize with accounting systems to ensure reporting and reconciliation occur timely and accurately.
- ***The AvidPay Network.*** One of our core innovations is our two-sided payments network connecting our buyers with their suppliers. We support a variety of fast and efficient payment methods for our suppliers, including electronic payments by VCC, and ACH, and check, and deliver robust remittance data to streamline the reconciliation process with the supplier's accounting systems.
- ***Cash Flow Manager.*** We provide cash management solutions to our supplier network that include tools providing a comprehensive view of invoices and an accelerator feature. For example, we offer Cash Flow Manager, which provides suppliers with visibility and access to their outstanding invoices, and Invoice Accelerator, which allows eligible invoices to be paid prior to their due date.

The net result of these various products is a much more streamlined and efficient AP process for our buyers, with over 20 steps or inputs reduced to just a few (represented by the blue boxes in the chart below). Processes automated by AvidXchange are in grey with the X in the corner.

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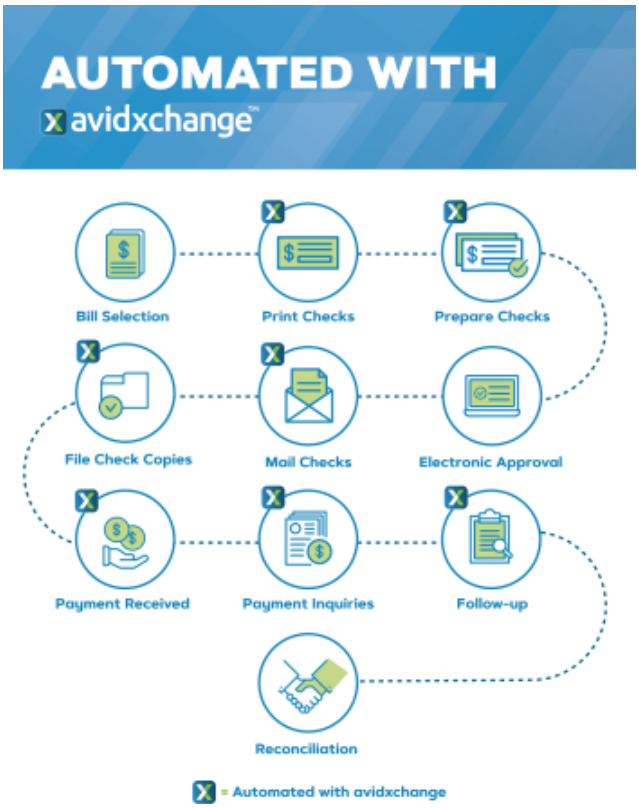
Typical AP Workflows After AvidXchange

Typical Payment Execution After AvidXchange



Our products are supported by the following technical and business platform capabilities.

Technical Platform Capabilities

- ***Cloud Based.*** Our technology infrastructure is built upon a hybrid cloud, which we are currently migrating from private to public hosting. This supports a scalable architecture that underpins our growth strategy.
- ***Velocity of Innovation.*** We are continuing to develop a microservices architecture as well as capabilities around continuous integration and delivery. This allows us to compress development cycles and release multiple feature updates per quarter versus quarterly or even annual cycles observed among legacy providers.
- ***Flexibility.*** We offer over 210 integrations with different accounting systems, ensuring our customers have the flexibility to integrate with the fragmented universe of software solutions that defines the middle market technology landscape.

Business Platform Capabilities

- ***Procurement and Order Management.*** Allows buyers to order and ensure appropriate delivery of purchased items, including requisition, purchase order, receipt management, and other related features.
- ***Invoice.*** Provides capabilities to ingest, standardize, centralize, and publish invoices.

- ***Payment.*** Provides straight through processing for payments to advance the customer experience by bridging the gap between front-end customer touchpoints and back-end payment execution while reducing customer cost.
- ***Customer.*** Provides capabilities to unify and make customer entities and their related entities visible, manageable, and searchable. This enables other platform domains to associate transactions, interactions, and other relevant metadata to the AvidXchange unified customer record for operations, analysis, and customer experiences.
- ***Integration Enablement.*** Centralized, configurable and extensible engine allowing the critical, bi-directional flow of data between customers' financial systems, partners, and the broader AvidXchange ecosystem of services.
- ***Accounting.*** Allows management of common accounting objects such as codes, dimensions, legal entities, budgets, and other accounting elements essential to procurement and payment.
- ***Document Line Items.*** Allows AvidXchange buyers to properly account for purchases by tracking individual items and their costs in requisitions, purchase orders, invoices, and receipts.
- ***Intelligent Data Capture.*** Combines character recognition technology, AI based data extraction and stored customer business rules to automatically insert ingested invoices into customer approval workflows. This expedites document delivery and processing and automates manual processes that burden our customers.
- ***Workflow.*** Provides business automation capabilities and allows AvidXchange buyers the ability to create configurable business rules and sequences of operations for processing of objects found in the AvidXchange ecosystem.
- ***Analytics & Business Intelligence.*** Enables AI/ML capabilities throughout AvidXchange's platforms and products, reducing operational costs through the power of automation at scale.

Benefits to our Buyers

- ***Accelerate Digital Transformation.*** We enable middle market buyers to digitize their mission-critical AP workflows from invoice ingestion to payment. For example, by applying business rules configurable to each company to document ingestion, our intelligent data capture automates acceptance of invoices and seamlessly inserts them into the AP workflows and approval process. By automating these processes, our platform reduces human-error, speeds approvals and ensures businesses have more transparency on their cash flow.
- ***Enhanced Visibility and Control.*** We empower our buyers to control each step of their AP workflows through flexible software that can be self-tailored to fit their unique business and process logic. This ensures that each of our buyers can impose the appropriate level of reviews and approvals to support the required internal controls of their customers.
- ***Reduced Cost Burden.*** Eliminating manual reviews and intervention allows our buyers to realize significant savings. We estimate the total cost of processing a paper invoice is approximately $19.00 across the paper invoice and paper check payment. We believe that automating these processes reduces that cost by over 60%, while also improving the accuracy of reporting and reconciliation.
- ***Advanced Risk Management.*** Our software platform and data enables risk mitigation for our buyers and suppliers. According to the 2019 AFP Payments Fraud and Control Survey, 82% of organizations reported fraud incidents in 2018, and 43% experienced direct financial loss as a result. Our SaaS automation software coupled with our depth of buyer business logic better empowers our buyers to detect and prevent fraudulent attacks through paper and digital means. In addition, in order to ensure we can move money on our buyers' behalf safely, securely and with transparency, we have become a licensed money transmitter in the United States.

- ***Manage Supplier Relationships.*** We enable buyers to manage and maintain strong supplier relationships. In addition to enabling payments to be made on time, we maintain supplier payment preferences that buyers need in order to make payments. By digitizing this information to facilitate payments made on our network, we streamline buyer and supplier engagement, helping buyers build long-term supplier relationships that drives business growth.

Benefits to our Suppliers

- ***Send invoices electronically.*** Enabling the digital transmittal of invoices saves our suppliers the time and cost associated with mailing paper invoices.
- ***Receive payments faster.*** Suppliers who elect to receive payment via our VCC or AvidPay Direct product can expect delivery of each payment and related remittance information in as little as 24 hours. These rapid payment schemes enable suppliers to effectively manage their cash flows.
- ***Data rich remittances.*** Along with the payment, we also deliver robust data files regarding the transaction, which enable suppliers to quickly and accurately update their back-end systems and facilitate their cash application and reconciliation process with limited manual data entry.

Go-To-Market

We have made significant investments in our sales and marketing organization, and we employ a hybrid go-to-market strategy utilizing both direct and indirect channels. Our go-to-market organization consists of over 600 employees supporting buyers and suppliers in our direct sales, marketing and relationship management teams and is a cornerstone of creating and maintaining trusted customer relationships.

We sell our solutions to buyers through both a direct sales force and indirectly through strategic channel partnerships with banks and financial institutions as well as software and technology business partners. We attract suppliers to the AvidPay Network by establishing a simple, easy-to-use network that helps integrate various buyers through a standard invoice and pay network.

Direct sales

Our buyer direct sales organization is aligned within key industry verticals where we have developed a specialized industry and product domain expertise, including: real estate, HOAs, construction, financial services (including banks and credit unions), healthcare facilities, social services, education, and media. The buyer-focused sales team takes a targeted approach to assess and attract clients that would benefit from our AP software solutions and the AvidPay Network. Our direct sales team manages our network of over 120 referral relationships with integrated software providers, financial institutions and other partners that refer AvidXchange's solutions and services to their customer networks. Our target businesses generally have greater than $5 million in annual revenue and/or process at least 200 invoices or more than 100 payments per month.

Indirect channels

Our buyer indirect sales channel includes reseller partners and other strategic partnerships. Bank of America and Fifth Third Bank, through Mastercard's branded "Mastercard B2B Hub," and KeyBank resell AvidXchange's software and services to their customers. Our strategic software and technology partners include brands such as MRI Software, RealPage, and SAP Concur, in addition to other non-strategic partners. These partnerships allow us to increase wallet share in existing markets and expand into adjacent markets.

We also have an extensive sales force of over 90 employees dedicated to executing our proprietary supplier engagement process and onboarding the vast number of suppliers that interact with our solutions and network. Our automated processes quickly detect anytime a payment is made to an out-of-network supplier, after which

our dedicated teams quickly work to engage and onboard interested parties. Our active focus on supplier retention and enhancement of supplier-focused automated solutions continues to expand the overall network.

Our go-to-market team is core to our growth and continues to evolve with the rapidly evolving market and our own internal development of products. We continuously monitor key metrics that measure our sales team and channel sales success, productivity, and efficiency. We maintain long-term customer satisfaction through our relationship management and customer care organization, who provide customer support through multiple avenues of communication including email, phone, chat, and forums.

Our marketing is focused on our unique ability to serve the middle market, our easy to integrate solution, the value we provide to our customers, and our continued product innovation. Our targeted marketing to the middle market includes both digital and traditional brand campaigns, targeted advertisements, social, thought leadership pieces, trade shows, and webinars.

We intend to continue to invest in our sales and marketing capabilities to capitalize on our market opportunity.

Why We Win

Our customers choose us for the tangible value proposition our solutions offer. We believe we have several competitive advantages that drive our ability to leverage our first mover market position:

- ***Built to solve the unique business challenges of the middle market.*** Since our inception, our solution has been purpose-built for the middle market. Our platform addresses enterprise level challenges, but at the scale, price and in the language of the middle market.
- ***Digitize the entire AP workflow.*** We apply data and SaaS-based software automation to the entirety of the AP workflow. While some tools require the buyer to first handle invoice ingestion, we focus on transforming the buyer experience by owning, and enhancing, each point of the value chain. Our platform will handle invoice ingestion, whether through paper or electronic means, and replicate that ownership and automation through to payment.
- ***Comprehensive, end-to-end AP Automation and payments platform.*** Our comprehensive solution provides a single-vendor approach to eliminate paper, streamline workflows and ensure timely and accurate reconciliation. We have spent years building a software and payments platform coupled with hundreds of integrations to vertical-specific middle market accounting and information systems. We believe this provides us with a unique competitive advantage to automate AP workflows, streamline invoice payment and continue to grow our two-sided network.
- ***Scaled, two-sided network of buyers and suppliers powers a flywheel effect.*** We provide the infrastructure layer connecting our buyers with their suppliers. As buyers approve and pay more invoices through our platform, we connect them to their suppliers and add more suppliers to our network, which drives an expansion of the flywheel effect that fuels our growth. As a result of this ongoing flywheel, we have built a high level of supplier density that allows us to monetize payments almost immediately after a buyer joins our platform.
- ***Diverse and deep integration layer.*** We offer more than 210 integrations with different accounting systems that allow our clients to curate a technology stack tailored to the nuances of their size, scale and vertical. Our “built inside” integrations, many of which are flexible API-based integrations, facilitate increasingly seamless exchanges of data, driving enhanced user experiences and utility and providing a feature set and level of customization historically reserved only for enterprises.
- ***Unparalleled data capabilities*****.** Our buyers and suppliers benefit from the more than 190 million invoices we have ingested and processed since inception. From the beginning, we recognized the feedback value of data and as such our product development and operations benefit from two decades of transactions. We believe we ingest invoices more accurately, manage risk more insightfully and assess credit more thoughtfully in part due to a knowledge base that continues to grow every day.

- ***"Win as a team" culture.*** Our culture is our DNA. It's what brings us together and makes us who we are. We believe our culture gives us a unique competitive advantage. Our strength lies in leveraging the unique differences our employees bring to the workplace. We value diverse talents, skills, ideas, ways of thinking, backgrounds and life stories – all of which drive our innovation and performance. As entrepreneurs seeking innovative solutions to serve our customers, we want every employee to feel a strong sense of purpose and belonging. Therefore, we strive to create a workplace where every employee feels comfortable and empowered to bring their full, authentic self to work every day. As we continue to grow the business, we also intentionally focus on the key drivers of employee experience and engagement: wellbeing, growth and development, and rewards and recognition. Engaged employees are imperative to achieve strong company performance and excellent customer experience.

Growth Strategy

We are dedicated to continuing to differentiate ourselves as the leader in AP automation software and payment solutions for middle market businesses through our multi-pronged approach. Fundamentally, the growth of our business is dependent upon the number of transactions we process, as well as our total payment volume. Key elements of our growth strategy include the following.

Win new buyers and their suppliers. With approximately 435,000 middle market companies in the United States we believe the middle market opportunity remains largely underpenetrated. As the number of middle market companies continues to increase and their AP and payment complexity grows, we anticipate demand for our products by new customers to increase. We will continue to invest heavily in our direct and indirect sales channels to increase awareness of our platform, drive sales opportunities, and convert more of our pipeline into customers. We will also continue to grow and scale and the number of strategic partnerships we have, providing more opportunities to acquire new customers from our software and bank channels as well as our referral partnerships. In 2020, approximately two-thirds of our direct new buyer sales included both the invoice and pay component of our AP software solutions.

Grow with existing buyers and suppliers. We expect to continue to grow with our existing buyer base of over 7,000 businesses. As our buyer base continues to grow and mature, we expect them to continue to increase invoice and payment transaction volume across the AvidXchange platform. In addition, we plan to continue to cross-sell solutions to our existing buyers.

Increase conversion of paper checks to electronic payments. As our buyers continue to mature and increase their overall payment transaction volume, we believe there is significant opportunity to increase the penetration of electronic payments as paper checks still comprised 42% of all B2B payments in the United States in 2020. The reliance on highly manual invoice management processes and paper check-based payments results in wasted time and money that serve as great candidates for automation. As additional buyers and suppliers join our proprietary AvidPay Network, we will continue to build functionality and drive conversion of manual to electronic payments. Our growing supplier density will continue to drive higher monetization rates leading to increased e-payment adoption.

Continue to innovate and enhance new products. We will continue leveraging the rich data and business insights we have accumulated across buyer and supplier transactions to add new innovations and capabilities. We will continue to expand horizontal product functionality to benefit our clients. Key areas of continued product innovation include creating products to support larger buyers that require more advanced procurement and spend management capabilities, growing functionality within the AvidPay Network, focusing on our operational scalability to enhance our ability to effectively manage critical transactions, and increasing automation in our platform. For example, we are currently developing 3-way matching functionality as well as a cross-border payments offering, both of which we are targeting general availability for customers in 2022. Our goal is to create more end-to-end solutions that integrate purchasing and payments workflows. In addition to enhancing products for our buyer customers, we will also continue to use our access to rich data to build out more robust offerings for suppliers, including financing solutions to serve the significant opportunity there. For example, we expect to advance into early adopter phase for our enhanced Cashflow Manager product in November 2021.

Selectively pursue strategic M&A. We will supplement our organic growth by pursuing strategic M&A to expand into new verticals and horizontal capabilities, capture unmonetized or under-monetized spend, and enhance and expand products and capabilities. We have a proven track record of successfully acquiring and executing M&A to drive revenue growth, efficiency leverage, and scalability across the organization.

Enter new verticals. We believe there is significant untapped opportunity in the middle market to expand into new and adjacent verticals. We will continue to invest in our vertical sales teams across different geographies to execute in-house development to build vertical domain capabilities, increase our number of bank and software partnerships, and expand the number of next-generation API and "built inside" integrations. We plan to do this both organically and through potential acquisitions. We recently expanded into the Education sector and our recent acquisition of Core Associates enabled us to become one of the leading AP providers in the construction market.

International expansion. We plan on expanding internationally in the near to mid-term with an initial focus on Canada, the United Kingdom, and Europe. We intend to leverage our existing business partner relationships we have already in place in the United States to begin building our presence worldwide. In furtherance of this plan, we are currently developing a cross-border payments offering, targeting general availability for customers during 2022.

Human Capital, Culture, Social Responsibility and Community Initiatives

At AvidXchange, our employees are the core of who we are. We're all entrepreneurs who love to innovate and win with a passion for serving our customers. We take personal ownership of our everyday work, and we recognize that we only win as a team. While we're proud to stand out, we also know that to shine brightly as a company, the light we create needs to build from the inside out – from person to person, and team to team.

While we are a technology company by trade, at our core, we are a people company, and that means not only taking care of each other, but those in the communities in which we work and live. In 2005, we formed the AvidXchange Foundation. Initially, we set out to help elementary school children impacted by Hurricane Katrina. From then on, the AvidXchange Foundation has been dedicated to making a difference in the lives of young people where we work and live.

As a technology company, we have a responsibility to give back to the community the best way we know. For AvidXchange, that means finding solutions to problems through a technology lens to empower future generations to be well equipped to partake in today's digital economy, which will be even more critical tomorrow. We recognize that barriers to technology education and careers start early in a student's life with having access to the right resources throughout their education, which is why we launched Tech Rising – an initiative spearheaded by the AvidXchange Foundation committed to removing technology barriers and bridging the digital divide to create economic mobility for youth and young adults.

But we don't limit our efforts or those of our employees to a singular mission. Corporate giving of all kinds is a part of AvidXchange's DNA, and we enable employees who are passionate about giving back to the community – however is most meaningful to them – with paid volunteer time off. We understand that engaging with our communities and striving to improve the quality of life for our employees and neighbors is more than an opportunity – it's our responsibility.

We are committed to sharing our resources and time in support of philanthropic efforts. In demonstration of this commitment, on June 24, 2021, our board of directors approved the reservation of 1,657,296 shares of our common stock (representing approximately 1% of our issued and outstanding common stock and common stock equivalents as of June 24, 2021) for future issuance to fund our philanthropic endeavors, including possible issuance to a philanthropic partner in connection with the establishment of a donor-advised fund, over a ten-year period. On October 1, 2021, we executed an agreement with a philanthropic partner and intend to issue the first contribution of 10% of the pledged shares shortly after the execution of the agreement. We intend to provide annual ongoing grants of 10% of the pledged shares for a period of nine subsequent years, subject in each case to the approval of our board of directors.

As of June 30, 2021, we had over 1,500 full-time, U.S. based employees. We also engage temporary employees and consultants as needed to support our operations. None of our employees are represented by a labor union or covered by a collective bargaining agreement. We have not experienced any work stoppages and we consider our relations with our employees to be good.

Competition

We believe the overall market for AP software and payments solutions is highly fragmented, competitive and evolving and is marked by rapid change and consolidation due to technological innovations and continued adoption by businesses. Although we expect businesses to continue to adopt AP and payment automation solutions, we often find that we are selling our products and services to potential customers that have use a variety of separate solutions or internally developed policies and procedures, and we must be able to convince internal stakeholders that our products and solutions are superior to their existing processes or third-party solutions.

Our current competitors range from fintech companies, such as Bill.com and Coupa Software, and financial institutions to smaller, niche providers of software and services, as well as point solutions provided by ERP vendors. We compete with companies that offer comprehensive solutions focused on the entire AP and payment processes and companies that focus only on select portions of these processes such as invoice and bill presentment, document and workflow management, AP and payment processing or accounts receivable. Solutions are also often specifically tailored to industry vertical or customer size making it difficult to expand into new verticals or attract larger or smaller customer types.

Accounting and ERP software providers, financial institutions, payment processing, and other service providers, a number of which we partner with in offering our solutions, may currently offer or develop solutions, acquire third-party solutions or competitors, or enter into strategic relationships that would enable them to expand their solutions to compete more effectively with our products and services. These parties may have access to larger, installed customer bases and may be able to effectively bundle and cross sell competitive solutions with their other services, which may enable them to compete more effectively or provide them with greater pricing and operating flexibility.

Companies that currently focus on providing solutions to enterprise businesses or SMBs may seek to expand the offering of their solutions to midmarket customers which would be more directly competitive with the products and services that we offer. New entrants not currently considered to be competitors may also enter the market through acquisitions, partnerships, or strategic relationships.

We currently compete on several factors, including:

- product and service features, functionality and quality and system stability;
- integrations with leading accounting and banking systems;
- our value added services provided through various strategic partnership;
- pricing and incentives;
- supplier network;
- ability to automate existing processes; and
- customer onboarding time and effort.

We believe that we compare favorably with our competitors on the basis of these factors. We expect the middle market AP software and B2B payment solutions market to continue to evolve and grow, as greater numbers of middle market and larger businesses digitize their back offices. We believe that we are well-positioned to help them.

Regulatory Environment

We operate in a complex and evolving regulatory environment. The manner in which existing laws and regulations are applied or new laws and regulations are implemented in this environment is often unclear and unpredictable, in particular as such laws and regulations relate to our business in the United States and internationally to the extent we might in the future elect to expand our services outside the United States.

Most states and certain territories in the United States require a license to engage in certain money transmission or payment services. We have procured and maintain money transmitter licenses, or the statutory equivalent, in all of the U.S. jurisdictions that currently require them for our business and actively work to comply with new license requirements as they arise. These licenses enable us to provide commercial payment services to businesses through AvidXchange, Inc. “for the benefit of customer” bank accounts that are restricted for such purposes and subject us, among other things, to record-keeping requirements, reporting requirements, bonding requirements, limitations on the investment of customer funds, and examination by state regulatory agencies.

We are also registered as a Money Services Business with the U.S. Department of Treasury’s Financial Crimes Enforcement Network, or FinCEN, and are subject to the BSA, and certain obligations contained therein, including, among other things, certain record-keeping and reporting requirements, and examinations by FinCEN.

The BSA is the primary compendium of U.S. laws and regulations regarding AML and countering the financing of terrorism. As required under the BSA, we have implemented and are continuing to expand an AML program designed to prevent our platform from being used to facilitate money laundering, terrorist financing, and other financial crimes. Our program is also designed to prevent our products from being used to facilitate business in certain countries, or with certain persons or entities, that are targets of economic or trade sanctions that OFAC and various foreign authorities administer or enforce. Our AML and sanctions compliance programs include policies, procedures, reporting protocols, and internal controls, require the designation of a BSA and AML compliance officer to oversee the programs, and are designed to address our legal and regulatory requirements and to assist in managing risk associated with sanctions, compliance, money laundering, and terrorist financing.

Although we do not provide consumer services or products, we do collect and use a wide variety of information for various purposes in our business, including to help ensure the integrity of our services and to provide features and functionality to our customers. Our customers’ data is stored in our platform, and we must monitor and, as applicable, comply with a wide variety of laws and regulations regarding the data stored and processed on our platform as well as the operation of our business. This may present legal challenges to our business and operations, such as rights of privacy or intellectual property rights related to the content loaded onto our platform.

This aspect of our business, including the collection, use, disclosure, and protection of the information we acquire in connection with our customers’ use of our services, may be subject to certain laws and regulations in the United States. In particular, data privacy and security with respect to the collection, processing, and retention of personal data or PII continues to be the focus of legislation and regulation. In recent years, there have been a number of well-publicized data breaches involving the unauthorized use and disclosure of individuals’ PII. Many U.S. states have responded to these incidents by enacting laws requiring holders of PII to maintain safeguards and to take certain actions in response to a data breach, such as providing prompt notification of the breach to affected individuals and state officials or amending existing laws to expand compliance obligations. Federal laws are also under consideration that may create additional compliance obligations and penalties. Accordingly, we publish our privacy policies and terms of service, which describe our practices concerning the use, transmission, and disclosure of information.

In addition, several foreign countries and governmental bodies, including within the European Union, have laws and regulations dealing with the collection, use, disclosure, and protection of information that are more restrictive than those in the United States. While we believe that the products and services that we currently offer in the

United States do not subject us to such laws or regulations in foreign jurisdictions, such laws and regulations may be modified or subject to new or different interpretations, new laws and regulations may be enacted, or we may modify or expand our products or services in the future, or acquire a company operating internationally, which may subject us to such laws and regulations.

Data privacy and security with respect to the collection, processing, and retention of PII continues to be the focus of domestic and worldwide legislation and regulation. In recent years, there have been a number of well-publicized data breaches involving the unauthorized use and disclosure of individuals' PII. Many U.S. states have responded to these incidents by enacting laws requiring holders of personal information to maintain safeguards and to take certain actions in response to a data breach, such as providing prompt notification of the breach to affected individuals and state officials or amending existing laws to expand compliance obligations. Federal laws are also under consideration that may create additional compliance obligations and penalties.

Various regulatory agencies in the United States and in foreign jurisdictions continue to examine a wide variety of issues which may be applicable to us and may impact our business. These issues include identity theft, account management guidelines, privacy, disclosure rules, cybersecurity, and marketing. As our business continues to develop and expand, we continue to monitor the additional rules and regulations that may become relevant or applicable to our business.

Any actual or perceived failure to comply with legal and regulatory requirements may result in, among other things, revocation of required licenses or registrations, loss of approved status, private litigation, regulatory or governmental investigations, administrative enforcement actions, sanctions, civil and criminal liability, and constraints on our ability to continue to operate. For an additional discussion on governmental regulation affecting our business, please see the risk factors related to regulation of our payments business and regulation in the areas of privacy and data use, under the section titled "Risk Factors — Risks Related to our Business and Industry."

Intellectual Property

We seek to protect our intellectual property rights by relying upon a combination of contractual measures as well as trademark, copyright, and trade secret laws.

We rely on trade secrets and confidential information to develop and maintain our competitive position. It is our practice to enter into confidentiality and invention assignment agreements (or similar agreements) with our employees, consultants, and contractors involved in the development of intellectual property on our behalf. We also enter into confidentiality agreements with other third parties in order to limit access to, and disclosure and use of, our confidential information and proprietary information. We further control the use of our proprietary technology and intellectual property through provisions in our terms of service.

As of June 30, 2021, we had 33 trademark applications and registrations for certain of our logos. We will pursue additional trademark registrations to the extent we believe it would be beneficial and cost effective. We also own several domain names, including www.avidxchange.com.

Patents have not historically been a significant part of our intellectual property strategy. We may however pursue patent protection in the future to the extent we believe it would be beneficial and cost effective.

From time to time we may also use or incorporate certain intellectual property licensed from third parties, including under certain open-source licenses. Even if any such third-party technology was not available to us on commercially reasonable terms, we believe that alternative technologies would be available as needed.

Despite our efforts to protect our intellectual property rights, they may not be respected in the future or may be invalidated, circumvented, or challenged. Our industry is characterized by the existence of a large number of patents and frequent claims and related litigation based on allegations of patent infringement or other violations of intellectual property rights.

We believe that competitors will try to develop products that are similar to ours and that may infringe our intellectual property rights. Our competitors or other third parties may also claim that our solutions infringe upon their intellectual property rights. In particular, some companies in our industry have extensive patent portfolios and are large and established and have greater resources than we do. From time to time, third parties have in the past and may in the future assert claims of infringement, misappropriation, and other violations of intellectual property rights against us or our customers or partners, with whom our agreements may obligate us to indemnify against these claims. Successful claims of infringement by a third party could prevent us from offering certain products or features, require us to develop alternate, non-infringing technology, which could require significant time and during which we could be unable to continue to offer our affected products, require us to obtain a license, which may not be available on reasonable terms or at all, or force us to pay substantial damages, royalties, or other fees. Moreover, our products may incorporate software components licensed to the general public under open-source software licenses. Open-source licenses may grant licensees broad permissions to use, copy, modify, and redistribute our platform. As a result, open-source development and license practices can limit the value of our software copyright assets.

For additional information about our intellectual property and associated risks, see the section titled “Risk Factors — Risks Related to our Business and Industry.”

Facilities

We lease our approximately 201,000 square foot built to suit corporate headquarters in Charlotte, North Carolina pursuant to a lease with an initial term that expires in 2032. We also lease approximately 60,000 square feet of office space adjacent to our headquarters to support operations and provide flex space.

We have additional offices in Sandy, Utah, Houston, Texas, Birmingham, Alabama, and Columbus, Mississippi and we have coworking space in Somerset, New Jersey and Marshfield, Massachusetts. We may further expand our facilities capacity as our employee base grows and we have acquired approximately 9.7 acres of land adjacent to our current head quarters for future expansion. Additionally, we are currently in discussions to acquire an additional real estate parcel, and option rights to acquire an additional real estate parcel, each adjacent to our corporate headquarters, although we retain the right to cease such discussions as of the date of this prospectus. We anticipate aggregate acquisition consideration to acquire this parcel and to secure these option rights, each of which could be completed in the fourth quarter of 2021, would be approximately $12 million, which, if consummated, we expect could be paid by us in cash, shares of our common stock (or a derivative security convertible into our common stock), or a combination of both. Regardless of the outcome of these discussions, we believe that we will be able to obtain additional space on commercially reasonable terms.

Legal Proceedings

From time to time, we may be subject to legal proceedings and claims in the ordinary course of business, including commercial, intellectual property, employment, class action, whistleblower, and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. In addition, third parties may from time to time assert claims against us in the form of letters and other communications. We are not currently a party to any legal proceedings that we believe to be material to our business or financial condition. The results of any future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

MANAGEMENT

Executive Officers and Directors

The following table sets forth information regarding our executive officers and directors upon the completion of this offering:

Name	Age	Position
Executive Officers		
Michael Praeger	53	President and Chief Executive Officer, Chairman of the Board
Joel Wilhite	51	Chief Financial Officer, Senior Vice President
Daniel Drees	54	Chief Growth Officer, Senior Vice President
Angelic Gibson	45	Chief Information Officer, Senior Vice President
Todd Cunningham	55	Chief People Officer, Senior Vice President
Ryan Stahl	47	General Counsel and Secretary, Senior Vice President
Non-Employee Directors		
Matthew Harris	48	Board Member, Lead Independent Director
James (Jim) Hausman	65	Board Member
John C. (Hans) Morris	62	Board Member
Nigel Morris	63	Board Member
Wendy Murdock	69	Board Member
Lance Drummond	66	Director Nominee*
James Michael McGuire	62	Director Nominee*
Teresa Mackintosh	49	Director Nominee*

* Independent within the listing requirements and rules of Nasdaq. It is expected that this individual will become a director immediately upon completion of this offering.

Executive Officers

Michael Praeger. Michael Praeger is cofounder of AvidXchange and has served as our Chief Executive Officer since April 2000, our President since December 2010, and as Chairman of our board of directors since April 2000. Mr. Praeger has spent the last 28 years managing technology and web services-related companies. Prior to establishing AvidXchange, Mr. Praeger co-founded PlanetResume.com, a technology career enhancement and recruiting site that successfully completed its merger with CareerShop.com in November 1999. Prior to that, Mr. Praeger co-founded and served as Chief Executive Officer of InfoLink Partners, a software company specializing in automating the tax billing and collection functions for municipalities along with corporate escheat recovery services. Mr. Praeger received a BSBA degree in Finance from Georgetown University. We believe Mr. Praeger is qualified to serve on our board of directors due to his extensive knowledge of our company, as well as his significant operational and strategic expertise.

Joel Wilhite. Joel Wilhite joined us in February 2017 as our Chief Financial Officer. Mr. Wilhite brings decades of diverse financial leadership experience to his role. Before joining us, Mr. Wilhite held the position of Chief Financial Officer at Quantros, Inc., a SaaS company that offers an enterprise-wide suite of applications designed to help hospitals better manage the quality and safety of patient care. Prior to Quantros, Inc., Mr. Wilhite was the Senior Vice President of Finance for Benefitfocus.com, Inc. (NASDAQ: BNFT), a leading SaaS provider of benefits administration software and solutions. Prior to Benefitfocus, Mr. Wilhite served in various roles at Blackbaud, Inc. (NASDAQ: BLKB), most recently as the Chief Financial Officer for Blackbaud, Inc.'s international division. Mr. Wilhite began his career as an auditor at KPMG. He received his BS degree with honors in Accounting from the University of South Carolina and is a Certified Public Accountant.

Daniel Drees. Dan Drees joined us in April 2018 as our Chief Growth Officer. Mr. Drees is a seasoned financial technology executive and industry veteran with more than 25 years of experience generating growth at Fortune 500 companies and financial institutions such as General Electric Company (NYSE: GE), Bank of America (NYSE: BAC), Ally Financial Inc. (NYSE: ALLY), and Capital One (NYSE: COF). Most recently, he led the fraud and risk solutions business at Fiserv, Inc. (NASDAQ: FISV) from July 2017 through March 2018, where he focused on enabling financial institutions and their clients to reduce the cost and complexity associated with fraud and compliance through process automation and data analytics. Mr. Drees received his BS degree in Mechanical Engineering from Iowa State University.

Angelic Gibson. Angelic Gibson joined us in October 2019 as our Chief Information Officer. Ms. Gibson has spent over 20 years in information technology, with experience in building and managing SaaS platforms, enterprise technology systems, as well as management practices supporting databases, networks, telecommunications, and infrastructure. She has built and supported business intelligence platforms, has extensive cloud computing strategic insight, and has experience balancing operational efficiencies with business development and growth. Before joining us, Ms. Gibson served as Senior Vice President of Information Technology at TKXS Inc. from April 2013 to October 2018. Ms. Gibson received her BS degree in Management Information Systems from American InterContinental University.

Todd Cunningham. Todd Cunningham joined us in August 2014 and has served as our Chief People Officer since March 2020, and previously served as Senior Vice President of Human Capital and Talent Management. Mr. Cunningham has more than 26 years in Human Resources at public and private companies. His experience covers the full range of Human Resources responsibilities. Before joining us, Mr. Cunningham held senior positions at Bank of America focusing on talent management, development, and organizational effectiveness, where he served in various capacities, including: Senior Vice President of Talent & Development Executive, Global Corporate & Investment Banking; Vice President of Associate Readiness Change Executive — Merrill Lynch Transition; and Senior Vice President of Talent & Development Executive, Consumer & Small Business Banking Division, among others. Mr. Cunningham received a BSBA degree in Human Resources Management from The Ohio State University.

Ryan Stahl. Ryan Stahl joined us in May 2015 and has served as our General Counsel and Secretary since November 2017, and previously served as Deputy General Counsel. As our General Counsel and Secretary, Mr. Stahl began his legal career in the corporate and securities practice at Sidley Austin, LLP, focusing primarily on mergers and acquisitions and capital markets offerings. He subsequently held multiple in-house corporate positions in the financial services and technology industries, most recently at Mercury Payment Systems Inc., a privately held payment processor and technology services provider. Mr. Stahl holds a BS degree from the University of Dayton and a JD degree from the University of Michigan Law School.

Non-Employee Directors

Matthew Harris. Matt Harris has served as a member of our board of directors since July 2015. Mr. Harris joined Bain Capital Ventures to lead the New York City office, where he currently serves as a Partner. Mr. Harris focuses on business services companies, with a particular interest in financial services. Mr. Harris has served as a member of the board of directors of BTRS Holdings Inc. (f/k/a Factor Systems, Inc. (dba Billtrust)) (NASDAQ: BTRS), a provider of cloud-based software and integrated payment processing solution, since January 2021, and prior to this, he served as director of Factor Systems, Inc. (d/b/a Billtrust) since November 2012. Mr. Harris has also served as a member of the board of directors of Flywire Corporation (NASDAQ: FLYW), a global payments enablement and software company, since January 2015. Prior to joining Bain Capital Ventures, Mr. Harris founded Village Ventures, Inc., an early stage venture capital firm focused on the media and financial services sectors, and served as Managing Director from January 2000 to September 2012. Mr. Harris received a B.A. degree in Political Economy from Williams College. We believe Mr. Harris is qualified to sit on our board of directors due to his extensive experience as an investor and board member of a variety of fintech companies.

James (Jim) Hausman. Jim Hausman has served as a member of our board of directors since July 2002. Mr. Hausman previously served as our Interim Chief Financial Officer from April 2014 to June 2015. Mr. Hausman is a Certified Public Accountant and has 18 years of experience as the chief financial officer for a public, and several private, telecommunications companies. Mr. Hausman began his career at Price Waterhouse, which later became PricewaterhouseCoopers. He has a BS degree in Accounting from the University of Kentucky. We believe Mr. Hausman is qualified to serve on our board of directors due to his extensive experience as chief financial officer of a public company, and due to his extensive knowledge of our company.

John C. (Hans) Morris. Hans Morris has served as a member of our board of directors since July 2015. Mr. Morris is managing partner of Nyca Partners LLC, a venture capital firm exclusively focused on applying innovation into the global financial system. Mr. Morris is also the chairman of the board of directors of Lending Club Corporation (NYSE: LC), a peer-to-peer lending company, and and a director of Payoneer Inc. (NASDAQ: FTOCU), an online payments company providing money transfer and digital payments services, as well as several private companies. From 2010 until founding Nyca Partners LLC in 2014, Mr. Morris was Managing Director at General Atlantic LLC, a global growth equity firm. He also served as President of Visa Inc. from 2007 to 2009, while it completed its reorganization and its initial public offering in 2008, and spent 27 years at Citigroup and its predecessor companies in executive roles, including serving as CFO and head of operations and technology for Citi's institutional businesses from 2002-2007. Mr. Morris received a BA degree in Government and Urban Studies from Dartmouth College. We believe Mr. Morris is qualified to sit on our board of directors due to his experience as an investor and as an officer of an international finance company.

Nigel Morris. Nigel Morris has served as a member of our board of directors since December 2015. Mr. Morris has been the co-founder and managing partner of QED Investors LLC, a fintech venture capital platform focused on disruptive, high-growth financial services companies since 2008. Prior to QED Investors LLC, Mr. Morris co-founded Capital One Financial Services in 1994, where he also served as President and Chief Operating Officer until 2004. Mr. Morris previously sat on the board of directors of GreenSky, Inc. (NASDAQ: GSKY) from January 2014 to June 2019 and currently sits on the boards of several different privately held companies. Mr. Morris received a BSC degree in Psychology from the University of East London and an MBA degree from London Business School. We believe Mr. Morris is qualified to sit on our board of directors due to his experience as an investor in fintech companies and as the co-founder of a financial services company.

Wendy Murdock. Wendy Murdock has served as a member of our board of directors since September 2019. Ms. Murdock has over 30 years of experience as a manager and director in the global financial services industry. Ms. Murdock served as the Chief Product Officer of Mastercard Worldwide from 2005 to 2009, where she was responsible for innovation, development, go-to-market strategy and commercialization of all Mastercard products targeted at consumers, corporations/governments, and merchants. She subsequently served from 2009 to 2012 as Mastercard Worldwide's Chief Payment Systems Integrity Officer with responsibility for leading the company's anti-fraud, information, and cyber security programs. Ms. Murdock serves as a member of the board of directors of Iron Mountain Incorporated (NYSE: IRM), a storage and information management services company, and previously served from 2013 to 2016 on the board of Recall Holdings Limited (a public unlisted company), a digital and physical information management services company. She has also served as member of the board of directors for USAA Federal Savings Bank since December 2013 and USAA Savings Bank since April 2016. Since 2016, Ms. Murdock has served on the board of La Caisse de dépôt et placement du Québec, a large institutional pension fund. Ms. Murdock received a BA degree in French Canadian Studies from McGill University and an MBA degree from the University of Western Ontario. We believe Ms. Murdock is qualified to serve on our board of directors due to her extensive experience as a senior finance executive, including as the chief product officer of one of the world's largest financial services companies.

Director Nominees

Teresa Mackintosh, has agreed to serve as a member of our board of directors and her appointment is contingent upon the closing of this offering. Ms. Mackintosh has served as the Chief Executive Officer of Trintech, a computer software company, since February 2016, and has more than 25 years of experience in the accounting, tax and finance functions of global companies. Prior to joining Trintech, Ms. Mackintosh served as Chief Executive Officer of Wolters Kluwer Tax and Accounting US from October 2013 to January 2016. Ms. Mackintosh received a BBA degree and an MBA from the University of Michigan and is a former Certified Public Accountant. We believe Ms. Mackintosh is qualified to serve on our board of directors due to her experience as an executive officer and serving in oversight roles for accounting and software companies.

Lance Drummond, has agreed to serve as a member of our board of directors and his appointment is contingent upon the closing of this offering. Mr. Drummond is an executive-level business leader with multi-industry and Mr. Drummond retired from TD Canada Trust, a commercial bank, in January 2015, where he was Executive Vice President of Operations and Technology since 2011. Prior to joining TD Canada Trust, from 2009 to 2011, Mr. Drummond was Executive Vice President of Human Resources and Shared Services at Fiserv, Inc., a global fintech and payments company, where he oversaw the company's shared services, including Fiserv's Global Services employees in India and Costa Rica. Before joining Fiserv, Mr. Drummond was the Global Consumer and Small Business Banking eCommerce/ATM executive at Bank of America. Prior to his eCommerce/ATM role, he was the Service and Fulfillment Operations executive for Global Technology and Operations. Mr. Drummond sits on several boards of directors, including serving as a member of the Board of Governors of the Financial Industry Regulatory Agency (FINRA) and Chair of the Audit Committee, a member of the board of directors at the Federal Home Loan Mortgage Corporation (Freddie Mac) and Chair of the Compensation and Human Capital Committee, and a member of the board of directors of United Community Banks, Inc. (NASDAQ: UCBI) and Chair of the Nominations and Governance Committee. Mr. Drummond earned a BS degree in Business Management from Boston University, an MBA degree from the Simon Business School at the University of Rochester, and an MS degree in Management Science from MIT. We believe Mr. Drummond is qualified to serve on our board of directors due to his extensive experience in the operations and technology space and public company board experience.

J. Michael McGuire, has agreed to serve as a member of our board of directors and his appointment is contingent upon the closing of this offering. Mr. McGuire served as the Chief Executive Officer of Grant Thornton LLP, an accounting firm, from January 2015 through February 2019, and as Chief Executive Officer Emeritus from March 2019 until February 2020, when he retired. Prior to joining Grant Thornton, he led various teams for 20 years at Arthur Andersen, a former accounting firm. Mr. McGuire currently sits on the board of directors of Akoustis Technologies, Inc. (NASDAQ: AKTS), an acoustic wave technology manufacturer, and has previously served on a number of non-profit boards, including those in business, universities and education, technology, arts, and community. Mr. McGuire received his BS degree in Business Administration, Accounting and Management Information Systems from Bowling Green State University and is a certified Public Accountant. We believe Mr. McGuire is qualified to serve on our board of directors due to his auditing expertise with 25 years of experience as an audit partner.

Board of Directors Composition

Our business and affairs are managed under the direction of our board of directors. After the closing of this offering, we expect that our board of directors will consist of nine members. The number of directors will be fixed by our board of directors, subject to the terms of our amended and restated certificate of incorporation and amended and restated bylaws. Each of our current directors, except for James Anderson, Brad Feld, and Robert (Bo) Stanley, will continue to serve as a director until the election and qualification of his or her successor, or until his or her earlier death, resignation or removal. Messrs. Anderson, Feld, and Stanley will resign as directors at or prior to the effectiveness of the registration statement on Form S-1 of which this prospectus forms a part.

Our amended and restated certificate of incorporation will provide that our board of directors will be divided into three classes with staggered three-year terms. Only one class of directors will be elected at each annual meeting

of stockholders, with the other classes continuing for the remainder of their respective three-year terms. Our current directors will be divided among the three classes as follows:

- the Class I directors will be Messrs. Hausman and Drummond and Ms. Murdock and their terms will expire at the annual meeting of stockholders to be held in 2022;
- the Class II directors will be Messrs. Morris, McGuire and Morris, and their terms will expire at the annual meeting of stockholders to be held in 2023; and
- the Class III directors will be Messrs. Praeger and Harris and Ms. Mackintosh, and their terms will expire at the annual meeting of stockholders to be held in 2024.

At each annual meeting of stockholders, upon the expiration of the term of a class of directors, the successor to each such director in the class will be elected to serve from the time of election and qualification until the third annual meeting following his or her election and until his or her successor is duly elected and qualified, in accordance with our amended and restated certificate of incorporation. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of our directors.

This classification of our board of directors may have the effect of delaying or preventing changes in control of our company.

Director Independence

Upon the closing of this offering, our common stock will be listed on the Nasdaq Global Select Market, or Nasdaq. Under the rules of Nasdaq, independent directors must comprise a majority of a listed company's board of directors within one year of the completion of its initial public offering. In addition, the rules of Nasdaq require that, subject to specified exceptions, each member of a listed company's audit, compensation and corporate governance and nominating committees be independent. Audit committee members and human capital and compensation committee members must also satisfy the independence criteria set forth in Rule 10A-3 and Rule 10C-1, respectively, under the Exchange Act. Under the rules of Nasdaq, a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director with that listed company.

To be considered to be independent for purposes of Rule 10A-3 and under the rules of Nasdaq, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors, or any other board of directors committee: (1) accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries; or (2) be an affiliated person of the listed company or any of its subsidiaries.

To be considered independent for purposes of Rule 10C-1 and under the rules of Nasdaq, the board of directors must affirmatively determine that each member of the human capital and compensation committee is independent, including a consideration of all factors specifically relevant to determining whether the director has a relationship to the company which is material to that director's ability to be independent from management in connection with the duties of a human capital and compensation committee member, including, but not limited to: (i) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the company to such director; and (ii) whether such director is affiliated with the company, a subsidiary of the company or an affiliate of a subsidiary of the company.

Our board of directors undertook a review of its composition, the composition of its committees and the independence of our directors and considered whether any director has a material relationship with us that could compromise his or her ability to exercise independent judgment in carrying out his or her responsibilities. Based upon information requested from and provided by each director concerning his or her background, employment

and affiliations, including family relationships and stock ownership, our board of directors has determined that each of Messrs. Drummond, Harris, Hausman, McGuire, Morris and Morris and Mses. Mackintosh and Murdock do not have relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the applicable rules of the SEC and the listing standards of Nasdaq. Mr. Praeger is not independent under Nasdaq's independence standards.

In making these determinations, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director, and the transactions involving them described in the section titled "Certain Relationships and Related-Party Transactions." There are no family relationships among any of our directors or executive officers.

Board of Directors Leadership Structure

The board of directors has no set policy with respect to the separation of the offices of Chairman of the Board and Chief Executive Officer. Currently, Mr. Praeger serves as Chairman of the Board and Chief Executive Officer. Mr. Harris serves as our lead independent director. The board of directors believes that this overall structure of a Chairman of the Board and Chief Executive Officer, combined with a lead independent director, results in an effective balancing of responsibilities, experience and independent perspectives that meets the current corporate governance needs and oversight responsibilities of the board of directors.

Role of the Board and Risk Committee in Risk Oversight

One of the key functions of our board of directors is to oversee our risk management process. The risk management committee, comprising of independent directors, assists the board of directors in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and environmental risks. The risk management committee has the overall responsibility of monitoring and approving our risk policies and associated practices. It is also responsible for reviewing and approving risk disclosure statements in public documents or disclosures.

In particular, our board of directors has overall responsibility for monitoring and assessing strategic risk exposure and our risk committee has the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken. The audit committee monitors compliance with financial disclosure and also more general legal and regulatory requirements. Our human capital and compensation committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking.

Board of Directors Committees

Our board of directors has an audit committee, a human capital and compensation committee, a nominating and corporate governance committee and risk management committee, each of which has the composition and the responsibilities described below. Upon the closing of this offering, copies of the charters for each committee will be available on the investor relations portion of our website at www.avidxchange.com. Members serve on these committees until their resignation or removal. The inclusion of our website in this prospectus does not include or incorporate by reference the information on our website into this prospectus.

Audit Committee

Following the closing of this offering, our audit committee will consist of five members, each of whom will meet the requirements for independence under the listing standards of Nasdaq and SEC rules and regulations.

Mr. Hausman will be the chair of our audit committee and serve as the "audit committee financial expert" as such term is defined under the SEC rules implementing SOX Section 407. Following the closing of this offering, our audit committee will be responsible for, among other things:

- selecting a qualified firm to serve as the independent registered public accounting firm to audit our financial statements;
- obtaining a formal written statement from the independent registered public accounting firm delineating all relationships between us and such firm and actively engaging in dialogue with such firm with respect to any disclosed relationships;
- helping to ensure the independence and overseeing performance of the independent registered public accounting firm;
- reviewing and discussing the scope and results of the audit with the independent registered public accounting firm, and reviewing with management and the independent registered public accounting firm our interim and year-end operating results;
- reviewing our financial statements and our critical accounting policies and estimates;
- reviewing the adequacy and effectiveness of our internal controls and disclosure controls and procedures;
- developing procedures for employees to submit concerns anonymously about questionable accounting, internal accounting controls, or audit matters;
- overseeing our policies on regulatory compliance;
- overseeing compliance with our code of business conduct and ethics;
- reviewing related-party transactions; and
- pre-approving all audit and all permissible non-audit services (other than de minimis non-audit services) to be performed by the independent registered public accounting firm.

Our audit committee will operate under a written charter, to be effective prior to the closing of this offering, which will satisfy the applicable rules of the SEC and the listing standards of Nasdaq and will be available on our website at www.avidxchange.com.

Human Capital and Compensation Committee

Following the closing of this offering, our human capital and compensation committee will consist of five members, each of whom will meet the requirements for independence under the listing standards of Nasdaq and SEC rules and regulations. In addition, each member of our human capital and compensation committee will also be a non-employee director, as defined pursuant to Rule 16b-3 of the Exchange Act. Mr. Harris will be the chair of our human capital and compensation committee. Following the closing of this offering, the human capital and compensation committee will be responsible for, among other things:

- reviewing, approving and determining, or making recommendations to our board of directors regarding, the compensation of our executive officers, including our Chief Executive Officer, who may not be present on deliberations of his compensation;
- administering our equity compensation plans and agreements with our executive officers;
- reviewing, approving and administering incentive compensation and equity compensation plans;
- reviewing and approving our overall compensation philosophy; and
- making recommendations regarding non-employee director compensation to our full board of directors.

Our human capital and compensation committee will operate under a written charter, to be effective prior to the closing of this offering, which will satisfy the applicable rules of the SEC and the listing standards of and will be available on our website at www.avidxchange.com.

Nominating and Corporate Governance Committee

Following the closing of this offering, our nominating and corporate governance committee will consist of four members, each of whom will meet the requirements for independence under the listing standards of and SEC rules and regulations. Mr. Harris will be the chair of our nominating and corporate governance committee. Following the closing of this offering, the nominating and corporate governance committee will be responsible for, among other things:

- identifying, evaluating and selecting, or making recommendations to our board of directors regarding, nominees for election to our board of directors and its committees;
- overseeing the evaluation and the performance of our board of directors and of individual directors;
- considering and making recommendations to our board of directors regarding the composition of our board of directors and its committees;
- overseeing our corporate governance practices;
- contributing to succession planning; and
- developing and making recommendations to our board of directors regarding corporate governance guidelines and matters.

Our nominating and corporate governance committee will operate under a written charter, to be effective prior to the closing of this offering, which will satisfy the applicable rules of the SEC and the listing standards of Nasdaq and will be available on our website at www.avidxchange.com.

Risk Management Committee

The primary objectives of the risk management committee are to assist the board of directors i) in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation and mitigation of strategic, operational, and external environment risks; and ii) to monitor and approve our enterprise risk management framework and associated practices. Our risk management committee will operate under a written charter, to be effective prior to the closing of this offering, which will be available on our website at www.avidxchange.com.

Compensation Committee Interlocks and Insider Participation

None of the members of our human capital and compensation committee is or has been an officer or employee of our company. None of our executive officers currently serves, or in the past fiscal year has served, as a member of the board of directors or compensation committee (or other board of directors committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of any entity that has one or more executive officers serving on our board of directors or compensation committee. Certain members of our human capital and compensation committee are affiliated with entities that purchased our preferred stock. Please see “Certain Relationships and Related-Party Transactions — Sales of Securities” for more information.

Code of Business Conduct and Ethics

We have adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Following the closing of this offering, the code of business

conduct and ethics will be available on our website at www.avidxchange.com. We intend to disclose future amendments to such code, or any waivers of its requirements, applicable to any principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions or our directors on our website identified above. The inclusion of our website address in this prospectus does not include or incorporate by reference the information on our website into this prospectus.

Non-Employee Director Compensation

Historically, we have neither had a formal compensation policy for our non-employee directors, nor have we had a formal policy of reimbursing expenses incurred by our non-employee directors in connection with their board service. However, we have from time to time reimbursed our non-employee directors for certain travel, lodging and other reasonable expenses incurred in connection with their attendance at board of directors or committee meetings and occasionally granted stock options to certain of our non-employee directors. Except to the limited extent described in "Executive Compensation – Director Compensation" below, we did not provide our non-employee directors, in their capacities as such, with any cash, equity or other compensation in fiscal 2020. In September 2021, our board of directors approved an outside director compensation policy that will become effective upon the closing of this offering. Under this policy, we will pay our directors who are not our employees both equity and cash compensation for service on the board of directors.

Cash Compensation

Our non-employee directors will receive an annual cash retainer for service on the board of directors and an additional annual cash retainer for service on each committee on which the director is a member, which will be paid quarterly in arrears. The chairman of each committee will receive higher annual cash retainers for such service. The fees paid to non-employee directors for service on the board of directors and for service on each committee of the board of directors on which the director is a member are as follows:

	Member Annual Cash Retainer	Chairperson Annual Cash Retainer	Lead Independent Director Annual Cash Retainer
Board of Directors	$ 30,000	$ 45,000	$ 45,000
Audit Committee	10,000	20,000	
Human capital and compensation committee	6,000	12,000	
Nominating and Corporate Governance Committee	4,000	8,000	
Risk Management Committee	4,000	8,000	

Equity Compensation

Initial Grant

Each new non-employee director who joins our board of directors after our initial public offering will automatically receive a RSU award for common stock having a value of $175,000 based on the fair market value of the underlying common stock on the date of grant under our 2021 Plan, with the $175,000 being prorated based on the number of months from the date of appointment until the next annual meeting of our stockholders. Each initial grant will vest on the earlier of (i) the date of the following annual meeting of our stockholders (or the date immediately prior to the next annual meeting of our stockholders if the non-employee director's service as a director ends at such meeting due to the director's failure to be re-elected or the director not standing for re-election) or (ii) the one year anniversary measured from the date of grant, each subject to continued service as a director through each applicable vesting date.

Annual Grant

On the date of each annual meeting of our stockholders, each continuing non-employee director will automatically receive a RSU award for common stock having a value of $175,000 based on the fair market value of the underlying common stock on the date of grant under our 2021 Plan. Each annual grant will vest on the earlier of (i) the date of the following annual meeting of our stockholders (or the date immediately prior to the next annual meeting of our stockholders if the non-employee director's service as a director ends at such meeting due to the director's failure to be re-elected or the director not standing for re-election) or (ii) the one year anniversary measured from the date of grant, each subject to continued service as a director through each applicable vesting date.

The calculation of the number of shares of RSUs granted under the non-employee director compensation policy will be the closing price of our common stock as reported by Nasdaq on the date of grant.

Vesting Acceleration

In the event of a change in control (as defined in our 2021 Plan), any unvested portion of an equity award granted under the policy will fully vest immediately prior to the closing of such change of control, subject to the non-employee director's continuous service with us on the effective date of the change of control.

Compensation Philosophy

The outside director compensation program is intended to provide a total compensation package that enables us to attract and retain qualified and experienced individuals to serve as directors and to align our directors' interests with those of our stockholders.

Director and Officer Indemnification Agreements

We have entered, and intend to continue to enter, into separate indemnification agreements with our directors and executive officers, in addition to the indemnification provided for in our amended and restated bylaws. These agreements, among other things, require us to indemnify our directors and executive officers for certain expenses, including attorneys' fees, judgments, penalties, fines and settlement amounts incurred by a director or executive officer in any action or proceeding arising out of their services as one of our directors or executive officers or as a director or executive officer of any other company or enterprise to which the person provides services at our request.

EXECUTIVE COMPENSATION

Overview

This section discusses the principles underlying the material components of our executive compensation program for our executive officers who are named in the "Summary Compensation Table" and the factors relevant to an analysis of these policies and decisions. These "named executive officers" for the year ended December 31, 2020 are:

Name	Title
Michael Praeger	Chief Executive Officer and Chairman
Joel Wilhite	Chief Financial Officer
Dan Drees	Chief Growth Officer

Each of the key elements of our executive compensation program is discussed in more detail below. Our compensation programs are designed to be flexible and complementary and to collectively serve the principles and objectives of our executive compensation and benefits program. Our employees are all employed by AvidXchange, Inc., but following our reorganization, all equity awards have been assumed by and all new equity awards will be issued by AvidXchange Holdings, Inc.

Compensation Tables

Summary Compensation Table

The following table sets forth information concerning the compensation of our named executive officers for the year ended December 31, 2020.

Name and Principal Position	Salary(1)	Option Awards(2)	Stock Awards(3)	Non-Equity Incentive Plan Compensation(4)	All Other Compensation(5)	Total
Michael Praeger Chief Executive Officer	$ 404,077	$ 899,990	$ 765,003	$ 319,594	$ 13,900	$ 2,402,564
Joel Wilhite Chief Financial Officer	$ 328,577	$ 499,995	$ 424,974	$ 186,355	$ 41,821	$ 1,481,722
Dan Drees Chief Growth Officer	$ 326,154	$ 349,987	$ 297,494	$ 240,674	$ 10,648	$ 1,224,957

(1) This amount reflects the actual salary earned by each of our named executive officers during the year ended December 31, 2020.

(2) The amounts in this column represent the aggregate grant date fair value of awards granted to each named executive officer, computed in accordance with the Financial Accounting Standards Board's Accounting Standards Codification, or ASC, Topic 718.

(3) The amounts reported represent the grant date fair value of the RSUs awarded to the named executive officer in the fiscal year ended December 31, 2020, as calculated in accordance with ASC Topic 718.

(4) The amounts reported in the Non-Equity Incentive Plan Compensation column reflect bonuses earned by our NEOs under the annual bonus plan for the fiscal year ended December 31, 2020 as well as a sales incentive bonus paid to Mr. Drees.

(5) This amount reflects (a) our matching contributions made to the 401(k) retirement savings plan with respect to each named executive officer ($11,400 for Mr. Praeger, $10,581 for Mr. Wilhite and $8,148 for Mr. Drees), (b) a $2,500 reimbursement for financial and tax planning services expenses for each NEO) and (c) a $2,395 per month housing and travel reimbursement for Mr. Wilhite (total of $28,740 for the year).

Outstanding Equity Awards

		Option Awards				Stock Awards	
Name	Grant Date	Number of Securities Underlying Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Unearned Shares, Units or Other Rights That Have Not Vested	Market or Payout Value of Unearned Shares, Units or Other Rights Have Not Vested ($)
Michael Praeger	6/1/2016	97,156(1)	0	$ 2.25	6/1/2021	—	—
	3/29/2017	34,372(1)	0	$ 3.49	3/29/2022	—	—
	3/5/2018	19,008(2)	8,640	$ 3.54	3/5/2023	—	—
	4/27/2018	19,160(2)	9,584	$ 3.54	4/27/2023	—	—
	3/20/2019	20,424(2)	26,268	$ 4.17	3/20/2024	—	—
	6/19/2019	10,944(2)	18,248	$ 4.17	6/19/2024	—	—
	10/1/2020	0(3)	192,924	$ 10.42	10/1/2030	73,452(4)	$ 889,504
Joel Wilhite	3/29/2017	186,484(1)	0	$ 3.18	3/29/2027	—	—
	3/5/2018	63,608(2)	28,916	$ 3.21	3/5/2028	—	—
	3/20/2019	16,884(2)	21,716	$ 3.79	3/20/2029	—	—
	10/1/2020	0(3)	107,180	$ 10.42	10/1/2030	40,804(4)	$ 494,136
Dan Drees	6/14/2018	100,000(2)	60,000	$ 3.21	6/14/2028	—	—
	3/20/2019	16,884(2)	21,716	$ 3.79	3/20/2029	—	—
	10/1/2020	0(3)	75,024	$ 10.42	10/1/2030	28,564(4)	$ 345,910

(1) Options vest over three years of service from the Grant Date specified above, with 33.33% of the options vesting after one year and an additional 1/36th of the options vesting monthly thereafter.

(2) Options vest over four years of service from the Grant Date specified above, with 25% of the options vesting after one year and an additional 1/48th of the options vesting monthly thereafter. The options are subject to vesting acceleration under certain circumstances as described under "Employment Agreements" below.

(3) Options vest over four years of service from a vesting commencement date of 2/15/2020, with 25% of the options vesting after one year of service from the vesting commencement date and the remainder vesting in equal quarterly increments thereafter over the following three years. The options are subject to vesting acceleration under certain circumstances as described under "Employment Agreements" below.

(4) RSUs will vest upon the satisfaction of both a service-based vesting condition and a liquidity event-related performance vesting condition. The liquidity event-related performance vesting condition will be satisfied on the earlier of (i) a sale event for us or (ii) this offering. Once the performance condition is satisfied the RSUs will vest over four years of service with a vesting commencement date of 2/15/2020, with 25% of the RSUs vesting after one year of service from the vesting commencement date and the remainder vesting in equal quarterly increments thereafter over the following three years.

Narrative to the Summary Compensation Table

Base Salary

Annual base salaries compensate our executive officers for fulfilling the requirements of their respective positions and provide them with a level of cash income predictability and stability with respect to a portion of their total compensation. Generally, our named executive officers' initial base salaries were established through arm's-length negotiation at the time the individual was hired, taking into account his or her qualifications, experience and prior salary level. Thereafter, the base salaries of our executive officers, including the named executive officers, are reviewed periodically by our board of directors and our CEO, and adjustments are made as deemed appropriate.

2020 Non-Equity Incentive Plan Compensation

The amounts reported in the Non-Equity Incentive Plan Compensation column reflect bonuses earned by our NEOs under the annual bonus plan for the fiscal year ended December 31, 2020 as well as a sales incentive bonus paid to Mr. Drees. For the year ended December 31, 2020, the target annual bonuses for Mr. Praeger, Wilhite and Drees were equal to 70%, 50% and 25%, respectively, of their eligible base salary earnings. The performance metrics for the annual bonus plan for the year ended December 31, 2020 consisted of: (i) financial metrics (60% of the total bonus) based on revenue and margin, (ii) qualitative individual performance goals (20% of the total bonus) and (iii) qualitative business initiatives (20% of the total bonus). In 2021, our board of directors evaluated the 2020 performance against these established performance goals. For financial metrics, we achieved 100% of target (60% of the total target bonus) and for the business initiatives, we achieved 122% (24.4% of the total target bonus). Messrs. Praeger, Wilhite and Drees achieved their individual goals at a rate of 140%, 142.5% and 145% (28%, 28.5% and 29% of the total target bonus), respectively, resulting in the attainment percentages shown in the table below.

In addition to his annual bonus, Mr. Drees was entitled to receive a variable sales bonus based on his achievement of sales metrics, with a target amount of $148,500. Based on his achievement of such goals, he earned a sales bonus of $147,797 for the year ended December 31, 2020.

Name	Eligible Base Earnings	Target Bonus Percentage	Attainment Percentage	Non-Equity Incentive Plan Compensation
Michael Praeger	$ 404,077	70%	112.4%	$ 319,594
Joel Wilhite	$ 328,577	50%	112.9%	$ 186,355
Dan Drees(1)	$ 326,154	25%	113.4%	$ 92,877

(1) Mr. Drees also received a sales bonus of $147,797, and combined with his annual bonus, received an aggregate of $240,674 for the year ended December 31, 2020.

We also adopted a 2020 Long-Term Incentive Plan, or our 2020 LTIP, that was designed to provide a cash incentive for eligible executives, including our named executive officers, pursuant to which the executives could earn cash bonuses if we achieved certain revenue and gross margin targets. Amount earned under the 2020 LTIP would become payable over an eighteen month period beginning on December 31, 2020 or if earlier, the date on which maximum plan attainment occurred. The target levels for 2020 were not achieved and accordingly, no amounts are payable pursuant to the 2020 LTIP and the plan was terminated.

Equity Compensation

From time to time, we grant equity awards, in the form of stock options and RSUs, to our named executive officers, which are generally subject to time vesting conditions based on each of our named executive officer's continued service with us and, in the case of the RSUs, the satisfaction of a liquidity event condition. Each of our named executive officers currently holds outstanding stock options to purchase shares of our common stock and outstanding RSU awards, as set forth in the "Outstanding Equity Awards Table" above. The material terms regarding each equity award in the "Outstanding Equity Awards Table," including the vesting schedule and treatment upon a change of control, are described in the corresponding footnotes.

401(k) Plan

We have established a 401(k) retirement savings plan for our employees, including our named executive officers, who satisfy certain eligibility requirements. Under the 401(k) plan, eligible employees may elect to reduce their current compensation by up to the prescribed annual limit, and contribute these amounts to the 401(k) plan. This plan provides for matching contributions made by us of 100% of the first 3% and 50% of the next 2% of an employee's 401(k) plan elective deferrals.

Deferred Compensation Plan

We have established a non-qualified deferred compensation plan for our "highly compensated" employees, including our named executive officers. Under the deferred compensation plan, employees may elect to reduce future, taxable current compensation by electing to defer all eligible compensation including base salary, cash bonus, and/or commissions on a semi-annual basis. We do not make matching contributions on the participants' deferrals pursuant to the non-qualified deferred compensation plan.

All Other Compensation

Additional benefits received by our employees, including our named executive officers, include medical and dental benefits, flexible spending accounts, short-term and long-term disability insurance and accidental death and dismemberment insurance. These benefits are provided to our named executive officers on the same general terms as they are provided to all of our full-time U.S. employees. We also offer basic life insurance coverage to our employees, and offer executive life insurance to certain key executives, including our named executive officers.

We design our employee benefits programs to be affordable and competitive in relation to the market, as well as compliant with applicable laws and practices. We adjust our employee benefits programs as needed based upon regular monitoring of applicable laws and practices in the competitive market.

We do not view perquisites or other personal benefits as a significant component of our executive compensation program. As noted above in the Summary Compensation Table, we provide each NEO with a $2,500 annual reimbursement for financial and tax planning services expenses and a $2,395 per month housing and travel reimbursement for Mr. Wilhite. In the future, we may provide perquisites or other personal benefits in limited circumstances, such as where we believe it is appropriate to assist an individual executive officer in the performance of his or her duties, to make our executive officers more efficient and effective, and for recruitment, motivation and retention purposes. All future practices with respect to perquisites or other personal benefits for our named executive officers will be approved and are subject to periodic review by the compensation committee of our board of directors.

Employment Agreements

Mr. Praeger's Employment Agreement

Mr. Praeger entered into an employment agreement with us on May 21, 2015 to serve as our Chief Executive Officer and the parties amended the agreement on March 9, 2017. Mr. Praeger's employment agreement provides for an initial base salary of $250,206, subject to merit increases if determined by the compensation committee of our board of directors. The employment agreement provides that if Mr. Praeger's employment with us is terminated without cause, due to his death or disability, or because he resigns for "good reason" (as described below), he will receive the following severance benefits, subject to his execution of an effective release of claims against us and our affiliates: (a) continued payment of twelve months of base salary, (b) a single lump sum payment equal to (i) three, multiplied by (ii) 150% of the sum of the employer portion of the monthly group premiums for the life, disability, accident, and group healthcare insurance plans in which he was participating immediately prior to the termination, (c) if the termination occurs 24 months following a change in control, then he will receive a lump sum payment of his target bonus (assuming targets are met), (d) the amount, if any, to which he is entitled pursuant to a long term bonus plan, and (e) all outstanding stock options awarded to him shall automatically and immediately vest. For this purpose "good reason" means resignation by Mr. Praeger generally due to any of the following that occur without his written consent: (i) any material reduction of his base salary (other than a general reduction that affects all comparable employees at his level as permitted under the employment agreement), (ii) ongoing assignment of duties materially inconsistent with his duties under the employment agreement, material diminution in his authority, duties or responsibilities, or the material alteration of his reporting relationship, (iii) failure to secure consent of a successor to substantially all of our business or

assets to the terms and conditions of the employment agreement, (iv) a change in the geographic location at which he must perform services to a facility or location of 50 miles or more from his current primary office location, (v) breach by us of our obligations under the employment agreement or any related agreement, (vi) material reduction in the aggregate benefits and compensation available to him, including paid time off, welfare benefits, incentive compensation, life insurance, healthcare and disability plans, or (vii) following a change of control, required travel for a period greater than six months on business for us that is materially greater than his typical travel obligations immediately prior to the change of control. Mr. Praeger has also entered into a proprietary information, inventions, non-competition and non-solicitation agreement with us in connection with his employment, which he must comply with in order to receive any severance benefits.

Mr. Wilhite's Employment Agreement

Mr. Wilhite entered into an employment agreement with us on January 5, 2017 to serve as our Chief Financial Officer and the parties amended the agreement on March 9, 2017 and supplemented the agreement on October 30, 2017. Mr. Wilhite's employment agreement provides for an initial base salary of $280,000 for 2017 (and base salaries of $295,000 for 2018 and $310,000 for 2019), subject to merit increases if determined by the compensation committee of our board of directors. The employment agreement provides that if Mr. Wilhite's employment with us is terminated without cause, due to his death or disability, or because he resigns for "good reason" (as described below), he will receive the following severance benefits, subject to his execution of an effective release of claims against us and our affiliates: (a) continued payment of six months of base salary, (b) a single lump sum payment equal to (i) three, multiplied by (ii) 150% of the sum of the employer portion of the monthly group premiums for the life, disability, accident, and group healthcare insurance plans in which he was participating immediately prior to the termination, (c) if the termination occurs 24 months following, a change in control, then he will receive a prorated lump sum payment of his target bonus (assuming targets are met), (d) the amount, if any, to which he is entitled pursuant to a long term bonus plan, and (e) all outstanding stock options awarded to him shall automatically and immediately vest. For this purpose "good reason" means resignation by Mr. Wilhite generally due to any of the following that occur without his written consent: (i) any material reduction of his base salary (other than a general reduction that affects all comparable employees at his level as permitted under the employment agreement), (ii) ongoing assignment of duties materially inconsistent with his duties under the employment agreement, material diminution in his authority, duties or responsibilities, or the material alteration of his reporting relationship, (iii) failure to secure consent of a successor to substantially all of our business or assets to the terms and conditions of the employment agreement, (iv) a change in the geographic location at which he must perform services to a facility or location of 50 miles or more from his current primary office location, (v) breach by us of our obligations under the employment agreement or any related agreement, (vi) material reduction in the aggregate benefits and compensation available to him, including paid time off, welfare benefits, incentive compensation, life insurance, healthcare and disability plans, or (vii) following a change of control, required travel for a period greater than six months on business for us that is materially greater than his typical travel obligations immediately prior to the change of control. We also reimburse Mr. Wilhite for $2,395 of his housing and travel expenses each month. Mr. Wilhite has also entered into a proprietary information, inventions, non-competition and non-solicitation agreement with us in connection with his employment, which he must comply with in order to receive any severance benefits.

Mr. Drees' Employment Agreement

Mr. Drees entered into an employment agreement with us on March 16, 2018 for to serve as our Senior Vice President and Chief Growth Officer. Mr. Drees' employment agreement provides for an initial base salary of $290,000 (and base salaries of $310,000 for 2019 and $330,000 for 2020), subject to merit increases if determined by the compensation committee of our board of directors. The employment agreement provides that if Mr. Drees' employment with us is terminated without cause, due to his death or disability, or because he resigns for "good reason" (as described below), he will receive the following severance benefits, subject to his execution of an effective release of claims against us and our affiliates: (a) continued payment of six months of base salary, (b) a single lump sum payment equal to (i) three, multiplied by (ii) 150% of the sum of the employer

portion of the monthly group premiums for the life, disability, accident, and group healthcare insurance plans in which he was participating immediately prior to the termination, (c) the amount, if any, to which he is entitled pursuant to a long term bonus plan, and (d) all outstanding stock options awarded to him shall automatically and immediately vest. Notwithstanding the foregoing, Mr. Drees will not be entitled to any severance due to a resignation for "good reason" which occurs within 12 months after a change of control, and for purposes of the agreement, "good reason" means resignation by Mr. Drees generally due to any of the following that occur without his written consent: (i) any material reduction of his initial base salary (other than a general reduction that affects all comparable employees of AvidXchange or as permitted under the employment agreement), (ii) ongoing assignment of duties materially inconsistent with his duties under the employment agreement, material diminution in his authority, duties or responsibilities, or the material alteration of his reporting relationship, (iii) failure to secure consent of a successor to substantially all of our business or assets to the terms and conditions of the employment agreement, (iv) a change in the geographic location at which he must perform services to a facility or location of 50 miles or more from his current primary office location, (v) breach by us of our obligations under the employment agreement or any related agreement, (vi) material reduction in the aggregate benefits and compensation available to him, including paid time off, welfare benefits, incentive compensation, life insurance, healthcare and disability plans, or (vii) following a change of control, required travel for a period greater than six months on business for us that is materially greater than his typical obligations immediately prior to the change of control. Mr. Drees has also entered into a proprietary information, inventions, non-competition and non-solicitation agreement with us in connection with his employment, which he must comply with in order to receive any severance benefits.

New Employment Agreements

Michael Praeger

On August 26, 2021, Mr. Praeger entered into a new employment agreement with us that replaced his prior employment agreement. The new agreement does not have a fixed term and Mr. Praeger will continue to serve as our Chief Executive Officer and President. The new employment agreement provides for an initial base salary of $485,000 per year, which is subject to review and adjustment by the compensation committee of our board of directors. Mr. Praeger is eligible to receive an annual bonus each fiscal year pursuant to terms specified by the compensation committee, with a target bonus of 85% of his annual base salary. Mr. Praeger is also entitled to receive reimbursement from us for up to $5,000 per year for financial and tax planning services.

If Mr. Praeger's employment with us is terminated without cause, due to his death or disability, or he resigns for "good reason" (as described below), other than during the period beginning three months before or eighteen months after a change in control (which is a transaction that constitutes a "transfer of control" for purposes of our 2020 Plan), he will receive the following severance benefits, subject to his execution of an effective release of claims against us and our affiliates: (a) continued payment of base salary for twelve months, (b) reimbursement for COBRA premiums during the severance period, (c) full acceleration of vesting for all outstanding stock options awarded to him prior to August 26, 2021 that vest subject solely to continued service, and (d) 12 months of acceleration for all other outstanding stock options and other equity awards that vest subject solely to continued service.

If Mr. Praeger's employment with us is terminated without cause, due to his death or disability, or because he resigns for good reason during the period beginning three months before or eighteen months after a change in control, he will receive the following severance benefits, subject to his execution of an effective release of claims against us and our affiliates: (a) continued payment of base salary for eighteen months, (b) a pro rata targeted annual bonus assuming achievement of 100% of target, payable when annual bonuses are paid to other officers for the year in which the termination occurred, (c) reimbursement for COBRA premiums during the transaction severance period, (d) full acceleration of vesting for all outstanding stock options awarded to him prior to August 26, 2021 that vest subject solely to continued service, and (e) full acceleration of all other outstanding stock options and other equity awards that vest subject solely to continued service.

For purposes of the new employment agreement with Mr. Praeger, "good reason" means a resignation by Mr. Praeger due to any of the following that occur without his express written consent: (i) a material diminution in his title, authority, duties or responsibilities, (ii) a material reduction in his annual base salary as in effect on the date of the new agreement (or as it may be increased from time to time) except to the extent that such reduction is proportionally consistent to a base salary reduction for substantially all other officers; (iii) requiring him to be based anywhere located more than 50 miles from his current primary office location, except for required travel on our business and except to the extent the parties have specifically contemplated an alternative arrangement in writing (e.g., travel to our headquarters for specified periods of time) or a relocation (whether now or in the immediate future); provided, however, that a requirement that he return to the office following a period pursuant to which he was permitted to "work from home" shall not be treated as a change in his current primary office location so long as his primary office location in connection with a requirement to "return to the office" is either (x) within 50 miles of the location prior to him being permitted to work from home, or (y) is within 50 miles of his primary residence; or (iv) the failure by a successor to us to assume the new employment agreement.

Joel Wilhite

On August 25, 2021, Mr. Wilhite entered into a new employment agreement with us that replaced his prior employment agreement. The new agreement does not have a fixed term and Mr. Wilhite will continue to serve as our Chief Financial Officer and Senior Vice President. The new employment agreement provides for an initial base salary of $380,000 per year, which is subject to review and adjustment by the compensation committee of our board of directors. Mr. Wilhite is eligible to receive an annual bonus each fiscal year pursuant to terms specified by the compensation committee, with a target bonus of 65% of his annual base salary. Mr. Wilhite is also entitled to receive reimbursement from us for (i) up to $5,000 per year for financial and tax planning services, and (ii) monthly out of pocket living and travel expenses in the net amount of $2,395 (subject to gross up adjustment for taxes) for his apartment, utilities and travel expenses (until further notice by us).

If Mr. Wilhite's employment with us is terminated without cause, or due to his death or disability, other than during the period beginning three months before or eighteen months after a change in control (which is a transaction that constitutes a "transfer of control" for purposes of our 2020 Plan), he will receive the following severance benefits, subject to his execution of an effective release of claims against us and our affiliates: (a) continued payment of base salary for six months, (b) reimbursement for COBRA premiums during the severance period, (c) full acceleration of vesting for all outstanding stock options awarded to him prior to August 25, 2021 that vest subject solely to continued service, and (d) 12 months of acceleration for all other outstanding stock options and other equity awards that vest subject solely to continued service.

If Mr. Wilhite's employment with us is terminated without cause, due to his death or disability, or because he resigns for good reason during the period beginning three months before or eighteen months after a change in control, he will receive the following severance benefits, subject to his execution of an effective release of claims against us and our affiliates: (a) continued payment of base salary for twelve months, (b) a pro rata targeted annual bonus assuming achievement of 100% of target, payable when annual bonuses are paid to other officers for the year in which the termination occurred, (c) reimbursement for COBRA premiums during the transaction severance period, (d) full acceleration of vesting for all outstanding stock options awarded to him prior to August 25, 2021 that vest subject solely to continued service, and (e) full acceleration of all other outstanding stock options and other equity awards that vest subject solely to continued service.

For purposes of the new employment agreement with Mr. Wilhite, "good reason" means a resignation by Mr. Wilhite due to any of the following that occur without his express written consent: (i) a material reduction in his annual base salary as in effect on the date of the new agreement (or as it may be increased from time to time) except to the extent that such reduction is proportionally consistent to a base salary reduction for substantially all other officers; (ii) requiring him to be based anywhere located more than 50 miles from his current primary office location, except for required travel on our business and except to the extent the parties have specifically

contemplated an alternative arrangement in writing (e.g., travel to our headquarters for specified periods of time) or a relocation (whether now or in the immediate future); provided, however, that a requirement that he return to the office following a period pursuant to which he was permitted to "work from home" shall not be treated as a change in his current primary office location so long as his primary office location in connection with a requirement to "return to the office" is either (x) within 50 miles of the location prior to him being permitted to work from home, or (y) is within 50 miles of his primary residence; or (iii) the failure by a successor to us to assume the new employment agreement.

Dan Drees

On August 26, 2021, Mr. Drees entered into a new employment agreement with us that replaced his prior employment agreement. The new agreement does not have a fixed term and Mr. Drees will continue to serve as our Chief Growth Officer and Senior Vice President. The new employment agreement provides for an initial base salary of $365,000 per year, which is subject to review and adjustment by the compensation committee of our board of directors. Mr. Drees is eligible to receive (i) a targeted annual bonus each fiscal year pursuant to terms specified by the compensation committee, with a target bonus of 40% of his annual base salary, and (ii) an annual variable sales bonus, with a target amount of 60% of his annual base salary. Mr. Drees is also entitled to receive reimbursement from us for up to $5,000 per year for financial and tax planning services.

If Mr. Drees' employment with us is terminated without cause, or due to his death or disability, other than during the period beginning three months before or eighteen months after a change in control (which is a transaction that constitutes a "transfer of control" for purposes of our 2020 Plan), he will receive the following severance benefits, subject to his execution of an effective release of claims against us and our affiliates: (a) continued payment of base salary for six months, (b) reimbursement for COBRA premiums during the severance period, (c) full acceleration of vesting for all outstanding stock options awarded to him prior to August 26, 2021 that vest subject solely to continued service, and (d) 12 months of acceleration for all other outstanding stock options and other equity awards that vest subject solely to continued service.

If Mr. Drees' employment with us is terminated without cause, due to his death or disability, or because he resigns for good reason during the period beginning three months before or eighteen months after a change in control, he will receive the following severance benefits, subject to his execution of an effective release of claims against us and our affiliates: (a) continued payment of base salary for twelve months, (b) a pro rata targeted annual bonus assuming achievement of 100% of target, payable when annual bonuses are paid to other officers for the year in which the termination occurred, (c) reimbursement for COBRA premiums during the transaction severance period, (d) full acceleration of vesting for all outstanding stock options awarded to him prior to August 26, 2021 that vest subject solely to continued service, and (e) full acceleration of all other outstanding stock options and other equity awards that vest subject solely to continued service.

For purposes of the new employment agreement with Mr. Drees, "good reason" means a resignation by Mr. Drees due to any of the following that occur without his express written consent: (i) a material reduction in his annual base salary as in effect on the date of the new agreement (or as it may be increased from time to time) except to the extent that such reduction is proportionally consistent to a base salary reduction for substantially all other officers; (ii) a material modification to his current remote work arrangement, except for required travel on our business and except to the extent the parties have specifically contemplated an alternative arrangement in writing (e.g., travel to our headquarters for specified periods of time) or a relocation (whether now or in the immediate future); provided, however, that a requirement that he return to the office following a period pursuant to which he was permitted to "work from home" shall not be treated as a change in his current primary office location so long as his primary office location in connection with a requirement to "return to the office" is either (x) within 50 miles of the location prior to him being permitted to work from home, or (y) is within 50 miles of his primary residence; or (iii) the failure by a successor to us to assume the new employment agreement.

Director Compensation

The following table sets forth information concerning the compensation of our non-employee directors during the year ended December 31, 2020:

Name	Option Awards(1)	Total
James (Jim) Hausman	$ 91,453	$ 91,453
Wendy Murdock	$101,249	$101,249

(1) The amounts in this column represent the aggregate grant date fair value of awards granted to each director, computed in accordance with the Financial Accounting Standards Board's ASC Topic 718.

Narrative Disclosure to Director Compensation Table

Currently, our non-employee directors are Matthew Harris, James (Jim) Hausman, Hans Morris, Nigel Morris, Wendy Murdock, James Anderson, Brad Feld and Bo Stanley. Our non-employee directors did not receive compensation for their service on our board of directors during the fiscal year ended December 31, 2020, except that Mr. Hausman and Ms. Murdock received stock option grants. As of December 31, 2020, Mr. Hausman did not have any outstanding options to purchase shares and Ms. Murdock had outstanding options to purchase an aggregate of 21,704 shares.

Incentive Award Plans

2021 Long-Term Incentive Plan

In order to incentivize our employees following the closing of this offering, our board of directors has adopted, and our stockholders have approved, our 2021 Plan, the material terms of which are summarized below. The purpose of the 2021 Plan is to attract and retain the best available personnel to ensure the our success and accomplish our goals, to incentivize our employees, directors, and consultants with long-term equity-based compensation to align their interests with the interests of our stockholders and to promote the success of our business. Our 2021 Plan will become effective immediately following the effective date of this offering, or the IPO Date and thereafter, no further grants will be made under our 2020 Plan (as defined below).

Awards. Our 2021 Plan provides for the grant of incentive stock options, within the meaning of Section 422 of the Code, or ISOs, to our employees and employees of our parent and subsidiary corporations, and for the grant of options which do not qualify as ISOs, or NSOs, share appreciation rights, restricted or unrestricted share awards, RSUs, deferred share units, or DSUs, and dividend equivalent rights to our employees, directors and consultants and any of our affiliates' employees, directors and consultants.

Authorized Shares. Initially, the maximum number of shares of our common stock that may be issued under our 2021 Plan after it becomes effective will not exceed 26,013,196 shares of our common stock, which is the sum of (i) 18,023,020 new shares, plus (ii) any shares of our common stock subject to outstanding options or other awards granted under our 2010 Plan, 2017 Plan or 2020 Plan that, on or after our 2021 Plan becomes effective, terminate or expire prior to exercise or settlement; are not issued because the award is settled in cash; are forfeited because of the failure to vest; or are reacquired or withheld (or not issued) to satisfy a tax withholding obligation or the purchase or exercise price. The number of shares of our common stock that will be reserved for issuance under the 2021 Plan will automatically increase on January 1 of each year for a period of up to ten years, beginning on the first January 1 following the IPO Date and continuing through January 1, 2031, by the lesser of (i) 5% of the total number of shares of our common stock outstanding on December 31 of the immediately preceding year or (ii) 18,023,020 shares, provided that before the date of any such increase, our board of directors may determine that such increase will be less than the amount set forth in clauses (i) and (ii). The maximum number of shares of our common stock that may be issued on the exercise of ISOs under our 2021 Plan is 26,013,196 shares. Shares issuable pursuant to the 2021 Plan may be authorized, but unissued, or reacquired shares of our common stock.

Shares subject to awards granted under our 2021 Plan that expire or terminate without being exercised in full will not reduce the number of shares available for issuance under our 2021 Plan to the extent such awards were not exercised. Shares withheld under an award to satisfy the exercise, strike or purchase price of an award or to satisfy a tax-withholding obligation will not reduce the number of shares that will be available for issuance under our 2021 Plan. If any shares of our common stock issued pursuant to an award are forfeited back to or repurchased or reacquired by us (i) because of a failure to meet a contingency or condition required for the vesting of such shares, (ii) to pay the exercise price of an award or (c) to satisfy a tax withholding obligation in connection with an award, the shares that are forfeited or repurchased or reacquired will revert to and again become available for issuance under our 2021 Plan.

Plan Administration. Our board of directors, or a duly authorized committee of our board of directors, will administer our 2021 Plan. Our board of directors may delegate to one or more of our officers the authority to grant awards (to eligible persons other than themselves) based on forms approved by the administrator. Subject to the provisions of our 2021 Plan, the administrator has the power to administer our 2021 Plan and make all determinations deemed necessary or advisable for administering the 2021 Plan, including, but not limited to, the power to determine the fair market value of our common stock, select the service providers to whom awards may be granted, determine the number of shares covered by each award, approve forms of award agreements for use under the 2021 Plan, determine the terms and conditions of awards (including, but not limited to, the exercise price, the time or times at which the awards may be exercised, any vesting acceleration or waiver or forfeiture restrictions, and any restriction or limitation regarding any award or the shares relating thereto), and construe and interpret the terms of our 2021 Plan and awards granted under thereunder.

Options. The administrator will determine the exercise price for ISOs and NSOs, subject to the terms and conditions of our 2021 Plan, except that the exercise price of an option generally will not be less than 100% of the fair market value of our common stock on the date of grant. Options granted under our 2021 Plan will vest at the rate specified in the award agreement as determined by the administrator.

The administrator will determine the term of options granted under our 2021 Plan, up to a maximum of 10 years. Unless the terms of an optionholder's award agreement, or other written agreement between us and the recipient, provide otherwise, if an optionholder's service relationship with us or any of our affiliates ceases for any reason other than disability, death, or cause, the optionholder may generally exercise any vested options for a period of three months following the cessation of service. This period may be extended in the event that exercise of the option is prohibited by applicable securities laws. If an optionholder's service relationship with us or any of our affiliates ceases due to disability or death, the optionholder or a beneficiary may generally exercise any vested options for a period of 12 months following the cessation of service. In the event of a termination for cause, options generally terminate upon the termination date. In no event may an option be exercised beyond the expiration of its term.

Acceptable consideration for the purchase of common stock issued upon the exercise of an option will be determined by the administrator and may include (i) cash or check; (ii) the tender of shares of our common stock previously owned by the optionholder; (iii) a net exercise of the option; (iv) a broker-assisted cashless exercise; (v) any combination of the foregoing methods; or (vi) any other form of legal consideration approved by the administrator.

Tax Limitations on ISOs. The aggregate fair market value, determined at the time of grant, of our common stock with respect to ISOs that are exercisable for the first time by an employee during any calendar year under all of our stock plans may not exceed $100,000. Options or portions thereof that exceed such limit will generally be treated as NSOs. No ISO may be granted to any person who, at the time of the grant, owns or is deemed to own stock possessing more than 10% of our total combined voting power or that of any of our parent or subsidiary corporations (a 10% stockholder) unless (i) the option exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant; and (ii) the term of the ISO does not exceed five years from the date of grant.

Share Appreciation Rights. Share appreciation rights permit the participant to receive the appreciation in the fair market value of our common stock between the date of grant and the exercise date. The administrator will determine the purchase price or strike price for a share appreciation right, which will not be less than 100% of the fair market value of our common stock on the date of grant. A share appreciation right granted under our 2021 Plan will vest at the rate specified in the share appreciation right agreement as will be determined by the administrator. Upon exercise, the participant will be entitled to receive shares of our common stock or cash (or any combination thereof) in an amount equal to the product of (i) the number of shares for which the share appreciation right is being exercised, multiplied by (ii) the excess of the fair market value of our common stock on the date of exercise over the exercise price per share.

The administrator will determine the term of share appreciation rights granted under our 2021 Plan, up to a maximum of 10 years. If a participant's service relationship with us or any of our affiliates ceases for any reason other than cause, disability, or death, the participant may generally exercise any vested share appreciation right for a period of three months following the cessation of service. This period may be further extended in the event that exercise of the share appreciation right following such a termination of service is prohibited by applicable securities laws. If a participant's service relationship with us, or any of our affiliates, ceases due to disability or death, the participant or a beneficiary may generally exercise any vested share appreciation right for a period of 12 months. In the event of a termination for cause, share appreciation rights generally terminate upon the termination date. In no event may a share appreciation right be exercised beyond the expiration of its term.

RSUs. RSUs are bookkeeping entries representing an amount equal to the fair market value of one share of our common stock and may be granted with or without the requirement for payment of cash or other consideration. The administrator may set vesting criteria based upon the achievement of divisional or company-wide, or individual goals (including, but not limited to, continued employment or service), or any other basis determined by the administrator in its discretion. An RSU may be settled by cash, delivery of shares, or a combination thereof. Except as otherwise provided in the applicable award agreement, or other written agreement between us and the recipient, RSUs that have not vested will be forfeited once the participant's continuous service ends for any reason.

Restricted Share Awards. Restricted share awards are grants of shares of our common stock that vest in accordance with the terms and conditions established by the administrator. Our 2021 Plan also permits the administrator to award shares which are fully vested to eligible service providers. Such share awards may be granted with or without the requirement for payment of cash or other consideration. The administrator will determine the terms and conditions of restricted share awards, including vesting and forfeiture terms. Participants holding restricted shares generally will have voting rights with respect to such shares upon grant without regard to vesting. If a participant's service relationship with us ends for any reason, we may receive any or all of the shares of common stock held by the participant that have not vested as of the date the participant terminates service with us through a forfeiture condition or a repurchase right.

DSUs. The administrator may permit members of our board of directors or highly compensated employees to elect to forego the receipt of cash or other compensation (including shares deliverable upon the vesting of RSUs) to have us credit DSUs (to an internal 2021 Plan account) with a fair market value of the shares or other compensation which is deferred, and may also grant DSUs to eligible service providers which are not related to a deferral of compensation. Unless otherwise provided in an award agreement, DSUs will be fully vested and will be paid to the participant (in the form of one share of our common stock for each DSU) in five substantially equal annual installments at the end of each of the five calendar years after the date that the participant terminates service with us and our affiliates. However, if permitted by the administrator, the participant such time or times elected by such participant in his or her DSU election form.

Dividend Equivalents. The administrator may grant dividend equivalent awards to participants who have awards pursuant to the 2021 Plan (other than options and share appreciation rights) which give the holders thereof the right to receive payments equivalent to cash dividends declared during the term of the dividend equivalent right

with respect to the number of shares subject to such award and will be subject to such terms and conditions as determined by the administrator.

Non-Transferability of Awards. Unless the administrator provides otherwise, awards granted under the 2021 Plan will not be transferable except by will or the laws of descent and distribution. To the extent that the administrator provides in the award agreement, an NSO, a share appreciation right (which is settled in shares or restricted shares may be transferred to an immediate family member, a trust or other entity in which the award will be passed to the participant's beneficiaries or by gift to a charitable institution. In addition, to the extent permitted in the award agreement, an option (both ISOs and NSOs), a share appreciation right (which is settled in shares) or restricted shares may transferred pursuant to a domestic relations order.

Changes to Capital Structure. In the event there is a specified type of change in our capital structure, such as a stock split, reverse stock split, stock dividend, combination, recapitalization or reclassification of shares of our common stock, merger, consolidation, change in organization form, or any other increase or decrease in the number of issued shares of our common stock effected without receipt or payment of consideration by us, appropriate adjustments will be made to: (i) the class and maximum number of shares reserved for issuance under our 2021 Plan; (ii) the class and maximum number of shares by which the share reserve may increase automatically each year; (iii) the class and maximum number of shares that may be issued on the exercise of ISOs; and (iv) the class and number of shares and exercise price, if applicable, of all outstanding awards granted under our 2021 Plan.

Change in Control. In the event of a change in control (as defined in our 2021 Plan), subject to the terms of a participant's award agreement or other employment-related agreement with us or one of our affiliates, any awards outstanding under our 2021 Plan may be assumed or substituted for by any surviving or acquiring entity (or its parent or subsidiary). Instead of having outstanding awards assumed or substituted for, the administrator may, without obtaining the consent of any participant, take one or more of the following actions with respect to the outstanding awards (i) accelerated the vesting of some or all of the shares subject to the awards, (ii) provide for the payment of cash or other consideration to participants in exchange for the cancellation of the outstanding awards (based on the fair market value, on the date of the change in control, of the award being cancelled), (iii) terminate all or some of the awards upon the consummation of the change in control without payment of any consideration, or (iv) make such other modifications, adjustments or amendments to the outstanding awards or the 2021 Plan as the administrator deems necessary or appropriate.

Plan Amendment or Termination. Our board of directors will have the authority to amend or terminate our 2021 Plan at any time, *provided* that such action does not materially impair the existing rights of any participant without such participant's written consent. We will also obtain the approval of our stockholders for amendments, including an amendment to increase the total number of shares issuable under our 2021 Plan, to the extent required by applicable law and listing requirements. No ISOs may be granted after the tenth anniversary of the date that our board of directors adopts our 2021 Plan. No awards may be granted under our 2021 Plan while it is suspended or after it is terminated.

Recoupment. Unless otherwise provided in an award agreement, awards granted under the 2021 Plan are subject to recoupment if (i) the grant, vesting or payment of an award was based on an achievement of a financial result that was subsequently the subject of a material financial restatement, (ii) the participant either benefitted from a calculation that later proves to be materially inaccurate or engaged in fraud or misconduct that partially caused the need for a material financial restatement, (iii) a lower granting, vesting or payment of an award would have occurred based on the foregoing items (i) or (ii), or (iv) as required by applicable law or listing requirements. In general, this means the administrator may, to the extent permitted by applicable law, require reimbursement or forfeiture to us of the value of the awards granted under the 2021 Plan (whether cash-based or equity-based) to such participant received, to the extent that such value exceeds what the participant would have received based on an applicable restated performance measure or target. We will recoup such compensation to the extent required under the applicable rules, regulations and listing standards. In addition, awards granted pursuant to the

2021 Plan and shares issued pursuant to such awards are subject to termination, rescission or recapture in the event that the participant materially violated an agreement with us or one of our affiliates, solicited any non-administrative employee to terminate his or her employment with us or one of our affiliates during the participant's service with us or within six months after termination of the participant's service with us, or the participant engaged in activities which were competitive or materially prejudicial to us during his or her service with us.

2021 Employee Stock Purchase Plan

Our board of directors has adopted, and our stockholders have approved, our ESPP, the material terms of which are summarized below. Our ESPP will be effective immediately following the IPO Date. The purpose of our ESPP is to retain the services of our employees, to secure and retain the services of new employees and to provide incentives for such persons to exert maximum efforts for the success of us and our affiliates. Our ESPP includes two components. One component is designed to allow eligible U.S. employees to purchase our common stock in a manner that may qualify for favorable tax treatment under Section 423 of the Code. The other component will permit the grant of purchase rights that do not qualify for such favorable tax treatment in order to allow deviations necessary to permit participation by eligible employees who are foreign nationals or employed outside of the United States while complying with applicable foreign laws.

Share Reserve. Subject to adjustment upon certain changes in our capitalization, the maximum number of shares of our common stock that will be available for issuance under the ESPP will be 2,703,452 shares. The number of shares of our common stock that will be reserved for issuance under the ESPP will automatically increase on January 1 of each year for a period of up to ten years, beginning on the first January 1 following the IPO Date and continuing through January 1, 2031, by the lesser of (i) 1% of the total number of shares of our common stock outstanding on December 31 of the immediately preceding year or (ii) 2,703,452 shares, provided that before the date of any such increase, our board of directors may determine that such increase will be less than the amount set forth in clauses (i) and (ii). Shares issuable pursuant to the ESPP may be authorized, but unissued, or reacquired shares of our common stock.

Administration. Our board of directors will administer our ESPP and may delegate its authority to administer our ESPP to a committee thereof, including our compensation committee. Subject to the terms of the ESPP, the administrator will have full and exclusive discretionary authority to construe and interpret the terms of the ESPP and establish such procedures that it deems necessary or advisable for the administration of the ESPP. Every finding, decision, and determination made by the administrator will be final and binding upon all parties.

Offerings. Our ESPP will be implemented through a series of offerings under which eligible employees are granted purchase rights to purchase shares of our common stock on specified dates during such offerings. Under our ESPP, the administrator will be permitted to specify offerings with durations of not more than 27 months and to specify shorter purchase periods within each offering. Each offering will have one or more purchase dates on which shares of our common stock will be purchased for employees participating in the offering.

Generally, all regular employees, including executive officers, employed by us or by any of our designated affiliates, will be eligible to participate in our ESPP and to purchase, with accumulated payroll deductions, up to 2,860 shares (or such lesser number specified by the administrator prior to the commencement of the offering) per purchase period in each offering, provided that the number of shares purchased in an offering may not exceed 15% (or such lesser percentage specified by the administrator prior to the commencement of the offering) of the employee's compensation (as defined in our ESPP) during the offering. On each purchase date, common stock will be purchased for the accounts of employees participating in our ESPP at a price per share determined by the administrator, which will not be less than the lesser of (i) 85% of the fair market value of a share of our common stock on the first day of an offering; or (ii) 85% of the fair market value of a share of our common stock on the purchase date.

Limitations. Employees may have to satisfy one or more of the following service requirements before participating in our ESPP, as determined by the administrator: (i) being customarily employed for more than 20 hours per week; (ii) being customarily employed for more than five months per calendar year; or (iii) continuous employment with us or one of our affiliates for a period of time prior to the start of an offering (not to exceed two years). No employee will be permitted to purchase shares under our ESPP at a rate in excess of $25,000 worth of our common stock (based on the fair market value per share of our common stock on the date a purchase right under our ESPP is granted) for each calendar year such purchase right is outstanding. Finally, no employee will be eligible for the grant of any purchase rights under our ESPP if immediately after such rights are granted, such employee has voting power of five percent or more of our outstanding capital stock (or the capital stock of any of our affiliates).

Non-Transferability. During a participant's lifetime, purchase rights granted under the ESPP are exercisable only by a participant.

Changes to Capital Structure. Our ESPP provides that in the event that there is any change with respect to our common stock without the receipt of consideration by us through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other similar equity restructuring transaction, as that term is used in Financial Accounting Standards Board Accounting Standards Codification Topic 718, excluding the conversion of any of our convertible securities, the administrator will make appropriate adjustments to: (i) the class(es) and maximum number of shares reserved under our ESPP; (ii) the class(es) and maximum number of shares by which the share reserve may increase automatically each year; (iii) the class(es) and number of shares subject to, and purchase price applicable to, outstanding offerings and purchase rights; and (iv) the class(es) and number of shares that are subject to purchase limits under ongoing offerings.

Corporate Transactions. Our ESPP provides that in the event of a corporate transaction (as defined in the ESPP), any then-outstanding rights to purchase our common stock under our ESPP may be assumed, continued, or substituted for by any surviving or acquiring corporation (or its parent company). If the surviving or acquiring corporation (or its parent company) elects not to assume, continue, or substitute for such purchase rights, then the participants' accumulated payroll contributions will be used to purchase shares of our common stock within 10 business days (or such other period specified by the administrator) before such corporate transaction, and such purchase rights will terminate immediately after such purchase.

Amendment or Termination. The administrator has the authority to amend or terminate our ESPP, except in certain circumstances such amendment or termination may not materially impair any outstanding purchase rights without the holder's consent (unless such amendment or termination is necessary to comply with applicable law or listing requirements or obtain or maintain favorable tax, listing or regulatory treatment). We will obtain stockholder approval of any amendment to our ESPP as required by applicable law or listing requirements.

Other Equity Incentive Plans

2010 Stock Option Plan

Our board of directors and our stockholders previously approved the adoption of our 2010 Stock Option Plan, or our 2010 Plan, the material terms of which are summarized below. There are no shares available for future grant under our 2010 Plan. However, our 2010 Plan continues to govern outstanding options granted thereunder. As of June 30, 2021, options to purchase 789,260 shares of our common stock granted pursuant to the 2010 Plan remained outstanding with a weighted-average exercise price of $1.89 per share.

Awards. Our 2010 Plan provided for the grant of ISOs and NSOs, provided that ISOs may only be granted to our employees or employees of our parent and subsidiary corporations.

Authorized Shares. There are no shares available for future grant under our 2010 Plan. Shares subject to outstanding options granted under our 2010 Plan that expire or terminate without being exercised in full will not become available for grant under the 2010 Plan.

Plan Administration. Our board of directors, or a duly appointed committee thereof, administers our 2010 Plan. Under our 2010 Plan, the administrator has the authority to resolve all questions of interpretation of the 2010 Plan or any award granted thereunder and to determine award recipients and the provisions of each award, including the period of exercisability and the vesting schedule applicable to an award.

Stock Options. The administrator will determine the exercise price for ISOs and NSOs, subject to the terms and conditions of our 2010 Plan, except that the exercise price of an ISO generally will not be less than 100% of the fair market value of our common stock on the date of grant (or 110% of such fair market value for an ISO granted to a 10% stockholder). Options granted under our 2010 Plan will vest at the rate specified in the award agreement as determined by the administrator.

The administrator will determine the term of options granted under our 2010 Plan up to a maximum of 10 years for an ISO (or 5 years for an ISO granted to a 10% stockholder). Unless the terms of an optionholder's award agreement, or other written agreement between us and the recipient, provide otherwise, if an optionholder's employment with us or any of our affiliates ceases for any reason other than disability, death, or cause, the optionholder may generally exercise any vested options for a period of three months following the termination of employment. This period may be extended in the event that exercise of the option is prohibited by applicable securities laws. If an optionholder's employment with us or any of our affiliates ceases due to disability or death, the optionholder or a beneficiary may generally exercise any vested options for a period of 12 months following the termination of employment. In the event of a termination for cause, options generally terminate upon the termination date. In no event may an option be exercised beyond the expiration of its term.

Acceptable consideration for the purchase of common stock issued upon the exercise of an option may include cash, by check, cash equivalent or any other manner as may be permitted by the administrator.

Non-Transferability of Awards. Except as otherwise provided in an award agreement, options granted under the 2010 Plan will not be transferable except by will or the laws of descent and distribution.

Changes to Capital Structure. In the event of a stock dividend, stock split, reverse stock split, combination, reclassification or similar change in our capital structure, the administrator will make appropriate adjustments to (i) the class and maximum number of shares subject to our 2010 Plan, and (ii) the class and number of shares and exercise price of all outstanding options granted thereunder.

Transfer of Control. In the event of a transfer of control (as defined in our 2010 Plan), except as otherwise provided in an award agreement, any unexercisable portion of an option which would have become exercisable within 12 months following the date of the transfer of control will become exercisable as of a date prior to the transfer of control. Options will terminate as of the transfer of control unless the option is assumed or substituted for by the successor corporation (or parent thereof).

Plan Amendment or Termination. The administrator has the authority to amend, suspend, or terminate our 2010 Plan or an outstanding option at any time, provided that no amendment may materially adversely affect the existing rights of any participant without such participant's consent unless the amendment is required to enable an ISO to qualify as an ISO.

2017 Amendment and Restatement of the Stock Option Plan

Our board of directors and our stockholders previously approved the adoption of our 2017 Amendment and Restatement of the 2010 Stock Option Plan, or our 2017 Plan, the material terms of which are summarized

below. There are no shares available for future grant under our 2017 Plan. However, our 2017 Plan continues to govern outstanding options granted thereunder. As of June 30, 2021, options to purchase 2,032,544 shares of our common stock granted pursuant to the 2017 Plan remained outstanding with a weighted-average exercise price of $3.66 per share.

Awards. Our 2017 Plan provided for the grant of ISOs and NSOs, provided that ISOs may only be granted to our employees or employees of our parent and subsidiary corporations.

Authorized Shares. There are no shares available for future grant under our 2017 Plan. Shares subject to outstanding options granted under our 2017 Plan that expire or terminate without being exercised in full will not become available for grant under the 2017 Plan.

Plan Administration. Our board of directors, or a duly appointed committee thereof, administers our 2017 Plan. Under our 2017 Plan, the administrator has the authority to resolve all questions of interpretation of the 2017 Plan or any award granted thereunder and to determine award recipients and the provisions of each award, including the period of exercisability and the vesting schedule applicable to an award.

Stock Options. The administrator will determine the exercise price for ISOs and NSOs, subject to the terms and conditions of our 2017 Plan, except that the exercise price of an ISO generally will not be less than 100% of the fair market value of our common stock on the date of grant (or 110% of such fair market value for an ISO granted to a 10% stockholder). Options granted under our 2017 Plan will vest at the rate specified in the award agreement as determined by the administrator.

The administrator will determine the term of options granted under our 2017 Plan up to a maximum of 10 years for an ISO (or 5 years for an ISO granted to a 10% stockholder). Unless the terms of an optionholder's award agreement, or other written agreement between us and the recipient, provide otherwise, if an optionholder's employment with us or any of our affiliates ceases for any reason other than disability, death, or cause, the optionholder may generally exercise any vested options for a period of three months following the termination of employment. This period may be extended in the event that exercise of the option is prohibited by applicable securities laws. If an optionholder's employment with us or any of our affiliates ceases due to disability or death, the optionholder or a beneficiary may generally exercise any vested options for a period of 12 months following the termination of employment. In the event of a termination for cause, options generally terminate upon the termination date. In no event may an option be exercised beyond the expiration of its term.

Acceptable consideration for the purchase of common stock issued upon the exercise of an option may include cash, by check, cash equivalent or any other manner as may be permitted by the administrator.

Non-Transferability of Awards. Except as otherwise provided in an award agreement, options granted under the 2017 Plan will not be transferable except by will or the laws of descent and distribution.

Changes to Capital Structure. In the event of a dividend, stock split, reverse stock split, combination, reclassification or similar change in our capital structure, the administrator will make appropriate adjustments to (i) the class and maximum number of shares subject to our 2017 Plan, and (ii) the class and number of shares and exercise price of all outstanding options granted thereunder.

Transfer of Control. Except as otherwise provided in an award agreement, in the event of a transfer of control (as defined in our 2017 Plan) and the optionholder's termination of employment without cause (as defined in the 2017 Plan) or for good reason (as defined in the 2017 Plan), any unexercisable portion of an option outstanding on the date of the transfer of control will become exercisable as of a date prior to the transfer of control.

Plan Amendment or Termination. The administrator has the authority to amend, suspend, or terminate our 2010 Plan or an outstanding option at any time, provided that no amendment may materially adversely affect the existing rights of any participant without such participant's consent unless the amendment is required to enable an ISO to qualify as an ISO.

2020 Equity Incentive Plan

Our board of directors and our stockholders previously approved the adoption of our 2020 Plan, the material terms of which are summarized below. There are no shares available for future grant under our 2020 Plan. However, our 2020 Plan continues to govern outstanding options granted thereunder. As of June 30, 2021, options to purchase 2,862,628 shares of our common stock granted pursuant to our 2020 Plan remained outstanding with a weighted-average exercise price of $11.64 per share.

Awards. Our 2020 Plan provides for the grant of ISOs to our employees and employees of our parent and subsidiary corporations, and for the grant of NSOs, stock appreciation rights, restricted stock awards, RSUs, other stock awards, and cash bonus awards to our employees, directors and consultants and any of our affiliates' employees, directors and consultants.

Authorized Shares. Prior to the effective date of this offering, the maximum number of shares of our common stock that could be issued under our 2020 Plan was 10,008,068 shares, plus the number of shares subject to an award granted under the 2017 Plan which expired, was forfeited, otherwise terminated or was settled in cash after the date on which our board of directors adopted our 2020 Plan. As described above, after our 2021 Plan becomes effective, no additional awards will be made pursuant to our 2020 Plan and shares subject to outstanding awards granted under our 2020 Plan that expire or terminate without being exercised in full will not become available for grant under our 2020 Plan.

Plan Administration. Our board of directors, or a duly authorized committee of our board of directors administers our 2020 Plan. Our board of directors may delegate to one or more of our officers the authority to grant awards (to eligible persons other than themselves) within parameters specified by the administrator. Subject to the provisions of our 2020 Plan, the administrator has the power to administer our 2020 Plan and make all determinations deemed necessary or advisable for administering our 2020 Plan, including, but not limited to, the power to determine the fair market value of our common stock, select the service providers to whom awards may be granted, determine the number of shares covered by each award, approve forms of award agreements for use under our 2020 Plan, determine the terms and conditions of awards (including, but not limited to, the exercise price, the time or times at which the awards may be exercised, any vesting acceleration or waiver or forfeiture restrictions, and any restriction or limitation regarding any award or the shares relating thereto), and construe and interpret the terms of our 2020 Plan and awards granted under thereunder.

Stock Options. The administrator will determine the exercise price for ISOs and NSOs, subject to the terms and conditions of our 2020 Plan, except that the exercise price of an option generally will not be less than 100% of the fair market value of our common stock on the date of grant (or 110% of such fair market value for an ISO granted to a 10% stockholder). Options granted under our 2020 Plan will vest at the rate specified in the award agreement as determined by the administrator.

The administrator will determine the term of options granted under our 2020 Plan up to a maximum of 10 years (or 5 years for an ISO granted to a 10% stockholder). Unless the terms of an optionholder's award agreement provide otherwise, if an optionholder's employment or service with us or any of our affiliates ceases for any reason other than disability, death, or cause, the optionholder may generally exercise any vested options for a period of three months following the termination of employment. If an optionholder's employment or service with us or any of our affiliates ceases due to disability or death, the optionholder or a beneficiary may generally exercise any vested options for a period of 12 months following the termination of employment. In the event of a termination for cause, options generally terminate upon the termination date. In no event may an option be exercised beyond the expiration of its term.

Acceptable consideration for the purchase of common stock issued upon the exercise of an option may include (i) cash; (ii) check; (iii) to the extent permitted under applicable laws, delivery of a promissory note; (iv) cancellation of indebtedness; (v) other previously owned shares of our common stock that have a fair market

value on the date of surrender equal to the aggregate exercise price of the shares as to which the option is exercised; (vi) a cashless exercise; (vii) such other consideration and method of payment permitted under applicable laws; or (viii) any combination of the foregoing methods.

Stock Appreciation Rights. Stock appreciation rights permit the participant to receive the appreciation in the fair market value of our common stock between the date of grant and the exercise date and such awards may be granted in tandem with an NSO. A stock appreciation right granted under our 2020 Plan will vest at the rate specified in the share appreciation right agreement as will be determined by the administrator. Upon exercise, the participant will be entitled to receive shares of our common stock or cash (or any combination thereof) in an amount equal to the product of (i) the number of shares for which the stock appreciation right is being exercised, multiplied by (ii) the excess of the fair market value of our common stock on the date of exercise over the fair market value of our common stock on the date of grant. The administrator will determine the term of share appreciation rights granted under our 2020 Plan, up to a maximum of 10 years.

Restricted Stock. Restricted stock awards are shares acquired upon a right to purchase shares of our common stock pursuant to our 2020 Plan. The administrator will determine the terms and conditions of restricted stock awards, including the permissible consideration to purchase the restricted stock as well as any vesting and forfeiture terms. Participants holding restricted stock generally will have voting rights with respect to such shares without regard to vesting.

RSUs. RSUs are bookkeeping entries representing an amount equal to the fair market value of one share of our common stock. The administrator will establish the terms and conditions of the RSU award, including the vesting and payment applicable to the RSU. Vesting may be based on continued service or the achievement of individual and/or corporate performance goals, or any combination thereof. A vested RSU may be settled by cash, delivery of shares, or a combination thereof.

Other Stock Awards. The administrator is permitted to grant other awards based in whole or in part by reference to our common stock, including, without limitation, performance-based stock awards and stock bonus awards of fully vested shares of our common stock. The administrator may establish the number of shares subject to the stock award and all other terms and conditions of such award.

Cash Bonuses. The administrator may award a cash bonus to any participant, which may be subject to a performance period, performance, goals or such other terms as determined by the administrator.

Non-Transferability of Awards. Awards granted under our 2020 Plan will not be transferable except by will or the laws of descent or distribution.

Changes to Capital Structure. In the event of a stock split, reverse stock split, stock dividend, combination, consolidation, reclassification or subdivision of shares of our common stock or any other increase or decrease in the number of issued shares of our common stock effected without our receipt of consideration, the administrator will make appropriate adjustments to the class and number of shares (i) available for future grant under our 2020 Plan and subject to outstanding awards, (ii) the exercise price per share of each outstanding option and (iii) the repurchase price applicable to shares issued pursuant to any award.

Transfer of Control. In the event of a transfer of control (as defined in our 2020 Plan), the transaction agreement may provide, without limitation, for the assumption or substitution of outstanding awards and unvested shares by the surviving corporation (or its parent), for the replacement of outstanding awards or unvested shares with a cash incentive program which preserves the value of such awards or shares, for acceleration of vesting, for the cancellation of outstanding awards with or without consideration (or the repurchase of unvested shares at the original price) and in all cases, no consent of the participant is required. In the event that the acquiror or its parent or subsidiary does not assume or otherwise substitute for an outstanding award, such award will become vested in full immediately prior to the transfer of control.

Plan Amendment or Termination. The administrator has the authority to amend, suspend, or terminate our 2020 Plan at any time, provided that no amendment may materially adversely affect the existing rights of any participant without such participant's consent unless the amendment is required to enable an ISO to qualify as an ISO. We will also obtain stockholder approval of amendments of our 2020 Plan in such a manner and to such a degree as required.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

We describe below transactions and series of related transactions since January 1, 2018 or currently proposed to which we were a party or will be a party in which:

- the amounts exceeded or will exceed $120,000; and
- any of our directors, director nominees executive officers or beneficial holders of more than 5% of any class of our voting capital stock, or any member of the immediate family of, or person sharing the household with, the foregoing persons, had or will have a direct or indirect material interest.

Other than as described below, there have not been, or are there currently proposed, any transactions or series of related transactions with such persons to which we have been or will be a party other than compensation arrangements, which are described where required under “Executive Compensation.”

FT Partners Engagement Letter

In August 2010, AvidXchange engaged Financial Technology Partners LP and its affiliates, or FT Partners, an investment banking firm controlled by Steven McLaughlin, a former member of our board of directors and a beneficial holder of more than 5% of our outstanding voting capital stock, on an exclusive basis to provide capital advisory and related services and FT Partners served in that capacity through February 2021. We paid FT Partners approximately $19,227,000, $15,410,000, and $0 in fees and expenses primarily in connection with the issuance of preferred and common stock during the years ended December 31, 2020, 2019 and 2018, respectively.

In February 2021, AvidXchange amended and restated its engagement letter with FT Partners in exchange for a payment of approximately $50 million. Concurrently, FT Partners subscribed to purchase 4,080,636 shares of our common stock at a purchase price of $12.253 per share. In connection with the amended and restated engagement letter, AvidXchange also agreed to pay FT Partners a fee equal to 1% of the gross proceeds from this offering (including any additional proceeds that AvidXchange may receive if the underwriters exercise their option to purchase additional shares of common stock), in exchange for FT Partners agreeing to act as an IPO advisor as we prepared for this offering. In the event AvidXchange completes one or more follow-on public offerings, FT Partners is also entitled to 1% of the first $500 million of cumulative aggregate gross proceeds on any such follow-on offerings (including any additional proceeds that AvidXchange may receive if the underwriters exercise any option to purchase additional shares of common stock), and FT Partners will act as our advisor in such follow-on offerings. After the first $500 million of proceeds, FT Partners shall have no further right to provide or to be paid for financial advisory services related to the offering of our shares. Any such additional services would be subject to a separate engagement letter. FT Partners will continue to have a right to receive a fee of 1.75% of the deal proceeds in connection with a sale of AvidXchange until December 31, 2059, so long as Mr. McLaughlin is employed by FT Partners. Mr. McLaughlin resigned from our board of directors upon the effective date of the amended engagement letter.

2020 Series F Preferred Stock and Common Stock Capital Raises

Throughout 2020, we issued and sold an aggregate of 2,040,316 shares of our series F preferred stock and 17,988,020 shares of common stock to new and existing investors, in each case at a purchase price of $12.253 per share, for gross proceeds of approximately $320,407,177. We paid FT Partners approximately $19,227,000 in fees and expenses in connection with the 2020 series F preferred and common stock financings.

The investors in our 2020 series F preferred and common stock financings included a holder of more than 5% of our voting capital stock and entities affiliated with our directors. The following table sets forth the aggregate number of shares of series F stock and shares of common stock issued to these related parties in our 2020 financings:

	Shares of Series Preferred Stock	Shares of Common Stock	Total Purchase Price
5% Stockholder and Director Affiliation:			
Mastercard Investment Holdings, Inc.(1)(2)	163,226	163,224	$10,000,016
Director Affiliation:			
Entities affiliated with Sixth Street Partners and Mr. Bo Stanley(3)	81,612	81,616	$ 5,000,008

(1) Consists of shares purchased by Mastercard Investment Holdings, Inc., an indirect wholly owned subsidiary of Mastercard Incorporated. Mr. Richard Crum, a former member of our board of directors, also served as Senior Vice President, Product Development, Commercial Products of Mastercard during the time of this convertible stock and common stock financing. Mr. James Anderson, a current member of our board of directors, currently serves as executive vice president of commercial products of Mastercard. We expect Mr. Anderson to resign from our board at or prior to the effectiveness of the registration statement of which this prospectus is part.

(2) In connection with, and in consideration of, the closing of the investment by Mastercard Investment Holdings, we amended our agreement with Mastercard to, among other items, extend the term of the agreement by two years, to develop certain product and marketing strategies, to expand the scope of certain services provided under the arrangement.

(3) Mr. Robert “Bo” Stanley, a current member of our board of directors, is a partner at Sixth Street Partners. We expect Mr. Stanley to resign from our board at or prior to the effectiveness of the registration statement of which this prospectus is part.

2020 Tender Offer and Redemption

As described above, during 2020, we issued and sold shares of our series F stock and common stock. In October 2020, we used approximately $194 million of the net proceeds from these sales to repurchase an aggregate of 14,016,021 shares representing 17,034,740 of common stock shares and vested options from existing stockholders and optionholders, including certain executive officers and directors. All shares of our series A, series B, series C, Series D, and junior preferred stock, certain shares of our series E preferred stock that were issued to the former equity holders of a previously acquired company, all shares of common stock (except for those issued in the 2020 capital raises), and vested and outstanding stock options were eligible to participate in the tender offer. All holders of eligible shares and options were entitled to participate in the tender offer on a pro rata basis, although current employees were only allowed to sell up to 15% of their shares and vested options in the tender and former employees were subject to a similar limitation for options that vested between June 30, 2019 and August 31, 2020. The tender offer price of $11.39 represented the price of $12.253 per share of common stock paid by the various purchasers in 2020 capital raises less estimated expenses, including fees paid to FT Partners. For optionholders that tendered vested options, the purchase price was further reduced by the applicable exercise price.

2019 Series F Preferred Stock Capital Raise

In December 2019, we issued and sold an aggregate of 2,652,412 shares of our series F preferred stock, or series F stock, at a purchase price of $49.012 per share for aggregate consideration of $130 million. We paid FT Partners approximately $7.8 million in fees and expenses in connection with this series F preferred stock financing.

The participants in this series F preferred stock financing became a beneficial owner of more than 5% of our voting capital stock. The following table sets forth the aggregate number of shares of series F preferred stock issued to these related parties in this convertible preferred stock financing:

	Shares of Preferred Stock	Total Purchase Price
5% Stockholders:		
Entities advised by Capital Research and Management Company(1)	2,652,412	$ 130,000,017

(1) Consists of (a) 2,159,548 shares of series F preferred stock held by SMALLCAP World Fund, Inc. and (b) 492,864 shares of series F preferred stock held by American Funds Insurance Series – Global Small Capitalization Fund.

2019 Credit Facility and Senior Preferred Financings

In October 2019, we entered into a senior secured credit facility with Sixth Street Partners and its affiliates and KeyBank National Association. The credit facility is primarily comprised of a $95 million term loan facility, a $20 million revolving credit facility, a $18.5 million delayed draw term loan commitment, and a $30 million additional delayed draw term loan commitment. We incurred $1.9 million in lender origination fees. Proceeds from the closing of the credit facility were used to pay principal and interest outstanding under our prior credit facility with Sixth Street Partners and its affiliates and KeyBank National Association that we entered into in October 2016. We accrued interest under our credit facility of approximately $10.5 million and $9.3 million for the years ended December 31, 2020 and December 31, 2019, respectively.

In October 2019, Sixth Street Partners and its affiliates also purchased 2,722,166 shares of senior preferred stock for $47.7561 per share and an aggregate purchase price of $130 million. In connection with the senior preferred financing, we provided Sixth Street Partners with the right to appoint an individual to our serve on our board of directors and Sixth Street appointed Mr. Robert (Bo) Stanley to serve on our board. We paid FT Partners approximately $7.6 million in fees and expenses in connection with the senior preferred stock financing.

	Shares of Senior Preferred Stock	Total Purchase Price
Director Affiliation:		
Entities affiliated with Sixth Street Partners and Mr. Bo Stanley (1)	2,722,166	$ 130,000,000.00

(1) Mr. Robert “Bo” Stanley, a current member of our board of directors, is a partner at Sixth Street Partners. We currently expect Mr. Stanley to resign from our board at or prior to the effectiveness of the registration statement of which this prospectus is a part.

On October 1, 2021, we entered into an amendment to our senior secured credit facility to reflect our July 2021 corporate reorganization and to permit certain activities related to the offering to which this prospectus relates.

In September 2019, we entered into a redemption agreement with affiliates of Sixth Street Partners, to repurchase 278,371 shares of our series E preferred stock. The total proceeds paid in connection with the redemption was approximately $12.7 million.

Software and Consulting Services

We incurred approximately $455,000, $289,000 and $233,000 in software and consulting expenses to Rhythm Systems, for which Mr. Praeger’s wife serves as the co-founder and managing partner, for the years ended December 31, 2020, December 31, 2019 and December 31, 2018, respectively.

Staffing and Non-Advisory Financial Services

We incurred approximately $142,300 in fees related to the provision of staffing and non-advisory financial services by Sherpa LLC for the year ended December 31, 2020. Mr. McGuire’s wife is a non-controlling member of Sherpa LLC.

Related Party Referral/Reseller Agreements

In May 2017, we entered into an agreement, or the Strategic Alliance Agreement, with Mastercard whereby Mastercard agreed to offer our payment processing services to card issuers in the United States and to pay us fixed fees related to the resale of our services by the card issuers to their commercial customers. An affiliate of Mastercard is a holder of more than 5% of our capital stock; and Mr. James Anderson, a current member of our board of directors, currently serves as executive vice present of commercial products of Mastercard. The Strategic Alliance Agreement is amended by the parties from time to time to reflect agreed upon commercial terms.

Mastercard paid us amounts related to the Strategic Alliance Agreement of approximately $955,000, $290,000 and $0 for the years ended December 31, 2020, December 31, 2019 and December 31, 2018, respectively.

In May 2016, we entered into a reseller agreement, or the Reseller Agreement, with BTRS Holdings Inc. (f/k/a Factor Systems, Inc. (dba Billtrust). Billtrust is a portfolio company of Bain Capital Ventures, one of our 5% or greater stockholders and Mr. Matt Harris, a current member of our board of directors, is affiliated with Bain Capital Ventures. Under the terms of the Reseller Agreement, Billtrust may resell AvidXchange's automated payment services to its customers, paying AvidXchange a share of the fees generated from such sales and retaining the rest. In December 2020, the parties agreed to terminate the Reseller Agreement and entered into a referral agreement whereby Billtrust may refer customers to us for services.

Billtrust paid us amounts related to the Reseller Agreement of approximately $87,000, $81,000, and $58,000 for the years ended December 31, 2020, December 31, 2019 and December 31, 2018, respectively. In August 2019, we entered into a separate Business Payment Network Payables Provider Agreement with Billtrust and we paid Billtrust $109,000 and $77,000 for the years ended December 31, 2020 and December 31, 2019.

Directed Share Program

At our request, an affiliate of BofA Securities, Inc., a participating underwriter, has reserved for sale, at the initial public offering price, up to 5% of the shares offered by this prospectus for sale to some of our directors, officers, employees, business associates and related persons and entities. The directed share program will not limit the ability of our directors, officers and their family members, or holders of more than 5% of our common stock, to purchase more than $120,000 in value of our common stock. We do not currently know the extent to which these related persons and entities will participate in our directed share program, if at all, or to the extent they will purchase more than $120,000 in value of our common stock.

Amended and Restated Investors' Rights Agreement

In July 2021, we entered into our Eighth Amended and Restated Investor Rights Agreement, or IRA, with certain of our stockholders, which included the entities affiliated with Michael Praeger, Bain Capital Ventures, Mastercard, Caisse de dépôt et placement du Québec, Temasek, Sixth Street Partners and Capital Group, each of which (other than Sixth Street Partners) is a holder of more than 5% of our voting capital stock. Other stockholders party to the IRA include entities affiliated with Mr. Feld, Hans Morris, Nigel Morris and Mr. Hausman, former director Steve McLaughlin, and each of our current directors except for Mr. Stanley and Mr. Harris. In addition, each of Messrs. Harris, Anderson and Stanley and Ms. Murdock have been appointed by holders of more than 5% of our stock. Such rights to appoint directors will terminate upon the consummation of this offering. The stockholders party to the IRA are entitled to rights with respect to the registration of their shares following the effectiveness of the registration statement of which this prospectus forms a part. For a description of these registration rights, see the section titled "Description of Capital Stock — Registration Rights."

Corporate Reorganization

On July 9, 2021, we consummated a reorganization by forming AvidXchange Holdings, Inc., which was incorporated in Delaware on January 27, 2021, and AvidXchange Merger Sub, Inc., or Merger Sub, as a wholly owned subsidiary of AvidXchange Holdings, Inc. We merged AvidXchange, Inc. with and into Merger Sub, with AvidXchange, Inc. as the surviving entity, by issuing identical shares in a 1:1 ratio of our capital stock to the stockholders of AvidXchange, Inc. in exchange for their equity interests in AvidXchange, Inc. After the merger, all of the stockholders of AvidXchange, Inc. became stockholders of AvidXchange Holdings, Inc. and AvidXchange, Inc. became a wholly owned subsidiary of AvidXchange Holdings, Inc. In addition, AvidXchange Holdings, Inc. assumed each of the 2000 Plan, the 2010 Plan, the 2017 Plan and the 2020 Plan and the outstanding equity awards outstanding under each such equity incentive plan.

Indemnification Agreements

Our amended and restated certificate of incorporation that will be in effect immediately following the completion of this offering will contain provisions limiting the liability of our directors, and our amended and restated bylaws that will be in effect immediately following the completion of this offering will provide that we will indemnify each of our directors and officers to the fullest extent permitted under Delaware law. Our amended and restated certificate of incorporation and amended and restated bylaws that will be in effect immediately following the completion of this offering will also provide our board of directors with discretion to indemnify our employees and other agents when determined appropriate by the board. In addition, we have entered into an indemnification agreement with each of our directors and executive officers, which requires us to indemnify them. For more information regarding these agreements, see the section titled “Description of Capital Stock — Limitations on Liability and Indemnification of Officers and Directors.”

Policies and Procedures for Transactions with Related Persons

In connection with this offering, we have adopted a policy that our executive officers, directors, nominees for election as a director, beneficial owners of more than 5% of any class of our common stock or other voting capital stock and any members of the immediate family of any of the foregoing persons are not permitted to enter into a related person transaction with us without the approval or ratification of our audit committee or other independent body of our board of directors. Any request for us to enter into a transaction with an executive officer, director, nominee for election as a director, beneficial owner of more than 5% of any class of our common stock or other voting capital stock or any member of the immediate family of any of the foregoing persons, in which the amount involved exceeds $120,000 and such person would have a direct or indirect interest, must be presented to our audit committee or other independent body of our board for review, consideration and approval. In approving or rejecting any such proposal, our audit committee or other independent body of our board is to consider the relevant facts of the transaction, including the risks, costs and benefits to us and whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances.

PRINCIPAL STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our shares as of August 19, 2021 by:

- each of our named executive officers;
- each of our directors and director nominees;
- all of our directors and executive officers as a group; and
- each person or entity known by us to own beneficially more than 5% of our common stock and common stock equivalents (by number or by voting power) or other voting stock.

We have determined beneficial ownership in accordance with the rules and regulations of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Except as indicated by the footnotes below, we believe, based on information furnished to us, that the persons and entities named in the table below have sole voting and sole investment power with respect to all shares that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership before the offering is based on 169,499,342 shares of common stock outstanding as of August 19, 2021, assuming (i) a 4-for-1 forward stock split of our then-outstanding common stock, effected on September 30, 2021, (ii) an offering price of $22.00 per share, the midpoint of the price range set forth on the cover of this prospectus, (iii) the automatic conversion of all outstanding shares of convertible preferred stock (other than the senior preferred stock) into 111,142,490 shares of common stock, which will occur immediately prior to the completion of this offering, (iv) the automatic conversion of the convertible common stock into 1,273,906 shares of common stock, which will occur immediately prior to the completion of this offering, (v) the issuance of an aggregate of 1,409,090 shares of our common stock in connection with our acquisition of FastPay, (vi) the automatic net exercise of our outstanding warrants into 732,356 shares of common stock immediately prior to the completion of this offering, and (vii) the 188,448 RSUs that have met their time-based vesting condition will vest in full upon completion of this offering. Applicable percentage ownership after the offering is based on 191,499,342 shares of common stock outstanding, including each of the assumptions set forth in clauses (i) through (vii) above, plus the issuance of 22,000,000 shares of common stock in this offering, assuming no exercise by the underwriters of their option to purchase additional shares of common stock. In computing the number of shares beneficially owned by a person and the percentage ownership of such person, we deemed to be outstanding all shares underlying RSUs held by the person that would meet their time-based vesting condition within 60 days of August 19, 2021 and all shares subject to options held by the person that are currently exercisable, or exercisable or would vest based on service-based vesting conditions within 60 days of August 19, 2021. However, except as described above, we did not deem such shares outstanding for the purpose of computing the percentage ownership of any other person.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned	
		Before Offering	After Offering
Greater than 5% Stockholders:			
Michael Praeger and affiliated entities (1)	14,114,241	8.32%	7.36%
Entities affiliated with Bain Capital Ventures(2)	23,383,240	13.80%	12.21%
Mastercard Investment Holdings, Inc.(3)	12,395,096	7.31%	6.47%
Caisse de dépôt et placement du Québec(4)	11,578,968	6.83%	6.05%
Ossa Investments Pte. Ltd.(5)	11,463,172	6.76%	5.99%
Entities advised by Capital Research and Management Company(6)	10,609,648	6.26%	5.54%
Entities affiliated with Steve McLaughlin(7)	9,559,156	5.64%	4.99%
Directors and Named Executive Officers:			
Michael Praeger(1)	14,114,241	8.32%	7.36%
Joel Wilhite(8)	349,788	*	*
Dan Drees(9)	197,100	*	*
Matthew Harris	—	—	—
James Hausman(10)	2,811,528	1.66%	1.47%
John C. Morris(11)	1,020,120	*	*
Nigel Morris(12)	1,242,816	*	*
Wendy Murdock(13)	29,540	*	*
James Anderson	—	—	—
Brad Feld(14)	5,032,964	2.97%	2.63%
Robert (Bo) Stanley	—	—	—
All directors, director nominees and named executive officers as a group (11 persons)	24,798,097	14.57%	12.90%

* Represents beneficial ownership of less than 1% of the outstanding common stock.

(1) Consists of (a)(i) 7,490,096 shares of common stock, (ii) 453,170 shares of common stock issuable upon the deemed conversion of shares of series A preferred stock, (iii) 480,904 shares of common stock issuable upon the deemed conversion of shares of series B preferred stock, (iv) 743,848 shares of common stock issuable upon the deemed conversion of shares of series C preferred stock, (v) 117,300 shares of common stock issuable upon the deemed conversion of shares of series D preferred stock, (vii) 203,824 shares subject to stock options issuable upon the exercise of options exercisable within 60 days after August 19, 2021, and (viii) 27,544 shares of common stock issuable upon the settlement of RSUs exercisable within 60 days after August 19, 2021, held in each case by Mr. Praeger, individually; (b)(i) 56,976 shares of common stock, (ii) 172,739 shares of common stock issuable upon the deemed conversion of shares of series A preferred stock, (iii) 227,332 shares of common stock issuable upon the deemed conversion of shares of series B preferred stock, (iv) 174,256 shares of common stock issuable upon the deemed conversion of shares of series C preferred stock, and (v) 29,324 shares of common stock issuable upon the deemed conversion of shares of series D preferred stock held in each case by Mr. Praeger and his wife as joint tenants with right of survivorship; (c) 1,888,652 shares of common stock held by Green and Gold 2014 GRAT; (d) 1,328,276 shares of common stock held by Green and Gold 2015 GRAT; and (e) 720,000 shares of common stock held by MP Charitable Trust. The address for each of the individuals and entities identified above is 1210 AvidXchange Lane, Charlotte, North Carolina 28206.

(2) Consists of (a) 7,230,388 shares of common stock issuable upon the deemed conversion of shares of the series E preferred stock held by Bain Capital Venture Fund 2014, L.P., or Venture Fund 2014, (b) 9,751,160 shares of common stock issuable upon the deemed conversion of shares of the series E preferred stock held by Bain Capital Venture Coinvestment Fund, L.P, or Venture Coinvestment Fund, (c) 4,453,948 shares of common stock issuable upon the deemed conversion of shares of the series E preferred stock held by BCV AX Investors, L.P, or BCV AX, (d) 1,843,596 shares of common stock issuable upon the deemed

conversion of shares of the series E preferred stock held by BCIP Venture Associates, or BCIP VA, and (e) 104,148 shares of common stock issuable upon the deemed conversion of shares of the series E preferred stock held by BCIP Ventures Associates – B, or BCIP VA-B, and, together with Venture Fund 2014, Venture Coinvestment Fund, BCV AX and BCIP VA, the Bain Capital Venture Entities. Bain Capital Venture Investors, LLC, or BCVI, the Executive Committee of which consists of Enrique Salem and Ajay Agarwal, (i) is the ultimate general partner of Venture Fund 2014, (ii) is the manager of the general partner of Venture Coinvestment Fund, (iii) is the general partner of BCV AX and (iv) governs the investment strategy and decision-making process with respect to shares held by BCIP VA and BCIP VA-B. By virtue of the relationships described in this footnote, each of BCVI and Messrs. Salem and Agarwal may be deemed to share voting and dispositive power over the shares held by the Bain Capital Venture Entities. The business address of the Bain Capital Venture Entities is 200 Clarendon Street, Boston, MA 02116.

(3) Consists of (a) 163,224 shares of common stock and (b) 12,231,872 shares of common stock issuable upon the deemed conversion of shares of series F preferred stock held by Mastercard Investment Holdings, Inc., or Mastercard Investment Holdings. Mastercard Investment Holdings is an indirect wholly owned subsidiary of Mastercard Incorporated and may be deemed to have shared voting and dispositive power over the shares held by Mastercard Investment Holdings. The address for Mastercard Investment Holdings is 2000 Purchase Street, Purchase, New York 10577.

(4) Consists of shares of common stock issuable upon the deemed conversion of shares of series F preferred stock held by Caisse de dépôt et placement du Québec, or CDPQ. CDPQ was established in 1965 by a special act of the Legislature of the Province of Quebec and manages the funds of its depositors, primarily comprising public and para-public pension and insurance plans from the province of Quebec, Canada. Investment and voting decisions are made by an investment committee of CDPQ. The investment committee is currently comprised of more than three individuals and the membership of such committee may change from time to time. The address for CDPQ is 1000, place Jean-Paul-Riopelle, Montréal (Québec) H2Z 2B3.

(5) Consists of shares of common stock issuable upon the deemed conversion of shares of series F preferred stock held by Ossa Investments Pte. Ltd., or Ossa. Ossa is a direct wholly-owned subsidiary of Hotham Investments Pte Ltd, or Hotham, which in turn is a direct wholly-owned subsidiary of Fullerton Management Pte Ltd, or Fullerton, which in turn is a direct wholly-owned subsidiary of Temasek Holdings (Private) Limited, or Temasek. In such capacities, each of Hotham, Fullerton and Temasek may be deemed to have voting and dispositive power over the shares held by Ossa Investments Pte. Ltd. Investment and voting decisions regarding such shares are made by three or more individuals. The address for Ossa Investments Pte. Ltd., Fullerton and Temasek is 60B Orchard Road #06-18 Tower 2, The Atrium@Orchard, Singapore 238891.

(6) Consists of (a) 8,638,192 shares of common stock issuable upon the deemed conversion of shares of series F preferred stock held by SMALLCAP World Fund, Inc., or SCWF, and (b) 1,971,456 shares of common stock issuable upon the deemed conversion of shares of series F preferred stock held by American Funds Insurance Series – Global Small Capitalization Fund, or VISC, and, together with SCWF, the CRMC Stockholders. Capital Research and Management Company, or CRMC, is the investment adviser for each CRMC Stockholder. CRMC and/or Capital Research Global Investors, or CRGI, may be deemed to be the beneficial owner of the shares of common stock expected to be held by the CRMC Stockholders; however, each of CRMC and CRGI expressly disclaims that it is the beneficial owner of such securities. Julian N. Abdey, Michael Beckwith, Peter Eliot, Brady L. Enright, Bradford F. Freer, Leo Hee, Roz Hongsaranagon, Jonathan Knowles, Harold H. La, Dimitrije Mitrinovic, Aidan O'Connell, Samir Parekh, Andraz Razen, Renaud H. Samyn, Arun Swaminathan and Gregory W. Wendt, as portfolio managers, have voting and investment power over the shares held by SCWF. Michael Beckwith, Bradford F. Freer, Harold H. La, Aidan O'Connell, Renaud H. Samyn and Gregory W. Wendt, as portfolio managers, have voting and investment power over the shares held by VISC. The address for each of the CRMC Stockholders is 333 South Hope Street, Los Angeles, California 90071. Each of the CRMC Stockholders acquired the securities being registered hereby in the ordinary course of its business.

(7) Consists of (a)(i) 4,080,636 shares of common stock, (ii) 929,808 shares of common stock issuable upon the deemed conversion of shares of series C preferred stock, (iii) 2,705,608 shares of common stock issuable upon the deemed conversion of shares of series D preferred stock and (iv) 1,549,852 shares of common stock issuable upon the deemed conversion of shares of series E preferred stock held in each case by SF Roofdeck Capital I LLC; and (b) 293,252 shares of common stock issuable upon the deemed conversion of shares of series D preferred stock held by The McLaughlin Family Delaware Trust. Steve McLaughlin (a former member of our board of directors), is the founder and managing partner of Financial Technology Partners LP, and has voting and investment control over each of the entities listed in this footnote. The address for each of the McLaughlin entities is c/o Financial Technology Partners LP, 1 Front Street, 31st Floor, San Francisco, CA 94111.

(8) Consists of (a) 334,488 shares subject to stock options issuable upon the exercise of options exercisable within 60 days after August 19, 2021 and (b) 15,300 shares issuable upon the exercise of RSUs vesting within 60 days of August 19, 2021. The address for the identified individual is c/o AvidXchange, 1210 AvidXchange Lane, Charlotte, NC 28206.

(9) Consists of (a) 40,000 shares of common stock, (b) 146,392 shares subject to stock options issuable upon the exercise of options exercisable within 60 days after August 19, 2021 and (c) 10,708 shares issuable upon the exercise of RSUs vesting within 60 days of August 19, 2021. The address for the identified individual is c/o AvidXchange, 1210 AvidXchange Lane, Charlotte, NC 28206.

(10) Consists of (a)(i) 810,968 shares of common stock, (ii) 1,720,832 shares of common stock issuable upon the deemed conversion of shares of series B preferred stock, (iii) 270,912 shares of common stock issuable upon the deemed conversion of shares of series C preferred stock, and (iv) 8,816 shares subject to stock options issuable upon the exercise of options exercisable within 60 days after August 19, 2021 held in each case by James Hausman; and (b) 720,000 shares of common stock held by James Hausman Family Irrevocable Trust, or the Hausman Family Trust. Mr. Hausman and his wife serve as co-trustees and for which Mr. Hausman may be deemed to have voting and dispositive power over the shares held by the Hausman Family Trust. The address for the individual and entity identified above is c/o AvidXchange, 1210 AvidXchange Lane, Charlotte, NC 28206.

(11) Consists of (a) 668,096 shares of common stock issuable upon the deemed conversion of shares of series E preferred stock and (b) 352,024 warrants to purchase common stock that are exercisable within 60 days of August 19, 2021, in each case held by Nyca Investment Partnership, LP. Nyca Investments LLC is the general partner of Nyca Investment Partnership, LP. Mr. J.C. Morris (a member of our board of directors) is the manager of Nyca Investments LLC and may be deemed to have voting and dispositive power over the shares held by Nyca Investment Partnership, LP. The address for each of the entities identified above is 485 Madison Avenue, 12th Floor, New York, NY, 10022.

(12) Consists of (a) 890,792 shares of common stock issuable upon the deemed conversion of shares of series E preferred stock and (b) 352,024 warrants to purchase common stock that are exercisable within 60 days of August 19, 2021, in each case held by QED Fund III, L.P. QED Partners III, LLC is the general partner of QED Fund III, L.P. Mr. N. Morris (a member of our board of directors) is the co-founder and managing partner for QED Investors, LLC and is the Managing Member of QED Partners III, LLC. Mr. N. Morris may be deemed to have voting and dispositive power over the shares held by QED Fund III, L.P. The address for each of the entities identified above is 405 Cameron Street, Alexandria, Virginia 22314.

(13) Consists of 29,540 shares subject to stock options issuable upon the exercise of options exercisable within 60 days after August 19, 2021. The address for the identified individual is c/o AvidXchange, 1210 AvidXchange Lane, Charlotte, NC 28206.

(14) Consists of shares of common stock issuable upon the deemed conversion of series E preferred stock. Mr. Feld is a Managing Director of Foundry Group Select Fund, L.P., the venture capital fund that owns the shares. Mr. Feld and other Managing Directors of Foundry Group exercise share voting and investment control over the shares. They do not share any voting or investment control with any of our officers or directors (except Mr. Feld). Mr. Feld will resign as one of our directors immediately prior to the effectiveness of the registration statement on Form S-1 of which this prospectus forms a part.

DESCRIPTION OF CAPITAL STOCK

The following descriptions of our capital stock and certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws are summaries and are qualified by reference to the amended and restated certificate of incorporation and the amended and restated bylaws that will be in effect immediately following the closing of this offering. Copies of these documents have been filed with the SEC as exhibits to our registration statement, of which this prospectus forms a part. The descriptions of the common stock and preferred stock reflect changes to our capital structure that will occur upon the closing of this offering.

Upon the closing of this offering and the filing of our amended and restated certificate of incorporation to be effective immediately following the closing of this offering, our authorized capital stock will consist of shares of capital stock, par value $0.001 per share, of which:

- 1,600,000,000 shares are designated as common stock; and
- 50,000,000 shares are designated as blank check preferred stock.

Assuming (i) the conversion of 27,359,830 aggregate shares of our series A, series B, series C, series D, series E, series F, and junior series-1 convertible preferred stock into 111,142,490 shares of our common stock, (ii) the conversion of our senior preferred stock into 169,000 shares of redeemable preferred stock and 2,785,608 shares of convertible common stock, the redemption of our redeemable preferred stock and conversion of convertible common stock into common stock, each of which events will occur in connection with the closing of this offering, as of June 30, 2021, there were 165,746,302 shares of our common stock outstanding, no shares of our blank check preferred stock outstanding and 503 stockholders of record. Our board of directors is authorized, without stockholder approval except as required by Nasdaq listing standards, to issue additional shares of our capital stock.

Common Stock

As of June 30, 2021, we had 54,603,812 shares of common stock issued and outstanding held by 503 stockholders of record.

Voting Rights

Each holder of common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. Our certificate of incorporation and bylaws to be in effect immediately following the closing of this offering do not provide for cumulative voting rights. Because of this, the holders of a plurality of the shares of common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they should so choose. With respect to matters other than the election of directors, at any meeting of the stockholders at which a quorum is present or represented, the affirmative vote of a majority of the votes cast shall be the act of the stockholders, except as otherwise required by law. The holders of a majority of the stock issued and outstanding and entitled to vote, present in person or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the stockholders.

Dividends

Subject to preferences that may be applicable to any then-outstanding preferred stock, holders of our common stock are entitled to receive dividends, if any, as may be declared from time to time by our board of directors out of legally available funds.

Liquidation

In the event of our liquidation, dissolution or winding up, holders of our common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and

other liabilities and the satisfaction of any liquidation preference granted to the holders of any then-outstanding shares of preferred stock.

Rights and Preferences

Holders of our common stock have no preemptive, conversion, subscription or other rights, and there are no redemption or sinking fund provisions applicable to our common stock. The rights, preferences and privileges of the holders of our common stock are subject to and may be adversely affected by the rights of the holders of shares of any series of our preferred stock that we may designate in the future.

Fully Paid and Nonassessable

All of our outstanding shares of common stock are, and the shares of common stock to be issued in this offering, upon payment and delivery in accordance with the underwriting agreement, will be fully paid and nonassessable.

Preferred Stock

As of June 30, 2021, there were 27,359,830 shares of our series A, series B, series C, series D, series E, series F, and junior series-1 convertible preferred stock outstanding, which will automatically convert, upon the closing of this offering, into a total of 111,142,490 shares of common stock, and there were 2,722,166 outstanding shares of our senior preferred stock. Our series B, series C, series D, series E, series F, and junior series-1 convertible preferred stock will convert on a four-for-one basis into an aggregate of 106,937,132 shares and our series A convertible preferred stock will convert into 4,205,358 shares of our common stock upon the closing of this offering. Our senior preferred stock will convert into 169,000 shares of redeemable preferred stock and 2,785,608 shares of convertible common stock upon the closing of this offering, and we will redeem the redeemable preferred stock for an aggregate payment of approximately $169 million and the convertible common stock will convert into 1,273,906 shares of common stock, based on an assumed initial offering price of $22.00 per share, which is the midpoint of the offering range set forth on the cover of this prospectus.

Blank Check Preferred Stock

Upon the closing of this offering, our board of directors will have the authority, without further action by the stockholders, to issue up to 50,000,000 additional shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof. These rights, preferences and privileges could include dividend rights, conversion rights, voting rights, redemption rights, liquidation preferences, sinking fund terms and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of common stock. The issuance of preferred stock could adversely affect the voting power of holders of common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring or preventing change in our control or other corporate action. Upon the closing of this offering, no shares of preferred stock will be outstanding, and we have no present plan to issue any shares of preferred stock.

Options

The table below shows the number of outstanding options to purchase shares of our common stock as of June 30, 2021 and the weighted average exercise price under each of our equity incentive plans.

Stock Plan(1)	Outstanding Options to Purchase Shares of Common Stock	Weighted Average Exercise Price
2010 Plan	789,260	$ 1.89
2017 Plan	2,032,544	$ 3.66
2020 Plan	2,862,628	$ 11.64
2021 Plan	—	$ —
ESPP	—	$ —
Total	**5,684,432**	**$ 7.43**

Restricted Stock Units

As of June 30, 2021, we had outstanding 2,494,192 RSUs. RSUs are bookkeeping entries representing an amount equal to the fair market value of one share of our common stock. RSUs vest upon the satisfaction of service-based and performance-based vesting conditions, and until settled in shares of common stock, have no voting or other rights of a stockholder.

Warrants

As of June 30, 2021, we had three warrants outstanding to purchase an aggregate of 797,652 shares of our common stock, with two of the warrants totaling 704,048 shares and having an exercise price of $2.04 per share, and one of the warrants totaling 93,604 shares and having an exercise price of $0.0025 per share. Each outstanding warrant contains provisions for the adjustment of the exercise price and the number of shares issuable upon exercise in the event of stock dividends, stock splits, reorganizations and reclassifications, consolidations and the like.

Registration Rights

We are party to an investor rights agreement that provides registration rights to certain holders of our preferred stock, including certain holders of at least 5% of our capital stock and entities affiliated with certain of our directors, as set forth below. The investor rights agreement was entered into in April 2011 and has been amended and restated from time to time in connection with our preferred stock financings. The last such amendment and restatement of this agreement occurred in July 2021 in connection with our reorganization. The registration of shares of our common stock by the exercise of registration rights described below would enable the holders to sell their shares without restriction under the Securities Act when the applicable registration statement was declared effective.

Generally, in an underwritten offering, the managing underwriter, if any, has the right, subject to specified conditions, to limit the number of shares such holders may include. The demand, piggyback, and Form S-3 registration rights described below will expire with respect to any particular stockholder at such time after the effective date of the registration statement that such stockholder can sell all of its shares under Rule 144 of the Securities Act without registration.

Demand Registration Rights

Assuming the automatic conversion of all shares of our preferred stock and convertible common stock into shares of our common stock immediately prior to the closing of this offering, in each case based on an assumed initial

public offering price of $22.00 per share, the midpoint of the price range set forth on the cover of this prospectus, the holders of up to 146,563,736 shares of our common stock will be entitled to certain demand registration rights after completion of this offering. Pursuant to our investor rights agreement, the holders of our outstanding common stock issued or issuable upon conversion of our preferred stock and our convertible common stock, as well as certain holders of our common stock, will be entitled to certain demand registration rights. At any time beginning 180 days after the closing of this offering, the holders of these shares with a value $200 million may, request that we register all or a portion of their shares. Such anticipated aggregate offering price must exceed $10,000,000. We are only obligated to effect three registrations in response to these demand registration rights.

Piggy-Back Registration Rights

Pursuant to our investor rights agreement, after this offering, in the event that we propose to register any of our securities under the Securities Act, the holders of shares of our common stock issued or issuable upon conversion of our preferred stock and our convertible common stock, as well as certain holders of our common stock, will be entitled to, either for their own account or for the account of other security holders, certain piggyback registration rights allowing the holder to include their shares in such registration, subject to certain marketing and other limitations. As a result, whenever we propose to file a registration statement under the Securities Act, the holders of these shares are entitled to notice of the registration and have the right to include their shares in the registration, subject to limitations that the underwriters may impose on the number of shares included in the offering.

Form S-3 Registration Rights

After the effectiveness of the registration statement of which this prospectus forms a part, as of June 30, 2021 the holders of up to approximately 146,563,736 shares of our common stock will be entitled to certain Form S-3 registration rights. The holders of at least 10% of these shares then outstanding may make a written request that we register the offer and sale of their shares on a registration statement on Form S-3 if we are eligible to file a registration statement on Form S-3 so long as the request covers at least that number of shares with an anticipated offering price of at least $10 million. These stockholders may make an unlimited number of requests for registration on Form S-3; however, we will not be required to effect a registration on Form S-3 if we have effected two such registrations within the 12-month period preceding the date of the request.

If we determine that it would be seriously detrimental to us and our stockholders to effect such a registration, we have the right to defer such registration, not more than once in any 12-month period, for a period of up to 90 days. Additionally, we will not be required to effect a registration on Form S-3 during the period beginning 90 days prior to our good faith estimate of the date of the filing of and ending on a date 120 days following the effectiveness of a registration statement with respect to an underwritten public offering of our common stock.

Expenses of Registration

We will pay all expenses relating to any demand registrations, Form S-3 registrations and piggyback registrations, subject to specified exceptions.

Anti-Takeover Effects of Certain Provisions of Delaware Law, Our Amended and Restated Certificate of incorporation and Our Amended and Restated Bylaws

Certain provisions of Delaware law and certain provisions that will be included in our amended and restated certificate of incorporation and amended and restated bylaws summarized below may be deemed to have an anti-takeover effect and may delay, deter, or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interests, including attempts that might result in a premium being paid over the market price for the shares held by stockholders.

Classified Board of Directors

Our amended and restated certificate of incorporation will provide that our board of directors is divided into three classes, designated Class I, Class II, and Class III. Each class will have an equal number of directors, as nearly as possible, consisting of one-third of the total number of directors constituting our entire board of directors. The term of initial Class I directors shall terminate on the date of the 2022 annual meeting, the term of the initial Class II directors shall terminate on the date of the 2023 annual meeting, and the term of the initial Class III directors shall terminate on the date of the 2024 annual meeting. At each annual meeting of stockholders beginning in 2022, successors to the class of directors whose term expires at that annual meeting will be elected for a three-year term.

Removal of Directors

Our amended and restated certificate of incorporation will provide that stockholders may only remove a director for cause by a vote of no less than two-thirds of the voting power of our then-outstanding shares of capital stock entitled to vote generally in an election of directors, voting together as a single class.

Director Vacancies

Our amended and restated certificate of incorporation will authorize only our board of directors to fill vacant directorships.

No Cumulative Voting

Our amended and restated certificate of incorporation will provide that stockholders do not have the right to cumulate votes in the election of directors.

Special Meetings of Stockholders

Our amended and restated certificate of incorporation and amended and restated bylaws will provide that, except as otherwise required by law, special meetings of the stockholders may be called only by our board of directors, by the chairperson of our board of directors, by the lead independent director or by our Chief Executive Officer.

Advance Notice Procedures for Director Nominations

Our bylaws will provide that stockholders seeking to nominate candidates for election as directors at an annual or special meeting of stockholders must provide timely notice thereof in writing. To be timely, a stockholder's notice generally will have to be delivered to and received at our principal executive offices not less than 90 nor more than 120 days before the meeting. Although the amended and restated bylaws will not give our board of directors the power to approve or disapprove stockholder nominations of candidates to be elected at an annual meeting, the amended and restated bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed or may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of us.

Action by Written Consent

Our amended and restated certificate of incorporation and amended and restated bylaws will provide that any action to be taken by the stockholders must be effected at a duly called annual or special meeting of stockholders and may not be effected by written consent.

Amending our Certificate of Incorporation and Bylaws

Our amended and restated certificate of incorporation may be amended or altered in any manner provided by the DGCL; provided that the amendment, repeal or adoption of certain provisions specified therein require the

affirmative vote of at least two-thirds of the voting power of our then-outstanding shares of capital stock entitled to vote generally in an election of directors, voting together as a single class, except for any provision that has been approved by two-thirds of the authorized directors, in which case the approval of a majority of the voting power of our then-outstanding capital stock will be required. Our amended and restated bylaws may be adopted, amended, altered, or repealed by stockholders only upon approval of at least two-thirds of the voting power of all the then outstanding shares of our capital stock entitled to vote generally in an election of directors, voting together as a single class. Additionally, our amended and restated certificate of incorporation will provide that our bylaws may be amended, altered, or repealed by our board of directors.

Authorized but Unissued Shares

Our authorized but unissued shares of common stock and preferred stock will be available for future issuances without stockholder approval, except as required by the listing standards of Nasdaq, and could be utilized for a variety of corporate purposes, including future offerings to raise additional capital, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock and preferred stock could render more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

Choice of Forum

Our amended and restated certificate of incorporation to be effective immediately following the closing of this offering will provide that the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) is the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (i) any derivative action or proceeding brought on our behalf; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of our current or former directors, officers, or other employees or stockholders to us or our stockholders, or any action asserting a claim for aiding and abetting such breach of fiduciary duty; (iii) any action or proceeding asserting a claim against us or any of our current or former directors, officers or other employees arising out of or pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws; (iv) any action or proceeding to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or our amended and restated bylaws (including any right, obligation, or remedy thereunder); (v) any action or proceeding as to which the DGCL confers jurisdiction to the Court of Chancery of the State of Delaware; and (vi) any action or proceeding asserting a claim against us or any of our current or former directors, officers, or other employees or stockholders that is governed by the internal affairs doctrine, in all cases to the fullest extent permitted by law and subject to the court's having personal jurisdiction over the indispensable parties named as defendants.

This choice of forum provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Our amended and restated certificate of incorporation to be effective immediately following the closing of this offering will further provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause or causes of action arising under the Securities Act, including all causes of action asserted against any defendant to such complaint. However, as Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder, there is uncertainty as to whether a court would enforce such provision.

For the avoidance of doubt, this provision is intended to benefit and may be enforced by us, our officers and directors, the underwriters to any offering giving rise to such complaint, and any other professional entity whose

profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying the offering. Additionally, our amended and restated certificate of incorporation to be effective immediately following the closing of this offering will provide that any person or entity holding, owning or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to these provisions. We note that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

Business Combinations with Interested Stockholders

Subject to certain exceptions, Section 203 of the DGCL prohibits a public Delaware corporation from engaging in a business combination (as defined in such section) with an "interested stockholder" (defined generally as any person who beneficially owns 15% or more of the outstanding voting stock of such corporation or any person affiliated with such person) for a period of three years following the time that such stockholder became an interested stockholder, unless (i) prior to such time the board of directors of such corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder; (ii) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of such corporation at the time the transaction commenced (excluding for purposes of determining the voting stock of such corporation outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned (A) by persons who are directors and also officers of such corporation and (B) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer); or (iii) at or subsequent to such time the business combination is approved by the board of directors of such corporation and authorized at a meeting of stockholders (and not by written consent) by the affirmative vote of at least 66 2/3% of the outstanding voting stock of such corporation not owned by the interested stockholder.

Limitation of Liability and Indemnification

Our amended and restated certificate of incorporation and amended and restated bylaws, each to be effective upon the completion of this offering, will provide that we will indemnify our directors and officers, and may indemnify our employees and other agents, to the fullest extent permitted by Delaware law. Delaware law prohibits our amended and restated certificate of incorporation from limiting the liability of our directors for the following:

- any breach of the director's duty of loyalty to us or to our stockholders;
- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- unlawful payment of dividends or unlawful stock repurchases or redemptions; and
- any transaction from which the director derived an improper personal benefit.

If Delaware law is amended to authorize corporate action further eliminating or limiting the personal liability of a director, then the liability of our directors will be eliminated or limited to the fullest extent permitted by Delaware law, as so amended. Our amended and restated certificate of incorporation does not eliminate a director's duty of care and, in appropriate circumstances, equitable remedies, such as injunctive or other forms of non-monetary relief, remain available under Delaware law. This provision also does not affect a director's responsibilities under any other laws, such as the federal securities laws or other state or federal laws. Under our amended and restated bylaws, we will also be empowered to purchase insurance on behalf of any person whom we are required or permitted to indemnify.

In addition to the indemnification required in our amended and restated certificate of incorporation and amended and restated bylaws, we have entered into an indemnification agreement with each member of our board of

directors and each of our officers. These agreements provide for the indemnification of our directors and officers for certain expenses and liabilities incurred in connection with any action, suit, proceeding or alternative dispute resolution mechanism, or hearing, inquiry or investigation that may lead to the foregoing, to which they are a party or other participant, or are threatened to be made a party or other participant, by reason of the fact that they are or were a director, officer, employee, agent or fiduciary of our company, by reason of any action or inaction by them while serving as an officer, director, agent or fiduciary, or by reason of the fact that they were serving at our request as a director, officer, employee, agent or fiduciary of another entity. In the case of an action or proceeding by or in the right of our company or any of our subsidiaries, no indemnification will be provided for any claim where a court determines that the indemnified party is prohibited from receiving indemnification. We believe that these charter and bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against directors and officers, even though an action, if successful, might benefit us and our stockholders. Moreover, a stockholder's investment may be harmed to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. There is no pending litigation or proceeding naming any of our directors or officers as to which indemnification is being sought, nor are we aware of any pending or threatened litigation that may result in claims for indemnification by any director or officer.

Listing

We have applied to list our common stock on Nasdaq under the symbol "AVDX."

Transfer Agent and Registrar

Upon closing of this offering, the transfer agent and registrar for our common stock will be Broadridge Financial Solutions Inc. The transfer agent and registrar's address is Broadridge Corporate Issuer Solutions, Inc., P.O. Box 1342, Brentwood, New York 11717.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no market for our common stock. Future sales of substantial amounts of our common stock in the public market or the perception that such sales might occur could adversely affect market prices prevailing from time to time. Furthermore, there may be sales of substantial amounts of our common stock in the public market after the existing legal and contractual restrictions lapse. This may adversely affect the prevailing market price and our ability to raise equity capital in the future. See "Risk Factors — Risks Related to Our Initial Public Offering and Ownership of Our Common Stock — Sales of a substantial number of shares of our common stock in the public market, or the perception that they might occur, could cause the price of our common stock to decline."

Upon the consummation of this offering, based on 165,746,302 shares of our common stock outstanding as of June 30, 2021, after giving effect to the conversion of all outstanding shares of our preferred stock (other than our senior preferred stock) into common stock upon the closing of this offering, we will have 191,350,102 shares of common stock outstanding (or 194,650,102 shares if the option to purchase additional shares is exercised in full). Of these shares, all of the shares sold in this offering will be freely transferable without restriction or further registration under the Securities Act, except that any shares purchased by one of our "affiliates," as that term is defined in Rule 144 under the Securities Act may be sold only in compliance with the limitations described below, and any shares purchased by our directors, officers or existing stockholders and optionholders pursuant to our directed share program will be subject to the lock-up agreements described below. The remaining shares of common stock held by our existing stockholders are "restricted securities" as defined in Rule 144. Restricted shares may be sold in the public market only if registered under the Securities Act or if they qualify for an exemption from registration, including, among others, the exemptions provided by Rules 144 and 701 promulgated by the SEC under the Securities Act. As a result of the contractual lock-up agreements set forth under the heading "— Lock-Up Agreements" and the provisions of Rules 144 and 701, these shares will be available for sale in the public market as follows:

- beginning on the date of this prospectus, the shares of common stock sold in this offering, including certain shares sold under our directed share program that are not subject to a lock-up agreement as set forth under the heading "— Lock-Up Agreements," will be immediately available for sale in the public market;
- upon release of the transfer restrictions set forth under the heading "— Lock-Up Agreements," 167,058,676 shares may become eligible for sale in the public market upon the satisfaction of certain conditions as set forth in "— Lock-Up Agreements," of which 41,746,567 shares would be held by affiliates and subject to the volume and other restrictions of Rule 144, as described below; and
- the remainder of the shares of common stock will be eligible for sale in the public market from time to time thereafter, subject in some cases to the volume and other restrictions of Rule 144, as described below.

In addition, any shares purchased by our officers and directors under our directed share program in connection with this offering are subject to the contractual lock-up period as set forth under the heading "— Lock-Up Agreements," subject, in some cases, to the volume and other restrictions of Rule 144 and to certain other limits under the Exchange Act.

Lock-Up Agreements

We will agree that we will not (i) offer, sell, contract to sell, pledge, grant any option to purchase, lend or otherwise dispose of any shares of our common stock, or any option or warrants to purchase any shares of our common stock, or any securities convertible into, exchangeable or redeemable for or that represent the right to receive shares of our common stock, or (ii) engage in any hedging or other transaction or arrangement, including, without limitation, any short sale or the purchase or sale of, or entry into, any put or call option or combination

thereof, which is designed to or which reasonably could be expected to lead to or result in a sale, loan, pledge or other disposition or transfer of the economic consequences of ownership of shares of our common stock, in each case without the prior written consent of Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC for a period of the earlier of (i) immediately prior to the third full trading day after we publicly furnish our second earnings release under Item 2.02 of Form 8-K or file our second periodic report (i.e., a quarterly report on Form 10-Q or an annual report on Form 10-K) with the SEC and (ii) 180 days from the date of this prospectus, other than the shares of our common stock to be sold hereunder and certain other exceptions.

Our directors, our executive officers, and holders of a substantial majority of our capital stock and securities convertible into our capital stock have entered into lock-up agreements with the underwriters prior to the commencement of this offering pursuant to which each of these persons or entities, with limited exceptions, for a period of time up to 180 days after the date of this prospectus, may not, without the prior written consent of Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC, (i) offer, sell, contract to sell, pledge, grant any option to purchase, lend or otherwise dispose of any shares of our common stock, or any option or warrants to purchase any shares of our common stock, or any options or warrants to purchase any shares of our common stock, or any securities convertible into, exchangeable or redeemable for or that represent the right to receive shares of our common stock, or (ii) engage in any hedging or other transaction or arrangement, including, without limitation, any short sale or the purchase or sale of, or entry into, any put or call option or combination thereof, forward, swap or any other derivative transaction or instrument, which is designed to or which reasonably could be expected to lead to or result in a sale, loan, pledge or other disposition or transfer of the economic consequences of ownership, in whole or in part, directly or indirectly, of shares of our common stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of common stock or such other securities, in cash or otherwise. Subject to the early lock-up expirations described below, these lock-up agreements include an initial early partial release date for certain of our employees and consultants, a second conditional partial release date for our existing stockholders and our executive officers and directors and a final complete release date applicable to all lock-up parties upon the earlier of (i) immediately prior to the third full trading day after we publicly furnish our second earnings release under Item 2.02 of Form 8-K or file our second periodic report (*i.e.*, a quarterly report on Form 10-Q or an annual report on Form 10-K) with the SEC and (ii) 180 days from the date of this prospectus.

Partial Early Lock-Up Releases

Current Employees and Consultants

In respect of our current employees and consultants, the transfer restrictions of their lock-up agreements will expire on 25% of their transfer restricted shares upon the first trading day that (i) occurs after the we have publicly furnished at least one earnings release under Item 2.02 of Form 8-K or filed at least one periodic report with the SEC and (ii) takes place in a broadly applicable period during which trading in the our securities is permitted under our insider trading policy, provided that such release shall not occur prior to the commencement of trading on the third trading day following satisfaction of the forgoing conditions and at least five trading days remain in such open trading window.

Existing Shareholders, Executive Officers and Directors

In respect of our existing shareholders and our executive officers and directors, the transfer restrictions of their lock-up agreements will expire on 20% of their transfer restricted shares upon the first trading day that (i) is at least 90 days after the date of this prospectus, (ii) occurs after the we have publicly furnished at least one earnings release under Item 2.02 of Form 8-K or filed at least one periodic report with the SEC and (iii) on such date, and for five out of any 10 consecutive trading days ending on such date, the last reported closing price of our common stock on Nasdaq is at least 20% greater than the initial public offering price per share of this offering; provided, however that if the date upon which the forgoing conditions are satisfied is outside an open trading window under our insider trading policy, such release will be suspended for our executive officers and

directors without additional conditionality until the first trading day of the next broadly applicable period during which trading in the our securities is permitted under our insider trading policy.

Final Lock-Up Expiration

All remaining shares of common stock subject to the lock-up agreement and not released on the applicable early lock-up expiration date will be released upon the earlier of (i) immediately prior to the opening of trading on the third full trading day after we have publicly furnished our second earnings release on Form 8-K or filed our second periodic report with the SEC and (ii) 180 days after the date of this prospectus.

Lock-Up Release Announcement

We will announce any early lock-up releases as well as the final lock-up expiration for both the early lock-up releases through a press release or Form 8-K at least two full trading days before any such release becomes effective.

Market Standoff

In addition, our executive officers, directors, and holders of a substantial majority of our capital stock and securities convertible into or exchangeable for our capital stock have entered into market standoff agreements with us under which they have agreed that, subject to certain exceptions, for a period of 180 days after the date of this prospectus, they will not, without our prior written consent, dispose of or hedge any shares or any securities convertible into or exchangeable for shares of our common stock. In the event that the lock-up period under the lock-up agreements with the underwriters is subject to early release or final expiration in accordance with the terms of the lock-up agreements, we would not expect to enforce such market standoff agreement with respect to such released shares from and after any such early release or, in respect of a final lock-up expiration prior to 180 days, for the duration of the 180 day period under the market standoff.

Rule 144

In general, under Rule 144, as currently in effect, an affiliate who beneficially owns shares that were purchased from us, or any affiliate, at least six months previously, is entitled to sell, upon the expiration of the lock-up agreement described in “Underwriting,” within any three-month period beginning six months after the date of this prospectus, a number of shares that does not exceed the greater of:

- 1 % of our then-outstanding shares of common stock, which will equal approximately 1,913,501 shares immediately after this offering (or 1,946,501 shares if the option to purchase additional shares is exercised in full), based on the number of shares of our common stock outstanding as of June 30, 2021; or
- the average weekly trading volume of our common stock on Nasdaq during the four calendar weeks preceding the filing of a notice of the sale with the SEC.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions, notice requirements and the availability of current public information about us. The sale of these shares, or the perception that sales will be made, may adversely affect the price of our common stock after this offering because a great supply of shares would be, or world be perceived to be, available for sale in the public market.

Following this offering, a person that is not an affiliate of ours at the time of, or at any time during the three months preceding, a sale and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months may sell shares subject only to the availability of current public information about us, and any such person who has beneficially owned restricted shares of our common stock for at least one year may sell shares without restriction.

We are unable to estimate the number of shares that will be sold under Rule 144 since this will depend on the market price for our common stock, the personal circumstances of the stockholder and other factors.

Rule 701

In general, under Rule 701, as currently in effect, any of our employees, directors, officers, consultants or advisors who purchased shares from us in connection with a compensatory stock or option plan or other written agreement before the effective date of this offering is entitled to resell such shares 90 days after the effective date of this offering in reliance on Rule 144, without having to comply with the holding period requirements or other restrictions contained in Rule 701.

The SEC has indicated that Rule 701 will apply to typical stock options granted by an issuer before it becomes subject to the reporting requirements of the Exchange Act, along with the shares acquired upon exercise of such options, including exercises after the date of this prospectus. Securities issued in reliance on Rule 701 are restricted securities and, subject to the contractual lock-up restrictions described above, beginning 90 days after the date of this prospectus, may be sold by persons other than "affiliates," as defined in Rule 144, subject only to the manner of sale provisions of Rule 144 and by "affiliates" under Rule 144 without compliance with its one-year minimum holding period requirement.

Registration Statement on Form S-8

We intend to file a registration statement on Form S-8 under the Securities Act to register all of the shares of common stock subject to outstanding stock options under our 2010 Plan, 2017 Plan and 2020 Plan or reserved for future issuance under our 2021 Plan and ESPP, which will be effective upon the consummation of this offering. This registration statement would cover approximately 28,716,648 shares as of June 30, 2021. Shares registered under the registration statement will generally be available for sale in the open market after the expiration of the lock-up agreements described under the heading "Shares Eligible for Future Sale — Lock-Up Agreements."

Registration Rights

Beginning 180 days after the date of this prospectus, subject to certain exceptions and automatic extensions in certain circumstances, certain holders of shares of our common stock will be entitled to the rights described under "Description of Capital Stock — Registration Rights." Registration of these shares under the Securities Act would result in these shares becoming freely tradeable without restriction under the Securities Act immediately upon effectiveness of the registration.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS

The following is a summary of certain U.S. federal income tax consequences relevant to the purchase, ownership, and disposition of our common stock issued pursuant to this offering by non-U.S. holders (as defined below), but does not purport to be a complete analysis of all the potential tax considerations relating thereto. This summary is based upon the provisions of the Code, Treasury regulations promulgated or proposed thereunder, judicial decisions, and published rulings and administrative pronouncements of the IRS, in each case in effect as of the date hereof. These authorities may be changed, possibly with retroactive effect, so as to result in U.S. federal income tax consequences different from those set forth below. We have not sought, and will not seek, any rulings from the IRS regarding the matters discussed below, and there can be no assurance that the IRS will not take a position contrary to those discussed below or that any position taken by the IRS will not be sustained.

This summary is limited to non-U.S. holders who purchase our common stock pursuant to this offering and who hold shares of our common stock as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment purposes). This summary does not address the tax consequences arising under the laws of any non-U.S., state, or local jurisdiction or under U.S. federal gift and estate tax laws or the effect, if any, of the alternative minimum tax, base erosion and anti-abuse tax, the Medicare contribution tax imposed on net investment income, or the rules under Section 451 of the Code with respect to conforming the timing of income accruals to financial statements. In addition, this discussion does not address tax considerations applicable to a non-U.S. holder's particular circumstances or to a non-U.S. holder that may be subject to special tax rules, including, without limitation:

- banks, insurance companies, or other financial institutions;
- partnerships or other entities or arrangements classified as partnerships for U.S. federal income tax purposes and investors therein;
- tax-exempt organizations or governmental organizations;
- controlled foreign corporations, passive foreign investment companies, and corporations that accumulate earnings to avoid U.S. federal income tax;
- brokers or dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- U.S. expatriates and former citizens or former long-term residents of the U.S.;
- persons who hold our common stock as a position in a hedging transaction, "straddle," "conversion transaction," or other risk reduction transaction;
- persons who hold or receive our common stock pursuant to the exercise of any employee stock option or otherwise as compensation;
- tax-qualified retirement plans;
- qualified foreign pension funds as defined in Section 897(l)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds; and
- persons deemed to sell our common stock under the constructive sale provisions of the Code.

In addition, if a partnership (including an entity or arrangement classified as a partnership for U.S. federal income tax purposes) holds our common stock, the tax treatment of a partner generally will depend on the status of the partner and upon the activities of the partner or partnership. Accordingly, partnerships that hold our common stock, and partners in such partnerships, should consult their tax advisors.

YOU SHOULD CONSULT YOUR TAX ADVISOR WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO YOUR PARTICULAR SITUATION, AS WELL AS ANY TAX

CONSEQUENCES OF THE PURCHASE, OWNERSHIP, AND DISPOSITION OF OUR COMMON STOCK ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX RULES, U.S. ALTERNATIVE MINIMUM TAX RULES, OR UNDER THE LAWS OF ANY NON-U.S., STATE, OR LOCAL TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

Non-U.S. Holder Defined

For purposes of this discussion, you are a "non-U.S. holder" if you are a beneficial owner of our common stock and you are neither a "U.S. person" nor an entity or arrangement classified as a partnership for U.S. federal income tax purposes. A U.S. person is any person that, for U.S. federal income tax purposes, is or is treated as:

- an individual who is a citizen or resident of the U.S.;
- a corporation or other entity taxable as a corporation created or organized (or deemed to be created or organized) in the U.S. or under the laws of the U.S., any state thereof, or the District of Columbia;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust (x) whose administration is subject to the primary supervision of a U.S. court and which has one or more "United States person" (as defined in the Code) who has the authority to control all substantial decisions of the trust or (y) which has made a valid election under applicable Treasury regulations to be treated as a United States person for U.S. federal income tax purposes.

Distributions

As described under "Dividend Policy" in this prospectus, we do not expect to make any distributions for the foreseeable future. However, if we do make distributions on our common stock, other than certain pro rata distributions of common stock, those distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent distributions exceed both our current and our accumulated earnings and profits, they will first constitute a tax-free return of capital and will reduce your adjusted tax basis in our common stock (determined on a share by share basis), but not below zero, and then any excess will be treated as capital gain from the sale of our common stock, subject to the tax treatment described below in "—Gain on Sale or Other Taxable Disposition of Common Stock."

Any dividend paid to you generally will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividend, or such lower rate as may be specified by an applicable income tax treaty, except to the extent that the dividends are "effectively connected" dividends, as described below. In order to claim treaty benefits to which you may be entitled, you must provide us with a properly completed IRS Form W-8BEN or W-8BEN-E (or other applicable or successor form) certifying under penalty of perjury that you are not a "United States person" as defined under the Code and qualify for the reduced treaty rate. If you do not timely furnish the required documentation, but are otherwise eligible for a reduced rate of U.S. federal withholding tax pursuant to an income tax treaty, you may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. If you hold our common stock through a financial institution or other agent acting on your behalf, you will be required to provide appropriate documentation to the agent, who then will be required to provide certification to us or our paying agent, either directly or through other intermediaries. This certification must be provided to us (or, if applicable, our paying agent) prior to the payment to you of any dividends and may be required to be updated periodically.

We may withhold up to 30% of the gross amount of the entire distribution even if greater than the amount constituting a dividend, as described above, to the extent provided for in the Treasury Regulations. If tax is withheld on the amount of a distribution in excess of the amount constituting a dividend, then a refund of any such excess amounts may be obtained if a claim for refund is timely filed with the IRS.

Dividends received by you that are effectively connected with your conduct of a trade or business within the U.S. (and, if an applicable income tax treaty requires, attributable to a permanent establishment or fixed base maintained by you in the U.S.) are exempt from the U.S. federal withholding tax described above. In order to claim this exemption, you must provide us (or, if applicable, our paying agent) with an IRS Form W-8ECI (or a successor form) properly certifying that the dividends are effectively connected with your conduct of a trade or business within the U.S. Such effectively connected dividends, although not subject to U.S. federal withholding tax, are generally taxed at the same U.S. federal income tax rates applicable to U.S. persons, net of certain deductions and credits (except as provided by an applicable income tax treaty). In addition, if you are a corporate non-U.S. holder, you may also be subject to a branch profits tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty) on your effectively connected earnings and profits for the taxable year that are attributable to such dividends, as adjusted for certain items.

Gain on Sale or Other Taxable Disposition of Common Stock

Subject to the discussions below regarding FATCA and backup withholding, you generally will not be required to pay U.S. federal income tax on any gain realized upon the sale or other taxable disposition of our common stock unless:

- the gain is effectively connected with your conduct of a U.S. trade or business (and, if an applicable income tax treaty requires, the gain is attributable to a permanent establishment or fixed base maintained by you in the U.S.);
- you are an individual who is present in the U.S. for a period or periods aggregating 183 days or more during the taxable year in which the sale or disposition occurs and certain other conditions are met; or
- our common stock constitutes a U.S. real property interest by reason of our status as a "United States real property holding corporation," or a "USRPHC," for U.S. federal income tax purposes, at any time during the shorter of the five-year period ending on the date of the sale or other taxable disposition of, or your holding period for, our common stock, and certain other conditions are met.

If you are a non-U.S. holder described in the first bullet above, you generally will be subject to U.S. federal income tax on the gain derived from the sale or other taxable disposition (net of certain deductions or credits) under the U.S. federal income tax rates generally applicable to U.S. persons (except as provided by an applicable income tax treaty), and corporate non-U.S. holders described in the first bullet above also may be subject to a branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

If you are an individual non-U.S. holder described in the second bullet above, you will be subject to U.S. federal income tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty) on the gain derived from the sale or other taxable disposition, which may be offset by U.S. source capital losses for that taxable year (even though you are not considered a resident of the U.S.), provided that you have timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet above, in general, we would be a USRPHC if our "U.S. real property interests" comprised at least 50% of the sum of the fair market value of our worldwide real property interests plus our other assets used or held in our trade or business. We believe that we are not currently and (based upon our projections as to our business) will not become a USRPHC. However, because the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property interests relative to the fair market value of our non-U.S. real property interests and our other business assets, there can be no assurance that we will not become a USRPHC in the future. Even if we are or were to become a USRPHC, gain arising from the sale or other taxable disposition by a non-U.S. holder of our common stock would not be subject to U.S. federal income tax if our common stock is "regularly traded" (within the meaning of applicable Treasury regulations) on an established securities market, and such non-U.S. holder has owned, actually or constructively, five percent or less of our common stock at all times during the applicable period described above. If any gain on a disposition of our common stock is taxable because we are a USRPHC and your ownership of our common stock exceeds 5%, you

will be taxed on such disposition in the same manner as gain that is effectively connected with the conduct of a U.S. trade or business (subject to the provisions of an applicable tax treaty), except that the branch profits tax generally will not apply.

Backup Withholding and Information Reporting

Payments of dividends on our common stock will not be subject to backup withholding, provided you either certify under penalty of perjury as to your non-U.S. status, such as by furnishing a valid IRS Form W-8BEN, W-8BEN-E, or W-8ECI (or a successor form), or otherwise establish an exemption. However, information returns are required to be filed with the IRS in connection with any dividends on our common stock paid to you, regardless of whether any tax was actually withheld. In addition, proceeds of the sale or other taxable disposition of our common stock within the U.S. or conducted through certain U.S.-related brokers generally will not be subject to backup withholding or information reporting, if the applicable withholding agent receives the certification described above or you otherwise establish an exemption. Proceeds of a disposition of our common stock conducted through a non-U.S. office of a non-U.S. broker generally will not be subject to backup withholding or information reporting.

Copies of information returns that are filed with the IRS may also be made available under the provisions of an applicable treaty or agreement to tax authorities in your country of residence, establishment, or organization.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or credit against a non-U.S. holder's U.S. federal income tax liability, provided that the required information is furnished to the IRS in a timely manner.

Additional Withholding Tax on Payments Made to Foreign Accounts

The Foreign Account Tax Compliance Act and the rules and regulations promulgated thereunder, or collectively, "FATCA," impose withholding tax at a rate of 30% on dividends on our common stock paid to a "foreign financial institution" (as specially defined under these rules), unless such institution enters into an agreement with the U.S. government to withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding the U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or otherwise establishes an exemption. FATCA also generally imposes a U.S. federal withholding tax of 30% on dividends on our common stock paid to a "non-financial foreign entity" (as specially defined for purposes of these rules) unless such entity provides the withholding agent with a certification identifying certain substantial direct and indirect U.S. owners of the entity, certifies that there are none or otherwise establishes an exemption. Additionally, although FATCA withholding may also apply to gross proceeds of a disposition of the common stock, proposed regulations, which taxpayers are permitted to rely on until final regulations are issued, eliminate withholding on such gross proceeds. The withholding provisions under FATCA generally apply to dividends on our common stock. Under certain circumstances, a non-U.S. holder might be eligible for refunds or credits of such taxes. An intergovernmental agreement between the U.S. and an applicable foreign country may modify the requirements described in this paragraph. Non-U.S. holders should consult their tax advisors regarding the possible implications of this legislation on their investment in our common stock.

THE PRECEDING DISCUSSION OF U.S. FEDERAL TAX CONSEQUENCES IS FOR GENERAL INFORMATION ONLY. THIS DISCUSSION IS NOT TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE PARTICULAR U.S. FEDERAL, STATE, AND LOCAL AND NON-U.S. TAX CONSEQUENCES OF PURCHASING, HOLDING, AND DISPOSING OF OUR COMMON STOCK, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAWS.

UNDERWRITING

AvidXchange and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC are the representatives of the underwriters.

Underwriters	Number of Shares
Goldman Sachs & Co. LLC	
J.P. Morgan Securities LLC	
BofA Securities Inc.	
Barclays Capital Inc.	
Credit Suisse Securities (USA) LLC	
KeyBanc Capital Markets Inc.	
Deutsche Bank Securities Inc.	
Piper Sandler & Co.	
Nomura Securities International, Inc.	
Fifth Third Securities, Inc.	
Total	22,000,000

The underwriters are committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

The underwriters have an option to buy up to an additional 3,300,000 shares from us to cover sales by the underwriters of a greater number of shares than the total number set forth in the table above. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by us. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase 3,300,000 additional shares.

Paid by AvidXchange	No Exercise	Full Exercise
Per Share	$	$
Total	$	$

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the initial public offering price. After the initial offering of the shares, the representatives may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

We and our officers, directors, and holders of substantially all of our common stock have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the earlier of (i) immediately prior to the third full trading day after we publicly furnish our second earnings release under Item 2.02 of Form 8-K or file our second periodic report (i.e., a quarterly report on Form 10-Q or an annual report on Form 10-K) with the SEC and (ii) 180 days from the date of this prospectus, except with the prior written consent of the representatives. This agreement does not apply to any existing employee benefit plans. See "Shares Available for Future Sale" for a discussion of certain transfer restrictions.

Prior to the offering, there has been no public market for the shares. The initial public offering price has been negotiated among us and the representatives. Among the factors to be considered in determining the initial public

offering price of the shares, in addition to prevailing market conditions, will be our historical performance, estimates of the business potential and our earnings prospects, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses.

We have applied to list our common stock on Nasdaq under the symbol “AVDX”.

In connection with the offering, the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A “covered short position” is a short position that is not greater than the amount of additional shares for which the underwriters’ option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. “Naked” short sales are any short sales that create a short position greater than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may offer and sell the shares of common stock through certain of their affiliates or other registered broker-dealer or selling agents.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discounts and commissions received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of our stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on the Nasdaq, in the over-the-counter market or otherwise.

We estimate that our total expenses for the offering, excluding underwriting discounts and commissions, will be approximately $10.3 million. We have agreed to reimburse the underwriters for certain of their expenses incurred in connection with this offering in an amount up to $35,000.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities,

derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Conflicts of Interest

KeyCorp, an entity affiliated with KeyBanc Capital Markets Inc., holds 395,288 shares of our Series E preferred stock on the same terms as the other investors, which shares will automatically convert into 1,581,152 shares of our common stock immediately upon the closing of this offering. KeyCorp has the right to appoint an observer to our board of directors in a non-voting capacity, provided that such observer seat will automatically terminate if KeyCorp's holdings of our Series E preferred stock or common stock, together with its affiliates, decreases to less than 790,576 shares. Such board observer right will terminate upon the completion of this offering. Additionally, an affiliate of KeyBanc Capital Markets Inc., is a lender under our debt facility.

Fifth Third Securities, Inc., or Fifth Third, holds 418,182 shares of our Series E preferred stock on the same terms as the other investors, which shares will automatically convert into 1,672,728 shares of our common stock immediately upon the closing of this offering. Fifth Third has the right to appoint an observer to our board of directors in a non-voting capacity, provided that such observer seat will automatically terminate if Fifth Third's holdings of our Series E preferred stock or common stock, together with its affiliates, decreases to less than 1,254,544 shares. Such board observer right will terminate upon the completion of this offering.

Directed Share Program

At our request, an affiliate of BofA Securities, Inc., a participating underwriter, has reserved for sale at the initial public offering price up to 5% of the common stock being offered for sale, to certain individuals and entities associated with AvidXchange. We will offer these shares to the extent permitted under applicable regulations in the United States and in various countries. Pursuant to the underwriting agreement, the sales will be made by the representatives through a directed share program. The number of shares of common stock available for sale to the general public will be reduced to the extent that such persons or entities purchase such reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same basis as the other shares of common stock offered hereby. Any directors and officers that buy shares of common stock through the directed share program will be subject to a lock-up period with respect to such shares. We have agreed to indemnify the affiliate of BofA Securities, Inc. in charge of the directed share program in connection with the directed share program, including for the failure of any participant to pay for its shares of common stock. Other than the underwriting discounts and commissions described on the front cover of this prospectus, the underwriters will not be entitled to any commission with respect to shares of common stock sold pursuant to the directed share program.

Lock-Up Agreements

We will agree that we will not (i) offer, sell, contract to sell, pledge, grant any option to purchase, lend or otherwise dispose of any shares of our common stock, or any option or warrants to purchase any shares of our common stock, or any securities convertible into, exchangeable or redeemable for or that represent the right to receive shares of our common stock, or (ii) engage in any hedging or other transaction or arrangement, including, without limitation, any short sale or the purchase or sale of, or entry into, any put or call option or combination thereof, which is designed to or which reasonably could be expected to lead to or result in a sale, loan, pledge or other disposition or transfer of the economic consequences of ownership of shares of our common stock, in each case without the prior written consent of Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC for a period of 180 days after the date of this prospectus, other than the shares of our common stock to be sold hereunder and certain other exceptions.

Our directors, our executive officers, and holders of a substantial majority of our capital stock and securities convertible into our capital stock have entered into lock-up agreements with the underwriters prior to the commencement of this offering pursuant to which each of these persons or entities, with limited exceptions, for a period of time up to 180 days after the date of this prospectus, may not, without the prior written consent of Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC, (i) offer, sell, contract to sell, pledge, grant any option to purchase, lend or otherwise dispose of any shares of our common stock, or any option or warrants to purchase any shares of our common stock, or any options or warrants to purchase any shares of our common stock, or any securities convertible into, exchangeable or redeemable for or that represent the right to receive shares of our common stock, or (ii) engage in any hedging or other transaction or arrangement, including, without limitation, any short sale or the purchase or sale of, or entry into, any put or call option or combination thereof, forward, swap or any other derivative transaction or instrument, which is designed to or which reasonably could be expected to lead to or result in a sale, loan, pledge or other disposition or transfer of the economic consequences of ownership, in whole or in part, directly or indirectly, of shares of our common stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of common stock or such other securities, in cash or otherwise. Subject to the early lock-up expirations described below, these lock-up agreements include an initial early partial release date for certain of our employees and consultants, a second conditional partial release date for our existing stockholders and our executive officers and directors and a final complete release date applicable to all lock-up parties upon the earlier of (i) immediately prior to the third full trading day after we publicly furnish our second earnings release under Item 2.02 of Form 8-K or file our second periodic report (*i.e.*, a quarterly report on Form 10-Q or an annual report on Form 10-K) with the SEC and (ii) 180 days from the date of this prospectus.

Partial Early Lock-Up Releases

Current Employees and Consultants

In respect of our current employees and consultants, the transfer restrictions of their lock-up agreements will expire on 25% of their transfer restricted shares upon the first trading day that (i) occurs after the we have publicly furnished at least one earnings release under Item 2.02 of Form 8-K or filed at least one periodic report with the SEC and (ii) takes place in a broadly applicable period during which trading in the our securities is permitted under our insider trading policy, provided that such release shall not occur prior to the commencement of trading on the third trading day following satisfaction of the forgoing conditions and at least five trading days remain in such open trading window.

Existing Shareholders, Executive Officers and Directors

In respect of our existing shareholders and our executive officers and directors, the transfer restrictions of their lock-up agreements will expire on 20% of their transfer restricted shares upon the first trading day that (i) is at least 90 days after the date of this prospectus, (ii) occurs after the we have publicly furnished at least one earnings release under Item 2.02 of Form 8-K or filed at least one periodic report with the SEC and (iii) on such date, and for five out of any 10 consecutive trading days ending on such date, the last reported closing price of our common stock on Nasdaq is at least 20% greater than the initial public offering price per share of this offering; provided, however that if the date upon which the forgoing conditions are satisfied is outside an open trading window under our insider trading policy, such release will be suspended for our executive officers and directors without additional conditionality until the first trading day of the next broadly applicable period during which trading in the our securities is permitted under our insider trading policy.

Final Lock-Up Expiration

All remaining shares of common stock subject to the lock-up agreement and not released on the applicable early lock-up expiration date will be released upon the earlier of (i) immediately prior to the opening of trading on the third full trading day after we have publicly furnished our second earnings release on Form 8-K or filed our second periodic report with the SEC and (ii) 180 days after the date of this prospectus.

European Economic Area

In relation to each Member State of the European Economic Area (each a Relevant State), no shares have been offered or will be offered pursuant to the offering to the public in that Relevant State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the representatives for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of the shares shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

Each person who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with each of the underwriters and us that it is a "qualified investor" within the meaning of Article 2(e) of the Prospectus Regulation. In the case of any shares being offered to a financial intermediary as that term is used in the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public other than their offer or resale in a Relevant State to qualified investors as so defined or in circumstances in which the prior consent of the underwriters have been obtained to each such proposed offer or resale.

For the purposes of this provision, the expression an "offer to the public" in relation to shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

We have not authorized and do not authorize the making of any offer of shares through any financial intermediary on their behalf, other than offers made by the underwriters with a view to the final placement of the shares in this document. Accordingly, no purchaser of the shares, other than the underwriters, is authorized to make any further offer of the shares on behalf of us or the underwriters.

United Kingdom

In relation to the United Kingdom, no shares of common stock have been offered or will be offered pursuant to this offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the shares that either (i) has been approved by the Financial Conduct Authority, or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, except that offers of shares may be made to the public in the United Kingdom at any time under the following exemptions under the UK Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation); or

(c) in any other circumstances falling within section 86 of the Financial Services and Markets Act 2000, or FSMA,

provided that no such offer of shares shall require the Issuer or any representative to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares in any relevant state means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares, and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

We have not authorized and do not authorize the making of any offer of shares through any financial intermediary on their behalf, other than offers made by the underwriters with a view to the final placement of the shares as contemplated in this prospectus. Accordingly, no purchaser of the shares, other than the underwriters, is authorized to make any further offer of the shares on behalf of us or the underwriters.

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in Article 2 of the UK Prospectus Regulation) (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or the Order, and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons") or otherwise in circumstances which have not resulted and will not result in an offer to the public of the shares in the United Kingdom within the meaning of the FSMA.

Any person in the United Kingdom that is not a relevant person should not act or rely on the information included in this document or use it as basis for taking any action. In the United Kingdom, any investment or investment activity that this document relates to may be made or taken exclusively by relevant persons.

Canada

The securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption form, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts, or NI 33-105, the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and

Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong), or the Companies (Winding Up and Miscellaneous Provisions) Ordinance, or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), or the Securities and Futures Ordinance, or (ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Class of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Notification under Section 309B(1) of the SFA—The shares shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The securities may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

LEGAL MATTERS

The validity of the securities offered in this offering and certain legal matters in connection with this offering will be passed upon for us by Paul Hastings LLP, Washington, District of Columbia. Certain legal matters in connection with this offering will be passed upon for the underwriters by Cooley LLP, Palo Alto, California.

EXPERTS

The financial statements as of December 31, 2020 and December 31, 2019 and for each of the two years in the period ended December 31, 2020 included in this Prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all the information set forth in the registration statement, some of which is contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our common stock, we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. The SEC maintains an Internet website that contains reports and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

On the completion of this offering, we will be subject to the information reporting requirements of the Exchange Act, and we will file reports, proxy statements and other information with the SEC. These reports, proxy statements and other information will be available for inspection and copying at the public reference room and website of the SEC referred to above.

We also maintain a website at www.avidxchange.com. Information contained on, or accessible through, our website is not a part of this prospectus and you should not rely on that information when making a decision to invest in our common stock.

AvidXchange, Inc.
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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of AvidXchange, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of AvidXchange, Inc. and its subsidiaries (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of operations, of changes in convertible preferred stock and stockholders' deficit and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2020 and the manner in which it accounts for revenue in 2019.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP
Charlotte, North Carolina
June 4, 2021, except for the effects of the revision discussed in Note 2 to the consolidated financial statements, as to which the date is September 17, 2021, and except for the effects of the stock split discussed in Note 1 to the consolidated financial statements as to which the date is September 30, 2021

We have served as the Company's auditor since 2017.

AvidXchange, Inc.
Consolidated Balance Sheets
December 31, 2020 and 2019

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	$ 252,458,059	$ 225,265,760
Restricted funds held for customers	137,620,423	51,707,271
Accounts receivable, net of allowances of $1,769,480 and $1,411,294, respectively	24,756,735	18,817,675
Supplier advances receivable, net of allowances of $1,099,003 and $588,431, respectively	8,854,576	5,184,690
Prepaid expenses and other current assets	8,625,707	7,354,154
Total current assets	432,315,500	308,329,550
Property and equipment, net	86,872,230	82,093,650
Operating lease right-of-use assets	3,138,944	—
Deferred customer origination costs, net	24,123,982	21,248,454
Goodwill	105,695,875	89,521,308
Intangible assets, net	72,441,923	70,288,097
Other noncurrent assets and deposits	1,921,800	2,375,000
Total assets	$ 726,510,254	$ 573,856,059
Liabilities, Convertible Preferred Stock and Shareholders' Deficit		
Current liabilities		
Accounts payable	$ 25,417,863	$ 10,933,377
Accrued expenses	40,471,851	31,196,973
Payment service obligations	137,620,423	51,707,271
Deferred revenue	6,309,072	3,491,059
Current maturities of lease obligations under finance leases	1,091,937	1,348,949
Current maturities of lease obligations under operating leases	1,146,510	—
Current Maturities of long-term debt	1,000,000	1,000,000
Total current liabilities	213,057,656	99,677,629
Long-term liabilities		
Deferred revenue, less current	1,660,687	1,690,132
Deferred rent and tenant improvement allowance	—	4,028,311
Obligations under finance leases, less current maturities	73,138,535	60,791,199
Obligations under operating leases, less current maturities	3,749,916	—
Long-term debt	98,446,295	93,886,267
Other long-term liabilities	14,938,958	4,729,216
Total liabilities	404,992,047	264,802,754
Commitments and contingencies (note 12)		
Convertible preferred stock, $0.001 par value; 40,472,166 shares authorized as of December 31, 2020 and 2019; 30,081,996 shares and 29,007,861 shares issued and outstanding as of December 31, 2020 and 2019, respectively; and liquidation preference of $884,841,720 and $788,403,592 as of December 31, 2020 and 2019, respectively	832,624,796	720,835,155
Shareholders' deficit		
Common stock, $0.001 par value; 240,000,000 shares authorized as of December 31, 2020 and 2019, 50,054,880 shares issued and outstanding as of December 31, 2020 and 44,014,700 shares issued and outstanding as of December 31, 2019	50,055	44,015
Additional paid-in capital	161,115,961	11,799,178
Accumulated deficit	(672,272,605)	(423,625,043)
Total shareholders' deficit	(511,106,589)	(411,781,850)
Total liabilities, convertible preferred stock and shareholders' deficit	$ 726,510,254	$ 573,856,059

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

AvidXchange, Inc.
Consolidated Statements of Operations
Years Ended December 31, 2020 and 2019

	2020	2019
Revenues	$ 185,927,639	$ 149,584,054
Cost of revenues (exclusive of depreciation and amortization expense)	83,754,494	71,132,946
Operating expenses		
Sales and marketing	47,909,960	39,583,371
Research and development	44,500,106	33,591,075
General and administrative	56,395,198	52,101,180
Impairment and write-off of intangible asset	924,292	7,890,939
Depreciation and amortization	27,513,518	22,339,491
Total operating expenses	177,243,074	155,506,056
Loss from operations	(75,069,929)	(77,054,948)
Other income (expense)		
Interest income	1,675,523	1,382,742
Interest expense	(20,080,222)	(17,259,127)
Change in fair value of derivative instrument	(7,537,389)	(555,000)
Other expenses	(25,942,088)	(16,431,385)
Loss before income taxes	(101,012,017)	(93,486,333)
Income tax expense	234,406	59,824
Net loss	$ (101,246,423)	$ (93,546,157)
Deemed dividends on preferred stock	(43,413,654)	(6,493,607)
Accretion of convertible preferred stock	(21,681,741)	(7,905,973)
Net loss attributable to common shareholders	$ (166,341,818)	$ (107,945,737)
Net loss per share attributable to common shareholders, basic and diluted	$ (3.34)	$ (2.54)
Weighted average number of common shares used to compute net loss per share attributable to common shareholders, basic and diluted	49,738,252	42,526,716

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

AvidXchange, Inc.
Consolidated Statement of Changes in Convertible Preferred Stock and Shareholders' Deficit
Years Ended December 31, 2020 and 2019

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Shareholders' Deficit
	Shares	Amount	Shares	Amount			
Balances at December 31, 2018	23,911,654	$ 472,450,683	41,745,676	$ 41,746	$ 5,336,788	$ (320,925,577)	$ (315,547,043)
Exercise of stock options and warrants	—	—	445,392	445	594,480	—	594,925
Common shares issued for acquisition	—	—	1,851,784	1,852	9,511,688	—	9,513,540
Stock-based compensation	—	—	—	—	1,379,326	—	1,379,326
Vesting of warrants issued in connection with consulting services	—	—	—	—	201,710	—	201,710
Options issued in connection with 2018 bonus program	—	—	—	—	127,984	—	127,984
Common stock repurchased	—	—	(28,152)	(28)	(7,432)	(99,095)	(106,555)
Senior preferred issuance, net	2,722,166	123,095,135	—	—	—	—	—
Series F preferred issuance, net	2,652,412	122,073,980	—	—	—	—	—
Redemption of redeemable convertible preferred stock	(278,371)	(4,690,616)	—	—	—	—	—
Premium paid on redemption of redeemable convertible preferred stock	—	—	—	—	—	(6,493,607)	(6,493,607)
Accretion of convertible preferred stock	—	7,905,973	—	—	(5,345,366)	(2,560,607)	(7,905,973)
Net loss	—	—	—	—	—	(93,546,157)	(93,546,157)
Balances at December 31, 2019	29,007,861	$ 720,835,155	44,014,700	$ 44,015	$ 11,799,178	$ (423,625,043)	$ (411,781,850)
Exercise of stock options and warrants	—	—	613,296	613	1,876,574	—	1,877,187
Common shares issued for acquisition	—	—	488,704	489	5,987,601	—	5,988,090
Stock-based compensation	—	—	—	—	1,630,275	—	1,630,275
Vesting of warrants issued in connection with consulting services	—	—	—	—	100,855	—	100,855
Common shares issuance, net	—	—	17,988,020	17,988	206,203,046	—	206,221,034
Common stock repurchased	—	—	(13,049,840)	(13,050)	(1,573,488)	(147,213,824)	(148,800,362)
Series F preferred issuance, net	2,040,316	93,632,264	—	—	—	—	—
Redemption of redeemable convertible preferred stock	(966,181)	(3,524,364)	—	—	—	—	—
Premium paid on redemption of redeemable convertible preferred stock	—	—	—	—	(43,413,654)	—	(43,413,654)
Accretion of convertible preferred stock	—	21,681,741	—	—	(21,494,426)	(187,315)	(21,681,741)
Net loss	—	—	—	—	—	(101,246,423)	(101,246,423)
Balances at December 31, 2020	30,081,996	$ 832,624,796	50,054,880	$ 50,055	$ 161,115,961	$ (672,272,605)	$ (511,106,589)

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

AvidXchange, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Net loss	$ (101,246,423)	$ (93,546,157)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation and amortization expense	27,513,518	22,339,491
Amortization of deferred financing costs	1,182,107	1,183,810
Provision for doubtful accounts	1,441,692	901,146
Stock based compensation expense	1,630,275	1,379,326
Warrants vested in connection with consulting services	100,855	201,710
Accrued interest	912,577	878,239
Impairment and write-off on intangible and right-of-use assets	997,030	7,890,939
Loss on fixed asset disposal	14,120	11,373
Payment of third party fees related to debt modification	—	(593,347)
Payment of third party fees related to debt modification —related party	—	(2,645,353)
Fair value adjustment to derivative instrument	7,537,389	555,000
Deferred income taxes	181,407	59,824
Changes in operating assets and liabilities net of effect of business acquired		
Accounts receivable	(5,711,591)	(2,327,844)
Prepaid expenses and other current assets	(1,245,002)	(1,099,022)
Other noncurrent assets	359,443	(340,326)
Deferred customer origination costs	(2,875,528)	(4,646,043)
Accounts payable	14,148,917	3,664,886
Deferred revenue	288,732	235,302
Accrued expenses	11,619,377	3,725,479
Operating lease liabilities	(978,236)	—
Deferred rent and tenant improvement allowance	—	380,155
Total adjustments	57,117,082	31,754,745
Net cash used by operating activities	(44,129,341)	(61,791,412)

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

AvidXchange, Inc.
Consolidated Statements of Cash Flows (continued)
Years Ended December 31, 2020 and 2019

Cash flows from investing activities		
Purchases of equipment	(703,492)	(1,905,281)
Purchases of land	25,000	(38,560)
Purchases of intangible assets	(11,345,993)	(7,349,571)
Supplier advances, net	(4,706,792)	(1,727,936)
Acquisition of business, net of cash acquired	(19,828,672)	(105,834,033)
Net cash used by investing activities	(36,559,949)	(116,855,381)
Cash flows from financing activities		
Proceeds from the issuance of long-term debt	4,471,678	96,080,625
Repayments of long-term debt	—	(70,780,900)
Principal payments on land promissory note	(1,000,000)	(1,000,000)
Principal payments on finance leases	(1,582,195)	(1,777,025)
Proceeds from issuance of preferred and common stock	322,288,493	260,488,385
Common stock repurchased	(148,762,884)	—
Convertible preferred stock redeemed	(46,979,602)	(11,184,223)
Transaction costs related to issuance of stock	(1,327,000)	(1,240,879)
Transaction costs related to issuance of stock — related party	(19,226,901)	(11,428,021)
Debt issuance costs	—	(2,105,509)
Payment on earn-out agreement	—	(500,000)
Payment service obligations	85,913,152	51,707,271
Net cash provided by financing activities	193,794,741	308,259,724
Net increase in cash, cash equivalents, and restricted funds held for customers	113,105,451	129,612,931
Cash, cash equivalents, and restricted funds held for customers		
Cash, cash equivalents, and restricted funds held for customers, beginning of year	276,973,031	147,360,100
Cash, cash equivalents, and restricted funds held for customers, end of year	$ 390,078,482	$ 276,973,031
Supplementary information of noncash investing and financing activities		
Right-of-use assets obtained in exchange for new finance lease obligations	$ 544,239	$ 1,109,937
Right-of-use assets obtained in exchange for new operating lease obligations	162,676	—
Common stock issued in business combination	5,988,090	9,513,540
Property and equipment purchases in accounts payable and accrued expenses	—	83,985
Interest paid on notes payable	10,798,072	9,605,335
Interest paid on finance leases	7,187,467	5,630,739
Options issued in connection with bonus compensation	—	127,984

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

AvidXchange, Inc.
Notes to the Consolidated Financial Statements
Years Ended December 31, 2020 and 2019

1. Formation and Business of the Company

The Company

AvidXchange, Inc. was incorporated in the state of Delaware in 2000. In July 2021, the Company consummated a reorganization by interposing a holding company between AvidXchange, Inc. and its stockholders. After the reorganization, all of the stockholders of AvidXchange, Inc. became stockholders of AvidXchange Holdings, Inc. and AvidXchange, Inc. became a wholly owned subsidiary of AvidXchange Holdings, Inc. To accomplish the reorganization, the Company formed AvidXchange Holdings, Inc., which was incorporated in Delaware on January 27, 2021, and AvidXchange Merger Sub, Inc. ("Merger Sub") as a wholly owned subsidiary of AvidXchange Holdings, Inc. The Company merged AvidXchange, Inc. with and into Merger Sub, with AvidXchange, Inc. as the surviving entity, by issuing identical shares of stock of AvidXchange Holdings, Inc. to the stockholders of AvidXchange, Inc. in exchange for their equity interest in AvidXchange, Inc.

The merger was considered a transaction between entities under common control. Upon the effective date of the reorganization, July 9, 2021, AvidXchange Holdings, Inc. will recognize the assets and liabilities of AvidXchange, Inc. at their carrying values within its financial statements.

AvidXchange, Inc. and its wholly owned subsidiaries are collectively referred to as "AvidXchange" or "the Company" in the accompanying consolidated financial statements after the reorganization.

AvidXchange provides accounts payable ("AP") automation software and payment solutions for middle market businesses and their suppliers. The Company's cloud-based, software and payment platform digitizes and automates the AP workflow for middle market businesses (AvidXchange's "buyer" customers), and their service providers and vendors (AvidXchange's "supplier" customers). The Company provides solutions and services throughout North America spanning multiple industries including real estate, homeowners associations ("HOA"), construction, financial services (including banks and credit unions), healthcare facilities, social services, education, and media.

AvidXchange's software solutions are delivered primarily through a software-as-a-service ("SaaS") platform that connects buyer customers using the Company's AP automation products with a network of their vendors, including supplier customers that have enrolled in AvidXchange's electronic payments network (the "AvidPay Network"). This platform provides a multitude of solutions including electronic invoice capture, intelligent workflow routing, and automated payments, which can provide AvidXchange's buyer and supplier customers with reduced costs, improved productivity, and reduction of paper from the traditional AP and payment processes.

The Company markets its solutions to buyers through both a direct salesforce and indirectly through strategic channel partnerships with banks and financial institutions as well as software and technology business partners. AvidXchange attracts buyer customers to the AvidPay Network through establishing a simple, easy-to-use network that helps integrate various buyers through a standard invoice and pay network. Supplier customers are selected to join the AvidPay Network by their buyer clients.

AvidXchange has completed strategic acquisitions that have expanded the customer relationships available to subscribe to its payment services solutions and gain access to new markets. The operating activities of the legal entities acquired are fully interdependent and integrated with the AvidXchange operations. The Company views its operations and manages its business as one segment and one reporting unit.

In December 2020, AvidXchange acquired Core Associates Holdings, LLC ("Core"), the maker of TimberScan, an AP approval processing and content management software that has enabled the Company to further expand into the construction sector.

In October 2019, the Company acquired BTS Alliance, LLC d.b.a. BankTEL Systems ("BankTEL"), a provider of accounting solutions to middle market banks. The completion of the BankTEL acquisition enabled AvidXchange to further expand into the financial services vertical primarily by integrating AvidPay with the BankTEL's ASCEND platform to create a cohesive AP and payment offering.

Stock Split

On September 30, 2021, the Company effected a 4-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 four shares of common stock and each stock award and warrant was split accordingly. The par value per share of common was not adjusted. The exercise price of options and warrants was adjusted. Shares of preferred stock were not split however the conversion rate of each share of preferred stock was adjusted to reflect the forward split. All common share, per common share and related information presented in the consolidated financial statements and accompanying notes have been retroactively adjusted, where applicable, to reflect the effect of the stock split.

2. Summary of Significant Accounting Policies

Basis of Consolidation and Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States. ("U.S. GAAP") and reflect the consolidated operations of AvidXchange, Inc. as of and for the years ended December 31, 2020 and 2019. All intercompany accounts and transactions have been eliminated in consolidation. There are no items of comprehensive income.

Presentation of Convertible Preferred Stock

The Company's Convertible Preferred Stock are classified as mezzanine equity in the accompanying balance sheets separate from all other stockholders' equity accounts that are classified as permanent equity (e.g., common stock and accumulated deficit). The purpose of this classification is to convey that such securities may not be permanently part of equity and could result in a demand for cash or other assets of the entity in the future based on passage of time or upon the occurrence of certain events outside of the Company's control. The presentation of the balance sheet as of December 31, 2019 was adjusted to conform to the balance sheet presentation as of December 31, 2020.

The Company's Convertible Preferred Stock is initially recorded at its original issuance price, net of issuance costs. The Company accretes the carrying amount of the redeemable convertible preferred stock to its redemption value over the period from the date of issuance (or from the date that it becomes probable that the instrument will become redeemable, if later) to the earliest redemption date of the instrument using an appropriate methodology, usually the interest method. These increases are recorded as charges against retained earnings, if any. In the absence of retained earnings, the amounts are recorded against the available balance of additional paid-in capital that has been generated from cash transactions until reduced to zero and any additional amounts are charged to accumulated deficit. Changes in the redemption value or the redemption date are considered to be changes in accounting estimates.

Impact of the COVID-19 Pandemic

Notwithstanding current vaccinations and the gradual re-opening of the U.S. economy, the global COVID-19 pandemic, including the emergence of recently discovered variants that are thought to be more

contagious (such as the increasingly widespread “Delta variant”), continues to adversely affect commercial activity and has contributed to significant volatility in the financial markets which may continue.

The Company’s revenue was adversely affected in 2020 by COVID-19 due to a reduction in spending and closures or slowdowns of certain of its buyer’s businesses and other mandated restrictions on travel, social and business gatherings, schools, and the workplace. The impact was higher in certain industry verticals or segments such as HOAs and commercial real estate, with certain buyers tightly managing spend and hesitating to start new implementation projects. On the other hand, the pandemic also had the short term impact of driving increased interest and, for certain buyers, accelerated purchasing decisions for the Company’s products and services, as buyers shifted to remote work arrangements.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities as of and during the reporting period. The Company bases estimates and assumptions on historical experience when available and on various factors that it believes to be reasonable under the circumstances. Significant estimates reflected in these consolidated financial statements include, but are not limited to, the allowance for doubtful accounts, useful lives assigned to fixed and intangible assets, capitalization of internal-use software, deferral of implementation costs, the fair value of intangible assets acquired in a business combination, the fair value of goodwill, the recoverability of deferred income taxes, the fair value of common stock, and the fair value of the convertible common stock liability (or the “derivative instrument.”) The Company assesses estimates on an ongoing basis; however, actual results could materially differ from those estimates.

Segments

The Company operates and manages its business as one reportable segment, which is the same as the operating segment as defined under FASB Accounting Standards Codification (”ASC”) 280. The Company’s Chief Executive Officer, who is the chief operating decision maker, reviews financial information on a consolidated basis for purposes of making decisions regarding allocating resources and assessing performance. All tangible assets are held in the United States and all revenue is generated in the United States. Refer to “Concentrations” below and Note 3 Revenue from Contracts with Customers for additional entity-wide disclosures.

Business Combinations

Identifiable assets acquired, and the liabilities assumed, resulting from a business combination are recorded at their estimated fair values on the date of the acquisition. Goodwill represents the excess of the purchase price over the estimated fair value of the net assets acquired, including the amount assigned to identifiable intangible assets. When a business combination involves contingent consideration, the Company recognizes a liability equal to the estimated fair value of the contingent consideration obligation at the date of the acquisition. Subsequent changes in the estimated fair value of the contingent consideration are recognized in earnings in the period of the change. Shares of common stock issued as part of the purchase consideration are valued as of the date of the business combination.

Revenue Recognition

Refer to Note 3 — Revenue from Contracts with Customers for information related to the Company's revenue recognition.

Concentrations

Significant Services

A substantial portion of the Company's revenue is derived from interchange fees earned on payment transactions processed as virtual commercial cards ("VCC"). The Company currently procures VCC processing services from a single service provider. For the years ended December 31, 2020 and 2019, interchange fee revenues from this service provider represented approximately 50% and 53% of total revenues, respectively. As of December 31, 2020 and 2019, 62% and 58% of accounts receivable, net, is comprised of amounts due from this service provider, respectively.

Future regulation or changes by the card brand payment networks could have a substantial impact on the Company's revenue from VCC transactions. If interchange rates decline, whether due to actions by the card brand payment networks, merchant/suppliers availing themselves of lower rates, or future regulation, the Company's total operating revenues, operating results, prospects for future growth and overall business could be materially affected.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The carrying values of cash and cash equivalents approximate their fair values due to the short-term nature of these instruments. Cash in the Company's bank accounts may exceed federally insured limits.

Restricted Funds Held for Customers and Payment Service Obligations

Restricted funds held for customers and the corresponding liability of payment service obligations represent funds that are collected from customers for payments to their suppliers. The Company is registered as a money services business ("MSB") with the Financial Crimes Enforcement Network ("FinCEN"). The Company currently operates two models for the transmission of buyer customer funds. Under its legacy model, buyer customer funds are held in trust accounts that are maintained and operated by a trustee pending distribution. After customers' funds are deposited in a trust account, the Company initiates payment transactions through external payment networks whereby the customers' funds are distributed from the trust to the appropriate supplier. The Company is not the trustee or beneficiary of the trusts which hold these customer deposits; accordingly, the Company does not record these assets and offsetting liability on its consolidated balance sheets. The Company contractually earns interest on funds held for customers with associated counterparties. The amount of customer funds held in trust accounts was approximately $723,084,000 and $363,573,000 as of December 31, 2020 and 2019, respectively. The increase in the balances of customer funds is a function of the volume of payments processed through the platform and the mix of payment types, with some payment types averaging more days in transit than others.

The Company has also obtained a money transmitter license in all states which require licensure. This model enables AvidXchange to provide commercial payment services to businesses through its "for the benefit of customer" ("FBO") bank accounts that are restricted for such purposes. The restricted funds held for customers are restricted for the purpose of satisfying the customer's supplier obligations and are not

available for general business use by the Company. The Company maintains these funds in liquid cash accounts and contractually earns interest on these funds held for customers. These funds are recognized as a restricted cash asset and a corresponding liability is recorded for payments due to their suppliers on the Company's consolidated balance sheets. Restricted funds held for customers are included in the cash and cash equivalents on the consolidated statements of cash flows. The Company continues to onboard new customers and transition existing customers to this model. The Company expects to continue to expand the use of this model.

Accounts Receivable, Supplier Advances and Allowance for Doubtful Accounts

Accounts receivable represent amounts due from the Company's VCC service provider for interchange fees earned and from buyer customers who have been invoiced for the use of the Company's software offerings, but payments have not been received. Accounts receivable from the VCC service provider are presented net of an allowance for transactions subsequently cancelled that do not ultimately settle through the payment network. Accounts receivable from buyer customers are presented net of an allowance for doubtful accounts. In judging the adequacy of the allowances, the Company considers multiple factors including historical cancellation rate for electronic payments, historical bad debt experience, general economic conditions, and aging of the receivables. The allowance for VCC transactions subsequently cancelled and the allowance for buyer customer's doubtful accounts are assessed at each period end and are recognized as a reduction of payment processing revenue and as bad debt expense within general and administrative expenses, respectively, in the consolidated statements of operations. A buyer customer receivable is written off against the allowance when it is determined that all collection efforts have been exhausted and the potential for recovery is considered remote. Historically, losses related to customer nonpayment have been immaterial and most of the accounts receivable balances have been current.

Supplier advances receivable represent amounts that have been advanced as part of the AvidXchange's Invoice Accelerator product but have not been collected. Advances are collected from the buyer customer once the buyer initiates the transfer of funds for the invoice that was previously advanced. If the buyer does not transfer the funds as expected, the Company is exposed to losses. The Company's experience with such delinquencies by buyer customers have been immaterial. Supplier advances receivable are stated at their estimated net realizable value. A broad range of information is considered in the estimation process, including historical loss information, effects of COVID-19, age of receivables, communications with buyer and supplier customers, changes in their risk profile, and supplier experience and utilization of the program. The allowance for doubtful accounts for supplier advances is assessed at period end and the measurement of the allowance is included as a component of cost of revenues in the Company's consolidated statements of operations. Supplier advances receivable balances are charged against the allowance when the Company determines it is probable the receivable will not be recovered after collection efforts and legal actions have been exhausted. The Company classifies the fees charged to supplier customers as cash flows from operating activities with the remaining accelerated advancements and recoupments classified as cash flows from investing activities on a net basis within the consolidated statements of cash flows.

The table below presents a reconciliation of the beginning and ending amounts of the Company's allowance for doubtful accounts as of December 31, 2020 and 2019:

	Accounts Receivable Allowance	Supplier Advances Receivable Allowance
Allowance for doubtful accounts, December 31, 2018	$ 941,335	$ 524,056
Amounts charged to contra revenue, cost of revenues and expenses	543,841	570,000
Amounts written off as uncollectable	(73,882)	(643,077)
Recoveries of amounts previously written off	—	137,452
Allowance for doubtful accounts, December 31, 2019	1,411,294	588,431
Amounts charged to contra revenue, cost of revenues and expenses	551,075	1,070,000
Amounts written off as uncollectable	(192,889)	(674,987)
Recoveries of amounts previously written off	—	115,559
Allowance for doubtful accounts, December 31, 2020	$1,769,480	$1,099,003

Property and Equipment

Property and equipment are recorded at cost at the date of acquisition plus the cost of additions and improvements that increase the useful lives of assets. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Assets recorded under leasehold improvements are amortized over the shorter of their useful lives or related lease terms. Repairs and maintenance expenditures are expensed as incurred. The cost and related accumulated depreciation and amortization of assets sold or disposed are removed from the accounts and the resulting gain or loss is reflected in operating expenses. The carrying value of all long-lived assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable, in accordance with ASC 360, *Property, Plant, and Equipment*. Assets under finance leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The amortization period is based on whether ownership transfers at the end of the lease, including the presence of a bargain purchase option. If ownership transfers or the Company has the option for a bargain purchase, the asset is depreciated over its useful life. If neither of the above criteria is present, the asset is depreciated over the life of the lease. Amortization of assets recorded as finance leases is included in the line item depreciation and amortization in the Company's consolidated statements of operations.

Intangible Assets and Goodwill

The Company capitalizes costs related to the development of its software services and certain projects for internal use in accordance with ASC 350, *Intangibles – Goodwill and Other*. These capitalized costs are primarily related to the integrated invoice processing and payment solutions and services hosted by the Company and accessed by its customers on a subscription and transaction basis. Costs incurred in the preliminary stages of development are expensed as incurred. Once an application has reached the development stage, internal and external costs, if direct, are capitalized until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing. The Company also capitalizes costs related to specific upgrades and enhancements when it is probable the

expenditures will result in additional functionality. Capitalized costs are recorded as part of Intangible assets. Maintenance and training costs are expensed as incurred. Internally developed software is amortized on a straight-line basis over its estimated useful life, generally three years.

Other identifiable intangible assets consist of acquired customer lists, technology and trade names, which were recorded at their fair values at the time of acquisition. Amortization is computed using the straight-line method over the estimated useful lives of the assets.

The Company evaluates intangible assets and long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. This includes, but is not limited to, significant adverse changes in business climate, market conditions, or other events that indicate an asset's carrying amount may not be recoverable. Recoverability of these assets is measured by comparison of the carrying amount of each asset to the future undiscounted cash flows the asset is expected to generate. If the undiscounted cash flows used in the test for recoverability are less than the carrying amount of these assets, then the carrying amount of such assets is reduced to fair value.

In accordance with ASC 350-20 — *Goodwill*, the Company evaluates goodwill for impairment as of October 31 each year or more frequently if events or changes in circumstances indicate that goodwill might be impaired. The Company is comprised of a single reporting unit. Current accounting guidance provides an entity the option to perform a qualitative assessment to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount prior to performing the two-step goodwill impairment test. If this is the case, the two-step goodwill impairment test is required. If it is more-likely-than-not that the fair value of a reporting is greater than its carrying amount, the two-step goodwill impairment test is not required.

In performing this qualitative assessment, we consider the following circumstances as well as others:

- Changes in general macroeconomic conditions such as a deterioration in general economic conditions; limitations on accessing capital; or other developments in equity and credit markets;
- Changes in industry and market conditions such as a deterioration in the environment in which the Company operates; an increased competitive environment; a decline in market-dependent multiples or metrics (in both absolute terms and relative to peers); a change in the market for an entity's products or services; or a regulatory or political development;
- Changes in cost factors that have a negative effect on earnings and cash flows;
- Decline in overall financial performance (for both actual and expected performance); and
- Recent implied valuation resulting from equity transactions and third-party valuations.

If the two-step goodwill impairment test is required, first, the fair value of the reporting unit is compared with its carrying amount (including attributable goodwill). If the fair value of the reporting unit is less than its carrying amount, an indication of goodwill impairment exists for the reporting unit and the entity must perform step two of the impairment test (measurement). Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation and the residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis. If the fair value of the reporting unit exceeds its carrying amount, step two does not need to be performed.

Stock-Based Compensation

Compensation cost for stock-based awards issued to employees and outside directors, including stock options and restricted stock units ("RSUs"), is measured at fair value on the date of grant.

The fair value of stock options is estimated using a Black-Scholes option-pricing model, while the fair value of RSUs is determined using the fair value of the Company's underlying common stock. Stock-based compensation expense is recognized on a straight-line basis over the requisite service period, which is generally four years. Stock-based compensation expense for RSUs with performance conditions is recognized over the requisite service period on an accelerated-basis as long as the performance condition in the form of a specified liquidity event is probable to occur. The impact of forfeitures on the recognition of expense is estimated based on actual forfeiture activity. In the case of equity issued in lieu of cash bonus, expense is recognized in the period the cash bonus was earned.

Common Stock Repurchases

The Company is incorporated in the State of Delaware and under the laws of that state shares of its own common stock that are acquired by the Company constitute authorized but unissued shares. The cost of the acquisition by the Company of shares of its own stock in excess of the aggregate par value of the shares first reduces additional paid-in-capital, to the extent available, with any residual cost applied as an increase to accumulated deficit.

Net Loss per Share

Basic net loss per share is computed by dividing net loss by the weighted-average number of common shares outstanding during the period. Diluted net loss per share is computed using the weighted average number of common shares outstanding during the period and, if dilutive, the weighted average number of potential shares of common stock. Net loss per share attributable to common stockholders is calculated using the two-class method, which is an earnings allocation formula that determines net loss per share for the holders of the Company's common shares and participating securities. The Company's convertible preferred stock contains participation rights in any dividend paid by the Company and is deemed to be a participating security. Net loss attributable to common stockholders and participating preferred shares are allocated to each share on an as-converted basis as if all of the earnings for the period had been distributed. The participating securities do not include a contractual obligation to share in losses of the Company and are not included in the calculation of net loss per share in the periods in which a net loss is recorded.

Diluted net loss per share is computed using the more dilutive of (a) the two-class method or (b) the if converted method. The Company allocates earnings first to preferred stockholders based on dividend rights and then to common and preferred stockholders based on ownership interests. The weighted average number of common shares included in the computation of diluted net loss gives effect to all potentially dilutive common equivalent shares, including outstanding stock options and convertible preferred stock. Common stock equivalent shares are excluded from the computation of diluted net loss per share if their effect is antidilutive. In periods in which the Company reports a net loss attributable to common stockholders, diluted net loss per share attributable to common stockholders is generally the same as basic net loss per share attributable to common stockholders since dilutive common shares are not assumed to have been issued if their effect is anti-dilutive. For the years ended December 31, 2020 and 2019, 119,974,904 and 114,519,636 potentially dilutive shares, respectively, were excluded from the calculation of diluted EPS as their impact was antidilutive. The Company reported a net loss attributable to common stockholders for each of the years ended December 31, 2020 and 2019.

Advertising Costs

Advertising and marketing costs are included in operating expenses and are expensed as incurred. The Company incurred advertising and marketing costs of approximately $3,910,000 and $3,962,000 for the years ended December 31, 2020 and 2019, respectively.

Research and Development

The Company expenses research and development costs as incurred. Research and development expenses consist primarily of engineering and product development, including employee compensation and the costs of outside contractors.

Income Taxes

Deferred income taxes are provided for temporary differences between the basis of the Company's assets and liabilities for financial reporting and income tax purposes. Deferred tax assets and liabilities represent future tax return consequences for those differences which will either be deductible or taxable when the assets or liabilities are recovered or settled.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on the deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company evaluates both the positive and negative evidence that is relevant in assessing whether it will realize the deferred tax assets. A valuation allowance is recorded when it is more-likely-than-not that some of the deferred tax assets will not be realized.

The Company recognizes all material tax positions, including uncertain tax positions, when it is more-likely-than-not that the position will be sustained based on its technical merits and if challenged by the relevant tax authorities. All tax years since 2017 are open for potential examination by taxing authorities as of December 31, 2020. However, tax authorities may have the right to examine prior periods where net operating losses or tax credits were generated and carried forward. The tax authorities may make adjustments up to the amount of the net operating loss or credit carryforward. No liabilities for uncertain income tax positions are recorded as of December 31, 2020 or 2019. The Company's policy is to record interest and penalties related to uncertain tax positions in income tax expense.

Retirement Plan

The Company has a 401(k) defined contribution plan. Under the plan, each employee meeting the minimum age requirement and with at least one month of service is eligible to participate. Vested benefits vary in accordance with years of credited service. The Company matching contribution is 100 percent of the first 3 percent and 50 percent of the next 2 percent of compensation that a participant contributes to the plan. The Company made contributions of approximately $3,111,000 and $2,255,000 to the plan, net of forfeitures, for eligible and participating employees for the years ended December 31, 2020 and 2019, respectively. Contributions are subject to certain IRS limitations.

Nonqualified Deferred Compensation Plan

The Company adopted a nonqualified, deferred compensation plan effective October 1, 2015, which is an unfunded plan created for the benefit of a select group of management or highly compensated employees.

The purpose of the plan is to attract and retain key employees by providing them with an opportunity to defer receipt of a portion of their compensation. It is exempt from the participation, vesting, funding, and fiduciary requirements set forth in Title I of the Employee Retirement Income Security Act of 1974, as amended. Deferred amounts are not subject to forfeiture and are deemed invested among investment funds offered under the nonqualified deferred compensation plan, as directed by each participant.

The Company has established a ‘rabbi trust’ that serves as an investment to shadow the deferred compensation plan liability. The assets of the rabbi trust are general assets of the Company and as such, would be subject to the claims of creditors in the event of bankruptcy or insolvency. The Company has recorded these assets and liabilities at their fair value. In association with this plan, approximately $663,000 and $487,000 was included in other noncurrent assets and $787,000 and $500,000 was included in noncurrent liabilities for the years ended December 31, 2020 and 2019, respectively.

Contingent Liabilities

Contingent liabilities require significant judgment in estimating potential losses for legal claims. We review significant new claims and litigation for the probability of an adverse outcome. Estimates are recorded as liabilities when it is probable that a liability has been incurred and the amount of the loss is reasonably estimable. Disclosure is required when there is a reasonable possibility that the ultimate loss will materially exceed the recorded provision. Contingent liabilities are often resolved over long time periods. Estimating probable losses requires analysis of multiple forecasts that often depend on judgments about potential actions by third parties such as regulators, and the estimated loss can change materially as individual claims develop.

Fair Value Measurements

The Company’s financial instruments consist of cash and cash equivalents, trade receivables, AP, debt, and the liability related to the Convertible common stock conversion feature. The carrying amount of cash, trade receivables, and AP approximate fair value due to the short-term maturity. The estimated fair value of long-term debt is based on borrowing rates currently available to the Company for similar debt issues. The fair value approximates the carrying value of long-term debt.

In accordance with applicable accounting standards, the Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels.

The following is a brief description of those three levels:

Level 1 Observable inputs such as quoted market prices in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active market and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3 Unobservable inputs that reflect the reporting entity’s own assumptions. The fair value for such assets and liabilities is generally determined using pricing models, discounted cash flow methodologies, or similar techniques that incorporate the assumptions a market participant would use in pricing the asset or liability.

When more than one level of input is used to determine the fair value, the financial instrument is classified as Level 1, 2 or 3 according to the lowest level input that has a significant impact on the fair value

measurement. The Company performs a review of the fair value hierarchy classification on an annual basis. Changes in the observability of valuation inputs may result in a reclassification of certain financial assets or financial liabilities within the fair value hierarchy.

The Convertible common stock liability is stated at fair value and is considered a Level 3 input because the fair value measurement is based, in part, on significant inputs not observed in the market. The Company determined the fair value of the Convertible common stock liability based on the Black-Scholes option-pricing model which utilizes the value of shares sold in the Company's latest preferred stock financing and allocates the estimated equity value of the Company to each class of the Company's outstanding securities using an option-pricing back-solve model, then a Monte Carlo simulation technique to estimate fair value of the Convertible common stock liability.

Emerging Growth Company Status

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it is (i) no longer an emerging growth company or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, these consolidated financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates. The JOBS Act does not preclude an emerging growth company from early adopting new or revised accounting standards. The Company expects to use the extended transition period for any new or revised accounting standards during the period which the Company remains an emerging growth company.

Revision of Previously Issued Financial Statements

Subsequent to the original issuance of its 2020 financial statements, the Company identified errors in its historical accounting of RSU grants. Specifically, the Company incorrectly recorded stock-based compensation expense for RSUs with performance conditions that had not been satisfied. Although the Company has concluded these errors are immaterial to the previously issued financial statements, the Company is correcting for these errors by revising the accompanying 2020 financial statements as reflected in the table below:

	December 31, 2020 (As Reported)(1)	Stock-based Compensation Adjustment	December 31, 2020 (As Revised)
Consolidated Balance Sheet			
Additional paid-in capital	$ 162,780,681	$ (1,664,720)	$ 161,115,961
Accumulated deficit	(673,937,325)	1,664,720	$ (672,272,605)
Consolidated Statement of Operations			
Cost of revenues (exclusive of depreciation and amortization expense)	$ 83,995,647	$ (241,153)	$ 83,754,494
Sales and marketing	48,293,067	(383,107)	47,909,960
Research and development	44,897,217	(397,111)	44,500,106
General and administrative	57,038,547	(643,349)	56,395,198
Total operating expenses	178,666,641	(1,423,567)	177,243,074
Loss from operations	(76,734,649)	1,664,720	(75,069,929)
Loss before income taxes	(102,676,737)	1,664,720	(101,012,017)

	December 31, 2020 (As Reported)(1)	Stock-based Compensation Adjustment	December 31, 2020 (As Revised)
Net loss	(102,911,143)	1,664,720	(101,246,423)
Net loss attributable to common shareholders	(168,006,538)	1,664,720	(166,341,818)
Net loss per share attributable to common shareholders, basic and diluted	$ (3.38)	$ 0.04	$ (3.34)
Consolidated Statement of Changes in Convertible Preferred Stock and Shareholders' Deficit			
Stock-based compensation	$ 3,294,995	$ (1,664,720)	$ 1,630,275
Net loss	(102,911,143)	1,664,720	(101,246,423)
Additional paid-in capital, December 31, 2020	162,780,681	(1,664,720)	161,115,961
Accumulated deficit, December 31, 2020	(673,937,325)	1,664,720	(672,272,605)
Consolidated Statements of Cash Flows			
Net loss	$ (102,911,143)	$ 1,664,720	$ (101,246,423)
Stock based compensation expense	3,294,995	(1,664,720)	1,630,275

(1) As reported amounts have been adjusted for the four-for-one stock split.

The applicable notes to the accompanying consolidated financial statements have also been revised to correct for these errors.

New Accounting Pronouncements

Adopted Accounting Standards

In February 2016, the FASB issued ASU 2016-02, Leases ("Topic 842") amending the accounting for leases, primarily requiring the recognition of lease assets and liabilities for operating leases with terms of more than twelve months on the Company's consolidated balance sheets. Under the new guidance, leases previously described as operating leases and capital leases are now referred to as operating leases and finance leases, respectively. The Company early adopted ASU 2016-02 on January 1, 2020 using the modified retrospective method. Accordingly, the results for the comparable period were not adjusted to conform to the current period measurement or recognition of results and continue to be reported in accordance with AvidXchange's historic accounting policies and as a result the balance sheet presentation at December 31, 2020 is not comparable to December 31, 2019 in this initial year of adoption. The adoption of Topic 842 resulted in the recognition of operating lease assets of approximately $3,630,000 and liabilities of approximately $6,366,000. See Note 7, Leases for additional information.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional guidance to alleviate the burden in accounting for reference rate reform by allowing certain expedients and exceptions in applying GAAP to contracts, hedging relationships and other transactions affected by the expected market transition from LIBOR and other interbank rates if certain criteria are met. The amendments in ASU 2020-04 are effective for all entities at any time beginning on March 12, 2020 through December 31, 2022 and may be applied from the beginning of an interim period that includes the issuance date of ASU 2020-04. A substantial portion of the Company's indebtedness bears interest at variable interest rates, primarily based on LIBOR. Per the terms of the Company's credit agreement, the unavailability or replacement of LIBOR would result in the use of a similar measure based upon a calculated average of borrowing rates offered by major banks in the London interbank as determined by the lender. The Company does not expect the future

elections under ASU 2020-04 to have a material impact on its consolidated financial statements; however, the Company is still evaluating the guidance, and therefore, the impact of the adoption on the Company's financial condition and results of operations has not yet been fully determined.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230)* — a Consensus of the FASB's Emerging Issues Task Force, which provides guidance intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows: Restricted Cash*, which specifies that amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning of period and end of period total amounts shown on the statement of cash flows. The end of year cash and cash equivalents balance on the consolidated statement of cash flows for the years ended December 31, 2020 and 2019 includes restricted funds held for customers in the amount of approximately $137,620,000 and $51,707,000, respectively.

In May 2014, the FASB issued *Revenue from Contracts with Customers* that outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The pronouncement is based on the principle that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. As amended by ASU 2015-14, this pronouncement is effective for fiscal years beginning after December 15, 2018. Refer to Note 3 for the impact of adoption of the new guidance.

Accounting Pronouncements Issued but Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial instruments, Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which amends the guidance on the impairment of financial instruments by requiring measurement and recognition of expected credit losses for most financial assets, including trade receivables, and other instruments that are not measured at fair value through net income (the "CECL" framework). The guidance will replace the Company's current accounts receivable and supplier advances receivable allowance for doubtful accounts methodology with the CECL framework. ASU 2016-13 is effective for financial statements issued for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2022. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial statements and related disclosures.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles — Goodwill and Other: Simplifying the Accounting for Goodwill Impairment.* This guidance simplifies the accounting for goodwill impairment by eliminating the need to determine the fair value of individual assets and liabilities of a reporting unit to measure the goodwill impairment. The revised guidance is effective for private companies for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2021. The Company does not expect that this guidance will have a material impact on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles — Goodwill and Other: Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, that provides guidance on capitalization of implementation costs incurred in a cloud computing arrangement that is a service contract. The guidance is effective for private companies for annual reporting periods beginning after December 15, 2020. The Company is currently evaluating the impact to its consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* which simplifies the accounting for income taxes by removing certain

exceptions to the general principles in Topic 740. This standard is effective for annual reporting periods beginning after December 15, 2020, and interim periods within those years, and early adoption is permitted. Certain amendments of this standard may be adopted on a retrospective basis, modified retrospective basis or prospective basis. The Company is currently evaluating the impact this standard will have on its consolidated financial statements.

3. Revenue from Contracts with Customers

The Company adopted *Revenue from Contracts with Customers* and its related amendments, collectively known as ASC 606 ("ASC 606"), effective January 1, 2019, using the full retrospective transition approach applied to all contracts. ASC 606 outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers. The core principle of the revenue model, involving a five-step process, is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this core principle, the Company applies the following five steps:

(1) Identify the contract with a customer

(2) Identify the performance obligations in the contract

(3) Determine the transaction price

(4) Allocate the transaction price to performance obligations in the contract

(5) Recognize revenue when or as the Company satisfies a performance obligation

The cumulative impact of adopting ASC 606 was a decrease in accumulated deficit of approximately $5,523,000, primarily related to incremental costs incurred to obtain and fulfill a contract. Such costs are amortized over a longer period under ASC 606 in order to align to an estimated expected benefit period of five years, compared to three years under legacy GAAP. Additionally, the scope of costs capitalized under ASC 606 was expanded, resulting in additional sales commissions costs being capitalized.

Revenue Sources

The Company's revenues are derived from multiple sources. The following is a description of principal revenue generating activities.

Software Revenue

Software revenue are tailored specifically to the Company's buyer customers and include AvidInvoice, AvidPay, AvidUtility, AvidBill, Create-a-Check, Avid for NetSuite, Strongroom Payables Lockbox, ASCEND and TimberScan. These various offerings address the specific needs of buyers and together they comprise the Company's suite of cloud-based solutions designed to manage invoices and automate the AP function. Revenues are derived from mostly long-term contracts with mid-market customers. The vast majority of the revenues are comprised of 1) fees calculated based on number of invoice and payment transactions processed, 2) recurring maintenance or subscription fees, or 3) some combination thereof. Fees for the Company's services are typically billed and paid on a monthly basis. The Company's core performance obligation is to stand ready to provide holistic AP management services and process as many invoices and/or payments as the buyer customer requests on a daily basis over the contact term. The unspecified quantity of the service meets the criteria for variable consideration, where the variability is resolved daily as the services are performed. Accordingly, the promise to stand ready is accounted for as a single-series performance obligation and revenue is recognized based on the services performed each day.

Included in software revenue is software maintenance and subscription fee revenue, which is recognized ratably over the term of the applicable service period, generally 12 months for Create-a-Check, Avid for NetSuite and TimberScan customers, and 60 months for ASCEND customers.

In addition, each contract contains the promise of providing implementation services for an upfront fee. In determining whether the implementation services are distinct from the hosting services, the Company considered various factors, including the level of customization, complexity of integration, the interdependency and interrelationships between the implementation services and the hosting services and the ability (or inability) of the customer's personnel or other service providers to perform the services. The Company concluded that the implementation services are not distinct and therefore fees for implementation services are combined with the main promise of the contract and recognized ratably over the non-cancellable term of the contract.

Software offerings are also sold to end customers through reseller partners. The Company evaluated whether it is the principal or the agent in these arrangements. The reseller partners directly contract with the end customers and are ultimately responsible for the fulfillment of the services. The Company may have some discretion in determining the fee charged to the end customer, but always in conjunction with the reseller partner. Therefore, in most reseller partner arrangements, the Company acts as an agent and performs the services as directed by and on behalf of the reseller partner and recognizes revenue on a net basis in the amount to which it expects to be entitled, excluding the revenue share earned by the reseller partner.

Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer, are excluded from revenue.

Payment Revenue

Payment revenue includes (i) interchange fees earned on payment transactions processed as VCC, (ii) fees from supplier product offerings, and (iii) interest on funds held for customers.

With respect to interchange fees, the Company evaluated whether it is the principal or the agent in the arrangement. With the adoption of ASC 606, the Company determined that interchange fees are not received in return or exchange for services that the Company controls or acts as the principal, and the Company does not play any role or have control over how the interchange basis points are established. Therefore, the Company acts as an agent and records interchange fees net of i) fees charged by the VCC processor and ii) rebates provided to AvidXchange's buyer customers, reseller partners and supplier customers as an incentive to increase the volume of VCC transactions. The rebates to buyer customers are for cash consideration, which includes cash payments or credits that may be applied against trade accounts owed by the customer to the Company. The rebates to supplier customers are also for cash consideration in the form of reimbursement of processing fees related to the acceptance of payments via a VCC. The Company recognizes monthly net interchange fees based on the transactional volume issued by the VCC processor and submitted to the suppliers, less a reserve for transactions subsequently canceled.

Product offerings which address the needs of AvidXchange's fast-growing network of suppliers currently include AvidPay Direct ("APD") and Invoice Accelerator. The APD service eliminates paper checks and provides suppliers with the opportunity to receive electronic payments with enhanced remittance data. The Invoice Accelerator service expands the opportunity to manage cash flows and receive payments even faster by allowing suppliers to advance payment on qualifying invoices. Revenues are generated on a per transaction basis for each payment that is advanced and/or processed using APD. The per transaction fee includes both a fixed and a variable component based on the spend per payment. There are currently no

other monthly, annual, or start up fees associated with the supplier contract. Given that the underlying fees are based on unknown services to be performed over the contract term, the total consideration is determined to be variable. The variable consideration is usage-based and therefore, it specifically relates to the Company's efforts to satisfy its obligation to the supplier. The variability is satisfied each time a service is provided to the supplier and the variable fees are recognized at the time of service.

Payment revenue also includes interest income received from buyer customer deposits held during the payment clearing process. Such funds are deposited in either trust accounts, that are maintained and operated by a trustee, or Company owned accounts.

Services Revenue

Services revenue is derived from the sale of professional services that are distinct and are recognized at the point in time the benefit transfers to the customer.

Disaggregation of Revenue

The table below presents the Company's revenues disaggregated by type of services performed.

	2020	2019
Software revenue	$ 68,062,964	$ 50,146,554
Payment revenue	115,745,382	98,335,115
Services revenue	2,119,293	1,102,385
Total revenues	$ 185,927,639	$ 149,584,054

Contract Assets and Liabilities

The Company's rights to payments are not conditional on any factors other than the passage of time, and as such, AvidXchange does not have any Contract assets. Contract liabilities consist primarily of advance cash receipts for services (deferred revenue) and are recognized as revenue when the services are provided.

The table below presents information on accounts receivable and contract liabilities as of December 31, 2020 and 2019.

	2020	2019
Trade accounts receivable, net	$ 8,976,936	$ 7,707,154
Payment processing receivable, net	15,779,799	11,110,521
Accounts receivable, net	24,756,735	18,817,675
Contract liabilities	$ 7,969,759	$ 5,181,191

Significant changes in the contract liabilities balance during the period are as follows:

	2020	2019
Revenue recognized included in beginning of period balance	$ (4,217,412)	$ (4,001,816)
Cash received, excluding amounts recognized as revenue during the period	4,506,146	4,237,118
Contract liabilities acquired in a business combination	2,499,834	546,073

Transaction Price Allocated to Remaining Performance Obligations

Transaction price allocated to the remaining performance obligation represents contracted revenue that has not yet been recognized. These revenues are subject to future economic risks including customer cancellations, bankruptcies, regulatory changes and other market factors.

The Company applies the practical expedient in paragraph 606-10-50-14(b) and does not disclose information about remaining performance obligations related to transaction and processing services that qualify for recognition in accordance with paragraph 606-10-55-18. These contracts contain variable consideration for stand-ready performance obligations for which the exact quantity and mix of transactions to be processed are contingent upon the buyer or supplier request. These contracts also contain fixed fees and non-refundable upfront fees; however, these amounts are not considered material to total consolidated revenue.

The Company's remaining performance obligation consists of contracts with financial institutions who are using the ASCEND solution. These contracts generally have a duration of five years and contain fixed maintenance fees that are considered fixed price guarantees. Remaining performance obligation consisted of the following:

	Current	Noncurrent	Total
As of December 31, 2020	$ 12,405,900	$ 26,770,845	$ 39,176,745
As of December 31, 2019	11,159,474	28,962,039	40,121,513

Contract Costs

The Company incurs incremental costs to obtain a contract, as well as costs to fulfill a contract with buyer customers that are expected to be recovered. These costs consist primarily of sales commissions incurred if a contract is obtained, and customer implementation related costs. Capitalized sales commissions and implementation costs were approximately $12,075,000 and $10,790,000 as of December 31, 2020 and 2019, respectively.

The Company utilizes a portfolio approach when estimating the amortization of contract acquisition and fulfillment costs. These costs are amortized on a straight-line basis over the expected benefit period of five years, which was determined by taking into consideration customer attrition rates, estimated terms of customer relationships, useful lives of technology, industry peers, and other factors. The amortization of contract fulfillment costs associated with implementation activities are recorded as cost of revenues in the Company's consolidated statements of operations and was approximately $4,610,000 and $3,186,000 for the years ended December 31, 2020 and 2019, respectively. The amortization of contract acquisition costs associated with sales commissions that qualify for capitalization is recorded as sales and marketing expense in the Company's consolidated statements of operations and was approximately $4,590,000 and $2,938,000 for the years ended December 31, 2020 and 2019, respectively. Costs to obtain or fulfill a contract are classified as deferred customer origination costs in the Company's consolidated balance sheets.

4. Business Combinations

The Company accounted for the following transactions as business combinations in accordance with the provisions of ASC Topic 805, Business Combinations, and has included the financial results of each acquisition in its consolidated financial statements from the date of the acquisition.

The Company also evaluated the acquisitions quantitatively and qualitatively and determined them to be insignificant both individually and in the aggregate. Therefore, certain pro forma disclosures under ASC 805-10-50 have been omitted.

On December 30, 2020 AvidXchange acquired all of the issued and outstanding equity interest of Core Associates, the maker of TimberScan, an AP approval processing and content management software. Total purchase price was approximately $24,408,000, net of $1,836,000 of cash acquired. The Company paid approximately $19,408,000 in cash at closing, inclusive of working capital adjustments, and issued 408,064 common shares valued at $5,000,000. The fair value of the common shares was determined based on the estimated fair value at the time of the transaction. The Company incurred transaction costs associated with the acquisition of approximately $1,298,000.

In allocating the preliminary purchase price, the Company recorded the following assets acquired and liabilities assumed based on their estimated fair values at the date of the acquisition:

Current assets	
Other assets	$ 658,805
Intangible assets	
Customer relationships	3,700,000
Acquired technology	5,700,000
Trade name	2,500,000
Goodwill	14,765,621
Total identifiable assets acquired	27,324,426
Accounts payable	266,776
Accrued expenses	150,000
Deferred revenue	2,499,834
Total liabilities assumed	2,916,610
Purchase price paid, net of cash acquired	$ 24,407,816

The preliminary calculation of fair value for the acquired assets and liabilities was prepared using primarily Level 3 inputs under ASC 820, *Fair Value Measurements and Disclosures* (“ASC 820”). The Company determined the fair value of the identifiable intangible assets acquired with the assistance of third-party valuation consultants. The determination of fair value utilized the relief-from-royalty method to value the acquired technology and the trade name, and the multi-period excess earnings method to value the customer relationships. The amount recorded for acquired technology represents the estimated fair value of Core’s SaaS and on-premises software technology. The amount recorded for customer relationships represents the fair values of the underlying relationship with Core’s customers and business partners. The amount recorded for tradename represents the fair value of the brand recognition of Core and their main product TimberScan. The weighted average useful life of acquired intangibles and tradename is nine years and eleven years, respectively. The goodwill balance is primarily attributed to the assembled workforce and expanded market opportunities when integrating AvidPay with the Core platform to create a cohesive AP and payment offering. The goodwill balance is deductible for tax purposes.

On October 29, 2020, the Company completed an asset acquisition with the stockholders of Orbiion, Inc., (“Orbiion”) a California corporation, for total consideration of approximately $1,409,000, including 80,640 shares of common stock valued at approximately $988,000. The purchase price of Orbiion was primarily attributable to the acquired workforce and the expected strategic synergies and was therefore fully allocated to goodwill. The goodwill balance is deductible for tax purposes.

On October 1, 2019, the Company acquired all the equity interests of BankTEL. BankTEL provides accounting software solutions to small and mid-size banks using its ASCEND product. Total purchase price was approximately $115,348,000, net of $74,000 in cash acquired. The Company paid $105,834,000 in cash

at closing, inclusive of working capital adjustments, and issued 1,851,784 common shares valued at $9,514,000. The fair value of the common shares was determined based on the estimated fair value at the time of the transaction. The Company incurred transaction costs associated with the acquisition of approximately $1,168,000.

In allocating the preliminary purchase price, the Company recorded the following assets acquired and liabilities assumed based on their estimated fair values at the date of the acquisition:

Current assets	$ 2,964,779
Property and equipment	91,579
Other assets	7,642
Intangible assets	
Customer relationships	36,780,435
Acquired technology	9,070,274
Trade name	2,257,904
Goodwill	65,018,890
Total identifiable assets acquired	116,191,503
Accounts payable	93,156
Accrued expenses	204,700
Deferred revenue	546,073
Total liabilities assumed	843,929
Purchase price paid, net of cash acquired	$ 115,347,574

The preliminary calculation of fair value for the acquired assets and liabilities was prepared using primarily Level 3 inputs under ASC 820. The Company determined the fair value of the identifiable intangible assets acquired with the assistance of third-party valuation consultants. The determination of fair value utilized the relief-from-royalty method for the acquired technology and the trade name, and the multi-period excess earnings method to value the customer relationships. The amount recorded for acquired technology represents the estimated fair value of BankTEL's accounting software technology. The amount recorded for customer relationships represents the fair values of the underlying relationship with BankTEL customers. The amount recorded for tradename represents the fair value of the brand recognition of BankTEL. The weighted average useful life of acquired intangibles is 7 years. The goodwill balance is primarily attributed to the assembled workforce and expanded market opportunities when integrating AvidPay with the BankTEL platform to create a cohesive AP and payment offering. The goodwill balance is deductible for tax purposes. In the third quarter of 2020, the Company finalized the preliminary purchase price allocation, noting no material measurement period adjustments.

5. Property and Equipment

Property and equipment as of December 31, 2020 and 2019 consists of the following:

	Useful Life	2020	2019
Land	Indefinite	$ 12,666,598	$ 12,691,598
Office equipment	5 Years	2,046,273	2,043,322
Computer equipment	5 Years	13,508,764	12,641,531
Computer software	3 Years	2,946,187	2,802,787
Furniture	7 Years	7,333,664	7,310,080
Headquarters facilities	21-35 Years	68,483,780	57,447,131
Leasehold improvements	Shorter of lease term or useful life	8,682,943	8,670,476
		115,668,209	103,606,925
Less: Accumulated depreciation and amortization		(28,795,979)	(21,513,275)
Total property and equipment, net of accumulated depreciation and amortization		$ 86,872,230	$ 82,093,650

Depreciation and amortization expense charged against property and equipment for the years ended December 31, 2020 and 2019 was approximately $7,346,000 and $6,807,000, respectively. Depreciation and amortization expense associated with finance leases was approximately $3,764,000 and $3,371,000 for the years ended December 31, 2020 and 2019, respectively.

6. Intangible Assets and Goodwill

Intangible Assets

The Company capitalizes costs related to the development of both its SaaS platform and certain projects for internal use. AvidXchange capitalized approximately $11,354,000 and $7,350,000 in software development costs during the years ended December 31, 2020 and 2019, respectively. The Company recognized approximately $9,427,000 and $8,718,000 of amortization expense related to internally developed software in depreciation and amortization within the Company’s consolidated statements of operations during the years ended December 31, 2020 and 2019, respectively.

The gross carrying amount and accumulated amortization of all intangible assets subject to amortization as of December 31, 2020 and 2019 is as follows:

	2020			
	Weighted Average Useful Life	Gross Amount	Accumulated Amortization	Net Amount
Internally developed software	3 Years	$ 52,902,523	$ (36,613,653)	$ 16,288,870
Customer relationships	8 Years	51,441,504	(14,031,660)	37,409,844
Technology	5 Years	31,790,697	(17,523,059)	14,267,638
Trade name	10 Years	5,247,578	(772,007)	4,475,571
Total intangible assets		$ 141,382,302	$ (68,940,379)	$ 72,441,923

	2019			
	Weighted Average Useful Life	Gross Amount	Accumulated Amortization	Net Amount
Internally developed software	3 Years	$ 44,080,714	$(28,727,207)	$15,353,507
Customer relationships	7 Years	47,741,503	(7,143,733)	40,597,770
Technology	5 Years	26,090,697	(14,012,300)	12,078,397
Trade name	9 Years	2,747,579	(489,156)	2,258,423
Total intangible assets		$120,660,493	$(50,372,396)	$70,288,097

Management evaluates the useful lives of these assets on an annual basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets. During 2020, management determined that two internally developed software projects were not expected to provide substantive service potential. Consequently, management recognized a write-off on intangible assets of approximately $924,000 in operating expenses during the year ended December 31, 2020.

The Company acquired Ariett Business Solutions, Inc. in November 2017 primarily for its purchase order technology (‘ReqNet’), which the Company valued at $14,361,000. Since the acquisition, management has evaluated the reliability, scalability and integration of ReqNet, and during 2019 concluded the software was not performing as expected. A decision was made to cease further development of ReqNet and phase it out by the end of 2021 and as a result, the original useful life of 10 years would be shortened to two years, ending December 2021. Management performed a recoverability test utilizing the income valuation approach and estimated the excess carrying amount of the Ariett technology over the expected future cash flows to be approximately $7,891,000. This amount has been recorded as an impairment charge within operating expenses during the year ended December 31, 2019.

Amortization expense associated with identifiable intangible assets of approximately $20,168,000 and $15,532,000 for the years ended December 31, 2020 and 2019, respectively was recorded in depreciation and amortization within the Company’s consolidated statements of operations. The estimated future amortization is expected as follows:

2021	$ 19,636,731
2022	14,478,813
2023	11,858,784
2024	9,053,141
2025	6,944,655
Thereafter	10,469,799
	$ 72,441,923

Goodwill

Goodwill represents the excess of the purchase price in a business combination over the fair value of net assets acquired and is attributable to assembled workforce and expanded market opportunities when integrating the acquired entity with the Company's existing offerings. Goodwill amounts are not amortized, but rather tested for impartment at least annually. The Company completed its annual goodwill impairment test as of October 31, 2020 and 2019 using a qualitative assessment. There was no impairment charge for the years ended December 31, 2020 and 2019.

The following table sets forth the changes in the carrying amount of the Company's goodwill.

Balance at January 1, 2019	$ 24,502,418
Acquisitions	65,018,890
Balance at December 31, 2019	89,521,308
Acquisitions	16,174,567
Balance at December 31, 2020	$ 105,695,875

7. Leases and Leasing Commitments

Fiscal 2020 Activity After Adoption of Topic 842

Effective January 1, 2020, the Company early adopted Topic 842, using the modified retrospective method. Accordingly, the presentation of the balance sheet as of December 31, 2019 and results for year ending December 31, 2019 were not adjusted to conform to the balance sheet presentation or recognition of results of operations as of, and for the year ended December 31, 2020.

The Company adopted the following practical expedients and elected the following accounting policies related to this standard update:

- The options to not reassess prior conclusions related to the identification, classification, and accounting for initial direct costs for leases that commenced prior to January 1, 2020
- Short-term lease accounting policy election allowing lessees to not recognize right-of-use assets and liabilities for leases with a term of 12 months or less, and
- The option to combine non-lease components with their related lease components for all classes of underlying assets.

The Company determines if an arrangement is a lease and the classification of the lease at inception. Due to the nature of AvidXchange's operations, the Company has two main classes of underlying leased assets – i) information technology ("IT") equipment and ii) corporate office space. IT equipment leases are classified as finance leases, whereas corporate office leases can be either operating or finance leases. Operating leases are included in operating lease right-of-use ("ROU") assets and current and noncurrent operating lease liabilities on the Company's consolidated balance sheets. Finance leases are included in property and equipment, net and current and noncurrent maturities of finance lease obligations on the Company's consolidated balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and the corresponding lease liabilities represent its obligation to make lease payments arising from the lease. Lease ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The lease ROU asset is reduced for tenant incentives

and excludes any initial direct costs incurred. The Company's lease terms may include options to extend or terminate the lease. These options are reflected in the ROU asset and lease liability when it is reasonably certain that the Company will exercise the option. The Company reassesses the lease term if and when a significant event or change in circumstances occurs within the control of the Company, such as construction of significant leasehold improvements that are expected to have economic value when the option becomes exercisable.

In the calculation of the present value of the future minimum lease payments, AvidXchange uses either the implicit rate in the lease or the Company's incremental borrowing rate. Practice has shown that an implicit rate is only determinable in the finance leases of IT equipment where the current price is readily available. For all office leases, the Company determines the net present value of future minimum lease payments using its incremental borrowing rate at the commencement date of the lease. AvidXchange's incremental borrowing rate is estimated based on the Company's credit rating, the yield curve for the respective lease terms, and the prevailing market rates for collateralized debt in a similar economic environment. The same process is followed for any new leases at their commencement dates or modifications to existing leases that require remeasurement.

Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease. Amortization expense of the ROU asset for finance leases is recognized on a straight-line basis over the shorter of the estimated useful lives of the assets or, in the instance where title does not transfer at the end of the lease term, the lease term.

Gross assets acquired under finance leases, inclusive of those where title transfers at the end of the lease, are recorded in property and equipment, net and were $85,137,000 as of December 31, 2020. The gross assets are inclusive of a classification change of one of the Company's Music Factory office locations from operating to finance lease due to a significant leasehold improvement commitment that triggered a change in the lease term. The classification change resulted in a recognition of a finance lease asset of approximately $11,037,000 and a liability of approximately $12,249,000 as of January 1, 2020. Accumulated amortization associated with finance leases was $15,476,000 as of December 31, 2020.

The components of lease expense for the year ended December 31, 2020 were as follows:

Lease cost	
Finance lease cost	
Amortization of right-of-use assets	$ 3,763,903
Interest on lease liabilities	8,103,977
Operating lease expense	1,220,761
Short-term lease cost	619,987
Variable lease cost	280,058
Sublease income	(249,271)
Total lease cost	$ 13,739,415

Other information related to leases for the year ended December 31, 2020 was as follows:

Weighted average remaining lease term	
Corporate offices operating leases	5 years
Corporate offices finance leases	29 years
IT equipment finance leases	2 years
Weighted average discount rate	
Corporate offices operating leases	11.1%
Corporate offices finance leases	11.2%
IT equipment finance leases	7.8%

As of December 31, 2020, the maturities of lease liabilities under non-cancelable operating and finance leases were as follows:

	Operating Leases	Finance Leases
2021	$ 1,620,760	$ 8,468,751
2022	1,207,100	8,059,189
2023	1,171,804	7,748,295
2024	1,151,109	7,721,306
2025	892,427	7,874,832
Thereafter	255,234	241,936,349
Total minimum lease payments	6,298,434	281,808,722
Less: Imputed interest	(1,402,007)	(207,578,250)
Net lease obligation	$ 4,896,427	$ 74,230,472

Fiscal 2019 Activity Before Adoption of Topic 842

The Company leases office facilities and certain fixed assets under various noncancelable operating leases. Rental expense for operating leases was approximately $3,978,000 for the year ended December 31, 2019.

As of December 31, 2019, the future minimum lease payments under noncancelable operating leases are as follows:

2020	$ 4,327,901
2021	3,578,410
2022	2,862,378
2023	2,922,527
2024	2,936,847
Thereafter	12,257,464
	$ 28,885,527

Included in property and equipment are assets acquired under capital lease obligations. At lease inception, the Company determines the lease term by assuming the exercise of those renewal options that are reasonably assured. The gross amount of property and equipment recorded under capital leases and financing obligations as of December 31, 2019 was approximately $73,593,000, of which approximately $57,447,000 relates to the Company's Charlotte headquarter facility. Accumulated depreciation on property and equipment under capital leases as of December 31, 2019 was approximately $11,714,000. The lease obligations on property and equipment are for one-year to five-year terms, except for the Charlotte

headquarters facility lease. The initial term of the Charlotte headquarters facility lease is fifteen years with four five-year reasonably assured renewal options, for a total lease period of thirty-five years. The Company presents current and long-term capital lease obligations separately within liabilities in the consolidated balance sheet as of December 31, 2019.

The following is a schedule of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of December 31, 2019:

2020	$ 6,963,692
2021	6,557,882
2022	6,152,945
2023	5,923,557
2024	5,935,569
Thereafter	215,951,861
Total minimum lease payments	247,485,506
Less: Amount representing interest	(185,345,358)
Net lease obligation under capital leases	$ 62,140,148

8. Long-Term Debt

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

	2020	2019
Term loan facility	$ 95,000,000	$ 95,000,000
Delayed draw term loan	5,552,303	1,080,625
Promissory note payable for land acquisition	3,000,000	4,000,000
Total principal due	103,552,303	100,080,625
Current portion of promissory note	(1,000,000)	(1,000,000)
Unamortized portion of debt issuance costs	(4,106,008)	(5,194,358)
Long term debt	$ 98,446,295	$ 93,886,267

On October 1, 2019, the Company entered into a senior secured credit facility (“2019 Credit Agreement” or “2019 Facility”) with Sixth Street Specialty Lending, Inc. (“Sixth Street”) and KeyBank National Association (“KeyBank”). The 2019 Credit Agreement makes available to the Company a facility in an aggregate amount of $163,500,000 which consists of:

- $95,000,000 term loan facility (“2019 Term Loans”)
- $30,000,000 additional delayed draw term loan commitment (“DDTL”)
- $18,500,000 delayed draw term loan commitment (“Interest DDTL”)
- $20,000,000 revolving commitment (“2019 Revolver”)

Proceeds from the 2019 Credit Agreement were used to pay the outstanding principal related to the credit agreement dated October 19, 2016, as amended and restated (the “Old Credit Agreement”), and for working capital. In accordance with ASC 470-50, Modifications and Extinguishments, the Company recognized a debt modification expense of approximately $1,577,000 in 2019. The Company includes debt modification expense within general and administrative expenses in the consolidated statements of operations.

The 2019 Facility, like the Old Credit Agreement, is collateralized by substantially all assets of the Company except for bank accounts that hold customer funds or are used to administer self-funded employee benefit plans and other limited exceptions.

Interest on the loans under the 2019 Credit Agreement is equal to LIBOR or a base rate, plus a margin. The applicable margin will be 9% for the first three years, and after the third anniversary will be 7.5% or 8% depending on whether the cash burn rate is greater than or less than negative $2,500,000. The base rate is equal to the higher of the current prime rate, federal funds effective rate plus 0.5%, or 4%. The Company may elect an interest period of up to three months in connection with a LIBOR rate loan. Per the terms of the 2019 Credit Agreement, the unavailability or replacement of LIBOR would result in the use of a similar measure based upon a calculated average of borrowing rates offered by major banks in the London interbank as determined by Sixth Street. As such, management does not believe that the unavailability of LIBOR will have any material impact on our borrowing costs.

From October 1, 2019 through the third anniversary date of the 2019 Credit Agreement, the Company may, on a quarterly basis, borrow under the Interest DDTL to finance up to 4.5% of the interest due on the 2019 Term Loans. During 2020, the Company borrowed an additional $4,472,000 under the Interest DDTL at rates ranging from 10.0% to 10.5% and during 2019, the Company borrowed $1,081,000 at a rate of 11.0%.

The Company also has available additional DDTL which may be made in minimum increments of $5,000,000, and multiples of $500,000 in excess of that amount, up to $30,000,000. The Company is required to pay a commitment fee of 0.5% per annum based on the unused commitment under the additional DDTL. The DDTL commitment terminates on the earlier of October 1, 2021 or in the event of a default.

The maturity date for the 2019 Term Loans and Interest DDTL is April 1, 2024, or the date any series of preferred stock becomes eligible to be redeemed or otherwise repurchased.

Revolving Credit Facility

Borrowing increments on the 2019 Revolver start at $500,000, and multiples of $100,000 in excess of that amount. There is no balance outstanding under the facility as of December 31, 2020 or December 31, 2019. The Company is required to pay a commitment fee of 0.5% per annum with respect to the unused commitment under the 2019 Revolver. The maturity date for the 2019 Revolver is October 1, 2023.

Old Credit Agreement

The outstanding term loan balance of $70,784,000 as of December 31, 2018 (“Old Term Loans”) was paid in full on October 1, 2019. The Old Term Loans had a maturity date of August 7, 2020, and interest rate at LIBOR with a floor of 1.00%, plus an applicable margin ranging from 7.50% to 9.5% (11.88% as of December 31, 2018). The $30,000,000 revolving credit facility (“Old Revolver”) had an interest rate at prime plus an applicable margin, and $0 outstanding balance as of December 31, 2018. The Old Revolver renewed annually and had June 30, 2019 maturity date which was extended until the Company entered in to the 2019 Credit Agreement.

Deferred Financing Costs

The Company has approximately $258,000 and $352,000 in deferred financing costs associated with its 2019 Revolving Credit Facility and approximately $4,106,000 and $5,194,000 of deferred financing costs associated with 2019 Term Loan, DDTL, and Interest DDTL recorded net of long-term debt as of December 31, 2020 and 2019, respectively.

Amortization of deferred financing costs amounted to approximately $1,182,000 and $1,184,000 for the years ended December 31, 2020 and 2019, which is presented in the consolidated statements of operations as interest expense.

Liquidity and Financial Covenants

The Company's 2019 Credit Agreement contains certain covenants and restrictions on actions by the Company, including limitations on the payment of dividends. In addition, the 2019 Credit Agreement requires that the Company comply monthly with specified ratios, including a maximum ratio of debt to recurring revenue and a minimum cash balance requirement. The Company is in compliance with its financial debt covenants as of December 31, 2020.

Land Promissory Note

On November 15, 2018, the Company signed a promissory note in connection with the purchase of two land parcels adjacent to its Charlotte, North Carolina headquarters campus. The principal amount of $5,000,000 will be repaid in $1,000,000 installments, plus accrued interest at a rate of 6.75%, due on each anniversary date, with final payment due on November 15, 2023. The note is collateralized by the land parcels and any future building to be situated on, or improvements to, the land.

Aggregate future maturities of long-term debt for the next five years and thereafter (including current portion) as of December 31, 2020 are as follows:

2021	$ 1,000,000
2022	1,000,000
2023	1,000,000
2024	100,552,303
2025	—
Thereafter	—
Total	$ 103,552,303

9. Preferred Stock

The Company's preferred stock, which is classified as mezzanine equity in the consolidated balance sheets as of December 31, 2020 and 2019, is as follows:

	As of December 31, 2020			
	Shares Authorized	Shares Issued and Outstanding	Liquidation Preference	Carrying Value
Series A	2,000,000	625,547	$ 440,098	$ 440,098
Series B	5,000,000	1,622,366	851,316	851,316
Series C	4,200,000	1,004,770	851,362	851,362
Series D	1,500,000	1,360,447	9,278,248	9,278,248
Series E	9,800,000	9,250,303	172,379,820	167,647,957
Series F	14,500,000	13,405,900	530,953,102	508,109,009
Junior Series 1	400,000	90,497	1,087,774	1,087,774
Senior Preferred	2,722,166	2,722,166	169,000,000	144,359,033
Redeemable Preferred	350,000	—	—	—
	40,472,166	30,081,996	$ 884,841,720	$ 832,624,797

	As of December 31, 2019			
	Shares Authorized	Shares Issued and Outstanding	Liquidation Preference	Carrying Value
Series A	2,000,000	669,690	$ 446,136	446,136
Series B	5,000,000	2,140,694	1,123,133	1,123,133
Series C	4,200,000	1,126,434	966,947	966,947
Series D	1,500,000	1,445,903	9,861,058	9,861,058
Series E	9,800,000	9,287,774	173,052,799	167,540,454
Series F	14,500,000	11,365,584	430,953,134	410,833,386
Junior Series 1	400,000	249,616	3,000,384	3,000,384
Senior Preferred	2,722,166	2,722,166	169,000,000	127,063,655
Redeemable Preferred	350,000	—	—	—
	40,472,166	29,007,861	$ 788,403,592	$ 720,835,153

Share Authorization

On October 1, 2019, the Company amended and restated its certificate of incorporation with Delaware, which included an increase in the Company's authorized shares of preferred stock, $0.001 par value per share, from 37,400,000 to 40,472,166, and authorized the issuance of two new series of non-voting preferred stock, Senior preferred and Redeemable preferred. The Company's certificate of incorporation provides that the Company is authorized from time to time to designate by resolution one or more series of preferred stock in addition to the Series A preferred, Series B preferred, Series C preferred, Series D preferred, Series E preferred, Series F preferred, Junior Series 1 preferred, Senior preferred and Redeemable preferred stocks that are designated in the certificate of incorporation, subject to certain limitations and required approvals as set forth therein.

Senior Preferred Stock and Redeemable Preferred Stock

The Senior preferred stock is convertible into Redeemable preferred stock and Convertible common stock. The shares are entitled to cumulative 12% annual dividends payable if and when declared by the Board of Directors. There are no voting rights, and the Senior preferred shares are senior to all other classes of preferred and common stock. The Senior preferred liquidation preference is the greater of the original issuance price plus accrued and unpaid dividends or 1.3 times the original issuance price. The shares are transferable, subject to limited exceptions, and may be converted into Redeemable preferred and Convertible common shares upon written election of the majority of Senior preferred shareholders or the Company. In addition, the Senior preferred shares automatically convert upon the closing of certain public offerings and events.

The Redeemable preferred shares are entitled to cumulative 12% annual dividends payable if and when declared by the Board of Directors. There are no voting rights, and the Redeemable preferred shares (like the Senior preferred shares) are senior to all other classes of preferred and common stock. The shares are transferable, subject to limited exceptions, and may be redeemed for cash upon written request by a majority of Redeemable preferred shareholders or by the Company, at any time, at the greater of 1.3 times the original issuance price or the original issuance price plus accrued and unpaid dividends.

Conversion, Redemption and Other Rights

Each share of each series of preferred stock (except for the senior preferred stock and the redeemable preferred stock) is entitled to the number of votes equal to the number of shares of common stock into which each share is convertible on the record date for any vote except for the Junior Series 1 preferred stock which is entitled to the number of votes equal to 1/10 the number of shares of common stock into which such series share is convertible. The Series E and Series F preferred stock also have approval rights over certain Company transactions including certain significant mergers and acquisitions, payment of dividends, issuance of indebtedness and related party transactions, among others. Certain series of preferred stock have preemptive rights to participate in future offerings of securities by the Company, subject to certain exceptions.

Each series of preferred stock has certain redemption rights that require the Company, upon notice from a holder, which may be delivered at any time after October 1, 2026, or October 1, 2025 in the case of the Senior preferred and Redeemable preferred, to redeem for cash the holder’s shares at a designated price, less dividends and distributions. The Company has the right to redeem the shares in part over specified periods of time, not to exceed 18 months, depending on the series of preferred stock. The total redemption amount under such preferred stock agreements is approximately $884,842,000 and $788,404,000 as of December 31, 2020 and 2019, respectively.

No dividends or other distributions may be made on the common stock unless the same dividend or distribution is also made to all the series of preferred stock on an as-converted basis. All shares of preferred stock may be converted into shares of common stock on a four-for-one basis, subject to adjustment upon certain events, except for the shares of Series A preferred stock which are convertible into common stock at a conversion rate of 6.7227. Upon conversion, the Series A shareholder is entitled to receive a cash payment as a result of a conversion into fractional common shares. Each series of preferred stock has a liquidation preference over the common stock and a relative preference among the preferred, with the Senior preferred (or, if the Senior preferred shares have been converted, the Redeemable preferred) having the highest preference and the Junior Series 1 preferred stock having the lowest preference, with the Series B and Series C having a pari passu preference to each other.

2020 Issuances and Redemptions

On April 7, 2020, the Company issued 2,040,316 shares of Series F convertible stock at a per share price of $49.01, for gross proceeds of approximately $100,000,000, less expenses of approximately $6,368,000.

On October 20, 2020, the Company redeemed the following preferred shares at a price per common share equivalent of $11.39, for total consideration of approximately $45,397,000:

	Shares	Redemption Price
Series A Preferred Stock	44,143	$ 3,379,972
Series B Preferred Stock	518,328	23,620,207
Series C Preferred Stock	121,664	5,544,228
Series D Preferred Stock	85,456	3,894,230
Series E Preferred Stock	37,471	1,707,553
Junior Series-1 Preferred Stock	159,119	7,251,053
Total	966,181	$ 45,397,243

2019 Issuances and Redemptions

In December 2019, the Company issued 2,652,412 shares of Series F preferred stock at a price per share of $49.01 for aggregate consideration of approximately $130,000,000, less expenses incurred of approximately $7,926,000.

In October 2019, the Company issued 2,722,166 shares of Senior preferred stock at a price per share of $47.76 for aggregate consideration of approximately $129,997,000, less expenses of approximately $4,823,000. The Convertible common stock liability had a fair market value of $2,162,000. Prior to the Senior preferred transaction, the Company redeemed 278,371 of its Series E preferred shares from the same investor at a price per share of $40.18. In October 2020, the redemption price was increased to $45.57 to reflect the higher per share price the Company paid to shareholders pursuant to the 2020 redemption. The total premium paid to this investor was approximately $8,036,000, of which $1,543,000 was paid in 2020 and $6,494,000 in 2019.

10. Shareholders' Equity and Convertible Common Stock Liability

The Company presents its Common stock within shareholders' equity and its Convertible common stock separately as a liability.

Share Authorization

On October 1, 2019, the Company amended and restated its certificate of incorporation with the State of Delaware, which included an increase in the Company's number of authorized shares of all classes of common stock, $0.001 par value per share, from 217,200,000 to 240,000,000, and authorized the issuance of 3,000,000 shares of Convertible common stock.

Convertible Common Stock Liability

The Convertible common shares are entitled to dividends pari passu with Common shareholders on an "if-converted" basis. Shares may be redeemed for cash or converted into Common shares. Cash redemption may occur at the option of the shareholders, on or after six years from the date of purchase, upon the

occurrence of a significant event such as the sale of the Company or an initial public offering. The Company may redeem the shares for cash upon the occurrence of a significant transaction. Convertible common shares are convertible into common stock at the election of the holder for the 15-year period ending on October 1, 2034. The Convertible common shares will also automatically convert upon a liquidation or sale of the Company or an initial public offering.

The cash proceeds received upon redemption, or the number of Common shares received upon conversion, is based upon a formula whereby the holder of the instrument will receive value commensurate with the increase, if any, in value of the Company's Common stock from the date of redemption or conversion over a contractually determined base price per Common share of $11.94.

The Convertible common stock has been accounted for as a derivative liability and is recorded at its fair market value within other long-term liabilities on the balance sheet. The value of the convertible common stock liability was determined to be $10,254,000 and $2,717,000 as of December 31, 2020 and 2019, respectively. Adjustments to the fair market value are recorded through earnings and $7,537,000 and $555,000 has been included in the statement of operations for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020, no shares of Convertible common stock are outstanding as such shares will only be issued upon conversion of the senior preferred stock.

2020 Issuances and Repurchases

During the year ended December 31, 2020, the Company issued 19,090,020 shares of common stock at a weighted average price per share of $11.96. The common shares issued included 408,064 shares in connection with the acquisition of Core and 80,640 shares in connection with the acquisition of Orbiion. In addition, 17,988,020 shares were issued to investors for gross proceeds of approximately $220,407,000, less expenses of approximately $14,186,000. The proceeds were used for general corporate purposes and to fund the redemption of common stock and preferred stock discussed below. The remaining issuances were the result of employees exercising vested stock option grants.

On October 20, 2020, the Company repurchased 13,002,620 common shares at a price per share of $11.39 and 47,220 outstanding vested stock options at a price per share equal to the difference between $11.39 and the exercise price of the award. The excess paid in the repurchase over the aggregate par value was recorded as a decrease of Common Stock Additional Paid-in Capital and an increase of Accumulated deficit of $1,573,000 and $147,214,000, respectively.

2019 Issuances and Repurchases

During the year ended December 31, 2019, the Company issued 2,297,176 shares of common stock at a weighted average price per share of $4.46. The Company issued 1,851,784 shares in connection with the BankTEL acquisition, and the remaining issuances were the result of employees exercising vested stock option grants.

During June 2019, the Company repurchased 28,152 common shares from an individual shareholder for consideration of approximately $236,000. The estimated fair value of the shares at the time of the transaction was allocated between Common Stock Additional Paid-in Capital and Accumulated Deficit. The amount in excess of the estimated fair value of common stock was recorded as stock compensation expense within general and administrative expense in the consolidated statement of operations for year ended December 31, 2019.

11. Stock-Based Compensation

The Company amended and restated its equity incentive plan effective June 25, 2020 (the "2020 Plan"). The 2020 Plan authorized the use of restricted stock units ("RSUs") in addition to previously authorized grants of stock options. As of the effective date, no new option awards are to be made under prior equity incentive plans. On February 18, 2021, the 2020 Plan was amended to increase the number of shares authorized to 10,008,068, which was comprised of a 6,400,000 expansion of shares authorized and 3,608,068 shares that were remaining under the Company's prior equity incentive plan.

Stock options granted under these plans have various vesting periods ranging from fully-vested on the date of grant or vesting over a period of three or four years. The term for each incentive stock option under these plans is ten years from the grant date, or five years for a grant to a ten percent owner optionee, in each case assuming continued employment. RSUs granted under the 2020 Plan have a vesting period of four years and a term of seven years, or three years for time vested RSUs after termination of employment. Any unvested RSUs are forfeited upon termination of employment. The RSUs are also subject to a performance condition upon a predefined liquidity event such as an initial public offering or a change in control.

The following table summarizes the Company's stock option activity:

	As of December 31, 2020			
	Number of Shares	Weighted Average Exercise Price (per share)	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at beginning of year	4,517,580	$ 3.08	7.64	$ 9,186,553
Granted	858,500	10.42		
Exercised	(613,288)	3.06		
Forfeited	(547,872)	3.44		
Expired	(6,220)	0.02		
Outstanding at end of year	4,208,700	$ 4.53	7.20	$31,851,619
Vested and excercisable at end of year	2,230,748	$ 2.80	5.90	$20,751,177
Vested and expected to vest at end of year	4,115,772	$ 4.46	7.16	$31,430,952

	As of December 31, 2019			
	Number of Shares	Weighted Average Exercise Price (per share)	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at beginning of year	3,253,632	$ 2.42	7.38	$4,369,738
Granted	2,048,088	3.83		
Exercised	(445,392)	1.63		
Forfeited	(338,748)	3.22		
Expired	—	0.00		
Outstanding at end of year	4,517,580	$ 3.08	7.64	$9,186,553
Vested and excercisable at end of year	1,926,776	$ 2.31	6.07	$5,513,173
Vested and expected to vest at end of year	4,289,396	$ 3.06	7.60	$9,037,862

The weighted-average grant date fair value of options granted during the years ended December 31, 2020 and 2019 was $4.32 and $1.50 per share, respectively and the fair value of shares vested during the years ended December 31, 2020 and 2019 was $1,519,000 and $1,040,000, respectively. The total cash received from exercises of share options during the years ended December 31, 2020 and 2019 was $1,877,000 and $595,000, respectively. The Company provides a full valuation allowance against its net deferred tax asset and therefore did not recognize a tax benefit for stock option exercises in either of the years presented. The total intrinsic value of options exercised during the years ended December 31, 2020 and 2019 was $3,685,000 and $1,049,000, respectively. The intrinsic value was calculated as the difference between the estimated fair value of the Company's common stock at exercise and the exercise price of the in-the-money options.

The fair value of stock-based awards granted is estimated on the date of grant using the Black-Scholes option-pricing model based on the following assumptions for the years ended December 31, 2020 and 2019:

	2020	2019
Estimated dividend yield	0%	0%
Expected volatility	44.67% - 45.35%	34.82% - 37.79%
Risk-free interest rate	0.27% - 0.40%	1.50% - 2.41%
Expected term in years	5.76	5.93

Due to limited historical data, the Company estimates stock price volatility based on the actual historical volatility of comparable publicly traded companies over the expected life of the option. The expected term represents the average time that options that vest are expected to be outstanding. The Company does not have sufficient history of exercises of stock options to estimate the expected term and thus calculates expected life based on the mid-point between the vesting date and the contractual term, which is in accordance with the simplified method. The expected term for share-based compensation granted to nonemployees is the contractual life. The risk-free rate is based on the U.S. Treasury yield curve during the expected life of the option. The Company has never paid dividends on its common stock and has no plans to pay dividends on its common stock. Therefore, the Company used an expected dividend yield of zero.

In 2020, the Company began issuing RSUs to employees under the 2020 Plan. A summary of RSUs activity during the year ended December 31, 2020 is presented below:

	2020	
	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding at beginning of year	—	$ 0.00
Granted	914,148	10.42
Forfeited	—	0.00
Cancelled	—	0.00
Outstanding at end of year	914,148	$ 10.42

RSUs are valued at the estimated value of a common share as of the date of the grant date.

The Company recognized stock-based compensation, reduced for actual forfeitures, of approximately $1,630,000 and $1,379,000 during the years ended December 31, 2020 and 2019, respectively, in the consolidated statements of operations for stock options. As of December 31, 2020, there was approximately $4,324,000 of total unrecognized compensation cost related to unvested options, which is expected to be recognized over a weighted-average period of 2.72 years, and $8,838,000 total unrecognized compensation cost related to unvested RSUs, which will be recognized over a weighted-average period of 3.31 years upon satisfaction of the performance condition.

Stock-based compensation expense from stock options and RSUs was included in the following line items in the accompanying consolidated statement of operations during the periods presented:

	2020	2019
Cost of revenues	$ 168,944	$ 113,583
Sales and marketing	394,137	353,828
Research and development	226,686	106,376
General and administrative	840,508	805,539
Total	$ 1,630,275	$ 1,379,326

12. Commitments and Contingencies

Incentive Packages

In 2014, the Company entered into grant and tax incentive agreements with state and local government agencies in North Carolina (the "2014 Incentives") for establishment of the new corporate headquarters and the expansion of its workforce. The fair value of the 2014 Incentives is estimated at $8,637,000, to be received over the next four to ten years. In order to receive the 2014 Incentives, the Company has to maintain its headquarters in Charlotte, NC, create new job positions as well as maintain a minimum number of employees within the state of North Carolina. The average estimated grant and incentive payment could be up to $900,000 annually and the incentive amount is dependent upon reaching certain hiring goals as stated in the agreement.

In March 2019, the Company signed a second incentive grant package with the state and local government agencies of North Carolina (the "2019 Incentives"). The fair value of the 2019 Incentives is estimated at $22,937,000, to be received over a twelve-year period beginning in 2020. In connection with services to be performed in the negotiation of the 2019 Incentives and subsequent compliance reporting, the Company will pay a vendor an aggregate of $3,190,000 in four annual installments beginning in 2019.

The Company recognized approximately $1,145,000 and $1,184,000 related to the 2014 Incentives and 2019 Incentives as a reduction of general and administrative expenses within the consolidated statements of operations for the years ended December 31, 2020 and 2019, respectively.

In 2017, the Company entered into a tax incentive agreement for workforce expansion and capital investment in the state of Utah. The fair value of the incentive package is estimated at $359,000. The Company has not received any payments related to the grant or recognized any benefit associated with this grant for either of the periods ending December 31, 2020 or 2019.

Letters of Credit

As of December 31, 2020, the Company has an irrevocable standby letter of credit outstanding that acts as collateral with respect to the lease of the Company's Charlotte corporate headquarters with an availability of approximately $5,953,000 for which the company pays a fee of 2% per annum. The letter of credit reduces the borrowing capacity under the 2019 Revolver. It renews annually and expires on December 1, 2023.

Naming Rights

The Company is party to a sponsorship agreement dated July 7, 2018, at its Charlotte corporate headquarters campus which provides full rights to display the Company's name and logo on signage throughout the venue. The agreement is for a three-year initial term which extends through February 28, 2022 and provides for five 3-year renewal options. Payments for the sponsorship are invoiced annually beginning March 1, 2019, and the Company paid $357,000 in each of the years ended December 31, 2020 and 2019.

13. Related Party Transactions

The Company incurred approximately $455,000 and $289,000 in software and consulting expenses to entities affiliated with the Company's CEO for the years ended December 31, 2020 and 2019, respectively.

In 2010, AvidXchange engaged Financial Technology Partners LP and its affiliates (FT Partners) on an exclusive basis to provide capital advisory and related services for a term of 50 years. FT Partners is an investment banking firm controlled by a member of the Company's board of directors and a holder of the Company's outstanding capital stock.

The Company paid approximately $19,227,000 and $15,410,000 in connection with the issuance of preferred and common stock during the years ended December 31, 2020 and 2019.

In July 2015, the Company entered into separate consulting agreements with two shareholders to receive certain marketing, business development, analytics, strategy, and support services in exchange for 704,048 common stock warrants. These warrants vest 20% on July 2016 and 10% every six months thereafter for a period of sixty months. These warrants have an exercise price of $2.04 with a fair value of $1.43 on the date of issuance. The warrants, all of which are outstanding as of December 31, 2020, expire on December 11, 2025. In connection with these consulting agreements, the Company recognized approximately $101,000 and $202,000 as general and administrative expenses within the consolidated statements of operations for the years ended December 31, 2020 and 2019, respectively.

14. Income Taxes

The Company recorded income tax expense of approximately $234,000 and $60,000 for the years ended December 31, 2020 and December 31, 2019 respectively, the components of which are presented below:

	2020	2019
Current provision		
Federal	$ —	$ —
State	53,000	—
	53,000	—
Deferred provision		
Federal	148,234	50,000
State	33,172	9,824
	181,406	59,824
Provision for (benefit from) income taxes	$234,406	$59,824

Reconciling items between the income tax expense recorded and the amount of expense that would result from applying the federal statutory tax rate of 21% to pre-tax income consisted of the following:

	2020	2019
Pre-tax book loss	$ (21,212,524)	$ (19,632,130)
State taxes (net of federal benefit)	(4,046,058)	(3,929,531)
Permanent differences	1,362,080	463,719
Change in valuation allowance	24,338,945	23,145,954
Other	(208,037)	11,812
Provision for (benefit from) income taxes	$ 234,406	$ 59,824

The tax effect of temporary differences and carryforwards, which give rise to deferred tax assets and liabilities as of December 31, 2020 and 2019, are as follows:

	2020	2019
Deferred income tax assets (liabilities)		
Assets		
Allowance for doubtful accounts	$ 733,549	$ 203,296
Accrued expenses	3,667,070	1,916,447
Net operating loss carryforwards	84,243,920	64,160,726
Intangible assets	1,485,322	1,141,983
Stock-based compensation	344,572	242,276
Debt issuance costs	159,098	250,166
Deferred revenue	1,370,610	1,306,450
Interest limitation	5,515,218	3,759,990
Transaction costs	616,789	290,710
Agreement with VCC vendor	2,723,147	—
Lease liability	19,727,785	—
Property and equipment	29,467	—
Other	205,604	943,155
Total gross deferred tax assets	120,822,151	74,215,199
Less: Valuation allowance	(96,322,490)	(71,866,943)
Net deferred tax assets	24,499,661	2,348,256
Liabilities		
Property and equipment	—	(117,666)
Section 481(a) adjustment	(1,675,708)	(2,252,447)
ASC 606 set-up and commission costs	(6,169,153)	(62,648)
Right-of-use assets	(16,920,710)	—
Total gross deferred tax liabilities	(24,765,571)	(2,432,761)
Net deferred income tax assets (liabilities)	$ (265,910)	$ (84,505)

The Company has federal net operating loss carryforwards totaling approximately $338,812,000 and $262,528,000 as of December 31, 2020 and 2019, respectively. These federal net operating loss carryforwards will expire at various dates beginning in 2021. The Company has state net operating loss carryforwards totaling approximately $314,771,000 and $258,681,000 as of December 31, 2020 and 2019, respectively. The state net operating loss carryforwards will expire at various dates beginning in 2020.

Management evaluated whether it is more likely than not they would realize the benefit of the deferred tax assets. Based on the weight of available positive and negative evidence, Management concluded a valuation allowance was necessary to offset deferred tax assets, as presented above. The valuation allowance increased by approximately $24,456,000 in 2020.

The following table presents a rollforward of the valuation allowance for the years ended December 31, 2020 and 2019:

	2020	2019
Valuation allowance beginning balance	$ 71,866,943	$ 48,720,988
Additions	24,804,548	23,158,193
Deductions	(349,001)	(12,238)
Valuation allowance ending balance	$ 96,322,490	$ 71,866,943

As required by ASC 740, the Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company is subject to income taxes in the U.S. federal jurisdiction and various state jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. The Company's policy is to recognize interest and penalties accrued on uncertain tax positions as part of income tax expense. The Company evaluated its material tax positions and determined that it does not have any material uncertain tax positions requiring recognition of a liability for any of the reporting periods presented.

15. Subsequent Events

In preparing the consolidated financial statements, the Company has evaluated events and transactions for potential recognition and/or disclosure through June 4, 2021, the date that the consolidated financial statements were available to be issued.

On April 1, 2021, the Company entered into an agreement with an industrial banking entity to process VCC transactions. The initial term of the agreement is for a period of seven years and provides that the Company will process annual minimal committed spend with the banking entity. This agreement provides the Company with the ability to diversify its VCC service providers and achieve its business continuity objectives.

Agreement with Related Party

On February 19, 2021, the Company amended and restated its engagement letter with FT Partners, the investment banking firm disclosed in Note 13. The amended and restated engagement letter limits the events for which FT Partners will receive fees in the future, reduces the fees paid to FT Partners for future transactions, and eliminates the exclusivity arrangement with FT Partners. Additionally, the controlling stockholder of FT Partners left the Company's board upon the effective date of the amended engagement letter. In connection with this amendment, the Company paid FT Partners approximately $50,000,000. Concurrently, FT Partners subscribed to purchase 4,080,636 shares of Common Stock of the Company at their current fair value, and the Company and FT Partners agreed the retention of the payment by the Company satisfied the subscription.

Events Subsequent to the Original Issuance of Financial Statements (Unaudited)

Business Combination

In July 2021, the Company entered into a stock purchase agreement for all of the equity interests of FastPay, a leading provider of payments automation solutions for the media industry. This acquisition expands the

Company's portfolio of automated payments technologies and services to middle market companies across the media landscape in the United States. The Company paid closing consideration of approximately $81,000,000, which consisted of approximately $50,000,000 in cash and approximately $31,000,000 in common stock. The Company initially issued 2,529,936 shares of common stock at the closing of the acquisition. Such shares are subject to reduction in an amount of shares equal to the difference between 2,529,936 and the quotient obtained by dividing $31,000,000 by the price per share obtained in a qualified initial public offering of the Company's common stock. Additional amounts may be earned upon achievement of future performance goals measured on annual performance for 2021, 2022 and 2023. The aggregate amount of potential additional payments is $9,000,000, evenly split between cash and common stock.

On June 24, 2021, the Company's board of directors approved the reservation of 1,657,296 shares of our common stock, (representing approximately 1% of its issued and outstanding common stock and common stock equivalents as of June 24, 2021) for future issuance to fund its philanthropic endeavors, including issuance to a philanthropic partner in connection with the establishment of a donor-advised fund, over a ten-year period. On October 1, 2021, the Company executed an agreement with a philanthropic partner and intends to issue the first contribution of 10% of the pledged shares shortly after the execution of the agreement. The Company intends to provide annual ongoing grants of 10% of the pledged shares for a period of nine subsequent years, subject in each case to the approval of our board of directors. The Company will record expense in the fourth quarter of 2021 for the value of the shares contributed.

AvidXchange, Inc.
Unaudited Consolidated Balance Sheets

	As of June 30, 2021	As of December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	$ 202,937,549	$ 252,458,059
Restricted funds held for customers	680,821,210	137,620,423
Accounts receivable, net of allowances of $1,794,571 and $1,769,480, respectively	26,283,400	24,756,735
Supplier advances receivable, net of allowances of $910,260 and $1,099,003, respectively	10,569,169	8,854,576
Prepaid expenses and other current assets	10,025,919	8,625,707
Total current assets	930,637,247	432,315,500
Property and equipment, net	83,997,270	86,872,230
Operating lease right-of-use assets	3,090,010	3,138,944
Deferred customer origination costs, net	25,412,062	24,123,982
Goodwill	105,695,875	105,695,875
Intangible assets, net	69,176,634	72,441,923
Other noncurrent assets and deposits	4,364,189	1,921,800
Total assets	$ 1,222,373,287	$ 726,510,254
Liabilities, Convertible Preferred Stock and Shareholders' Deficit		
Current liabilities		
Accounts payable	$ 15,960,361	$ 25,417,863
Accrued expenses	39,505,660	40,471,851
Payment service obligations	680,821,210	137,620,423
Deferred revenue	6,792,317	6,309,072
Current maturities of lease obligations under finance leases	957,405	1,091,937
Current maturities of lease obligations under operating leases	822,577	1,146,510
Current maturities of long-term debt	1,000,000	1,000,000
Total current liabilities	745,859,530	213,057,656
Long-term liabilities		
Deferred revenue, less current	1,841,562	1,660,687
Obligations under finance leases, less current maturities	73,292,025	73,138,535
Obligations under operating leases, less current maturities	3,622,006	3,749,916
Long-term debt	100,209,202	98,446,295
Other long-term liabilities	14,892,059	14,938,958
Total liabilities	939,716,384	404,992,047
Commitments and contingencies (note 12)		
Convertible preferred stock, $0.001 par value; 40,472,166 shares authorized as of June 30, 2021 and December 31, 2020; 30,081,996 shares issued and outstanding as of June 30, 2021 and December 31, 2020; and liquidation preference of $884,841,720 as of June 30, 2021 and December 31, 2020	842,029,487	832,624,796
Shareholders' deficit		
Common stock, $0.001 par value; 240,000,000 shares authorized as of June 30, 2021 and December 31, 2020; 54,603,812 shares issued and outstanding as of June 30, 2021 and 50,054,880 shares issued and outstanding as of December 31, 2020	$ 54,604	$ 50,055
Additional paid-in capital	204,870,470	161,115,961
Accumulated deficit	(764,297,658)	(672,272,605)
Total shareholders' deficit	(559,372,584)	(511,106,589)
Total liabilities, convertible preferred stock and shareholders' deficit	$ 1,222,373,287	$ 726,510,254

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

AvidXchange, Inc.
Unaudited Consolidated Statements of Operations

	Six Months Ended June 30,	
	2021	2020
Revenues	$ 113,967,825	$ 85,465,261
Cost of revenues (exclusive of depreciation and amortization expense)	45,551,519	40,666,131
Operating expenses		
Sales and marketing	28,057,903	23,516,410
Research and development	27,552,038	21,100,642
General and administrative	29,934,019	20,456,269
Impairment and write-off of intangible assets	574,318	924,292
Depreciation and amortization	14,169,820	13,779,728
Total operating expenses	100,288,098	79,777,341
Loss from operations	(31,871,792)	(34,978,211)
Other income (expense)		
Interest income	296,772	976,633
Interest expense	(10,110,571)	(9,976,728)
Change in fair value of derivative instrument	(138,211)	(6,544,540)
Charge for amending financing advisory engagement letter - related party	(50,000,033)	—
Other expenses	(59,952,043)	(15,544,635)
Loss before income taxes	(91,823,835)	(50,522,846)
Income tax expense	201,218	117,203
Net loss	$ (92,025,053)	$ (50,640,049)
Accretion of convertible preferred stock	(9,404,691)	(10,418,764)
Net loss attributable to common shareholders	$ (101,429,744)	$ (61,058,813)
Net loss per share attributable to common shareholders, basic and diluted	$ (1.90)	$ (1.35)
Weighted average number of common shares used to compute net loss per share attributable to common shareholders, basic and diluted	53,317,276	45,384,232

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

AvidXchange, Inc.
Unaudited Consolidated Statements of Changes in Convertible Preferred Stock and Shareholders' Deficit

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Shareholders' Deficit
	Shares	Amount	Shares	Amount			
Balances at December 31, 2020	30,081,996	$ 832,624,796	50,054,880	$ 50,055	$ 161,115,961	$ (672,272,605)	(511,106,589)
Issuance of common stock in connection with amended agreement—related party	—	—	4,080,636	4,081	49,995,952	—	50,000,033
Exercise of stock options and warrants	—	—	468,296	468	1,163,052	—	1,163,520
Stock-based compensation	—	—	—	—	1,952,040	—	1,952,040
Options issued in connection with bonus program	—	—	—	—	48,156	—	48,156
Accretion of convertible preferred stock	—	9,404,691	—	—	(9,404,691)	—	(9,404,691)
Net loss	—	—	—	—	—	(92,025,053)	(92,025,053)
Balances at June 30, 2021	30,081,996	$ 842,029,487	54,603,812	$ 54,604	$ 204,870,470	$ (764,297,658)	$ (559,372,584)

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Shareholders' Deficit
	Shares	Amount	Shares	Amount			
Balances at December 31, 2019	29,007,861	$ 720,835,155	44,014,700	$ 44,015	$ 11,799,178	$ (423,625,043)	$ (411,781,850)
Exercise of stock options and warrants	—	—	375,332	375	1,089,963	—	1,090,338
Stock-based compensation	—	—	—	—	573,034	—	573,034
Vesting of warrants issued in connection with consulting services	—	—	—	—	100,855	—	100,855
Common shares issuance, net	—	—	2,898,024	2,898	33,149,648	—	33,152,546
Series F preferred issuance, net	2,040,316	93,632,264	—	—	—	—	—
Accretion of convertible preferred stock	—	10,418,764	—	—	(10,193,974)	(224,790)	(10,418,764)
Net loss	—	—	—	—	—	(50,640,049)	(50,640,049)
Balances at June 30, 2020	31,048,177	$ 824,886,183	47,288,056	$ 47,288	$ 36,518,704	$ (474,489,882)	$ (437,923,890)

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

AvidXchange, Inc.
Unaudited Consolidated Statements of Cash Flows

	Six Months Ended June 30,	
	2021	2020
Cash flows from operating activities		
Net loss	$ (92,025,053)	$ (50,640,049)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation and amortization expense	14,169,820	13,779,728
Amortization of deferred financing costs	678,572	503,535
Provision for doubtful accounts	250,560	576,697
Stock-based compensation	1,952,040	573,034
Warrants vested in connection with consulting services	—	100,855
Accrued interest	547,995	594,908
Impairment and write-off of intangible and right-of-use assets	574,318	997,030
Loss on fixed asset disposal	—	2,898
Noncash expense on contract modification — related party	50,000,033	—
Fair value adjustment to derivative instrument	138,211	6,544,540
Deferred income taxes	107,806	90,703
Changes in operating assets and liabilities		
Accounts receivable	(1,781,619)	(1,263,181)
Prepaid expenses and other current assets	(1,400,212)	1,013,693
Other noncurrent assets	(2,489,267)	102,720
Deferred customer origination costs	(1,288,080)	(1,814,434)
Accounts payable	(9,464,916)	1,062,633
Deferred revenue	664,120	370,169
Accrued expenses and other liabilities	(1,324,518)	1,250,726
Operating lease liabilities	(402,911)	(463,348)
Total adjustments	50,931,952	24,022,906
Net cash used by operating activities	(41,093,101)	(26,617,143)
Cash flows from investing activities		
Purchases of equipment	(344,361)	(592,024)
Purchases of land	—	25,000
Purchases of intangible assets	(8,077,853)	(5,148,944)
Supplier advances, net	(1,710,199)	101,539
Net cash used by investing activities	(10,132,413)	(5,614,429)
Cash flows from financing activities		
Proceeds from the issuance of long-term debt	1,131,213	2,198,266
Principal payments on finance leases	(589,729)	(900,934)
Proceeds from issuance of preferred and common stock	1,163,520	136,602,319
Transaction costs related to issuance of stock	—	(592,000)
Transaction costs related to issuance of stock — related party	—	(8,132,646)
Payment service obligations	543,200,787	22,293,198
Net cash provided by financing activities	544,905,791	151,468,203
Net increase in cash, cash equivalents, and restricted funds held for customers	493,680,277	119,236,631
Cash, cash equivalents, and restricted funds held for customers		
Cash, cash equivalents, and restricted funds held for customers, beginning of year	390,078,482	276,973,031
Cash, cash equivalents, and restricted funds held for customers, end of period	$ 883,758,759	$ 396,209,662
Supplementary information of noncash investing and financing activities		
Right-of-use assets obtained in exchange for new finance lease obligations	$ 174,262	$ 299,027
Right-of-use assets obtained in exchange for new operating lease obligations	316,108	—
Property and equipment purchases in accounts payable and accrued expenses	7,414	—
Interest paid on finance leases	3,684,940	3,518,140
Options issued in connection with bonus compensation	48,156	—
Interest paid on notes payable	5,199,069	5,360,147

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

AvidXchange, Inc.
Notes to the Unaudited Consolidated Financial Statements

1. Formation and Business of the Company

The Company

AvidXchange, Inc. was incorporated in the state of Delaware in 2000. In July 2021, the Company consummated a reorganization by interposing a holding company between AvidXchange, Inc. and its stockholders. After the reorganization, all of the stockholders of AvidXchange, Inc. became stockholders of AvidXchange Holdings, Inc. and AvidXchange, Inc. became a wholly owned subsidiary of AvidXchange Holdings, Inc. To accomplish the reorganization, the Company formed AvidXchange Holdings, Inc., which was incorporated in Delaware on January 27, 2021, and AvidXchange Merger Sub, Inc. ("Merger Sub") as a wholly owned subsidiary of AvidXchange Holdings, Inc. The Company merged AvidXchange, Inc. with and into Merger Sub, with AvidXchange, Inc. as the surviving entity, by issuing identical shares of stock of AvidXchange Holdings, Inc. to the stockholders of AvidXchange, Inc. in exchange for their equity interest in AvidXchange, Inc.

The merger was considered a transaction between entities under common control. Upon the effective date of the reorganization, July 9, 2021, AvidXchange Holdings, Inc. will recognize the assets and liabilities of AvidXchange, Inc. at their carrying values within its financial statements.

AvidXchange, Inc. and its wholly owned subsidiaries are collectively referred to as "AvidXchange" or "the Company" in the accompanying consolidated financial statements after the reorganization.

AvidXchange provides accounts payable ("AP") automation software and payment solutions for middle market businesses and their suppliers. The Company's cloud-based, software and payment platform digitizes and automates the AP workflow for middle market businesses (AvidXchange's "buyer" customers), and their service providers and vendors (AvidXchange's "supplier" customers). The Company provides solutions and services throughout North America spanning multiple industries including real estate, homeowners associations ("HOA"), construction, financial services (including banks and credit unions), healthcare facilities, social services, education, and media.

AvidXchange's software solutions are delivered primarily through a software-as-a-service ("SaaS") platform that connects buyer customers using the Company's AP automation products with a network of their vendors, including supplier customers that have enrolled in AvidXchange's electronic payments network (the "AvidPay Network"). This platform provides a multitude of solutions including electronic invoice capture, intelligent workflow routing, and automated payments, which can provide AvidXchange's buyer and supplier customers with reduced costs, improved productivity, and reduction of paper from the traditional AP and payment processes.

The Company markets its solutions to buyers through both a direct salesforce and indirectly through strategic channel partnerships with banks and financial institutions as well as software and technology business partners. AvidXchange attracts buyer customers to the AvidPay Network through establishing a simple, easy-to-use network that helps integrate various buyers through a standard invoice and pay network. Supplier customers are selected to join the AvidPay Network by their buyer clients.

AvidXchange has completed strategic acquisitions that have expanded the customer relationships available to subscribe to its payment services solutions and gain access to new markets. The operating activities of the legal entities acquired are fully interdependent and integrated with the AvidXchange operations. The Company views its operations and manages its business as one segment and one reporting unit.

In December 2020, AvidXchange acquired Core Associates Holdings, LLC ("Core"), the maker of TimberScan, an AP approval processing and content management software that has enabled the Company to further expand into the construction sector.

On September 30, 2021, the Company effected a 4-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 four shares of common stock and each stock award and warrant was split accordingly. The par value per share of common was not adjusted. The exercise price of options and warrants was adjusted. Shares of preferred stock were not split however the conversion rate of each share of preferred stock was adjusted to reflect the forward split. All common share, per common share and related information presented in the consolidated financial statements and accompanying notes have been retroactively adjusted, where applicable, to reflect the effect of the stock split.

2. Summary of Significant Accounting Policies

Basis of Consolidation and Presentation

The accompanying unaudited consolidated financial statements include the accounts of the Company and have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. The unaudited consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and reflect all normal and recurring adjustments that are, in the opinion of management, necessary for a fair statement of the Company's financial position, results of operations, changes in convertible preferred stock and shareholders' deficit, and cash flows for the periods presented. The results of operations for the six months ended June 30, 2021 are not necessarily indicative of the results to be expected for the year ending December 31, 2021 or for any other future annual or interim period. The unaudited consolidated balance sheet as of December 31, 2020 included herein was derived from the audited financial statements as of that date, but does not include all disclosures including certain notes required by U.S. GAAP on an annual reporting basis. All significant intercompany accounts and transactions have been eliminated.

These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included elsewhere in this prospectus.

Presentation of Convertible Preferred Stock

The Company's Convertible Preferred Stock is classified as mezzanine equity in the accompanying balance sheets separate from all other stockholders' equity accounts that are classified as permanent equity (e.g., common stock and accumulated deficit). The purpose of this classification is to convey that such securities may not be permanently part of equity and could result in a demand for cash or other assets of the entity in the future based on passage of time or upon the occurrence of certain events outside of the Company's control.

The Company's Convertible Preferred Stock is initially recorded at its original issuance price, net of issuance costs. The Company accreted the carrying amount of the convertible preferred stock using the interest method until January 2021 when it became probable that the instrument would become redeemable, except for Senior Preferred Stock which the Company continues to accrete. These increases are recorded as charges against retained earnings, if any. In the absence of retained earnings, the amounts are recorded against the available balance of additional paid-in capital that has been generated from cash transactions until reduced to zero and any additional amounts are charged to accumulated deficit. Changes in the redemption value or the redemption date are considered to be changes in accounting estimates.

Impact of the COVID-19 Pandemic

Notwithstanding current vaccinations and the gradual re-opening of the U.S. economy, the global COVID-19 pandemic, including the emergence of recently discovered variants that are thought to be more contagious (such as the increasingly widespread "Delta variant"), continues to adversely affect commercial activity and has contributed to significant volatility in the financial markets which may continue.

AvidXchange, Inc.
Notes to the Unaudited Consolidated Financial Statements

The Company's revenue was adversely affected in 2020 by COVID-19 due to a reduction in spending and closures or slowdowns of certain of its buyer's businesses and other mandated restrictions on travel, social and business gatherings, schools, and the workplace. The impact was higher in certain industry verticals or segments such as HOAs and commercial real estate, with certain buyers tightly managing spend and hesitating to start new implementation projects. On the other hand, the pandemic also had the short term impact of driving increased interest and, for certain buyers, accelerated purchasing decisions for the Company's products and services, as buyers shifted to remote work arrangements.

In 2021, the Company has continued to see the impact of COVID-19 on its business and its buyers and suppliers. The Company believes that, as a result of the uncertainty created by the pandemic, many buyers have been and may continue to be in the near term reluctant to invest in the purchase and implementation of our products and services, negatively impacting new sales and leading to longer sales cycles. These trends, if they continue, will make it more difficult for the Company to acquire new buyers and could lead to greater uncertainty around closing new sales opportunities, which could adversely impact its future revenue.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities as of and during the reporting period. The Company bases estimates and assumptions on historical experience when available and on various factors that it believes to be reasonable under the circumstances. Significant estimates reflected in these consolidated financial statements include, but are not limited to, the allowance for doubtful accounts, useful lives assigned to fixed and intangible assets, capitalization of internal-use software, deferral of implementation costs, the fair value of intangible assets acquired in a business combination, the fair value of goodwill, the recoverability of deferred income taxes, the fair value of common stock, and the fair value of the convertible common stock liability (or the "derivative instrument.") The Company assesses estimates on an ongoing basis; however, actual results could materially differ from those estimates.

Concentrations

Significant Services

A substantial portion of the Company's revenue is derived from interchange fees earned on payment transactions processed as virtual commercial cards ("VCC"). For both the six months ended June 30, 2021 and 2020, interchange fee revenues from a single service provider represented approximately 49% of total revenues. As of June 30, 2021 and December 31, 2020, 60% and 62% of accounts receivable, net, is comprised of amounts due from this service provider, respectively.

Future regulation or changes by the card brand payment networks could have a substantial impact on the Company's revenue from VCC transactions. If interchange rates decline, whether due to actions by the card brand payment networks, merchant/suppliers availing themselves of lower rates, or future regulation, the Company's total operating revenues, operating results, prospects for future growth and overall business could be materially affected.

Restricted Funds Held for Customers and Payment Service Obligations

Restricted funds held for customers and the corresponding liability of payment service obligations represent funds that are collected from customers for payments to their suppliers. The Company is registered as a

money services business (“MSB”) with the Financial Crimes Enforcement Network (“FinCEN”). Payment service obligations are comprised of $662,692,000 of outstanding daily transaction liabilities per state regulatory Average Daily Transaction Liability (“ADTL”) report requirements and $18,129,000 of other unregulated settlements with payees, which do not constitute a regulatory liability event under reporting requirements.

The Company currently operates two models for the transmission of buyer customer funds. Under its legacy model, buyer customer funds are held in trust accounts that are maintained and operated by a trustee pending distribution. After customers’ funds are deposited in a trust account, the Company initiates payment transactions through external payment networks whereby the customers’ funds are distributed from the trust to the appropriate supplier. The Company is not the trustee or beneficiary of the trusts which hold these customer deposits; accordingly, the Company does not record these assets and offsetting liability on its consolidated balance sheets. The Company contractually earns interest on funds held for customers with associated counterparties. The amount of customer funds held in trust accounts was approximately $64,160,000 and $723,084,000 as of June 30, 2021 and December 31, 2020 respectively.

The Company has also obtained a money transmitter license in all states which require licensure. This model enables AvidXchange to provide commercial payment services to businesses through its “for the benefit of customer” (“FBO”) bank accounts that are restricted for such purposes. The restricted funds held for customers are restricted for the purpose of satisfying the customer’s supplier obligations and are not available for general business use by the Company. The Company maintains these funds in liquid cash accounts and contractually earns interest on these funds held for customers. These funds are recognized as a restricted cash asset and a corresponding liability is recorded for payments due to their suppliers on the Company’s consolidated balance sheets. Restricted funds held for customers are included in the cash and cash equivalents on the consolidated statements of cash flows. The Company expects to complete the transition to this model during the third quarter of 2021.

Net Loss per Share

Basic net loss per share is computed by dividing net loss by the weighted-average number of common shares outstanding during the period. Diluted net loss per share is computed using the weighted average number of common shares outstanding during the period and, if dilutive, the weighted average number of potential shares of common stock. Net loss per share attributable to common stockholders is calculated using the two-class method, which is an earnings allocation formula that determines net loss per share for the holders of the Company’s common shares and participating securities. The Company’s convertible preferred stock contains participation rights in any dividend paid by the Company and is deemed to be a participating security. Net loss attributable to common stockholders and participating preferred shares are allocated to each share on an as-converted basis as if all of the earnings for the period had been distributed. The participating securities do not include a contractual obligation to share in losses of the Company and are not included in the calculation of net loss per share in the periods in which a net loss is recorded.

Diluted net loss per share is computed using the more dilutive of (a) the two-class method or (b) the if converted method. The Company allocates earnings first to preferred stockholders based on dividend rights and then to common and preferred stockholders based on ownership interests. The weighted average number of common shares included in the computation of diluted net loss gives effect to all potentially dilutive common equivalent shares, including outstanding stock options and convertible preferred stock. Common stock equivalent shares are excluded from the computation of diluted net loss per share if their effect is antidilutive. In periods in which the Company reports a net loss attributable to common stockholders, diluted net loss per share attributable to common stockholders is generally the same as basic net loss per share attributable to common stockholders since dilutive common shares are not assumed to have been

issued if their effect is anti-dilutive. For the six months ended June 30, 2021 and 2020, 122,810,404 and 121,971,752 potentially dilutive shares, respectively, were excluded from the calculation of diluted EPS as their impact was antidilutive. The Company reported a net loss attributable to common stockholders for each of the six months ended June 30, 2021 and 2020.

Nonqualified Deferred Compensation Plan

The Company adopted a nonqualified, deferred compensation plan effective October 1, 2015, which is an unfunded plan created for the benefit of a select group of management or highly compensated employees. The purpose of the plan is to attract and retain key employees by providing them with an opportunity to defer receipt of a portion of their compensation. It is exempt from the participation, vesting, funding, and fiduciary requirements set forth in Title I of the Employee Retirement Income Security Act of 1974, as amended. Deferred amounts are not subject to forfeiture and are deemed invested among investment funds offered under the nonqualified deferred compensation plan, as directed by each participant.

The Company has established a ‘rabbi trust’ that serves as an investment to shadow the deferred compensation plan liability. The assets of the rabbi trust are general assets of the Company and as such, would be subject to the claims of creditors in the event of bankruptcy or insolvency. The Company has recorded these assets and liabilities at their fair value. In association with this plan, approximately $709,000 and $663,000 was included in other noncurrent assets and $1,138,000 and $787,000 was included in noncurrent liabilities as of June 30, 2021 and December 31, 2020, respectively.

Contingent Liabilities

Contingent liabilities require significant judgment in estimating potential losses for legal claims. We review significant new claims and litigation for the probability of an adverse outcome. Estimates are recorded as liabilities when it is probable that a liability has been incurred and the amount of the loss is reasonably estimable. Disclosure is required when there is a reasonable possibility that the ultimate loss will materially exceed the recorded provision. Contingent liabilities are often resolved over long time periods. Estimating probable losses requires analysis of multiple forecasts that often depend on judgments about potential actions by third parties such as regulators, and the estimated loss can change materially as individual claims develop.

Fair Value Measurements

The Company’s financial instruments consist of cash and cash equivalents, trade receivables, AP, debt, and the liability related to the Convertible common stock conversion feature. The carrying amount of cash, trade receivables, and AP approximate fair value due to the short-term maturity. The estimated fair value of long-term debt is based on borrowing rates currently available to the Company for similar debt issues. The fair value approximates the carrying value of long-term debt.

In accordance with applicable accounting standards, the Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels.

The following is a brief description of those three levels:

Level 1	Observable inputs such as quoted market prices in active markets for identical assets or liabilities.
Level 2	Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active market and quoted prices for identical or similar assets or liabilities in markets that are not active.

AvidXchange, Inc.
Notes to the Unaudited Consolidated Financial Statements

Level 3	Unobservable inputs that reflect the reporting entity's own assumptions. The fair value for such assets and liabilities is generally determined using pricing models, discounted cash flow methodologies, or similar techniques that incorporate the assumptions a market participant would use in pricing the asset or liability.

When more than one level of input is used to determine the fair value, the financial instrument is classified as Level 1, 2 or 3 according to the lowest level input that has a significant impact on the fair value measurement. The Company performs a review of the fair value hierarchy classification on an annual basis. Changes in the observability of valuation inputs may result in a reclassification of certain financial assets or financial liabilities within the fair value hierarchy.

The Convertible common stock liability is stated at fair value and is considered a Level 3 input because the fair value measurement is based, in part, on significant inputs not observed in the market. The Company determined the fair value of the Convertible common stock liability based on the Black-Scholes option-pricing model which utilizes the value of shares sold in the Company's latest preferred stock financing and allocates the estimated equity value of the Company to each class of the Company's outstanding securities using an option-pricing back-solve model, then a Monte Carlo simulation technique to estimate fair value of the Convertible common stock liability.

Emerging Growth Company Status

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it is (i) no longer an emerging growth company or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, these unaudited interim financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates. The JOBS Act does not preclude an emerging growth company from early adopting new or revised accounting standards. The Company expects to use the extended transition period for any new or revised accounting standards during the period which the Company remains an emerging growth company.

AvidXchange, Inc.
Notes to the Unaudited Consolidated Financial Statements

Revision of Previously Issued Financial Statements

Subsequent to the original issuance of its financial statements as of and for the six months ended June 30, 2021 and 2020, the Company identified errors in its historical accounting of RSU grants. Specifically, the Company incorrectly recorded stock-based compensation expense for RSUs with performance conditions that had not yet been satisfied. Although the Company has concluded that these errors are immaterial to the previously issued financial statements, the Company is correcting for these errors by revising the accompanying 2021 and 2020 unaudited interim financial statements as reflected in the table below:

	June 30, 2021 (As Reported)(1)	Stock-based Compensation Adjustment	June 30, 2021 (As Revised)
Consolidated Balance Sheet			
Additional paid-in capital	$ 209,290,614	$ (4,420,144)	$ 204,870,470
Accumulated deficit	(768,717,802)	4,420,144	(764,297,658)
Consolidated Statement of Operations			
Cost of revenues (exclusive of depreciation and amortization expense)	$ 45,956,801	$ (405,282)	$ 45,551,519
Sales and marketing	28,544,873	(486,970)	28,057,903
Research and development	28,262,898	(710,860)	27,552,038
General and administrative	31,086,331	(1,152,312)	29,934,019
Total operating expenses	102,638,240	(2,350,142)	100,288,098
Loss from operations	(34,627,216)	2,755,424	(31,871,792)
Loss before income taxes	(94,579,259)	2,755,424	(91,823,835)
Net loss	(94,780,477)	2,755,424	(92,025,053)
Net loss attributable to common shareholders	(104,185,168)	2,755,424	(101,429,744)
Net loss per share attributable to common shareholders, basic and diluted	$ (1.95)	$ 0.05	$ (1.90)
Consolidated Statement of Changes in Convertible Preferred Stock and Shareholders' Deficit			
Additional paid-in capital, December 31, 2020	$ 162,780,681	(1,664,720)	$ 161,115,961
Accumulated deficit, December 31, 2020	(673,937,325)	1,664,720	(672,272,605)
Stock-based compensation	4,707,464	(2,755,424)	1,952,040
Net loss	(94,780,477)	2,755,424	(92,025,053)
Additional paid-in capital, June 30, 2021	209,290,614	(4,420,144)	204,870,470
Accumulated deficit, June 30, 2021	(768,717,802)	4,420,144	(764,297,658)
Consolidated Statements of Cash Flows			
Net loss	$ (94,780,477)	$ 2,755,424	$ (92,025,053)
Stock based compensation expense	4,707,464	(2,755,424)	1,952,040

AvidXchange, Inc.
Notes to the Unaudited Consolidated Financial Statements

	June 30, 2020 (As Reported)(1)	Stock-based Compensation Adjustment	June 30, 2020 (As Revised)
Consolidated Statement of Operations			
Cost of revenues (exclusive of depreciation and amortization expense)	$ 40,796,233	$ (130,102)	$ 40,666,131
Sales and marketing	23,713,488	(197,078)	23,516,410
Research and development	21,306,593	(205,951)	21,100,642
General and administrative	20,653,734	(197,465)	20,456,269
Total operating expenses	80,377,835	(600,494)	79,777,341
Loss from operations	(35,708,807)	730,596	(34,978,211)
Loss before income taxes	(51,253,442)	730,596	(50,522,846)
Net loss	(51,370,645)	730,596	(50,640,049)
Net loss attributable to common shareholders	(61,789,409)	730,596	(61,058,813)
Net loss per share attributable to common shareholders, basic and diluted	$ (1.36)	$ 0.01	$ (1.35)
Consolidated Statement of Changes in Convertible Preferred Stock and Shareholders' Deficit			
Stock-based compensation	$ 1,303,630	$ (730,596)	$ 573,034
Net loss	(51,370,645)	730,596	(50,640,049)
Additional paid-in capital, June 30, 2020	37,249,300	(730,596)	36,518,704
Accumulated deficit, June 30, 2020	(475,220,478)	730,596	(474,489,882)
Consolidated Statements of Cash Flows			
Net loss	$ (51,370,645)	$ 730,596	$ (50,640,049)
Stock based compensation expense	1,303,630	(730,596)	573,034

(1) As reported amounts have been adjusted for the four-for-one stock split.

The applicable notes to the accompanying unaudited interim consolidated financial statements have also been revised to correct for these errors.

The unaudited interim financial statements for the quarterly periods ended March 31, 2021 and September 30, 2020 will be revised in connection with future filings on Form 10-Q.

New Accounting Pronouncements

Recently Adopted Accounting Standards

On January 1, 2021, the Company adopted ASU No. 2018-15, *Intangibles — Goodwill and Other: Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, that provides guidance on capitalization of implementation costs incurred in a cloud computing arrangement that is a service contract. There was no impact on the Company's consolidated financial statements upon adoption.

Accounting Pronouncements Issued but Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, Financial instruments, Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which amends the guidance on the impairment of financial instruments by requiring measurement and recognition of expected credit losses for most financial assets, including trade receivables, and other instruments that are not measured at fair value through net income (the "CECL" framework). The guidance will replace the Company's current accounts receivable and

supplier advances receivable allowance for doubtful accounts methodology with the CECL framework. ASU 2016-13 is effective for private companies for financial statements issued for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2022. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial statements and related disclosures.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* which simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. This standard is effective for private companies for annual reporting periods beginning after December 15, 2021, and for interim periods beginning after December 15, 2022, and early adoption is permitted. Certain amendments of this standard may be adopted on a retrospective basis, modified retrospective basis or prospective basis. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial statements and related disclosures.

3. Revenue from Contracts with Customers

Disaggregation of Revenue

The table below presents the Company's revenues disaggregated by type of services performed.

	Six Months Ended June 30,	
	2021	2020
Software revenue	$ 42,071,205	$ 33,012,350
Payment revenue	70,619,565	51,807,042
Services revenue	1,277,055	645,869
Total revenues	$ 113,967,825	$ 85,465,261

Contract Assets and Liabilities

The Company's rights to payments are not conditional on any factors other than the passage of time, and as such, AvidXchange does not have any Contract assets. Contract liabilities consist primarily of advance cash receipts for services (deferred revenue) and are recognized as revenue when the services are provided.

The table below presents information on accounts receivable and contract liabilities.

	As of June 30, 2021	As of December 31, 2020
Trade accounts receivable, net	$ 10,053,357	$ 8,976,936
Payment processing receivable, net	16,230,043	15,779,799
Accounts receivable, net	$ 26,283,400	$ 24,756,735
Contract liabilities	8,633,879	$ 7,969,759

Significant changes in the contract liabilities balance are as follows:

	Six Months Ended June 30,	
	2021	2020
Revenue recognized included in beginning of period balance	$ (4,127,889)	$ (2,426,795)
Cash received, excluding amounts recognized as revenue during the period	4,792,009	2,796,965

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The tables below present a summary of changes in the Company's allowance for doubtful accounts for the six months ended June 30, 2021:

	Accounts Receivable Allowance	Supplier Advances Receivable Allowance
Allowance for doubtful accounts, December 31, 2020	$1,769,480	$1,099,003
Amounts charged to contra revenue, cost of revenues and expenses	207,053	—
Amounts written off as uncollectable	(181,962)	(232,250)
Recoveries of amounts previously written off	—	43,507
Allowance for doubtful accounts, June 30, 2021	$1,794,571	$ 910,260

	Accounts Receivable Allowance	Supplier Advances Receivable Allowance
Allowance for doubtful accounts, December 31, 2019	$1,411,294	$ 588,431
Amounts charged to contra revenue, cost of revenues and expenses	213,266	440,000
Amounts written off as uncollectable	(34,930)	(320,547)
Recoveries of amounts previously written off	—	38,431
Allowance for doubtful accounts, June 30, 2020	$1,589,630	$ 746,315

Transaction Price Allocated to Remaining Performance Obligations

Transaction price allocated to the remaining performance obligation represents contracted revenue that has not yet been recognized. These revenues are subject to future economic risks including customer cancellations, bankruptcies, regulatory changes and other market factors.

The Company applies the practical expedient in paragraph 606-10-50-14(b) and does not disclose information about remaining performance obligations related to transaction and processing services that qualify for recognition in accordance with paragraph 606-10-55-18. These contracts contain variable consideration for stand-ready performance obligations for which the exact quantity and mix of transactions to be processed are contingent upon the buyer or supplier request. These contracts also contain fixed fees and non-refundable upfront fees; however, these amounts are not considered material to total consolidated revenue.

The Company's remaining performance obligation consists of contracts with financial institutions who are using the ASCEND solution. These contracts generally have a duration of five years and contain fixed maintenance fees that are considered fixed price guarantees. Remaining performance obligation consisted of the following:

	Current	Noncurrent	Total
As of June 30, 2021	$ 12,719,841	$ 25,253,679	$ 37,973,520
As of December 31, 2020	12,405,900	26,770,845	39,176,745

Contract Costs

The Company incurs incremental costs to obtain a contract, as well as costs to fulfill a contract with buyer customers that are expected to be recovered. These costs consist primarily of sales commissions incurred if a contract is obtained, and customer implementation related costs. Capitalized sales commissions and

implementation costs were approximately $6,400,000 and $5,955,000 for the six months ended June 30, 2021 and 2020, respectively.

The Company utilizes a portfolio approach when estimating the amortization of contract acquisition and fulfillment costs. These costs are amortized on a straight-line basis over the expected benefit period of generally five years, which was determined by taking into consideration customer attrition rates, estimated terms of customer relationships, useful lives of technology, industry peers, and other factors. The amortization of contract fulfillment costs associated with implementation activities are recorded as cost of revenues in the Company's consolidated statements of operations and was approximately $2,648,000 and $2,212,000 for the six months ended June 30, 2021 and 2020, respectively. The amortization of contract acquisition costs associated with sales commissions that qualify for capitalization is recorded as sales and marketing expense in the Company's consolidated statements of operations and was approximately $2,463,000 and $1,928,000 for the six months ended June 30, 2021 and 2020, respectively. Costs to obtain or fulfill a contract are classified as deferred customer origination costs in the Company's consolidated balance sheets.

4. Business Combinations

During 2020, the Company made two acquisitions that were accounted for as business combinations in accordance with the provisions of FASB Accounting Standards Codification Topic 805, *Business Combinations*, and has included the financial results of each acquisition in its consolidated financial statements from the date of the acquisition. On December 30, 2020 AvidXchange acquired all of the issued and outstanding equity interest of Core Associates, the maker of TimberScan, an AP approval processing and content management software. Total purchase price was approximately $24,408,000, net of $1,836,000 of cash acquired. The Company paid approximately $19,408,000 in cash at closing, inclusive of working capital adjustments, and issued 408,064 common shares valued at $5,000,000. On October 29, 2020, the Company completed an asset acquisition with the stockholders of Orbiion, Inc., ("Orbiion") a California corporation, for total consideration of approximately $1,409,000, including 80,640 shares of common stock valued at approximately $988,000.

During the six months ended June 30, 2021, the Company did not make any adjustments to the purchase price allocation for these transactions.

5. Property and Equipment

Property and equipment as of June 30, 2021 and December 31, 2020 consists of the following:

	Useful Life	June 30, 2021	December 31, 2020
Land	Indefinite	$ 12,666,598	$ 12,666,598
Office equipment	5 Years	2,046,273	2,046,273
Computer equipment	5 Years	13,935,515	13,508,764
Computer software	3 Years	2,967,698	2,946,187
Furniture	7 Years	7,333,664	7,333,664
Headquarters facilities	21-35 Years	68,483,780	68,483,780
Leasehold improvements	Shorter of lease term or useful life	8,760,717	8,682,943
		116,194,245	115,668,209
Less: Accumulated depreciation and amortization		(32,196,975)	(28,795,979)
Total property and equipment, net of accumulated depreciation and amortization		$ 83,997,270	$ 86,872,230

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Depreciation and amortization expense charged against property and equipment for the six months ended June 30, 2021 and 2020 was approximately $3,401,000 and $3,752,000, respectively. Depreciation and amortization expense associated with finance leases was approximately $1,736,000 and $1,930,000 for the six months ended June 30, 2021 and 2020, respectively.

6. Intangible Assets and Goodwill

Intangible Assets

The Company capitalizes costs related to the development of both its SaaS platform and certain projects for internal use. AvidXchange capitalized approximately $8,078,000 and $5,149,000 in software development costs during the six months ended June 30, 2021 and 2020, respectively. The Company recognized approximately $5,263,000 and $4,558,000 of amortization expense related to internally developed software in depreciation and amortization within the Company's consolidated statements of operations during the six months ended June 30, 2021 and 2020, respectively.

	June 30, 2021			
	Weighted Average Useful Life	Gross Amount	Accumulated Amortization	Net Amount
Internally developed software	3 Years	$ 60,185,907	$ (41,656,854)	$ 18,529,053
Customer relationships	8 Years	51,441,504	(17,261,150)	34,180,354
Technology	5 Years	31,790,697	(19,576,146)	12,214,551
Trade name	10 Years	5,247,578	(994,902)	4,252,676
Total intangible assets		$ 148,665,686	$ (79,489,052)	$ 69,176,634

	December 31, 2020			
	Weighted Average Useful Life	Gross Amount	Accumulated Amortization	Net Amount
Internally developed software	3 Years	$ 52,902,523	$ (36,613,653)	$ 16,288,870
Customer relationships	8 Years	51,441,504	(14,031,660)	37,409,844
Technology	5 Years	31,790,697	(17,523,059)	14,267,638
Trade name	10 Years	5,247,578	(772,007)	4,475,571
Total intangible assets		$ 141,382,302	$ (68,940,379)	$ 72,441,923

Total amortization expense associated with identifiable intangible assets of approximately 10,769,000 and 10,027,000 for the six months ended June 30, 2021 and 2020, respectively, was recorded in depreciation and amortization within the Company's consolidated statements of operations.

Goodwill

There were no changes in carrying amount of the Company's goodwill during the six months ended June 30, 2021.

Impairment and write-off of intangible assets

During the six months ended June 30, 2021 and 2020, the Company recognized approximately $574,000 and $924,000 of impairment and write-off expense related to internally developed software projects.

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7. Leases and Leasing Commitments

Supplemental cash flow information related to the Company's operating and finance leases was as follows:

	Six Months Ended June 30,	
	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:		
Financing cash flows for finance leases	$ 589,729	$ 900,934
Operating cash flows for finance leases	3,684,940	3,518,140
Operating cash flows for operating leases	1,023,376	1,065,704
ROU assets obtained in exchange for new lease obligations:		
Finance lease liabilities	174,262	299,028
Operating lease liabilities	316,108	—

The components of lease expense for the six months ended June 30, 2021 and 2020 were as follows:

	Six Months Ended June 30,	
	2021	2020
Lease cost		
Finance lease cost		
Amortization of right-of-use assets	$ 1,735,708	$ 1,930,439
Interest on lease liabilities	4,135,937	3,975,942
Operating lease expense	620,465	602,356
Short-term lease cost	39,000	308,410
Variable lease cost	50,394	182,730
Sublease income	(144,636)	(124,635)
Total lease cost	$ 6,436,868	$ 6,875,242

8. Long-Term Debt

Long-term debt as of June 30, 2021 and December 31, 2020:

	June 30, 2021	December 31, 2020
Term loan facility	$ 95,000,000	$ 95,000,000
Delayed draw term loan	6,683,516	5,552,303
Promissory note payable for land acquisition	3,000,000	3,000,000
Total principal due	104,683,516	103,552,303
Current portion of promissory note	(1,000,000)	(1,000,000)
Unamortized portion of debt issuance costs	(3,474,314)	(4,106,008)
Long term debt	$ 100,209,202	$ 98,446,295

On October 1, 2019, the Company entered into a senior secured credit facility ("2019 Credit Agreement" or "2019 Facility") with Sixth Street Specialty Lending, Inc. ("Sixth Street") and KeyBank National Association ("KeyBank"). The 2019 Credit Agreement makes available to the Company a facility in an aggregate amount of $163,500,000 which consists of:

- $95,000,000 term loan facility ("2019 Term Loans")
- $30,000,000 additional delayed draw term loan commitment ("DDTL")

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- $18,500,000 delayed draw term loan commitment ("Interest DDTL")
- $20,000,000 revolving commitment ("2019 Revolver")

Proceeds from the 2019 Credit Agreement were used to pay the outstanding principal related to the credit agreement dated October 19, 2016, as amended and restated (the "Old Credit Agreement"), and for working capital. The 2019 Facility, like the Old Credit Agreement, is collateralized by substantially all assets of the Company except for bank accounts that hold customer funds or are used to administer self-funded employee benefit plans and other limited exceptions.

Interest on the loans under the 2019 Credit Agreement is equal to LIBOR or a base rate, plus a margin. The applicable margin will be between 8% to 9% for the first three years, with the lower rate applicable for quarters in which the Company does not borrow from the Interest DDTL, and after the third anniversary will be 7.5% or 8% depending on whether the cash burn rate is greater than or less than negative $2,500,000. The base rate is equal to the higher of the current prime rate, federal funds effective rate plus 0.5%, or 4%. The Company may elect an interest period of up to three months in connection with a LIBOR rate loan. Per the terms of the 2019 Credit Agreement, the unavailability or replacement of LIBOR would result in the use of a similar measure based upon a calculated average of borrowing rates offered by major banks in the London interbank as determined by Sixth Street. As such, management does not believe that the unavailability of LIBOR will have any material impact on our borrowing costs.

From October 1, 2019 through the third anniversary date of the 2019 Credit Agreement, the Company may, on a quarterly basis, borrow under the Interest DDTL to finance up to 4.5% of the interest due on the 2019 Term Loans. For the six months ended June 30, 2021, the Company borrowed an additional $1,131,000 under the Interest DDTL at a rate of 10.0%.

The Company also has available additional DDTL which may be made in minimum increments of $5,000,000, and multiples of $500,000 in excess of that amount, up to $30,000,000. The Company is required to pay a commitment fee of 0.5% per annum based on the unused commitment under the additional DDTL. The DDTL commitment terminates on the earlier of October 1, 2021 or in the event of a default.

The maturity date for the 2019 Term Loans and Interest DDTL is April 1, 2024, or the date any series of preferred stock becomes eligible to be redeemed or otherwise repurchased.

Revolving Credit Facility

Borrowing increments on the 2019 Revolver start at $500,000, and multiples of $100,000 in excess of that amount. There is no balance outstanding under the facility as of June 30, 2021 or December 31, 2020. The Company is required to pay a commitment fee of 0.5% per annum with respect to the unused commitment under the 2019 Revolver. The maturity date for the 2019 Revolver is October 1, 2023.

Deferred Financing Costs

The Company has approximately $211,000 and $258,000 in deferred financing costs included in other noncurrent assets and deposits, and approximately $3,474,000 and $4,106,000 of deferred financing costs associated with 2019 Term Loan, DDTL, and Interest DDTL recorded net of long-term debt as of June 30, 2021 and December 31, 2020, respectively.

Amortization of deferred financing costs amounted to approximately $679,000 and $504,000 for the six months ended June 30, 2021 and 2020, respectively, which is presented in the consolidated statements of operations as interest expense.

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Liquidity and Financial Covenants

The Company's 2019 Credit Agreement contains certain covenants and restrictions on actions by the Company, including limitations on the payment of dividends. In addition, the 2019 Credit Agreement requires that the Company comply monthly with specified ratios, including a maximum ratio of debt to recurring revenue and a minimum cash balance requirement. The Company is in compliance with its financial debt covenants as of June 30, 2021.

Land Promissory Note

On November 15, 2018, the Company signed a promissory note in connection with the purchase of two land parcels adjacent to its Charlotte, North Carolina headquarters campus. The principal amount of $5,000,000 will be repaid in $1,000,000 installments, plus accrued interest at a rate of 6.75%, due on each anniversary date, with final payment due on November 15, 2023. The note is collateralized by the land parcels and any future building to be situated on, or improvements to, the land.

9. Preferred Stock

The Company's preferred stock, which is classified as mezzanine equity in the consolidated balance sheets as of June 30, 2021 and December 31, 2020 is as follows:

	As of June 30, 2021			
	Shares Authorized	Shares Issued and Outstanding	Liquidation Preference	Carrying Value
Series A	2,000,000	625,547	440,098	440,098
Series B	5,000,000	1,622,366	851,316	851,316
Series C	4,200,000	1,004,770	851,362	851,362
Series D	1,500,000	1,360,447	9,278,248	9,278,248
Series E	9,800,000	9,250,303	172,379,820	167,647,957
Series F	14,500,000	13,405,900	530,953,102	508,109,009
Junior Series 1	400,000	90,497	1,087,774	1,087,774
Senior Preferred	2,722,166	2,722,166	169,000,000	153,763,723
Redeemable Preferred	350,000	—	—	—
	40,472,166	30,081,996	$ 884,841,720	842,029,487

	As of December 31, 2020			
	Shares Authorized	Shares Issued and Outstanding	Liquidation Preference	Carrying Value
Series A	2,000,000	625,547	$ 440,098	$ 440,098
Series B	5,000,000	1,622,366	851,316	851,316
Series C	4,200,000	1,004,770	851,362	851,362
Series D	1,500,000	1,360,447	9,278,248	9,278,248
Series E	9,800,000	9,250,303	172,379,820	167,647,957
Series F	14,500,000	13,405,900	530,953,102	508,109,009
Junior Series 1	400,000	90,497	1,087,774	1,087,774
Senior Preferred	2,722,166	2,722,166	169,000,000	144,359,032
Redeemable Preferred	350,000	—	—	—
	40,472,166	30,081,996	$ 884,841,720	$ 832,624,796

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Authorized Shares

The Company has authorized shares of preferred stock, $0.001 par value per share, of 40,472,166, and authorization to issue of two new series of non-voting preferred stock, Senior preferred and Redeemable preferred. The Company's certificate of incorporation provides that the Company is authorized from time to time to designate by resolution one or more series of preferred stock in addition to the Series A preferred, Series B preferred, Series C preferred, Series D preferred, Series E preferred, Series F preferred, Junior Series 1 preferred, Senior preferred and Redeemable preferred stocks that are designated in the certificate of incorporation, subject to certain limitations and required approvals as set forth therein.

Senior Preferred Stock and Redeemable Preferred Stock

The Senior preferred stock is convertible into Redeemable preferred stock and Convertible common stock. The shares are entitled to cumulative 12% annual dividends payable if and when declared by the Board of Directors. There are no voting rights, and the Senior preferred shares are senior to all other classes of preferred and common stock. The Senior preferred liquidation preference is the greater of the original issuance price plus accrued and unpaid dividends or 1.3 times the original issuance price. The shares are transferable, subject to limited exceptions, and may be converted into Redeemable preferred and Convertible common shares upon written election of the majority of Senior preferred shareholders or the Company. In addition, the Senior preferred shares automatically convert upon the closing of certain public offerings and events.

The Redeemable preferred shares are entitled to cumulative 12% annual dividends payable if and when declared by the Board of Directors. There are no voting rights, and the Redeemable preferred shares (like the Senior preferred shares) are senior to all other classes of preferred and common stock. The shares are transferable, subject to limited exceptions, and may be redeemed for cash upon written request by a majority of Redeemable preferred shareholders or by the Company, at any time, at the greater of 1.3 times the original issuance price or the original issuance price plus accrued and unpaid dividends.

Conversion, Redemption and Other Rights

Each share of each series of preferred stock (except for the senior preferred stock and the redeemable preferred stock) is entitled to the number of votes equal to the number of shares of common stock into which each share is convertible on the record date for any vote except for the Junior Series 1 preferred stock which is entitled to the number of votes equal to 1/10 the number of shares of common stock into which such series share is convertible. The Series E and Series F preferred stock also have approval rights over certain Company transactions including certain significant mergers and acquisitions, payment of dividends, issuance of indebtedness and related party transactions, among others. Certain series of preferred stock have preemptive rights to participate in future offerings of securities by the Company, subject to certain exceptions.

Each series of preferred stock has certain redemption rights that require the Company, upon notice from a holder, which may be delivered at any time after October 1, 2026, or October 1, 2025 in the case of the Senior preferred and Redeemable preferred, to redeem for cash the holder's shares at a designated price, less dividends and distributions. The Company has the right to redeem the shares in part over specified periods of time, not to exceed 18 months, depending on the series of preferred stock. The total redemption amount under such preferred stock agreements is approximately $884,842,000 as of June 30, 2021 and December 31, 2020.

No dividends or other distributions may be made on the common stock unless the same dividend or distribution is also made to all the series of preferred stock on an as-converted basis. All shares of preferred

stock may be converted into shares of common stock on a one-for-one basis, subject to adjustment upon certain events, except for the shares of Series A preferred stock which are convertible into common stock at a conversion rate of 6.7227. Upon conversion, the Series A shareholder is entitled to receive a cash payment as a result of a conversion into fractional common shares. Each series of preferred stock has a liquidation preference over the common stock and a relative preference among the preferred, with the Senior preferred (or, if the Senior preferred shares have been converted, the Redeemable preferred) having the highest preference and the Junior Series 1 preferred stock having the lowest preference, with the Series B and Series C having a pari passu preference to each other.

10. Shareholders' Equity and Convertible Common Stock Liability

The Company presents its Common stock within shareholders' equity and its Convertible common stock separately as a liability.

Authorized Shares

The Company has authorized shares of all classes of common stock, $0.001 par value per share, of 240,000,000 , and authorization to issue 3,000,000 shares of Convertible common stock.

Convertible Common Stock Liability

The Convertible common shares are entitled to dividends pari passu with Common shareholders on an "if-converted" basis. Shares may be redeemed for cash or converted into Common shares. Cash redemption may occur at the option of the shareholders, on or after six years from the date of purchase, or upon the occurrence of a significant event such as the sale of the Company or an initial public offering. The Company may redeem the shares for cash upon the occurrence of a significant transaction. Convertible common shares are convertible into common stock at the election of the holder for the 15-year period ending on October 1, 2034. The Convertible common shares will also automatically convert upon a liquidation or sale of the Company or an initial public offering.

The cash proceeds received upon redemption, or the number of Common shares received upon conversion, is based upon a formula whereby the holder of the instrument will receive value commensurate with the increase, if any, in value of the Company's Common stock from the date of redemption or conversion over a contractually determined base price per Common share of $11.94.

The Convertible common stock has been accounted for as a derivative liability and is recorded at its fair market value within other long-term liabilities on the balance sheet. The Company estimates the fair value of the liability using the Black-Scholes option-pricing model and any change in fair is recognized as a gain or loss in the statement of operations for the six months ended June 30, 2021 and 2020, respectively. The following table sets forth a summary of the changes in the fair value of the derivative liability, which is the Company's only Level 3 financial instrument. As of June 30, 2021, no shares of Convertible common stock are outstanding as such shares will only be issued upon conversion of the senior preferred stock.

	Six Months Ended June 30,	
	2021	2020
Fair value, beginning of period	$ 10,254,389	$ 2,717,000
Change in fair value	138,211	6,544,540
Fair value, end of period	$ 10,392,600	$ 9,261,540

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Share Issuances

During the six months ended June 30, 2021, the Company issued 4,548,932 shares of common stock at a weighted average price per share of $11.25. The common shares issued included 4,080,636 shares in connection with the modification of the Company's agreement with a related party (see Note 13). The remaining issuances were the result of employees exercising vested stock option grants.

11. Stock-Based Compensation

The Company amended and restated its equity incentive plan effective June 25, 2020 (the "2020 Plan"). The 2020 Plan authorized the use of restricted stock units ("RSUs") in addition to previously authorized grants of stock options. As of the effective date, no new option awards are to be made under prior equity incentive plans. On February 18, 2021, the 2020 Plan was amended to increase the number of shares authorized to 10,008,068 , which was comprised of a 6,400,000 expansion of shares authorized and 3,608,068 shares that were remaining under the Company's prior equity incentive plan.

Stock options granted under these plans have various vesting periods ranging from fully-vested on the date of grant or vesting over a period of three or four years. The term for each incentive stock option under these plans is ten years from the grant date, or five years for a grant to a ten percent owner optionee, in each case assuming continued employment. The fair value of options granted is estimated on the date of grant using the Black-Scholes option-pricing model.

RSUs granted under the 2020 Plan have a vesting period of generally four years and a term of seven years, or three years for time vested RSUs after termination of employment. Any unvested RSUs are forfeited upon termination of employment. The RSUs are also subject to a performance condition upon a predefined liquidity event such as an initial public offering or a change in control. RSUs are valued at the estimated value of a common share at the date of grant.

Stock option activity for the six months ended June 30, 2021 was as follows:

	As of June 30, 2021			
	Number of Stock Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Balance as of December 31, 2020	4,208,700	$ 4.53	7.20	$31,851,619
Granted	2,103,316	12.12		
Exercised	(468,296)	2.49		
Cancelled	(152,452)	7.44		
Expired	(6,836)	0.06		
Balance as of June 30, 2021	5,684,432	$ 7.43	7.96	$29,860,697
Vested and exercisable	2,305,216	$ 3.94	6.35	$20,158,315
Vested and expected to vest	5,446,656	$ 7.28	7.89	$29,472,770

As of June 30, 2021, the total unamortized stock-based compensation expense related to the unvested stock options was $12,012,000, which the Company expects to amortize over a weighted average period of 3.2 years.

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RSUs activity for the six months ended June 30, 2021 was as follows:

	Restricted Stock Units		
	Number of Restricted Stock Outstanding	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value
Balance as of December 31, 2020	914,148	10.42	
Granted	1,688,196	12.17	
Cancelled	(108,152)	11.12	
Vested and converted to shares	—	—	
Balance as of June 30, 2021	2,494,192	11.57	$31,638,826

As of June 30, 2021, the total unamortized stock-based compensation expense related to the unvested RSUs was $26,644,000, which the Company will amortize over a weighted average period of 3.4 years upon satisfaction of the performance condition.

Stock-based compensation expense from stock options and RSUs, reduced for actual forfeitures, was included in the following line items in the accompanying consolidated statement of operations:

	Six Months Ended June 30,	
	2021	2020
Cost of revenues	$ 140,391	$ 76,844
Sales and marketing	357,326	140,001
Research and development	285,770	74,334
General and administrative	1,168,553	281,855
Total	$ 1,952,040	$ 573,034

12. Commitments and Contingencies

Incentive Packages

In 2014, the Company entered into grant and tax incentive agreements with state and local government agencies in North Carolina (the “2014 Incentives”) for establishment of the new corporate headquarters and the expansion of its workforce. The fair value of the 2014 Incentives is estimated at $8,637,000, to be received over the next four to ten years. In order to receive the 2014 Incentives, the Company has to maintain its headquarters in Charlotte, NC, create new job positions as well as maintain a minimum number of employees within the state of North Carolina. The average estimated grant and incentive payment could be up to $900,000 annually and the incentive amount is dependent upon reaching certain hiring goals as stated in the agreement.

In March 2019, the Company signed a second incentive grant package with the state and local government agencies of North Carolina (the “2019 Incentives”). The fair value of the 2019 Incentives is estimated at $22,937,000, to be received over a twelve-year period beginning in 2020. In connection with services to be performed in the negotiation of the 2019 Incentives and subsequent compliance reporting, the Company will pay a vendor an aggregate of $3,190,000 in four annual installments beginning in 2019.

The Company recognized approximately $343,000 and $646,000 related to the 2014 Incentives and 2019 Incentives as a reduction of general and administrative expenses within the consolidated statements of operations for the six months ended June 30, 2021 and 2020, respectively.

In 2017, the Company entered into a tax incentive agreement for workforce expansion and capital investment in the state of Utah. The fair value of the incentive package is estimated at $359,000. The

AvidXchange, Inc.
Notes to the Unaudited Consolidated Financial Statements

Company has not received any payments related to the grant or recognized any benefit associated with this grant for either of the six-month periods ending June 30, 2021 or 2020.

Letters of Credit

As of June 30, 2021, the Company has an irrevocable standby letter of credit outstanding that acts as collateral with respect to the lease of the Company's Charlotte corporate headquarters with an availability of approximately $5,953,000 for which the company pays a fee of 2% per annum. The letter of credit reduces the borrowing capacity under the 2019 Revolver. It renews annually and expires on December 1, 2023.

Naming Rights

The Company is party to a sponsorship agreement dated July 7, 2018, at its Charlotte corporate headquarters campus which provides full rights to display the Company's name and logo on signage throughout the venue. The agreement is for a three-year initial term which extends through February 28, 2022 and provides for five 3-year renewal options. Payments for the sponsorship are invoiced annually beginning March 1, 2019, and the Company paid $364,000 and $357,000 during the six months ended June 30, 2021 and 2020, respectively.

13. Related Party Transactions

The Company incurred approximately $290,000 and $185,333 in software and consulting expenses to entities affiliated with the Company's CEO for the six months ended June 30, 2021 and 2020, respectively.

On February 19, 2021, the Company amended and restated its engagement letter with Financial Technology Partners LP and affiliates ("FT Partners"), an investment banking firm whose owner was a member of the Company's board of directors up until the time of the amendment. The amended and restated engagement letter limits the events for which FT Partners will receive fees in the future, reduces the fees paid to FT Partners for future transactions, and eliminates the exclusivity arrangement with FT Partners. Additionally, the controlling stockholder of FT Partners left the Company's board upon the effective date of the amended engagement letter. In connection with this amendment, the Company paid FT Partners approximately $50,000,000, which was recognized in other income (expense) within the unaudited consolidated statements of operations. Concurrently, FT Partners subscribed to purchase 4,080,636 shares of common stock of the Company at their current fair value, and the Company and FT Partners agreed the retention of the payment by the Company satisfied the subscription.

In July 2015, the Company entered into separate consulting agreements with two shareholders to receive certain marketing, business development, analytics, strategy, and support services in exchange for 704,048 common stock warrants. These warrants vest 20% on July 2016 and 10% every six months thereafter for a period of sixty months. These warrants have an exercise price of $2.04 with a fair value of $1.43 on the date of issuance. The warrants, all of which are outstanding as of June 30, 2021, expire on December 11, 2025. In connection with these consulting agreements, the Company recognized approximately $0 and $100,000 as general and administrative expenses within the unaudited consolidated statements of operations for the six months ended June 30, 2021 and 2020, respectively.

AvidXchange, Inc.
Notes to the Unaudited Consolidated Financial Statements

14. Income Taxes

The table below sets forth the components of income tax expense:

	Six Months Ended June 30,	
	2021	2020
Current provision		
Federal	$ —	$ —
State	93,312	26,500
	$ 93,312	$ 26,500
Deferred provision		
Federal	$ 88,529	$ 74,118
State	19,277	16,586
	$ 107,806	$ 90,704
Provision for (benefit from) income taxes	$ 201,118	$ 117,204

15. Subsequent Events

In preparing the unaudited interim financial statements, the Company has evaluated events and transactions for potential recognition and/or disclosure through August 23, 2021, the date that the unaudited interim financial statements were available to be issued and subsequently through October 4, 2021, which represents the date the unaudited interim financial statements were reissued.

Business Combination

In July 2021, the Company entered into a stock purchase agreement for all of the equity interests of FastPay, a leading provider of payments automation solutions for the media industry. This acquisition expands the Company's portfolio of automated payments technologies and services to middle market companies across the media landscape in the United States. The Company paid closing consideration of approximately $81,000,000, which consisted of approximately $50,000,000 in cash and approximately $31,000,000 in common stock. The Company initially issued 2,529,936 shares of common stock at the closing of the acquisition. Such shares are subject to reduction in an amount of shares equal to the difference between 2,529,936 and the quotient obtained by dividing $31,000,000 by the price per share obtained in a qualified initial public offering of the Company's common stock. Additional amounts may be earned upon achievement of future performance goals measured on annual performance for 2021, 2022 and 2023. The aggregate amount of potential additional payments is $9,000,000, evenly split between cash and common stock.

On June 24, 2021, the Company's board of directors approved the reservation of 1,657,296 shares of our common stock (representing approximately 1% of its issued and outstanding common stock and common stock equivalents as of June 24, 2021) for future issuance to fund its philanthropic endeavors, including issuance to a philanthropic partner in connection with the establishment of a donor-advised fund, over a ten-year period. On October 1, 2021, the Company executed an agreement with a philanthropic partner and intends to issue the first contribution of 10% of the pledged shares shortly after the execution of the agreement. The Company intends to provide annual ongoing grants of 10% of the pledged shares for a period of nine subsequent years, subject in each case to the approval of our board of directors. The Company will record expense in the fourth quarter of 2021 for the value of the shares contributed.

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OUR CULTURE IS OUR DNA

It's what brings us together and makes us who we are.

Our strength lies in leveraging the unique differences our teammates bring to the workplace. We're all entrepreneurs who love to innovate and win. We pride ourselves on being proactive forward-thinkers for our customers – disruptors who thrive on continuous transformation and driving results. We're relentless in solving problems and always restless to grow. And while we take personal ownership of our everyday work, we recognize that we only win as a team.

avidxchange™

22,000,000 Shares

Common Stock

Prospectus

, 2021

Goldman Sachs & Co. LLC

J.P. Morgan

BofA Securities

Barclays

Credit Suisse

KeyBanc Capital Markets

Deutsche Bank Securities

Piper Sandler

Nomura

Fifth Third Securities

Until , 2021 (the 25th day after the date of this prospectus), all dealers that buy, sell or trade shares of common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other expenses of issuance and distribution.

The following table sets forth all expenses to be paid by us in connection with this registration statement and the listing of our common stock, other than underwriting discounts and commissions. All amounts shown are estimates except for the SEC registration fee, the FINRA filing fee and the stock exchange listing fee:

SEC registration fee	$ 55,582
FINRA filing fee	87,785
Listing fees and expenses	300,000
Transfer agent and registrar fees and expenses	8,000
Printing fees and expenses	650,000
Legal fees and expenses	2,800,000
Accounting expenses	1,200,000
Advisory fee	4,840,000
Miscellaneous expenses	398,633
Total	$ 10,340,000

Item 14. Indemnification of directors and officers.

Limitation of personal liability of directors and indemnification

Section 102(b)(7) of the DGCL permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to the corporation or its stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (3) under Section 174 of the DGCL (regarding, among other things, the payment of unlawful dividends or unlawful stock purchases or redemptions), or (4) for any transaction from which the director derived an improper personal benefit. Our certificate of incorporation will provide for such limitation of liability.

Section 145(a) of the DGCL empowers a corporation to indemnify any director, officer, employee or agent, or former director, officer, employee or agent, who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation), by reason of such person's service as a director, officer, employee or agent of the corporation, or such person's service, at the corporation's request, as a director, officer, employee or agent of another corporation or enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding; *provided* that such director or officer acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation; and, with respect to any criminal action or proceeding, *provided* that such director or officer had no reasonable cause to believe his conduct was unlawful.

Section 145(b) of the DGCL empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another enterprise, against expenses (including attorneys' fees) actually and reasonably incurred in connection with the defense or settlement of such action or suit; *provided* that such director or officer acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of

the corporation, except that no indemnification may be made in respect of any claim, issue or matter as to which such director or officer shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such director or officer is fairly and reasonably entitled to indemnity for such expenses that the court shall deem proper. Notwithstanding the preceding sentence, except as otherwise provided in our bylaws, we shall be required to indemnify any such person in connection with a proceeding (or part thereof) commenced by such person only if the commencement of such proceeding (or part thereof) by any such person was authorized by the board of directors.

In addition, our certificate of incorporation will provide that we must indemnify our directors and officers to the fullest extent authorized by law. Under our bylaws, we are also expressly required to advance certain expenses to our directors and officers and we are permitted to, and currently intend to, carry directors' and officers' insurance providing indemnification for our directors and officers for some liabilities. We believe that these indemnification provisions and the directors' and officers' insurance are useful to attract and retain qualified directors and officers.

The proposed form of Underwriting Agreement to be filed as Exhibit 1.1 to this Registration Statement provides for indemnification of directors and officers of the Registrant by the underwriters against certain liabilities.

Item 15. Recent sales of unregistered securities.

In the three years preceding the filing of this Registration Statement, we have issued and sold the following unregistered securities:

(1) Since June 14, 2018, we granted 5,666,832 stock options to purchase shares of our common stock to our employees, directors and consultants at a weighted-average exercise price of $3.73 per share under our 2017 Amendment and Restatement of the AvidXchange, Inc. 2010 Stock Option Plan, as amended, and $11.68 per share under our AvidXchange, Inc. Equity Incentive Plan, as amended, and 2,762,624 restricted stock units (RSUs) to employees and consultants under our AvidXchange, Inc. Equity Incentive Plan, as amended.

(2) In October 2019, we issued 2,722,166 shares of senior preferred stock to 4 accredited investors, at a purchase price of $47.7561 per share, for aggregate consideration of $130 million.

(3) In October 2019, we issued an aggregate of 1,851,784 shares of common stock to 9 accredited investors as consideration pursuant to an acquisition.

(4) On December 27, 2019, we issued and sold an aggregate of 2,652,412 shares of our series F preferred stock, at a purchase price of $49.012 per share, for aggregate consideration of $130,000,017.

(5) On April 7, 2020, we issued and sold an aggregate of 2,040,316 shares of our series F preferred stock and an aggregate of 2,244,348 shares of our common stock, in each case, at a purchase price of $12.25 per share for aggregate consideration of $127,499,964.

(6) On May 21, 2020, we issued and sold an aggregate of 653,676 shares of common stock at a purchase price of $12.25 per share for aggregate consideration of $8,009,492.

(7) On July 30, 2020, we issued and sold an aggregate of 9,703,564 shares of common stock at a purchase price of $12.25 per share for aggregate consideration of $118,897,770.

(8) On September 3, 2020, we issued and sold an aggregate of 5,386,432 shares of common stock at a purchase price of $12.25 per share for aggregate consideration of $65,999,951.

(9) In October 2020, we issued an aggregate of 80,640 shares of common stock to 12 accredited investors as consideration pursuant to an acquisition.

(10) In December 2020, we issued an aggregate of 408,064 shares of common stock to 2 accredited investors as consideration pursuant to an acquisition.

(11) In February 2021, we issued 4,080,636 shares of common stock to FT Partners at a purchase price of $12.25 per share for aggregate consideration of $50,000,033.

(12) In July 2021, we issued an aggregate of 2,529,944 shares of common stock to 2 accredited investors as consideration pursuant to an acquisition.

The stock options and the common stock issuable upon the exercise of such options described in paragraph (1) of this Item 15 were issued under the 2017 Amendment and Restatement of the AvidXchange, Inc. 2010 Stock Option Plan, as amended, and the AvidXchange, Inc. Equity Incentive Plan, as amended, each in reliance on the exemption provided by Rule 701 promulgated under the Securities Act. Each of the recipients of securities in these transactions had adequate access, through employment, business or other relationships, to information about us.

The offer, sale, and issuance of the securities described in paragraphs (2) through (12) of this Item 15 were deemed to be exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act as transactions by an issuer not involving a public offering. The recipients of the securities in these transactions acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were affixed to the securities issued in these transactions. The recipients of the securities in these transactions were accredited investors as defined in Rule 501 of Regulation D promulgated under the Securities Act.

All certificates representing the securities issued in the transactions described in this Item 15 included appropriate legends setting forth that the securities had not been offered or sold pursuant to a registration statement and describing the applicable restrictions on transfer of the securities. There were no underwriters employed in connection with any of the transactions set forth in this Item 15.

Item 16. Exhibits and financial statement schedules.

(a) ***Exhibits.*** The list of exhibits set forth under “Exhibit Index” at the end of this Registration Statement is incorporated herein by reference.

(b) ***Financial Statement Schedules.*** All financial statement schedules are omitted because the information called for is not required or is shown either in the financial statements or in the notes thereto.

Item 17. Undertakings.

The undersigned Registrant hereby undertakes:

(1) that for purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective;

(2) that for the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof;

(3) insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will,

unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue; and

(4) to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

EXHIBIT INDEX

Number	Description
1.1	Form of Underwriting Agreement
2.1*	Agreement and Plan of Merger, dated as of March 4, 2021, by and among AvidXchange Holdings, Inc., AvidXchange Holdings Merger Sub, Inc., and AvidXchange, Inc.
3.1*	Second Amended and Restated Certificate of Incorporation of AvidXchange Holdings, Inc., as currently in effect
3.2*	Form of Restated Certificate of Incorporation of AvidXchange Holdings, Inc., to be in effect immediately following the consummation of this offering
3.3*	Bylaws of AvidXchange Holdings, Inc., as currently in effect
3.4*	Form of Amended and Restated Bylaws of AvidXchange Holdings, Inc., to be in effect immediately following the consummation of this offering
4.1*	Form of Common Stock Certificate
5.1	Opinion of Paul Hastings LLP
10.1*	Eighth Amended and Restated Investor Rights Agreement by and among AvidXchange Holdings, Inc. and certain holders identified therein
10.2†*	Form of Indemnification Agreement entered into by and between AvidXchange Holdings, Inc. and each director and executive officer
10.3*	Lease Agreement, dated October 27, 2015, between Lex Charlotte AXC L.P. and AvidXchange, Inc.
10.4†*	AvidXchange, Inc. Nonqualified Deferred Compensation Plan, as amended and restated effective as of January 1, 2019
10.5†*	Employment Agreement, entered into as of August 26, 2021, by and between AvidXchange, Inc. and Michael Praeger
10.6†*	Employment Agreement, entered into as of August 26, 2021, by and between AvidXchange, Inc. and Joel Wilhite
10.7†*	Employment Agreement, entered into as of August 26, 2021, by and between AvidXchange, Inc. and Dan Drees
10.8†*	Employment Agreement, entered into as of August 26, 2021, by and between AvidXchange, Inc. and Ryan M. Stahl
10.09†*	Employment Agreement, entered into as of August 26, 2021, by and between AvidXchange, Inc. and Todd Cunningham
10.10†*	Employment Agreement, entered into as of August 26, 2021, by and between AvidXchange, Inc. and Angelic Gibson
10.11†*	AvidXchange, Inc. 2010 Stock Option Plan, as amended, and forms of award agreements thereunder
10.12†*	AvidXchange, Inc. 2017 Amendment and Restatement of the 2010 Option Plan, as amended, and forms of award agreements thereunder
10.13†*	AvidXchange, Inc. Equity Incentive Plan, as amended, and forms of award agreements thereunder
10.14†*	AvidXchange Holdings, Inc. 2021 Long Term Incentive Award Plan and forms of award agreements thereunder
10.15†*	AvidXchange Holdings, Inc. 2021 Employee Stock Purchase Plan

Number	Description
10.16+	Credit and Guaranty Agreement, dated as of October 1, 2019, by and among AvidXchange, Inc., AvidXchange Financial Services, Inc., Piracle, Inc., Strongroom Solutions Inc., Ariett Business Solutions, Inc., AFV Holdings One, Inc., BTS Alliance, LLC, Certain Other Subsidiaries of AvidXchange, Inc., the guarantors party thereto from time to time, Sixth Street Specialty Lending, Inc., as administrative agent, collateral agent, and the lenders party thereto, as amended through October 1, 2021
10.17*	Pledge and Security Agreement, dated as of October 1, 2019, by and among the grantors identified therein and Sixth Street Specialty Lending, Inc., as collateral agent
10.18+*	Comdata MasterCard Corporate Virtual Card Agreement, dated December 23, 2020, by and among AvidXchange, Inc. and Comdata Inc.
10.19+*	Amended and Restated Engagement Letter, dated February 19, 2021, AvidXchange, Inc. and Financial Technology Partners LP and FTP Securities LLC
21.1*	Subsidiaries of AvidXchange Holdings, Inc.
23.1	Consent of PricewaterhouseCoopers LLP
23.2	Consent of Paul Hastings LLP (included as part of Exhibit 5.1)
24.1*	Power of Attorney (See page II-7 of the original filing of this Registration Statement on Form S-1)
99.1*	Consent of Lance Drummond to be Named as Director Nominee
99.2*	Consent of Teresa Mackintosh to be Named as a Director Nominee
99.3*	Consent of Michael McGuire to be Named as a Director Nominee

* Previously filed.
\+ Portions of this exhibit (indicated by asterisks) have been redacted in compliance with Regulation S-K Item 601(b)(10)(iv).
† Consists of a management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended (the "Securities Act"), the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in Charlotte, North Carolina, on October 4, 2021.

AvidXchange Holdings, Inc.

By: /s/ Michael Praeger
Name: Michael Praeger
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Michael Praeger Michael Praeger	Chief Executive Officer and Chairman of the Board of Directors (*Principal Executive Officer*)	October 4, 2021
/s/ Joel Wilhite Joel Wilhite	Chief Financial Officer (*Principal Financial and Accounting Officer*)	October 4, 2021
* Matthew Harris	Director	October 4, 2021
* James Hausman	Director	October 4, 2021
* John C. Morris	Director	October 4, 2021
* Nigel Morris	Director	October 4, 2021
* Wendy Murdock	Director	October 4, 2021

* Pursuant to power of attorney

By: /s/ Michael Praeger
Michael Praeger
Attorney-in-fact

Exhibit 1.1

AvidXchange Holdings, Inc.

Common Stock, par value $0.001 per share

Underwriting Agreement

_____, 2021

Goldman Sachs & Co. LLC
J.P. Morgan Securities LLC

As representatives (the "Representatives") of the
several Underwriters named in Schedule I hereto

c/o Goldman Sachs & Co. LLC
200 West Street
New York, New York 10282-2198

c/o J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

Ladies and Gentlemen:

AvidXchange Holdings, Inc., a Delaware corporation (the "Company"), proposes, subject to the terms and conditions stated in this agreement (this "Agreement"), to issue and sell to the Underwriters named in Schedule I hereto (the "Underwriters"), for whom you are acting as Representatives, an aggregate of [***] shares and, at the election of the Underwriters, up to [***] additional shares of common stock, par value $0.001 per share ("Stock"), of the Company. The aggregate of [***] shares to be sold by the Company is herein called the "Firm Shares" and the aggregate of [***] additional shares to be sold by the Company is herein called the "Optional Shares". The Firm Shares and the Optional Shares that the Underwriters elect to purchase pursuant to Section 2 hereof are herein collectively called the "Shares".

The Company and Merrill Lynch, Pierce, Fenner & Smith Incorporated, (an affiliate of BofA Securities, Inc., a participating Underwriter, hereafter referred to as "Merrill Lynch") agree that up to 5% of the Firm Shares to be purchased by the Underwriters (the "Reserved Shares") shall be reserved for sale by Merrill Lynch to certain persons designated by the Company (the "Invitees"), as part of the distribution of the Shares by the Underwriters, subject to the terms of this Agreement, the applicable rules, regulations and interpretations of FINRA and all other applicable laws, rules and regulations. The Company has solely determined, without any direct or indirect participation by the underwriters or Merrill Lynch, the Invitees who will purchase Reserved Securities (including the amount to be purchased by such persons) sold by Merrill Lynch. To the extent that such Reserved Securities are not orally confirmed for purchase by Invitees by 11:59 PM (New York City time) on the date of this Agreement, such Reserved Securities may be offered to the public as part of the public offering contemplated hereby.

1. The Company represents and warrants to, and agrees with, each of the Underwriters that:

(i) A registration statement on Form S-1 (File No. 333-259632) (the "Initial Registration Statement") in respect of the Shares has been filed with the Securities and Exchange Commission (the "Commission"); the Initial Registration Statement and any post-effective amendment thereto, each in the form heretofore delivered to you, have been declared effective by the Commission in such form; other than a registration statement, if any, increasing the size of the offering (a "Rule 462(b) Registration Statement"), filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the "Act"), which became effective upon filing, no other document with respect to the Initial Registration Statement has been filed with the Commission; and no stop order suspending the effectiveness of the Initial Registration Statement, any post-effective amendment thereto or the Rule 462(b) Registration Statement, if any, has been issued and no proceeding for that purpose or pursuant to Section 8A of the Act has been initiated or, to the Company's knowledge, threatened by the Commission (any preliminary prospectus included in the Initial Registration Statement or filed with the Commission pursuant to Rule 424(a) of the rules and regulations of the Commission under the Act is hereinafter called a "Preliminary Prospectus"; the various parts of the Initial Registration Statement and the Rule 462(b) Registration Statement, if any, including all exhibits thereto and including the information contained in the form of final prospectus filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 5(a) hereof and deemed by virtue of Rule 430A under the Act to be part of the Initial Registration Statement at the time it was declared effective, each as amended at the time such part of the Initial Registration Statement became effective or such part of the Rule 462(b) Registration Statement, if any, became or hereafter becomes effective, are hereinafter collectively called the "Registration Statement"; the Preliminary Prospectus relating to the Shares that was included in the Registration Statement immediately prior to the Applicable Time (as defined in Section 1(iii) hereof) is hereinafter called the "Pricing Prospectus"; such final prospectus, in the form first filed pursuant to Rule 424(b) under the Act, is hereinafter called the "Prospectus"; any oral or written communication with potential investors undertaken in reliance on Section 5(d) of the Act or Rule 163B under the Act is hereinafter called a "Testing-the-Waters Communication"; and any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Act is hereinafter called a "Written Testing-the-Waters Communication"; and any "issuer free writing prospectus" as defined in Rule 433 under the Act relating to the Shares is hereinafter called an "Issuer Free Writing Prospectus");

(ii) (A) No order preventing or suspending the use of any Preliminary Prospectus or any Issuer Free Writing Prospectus has been issued by the Commission, and (B) each Preliminary Prospectus, at the time of filing thereof, conformed in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder, and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided*, *however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information (as defined in Section 9(b) of this Agreement);

(iii) For the purposes of this Agreement, the "Applicable Time" is [***] p.m. (Eastern Time) on the date of this Agreement. The Pricing Prospectus, as supplemented by the information listed on Schedule II(c) hereto, taken together (collectively, the "Pricing Disclosure Package"), as of the Applicable Time, did not, and as of each Time of Delivery (as defined in Section 4(a) of this Agreement) will not, include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Issuer Free Writing Prospectus listed on Schedule II(a) hereto and each Written Testing-the-Waters Communication listed on Schedule II(d) hereto does not conflict with the information contained in the Registration Statement, the Pricing Prospectus or the Prospectus and each Issuer Free Writing Prospectus and each Written Testing-the-Waters Communication, as supplemented by and taken together with the Pricing Disclosure Package, as of the Applicable Time, did not, and as of each Time of Delivery will not, include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(iv) The Registration Statement conforms, and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus will conform, in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder and do not and will not, as of the applicable effective date as to each part of the Registration Statement, as of the applicable filing date as to the Prospectus and any amendment or supplement thereto, and as of each Time of Delivery, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(v) Neither the Company nor any of its subsidiaries has, since the date of the latest audited financial statements included in the Pricing Prospectus, (i) sustained any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree or (ii) entered into any transaction or agreement (whether or not in the ordinary course of business) that is material to the Company and its subsidiaries taken as a whole or incurred any liability or obligation, direct or contingent, that is material to the Company and its subsidiaries taken as a whole, in each case otherwise than as set forth or contemplated in the Pricing Prospectus; and, since the respective dates as of which information is given in the Registration Statement and the Pricing Prospectus, there has not been (x) any change in the capital stock (other than as a result of (A) the exercise, grant, vesting or settlement (including any "net" or "cashless" exercises or settlements), if any, of stock options or restricted stock units or other equity incentives, as applicable, or the award, vesting or settlement, if any, of stock options or restricted stock or other equity incentives in the ordinary course of business pursuant to the Company's equity plans that

are described in the Pricing Prospectus and the Prospectus, (B) the repurchase upon termination of employment or services pursuant to agreements providing for the right of such repurchase of shares of capital stock granted under the Company's equity plans that are described in the Pricing Prospectus and the Prospectus, (C) the exercise of warrants or the issuance, if any, of stock upon conversion, exchange or exercise of Company securities as described in the Pricing Prospectus and the Prospectus or (D) the issuance, if any, of stock upon conversion of Company securities as described in the Pricing Prospectus and the Prospectus) or long-term debt of the Company and its subsidiaries, taken as a whole, or (y) any Material Adverse Effect (as defined below); as used in this Agreement, "Material Adverse Effect" shall mean any material adverse change or effect, or any development involving a prospective material adverse change or effect, in or affecting (i) the business, properties, general affairs, management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, except as set forth or contemplated in the Pricing Prospectus, or (ii) the ability of the Company to perform its obligations under this Agreement, including the issuance and sale of the Shares, or to consummate the transactions contemplated in the Pricing Prospectus and the Prospectus;

(vi) The Company and its subsidiaries have good and marketable title to all real and personal property (except to the extent there are any liens or encumbrances thereon) owned by them (other than with respect to Intellectual Property, which is addressed exclusively in subsection (xxviii) below) free and clear of all liens, encumbrances and defects except such as are described in the Pricing Prospectus or such as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and its subsidiaries; and any real property and buildings held under lease, or sublease, by the Company and its subsidiaries are held by them, to the Company's knowledge, under valid, subsisting and enforceable leases, or subleases (subject to the effects of (i) bankruptcy, insolvency, fraudulent conveyance, fraudulent transfer, reorganization, moratorium or other similar laws relating to or affecting rights or remedies of creditors generally; (ii) the application of general principles of equity (including without limitation, concepts of materiality, reasonableness, good faith and fair dealing, regardless of whether enforcement is considered in proceedings at law or in equity); and (iii) applicable law and public policy with respect to rights to indemnity and contribution) with such exceptions as are not material and do not materially interfere with the use made and proposed to be made of such property and buildings by the Company and its subsidiaries;

(vii) Each of the Company and each of its "significant subsidiaries" (as such term is defined in Rule 1-02 of Regulation S-X), if any, has been (i) duly organized and is validly existing and in good standing (or the foreign equivalent) under the laws of its jurisdiction of organization, with power and authority (corporate and other) to own its properties and conduct its business as described in the Pricing Prospectus, and (ii) duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except, in the case of this clause (ii), where the failure to be so qualified or in good standing (or foreign equivalent) would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and each significant subsidiary of the Company has been listed in an exhibit to the Registration Statement;

(viii) The Company has an authorized capitalization as set forth in the Pricing Prospectus and all of the issued shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable and conform in all material respects to the description of the Stock contained in the Pricing Disclosure Package and the Prospectus; and all of the issued shares of capital stock of each significant subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and (except, in the case of any foreign subsidiary, for directors' qualifying shares) are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims, except for such liens or encumbrances described in the Pricing Prospectus and the Prospectus;

(ix) The Shares to be issued and sold by the Company to the Underwriters hereunder have been duly and validly authorized and, when issued and delivered against payment therefor as provided herein, will be duly and validly issued and fully paid and non-assessable and will conform in all material respects to the description of the Stock contained in the Pricing Disclosure Package and the Prospectus; and the issuance of the Shares is not subject to any preemptive or similar rights, in each case other than rights which have been validly waived and complied with;

(x) The issue and sale of the Shares to be sold by the Company and the compliance by the Company with this Agreement and the consummation of the transactions contemplated in this Agreement and the Pricing Prospectus will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, (A) any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, (B) the certificate of incorporation or by-laws (or other applicable organizational document) of the Company or any of its subsidiaries, or (C) any statute or any judgment, order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties, except, in the case of (A) and (C), for such defaults, breaches or violations that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issuance of the Shares to be sold by the Company and the sale of the Shares, the consummation by the Company of the transactions contemplated by this Agreement or the offering of the Reserved Shares in any jurisdiction where the Reserved Shares are being offered, except such as have been obtained under the Act, the approval by the Financial Industry Regulatory Authority ("FINRA") of the underwriting terms and arrangements, the approval for listing on the Nasdaq Global Market (the "Exchange") and such consents, approvals, authorizations, orders, registrations or qualifications as may be required under state securities Blue Sky laws in connection with the purchase and distribution of the Shares by the Underwriters;

(xi) Neither the Company nor any of its subsidiaries is (i) in violation of its certificate of incorporation or by-laws (or other applicable organizational document), (ii) in violation of any statute or any judgment, order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties, or (iii) in default in the performance or observance

of any obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or by which it or any of its properties may be bound, except, in the case of the foregoing clauses (ii) and (iii), for such defaults as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(xii) The statements set forth in the Pricing Prospectus and the Prospectus under the caption "Description of Capital Stock", insofar as they purport to constitute a summary of the terms of the Stock, under the caption "Material United States Federal Income Tax Considerations for Non-U.S. Holders", and under the caption "Underwriting", insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate, complete and fair in all material respects;

(xiii) Other than as set forth in the Pricing Prospectus, there are no legal or governmental or regulatory investigations, actions, demands, claims, suits, arbitrations, inquiries or proceedings ("Actions") pending to which the Company or any of its subsidiaries or, to the Company's knowledge, any officer or director of the Company, is a party or of which any property of the Company or any of its subsidiaries or, to the Company's knowledge, any officer or director of the Company, is the subject which, if determined adversely to the Company or any of its subsidiaries (or such officer or director), would individually or in the aggregate reasonably be expected to have a Material Adverse Effect; and, to the Company's knowledge, other than as set forth in the in the Pricing Prospectus and the Prospectus, no such proceedings are threatened or contemplated by governmental authorities or others;

(xiv) The Company is not and, after giving effect to the offering and sale of the Shares and the application of the proceeds thereof, will not be an "investment company" within the meaning of the Investment Company Act of 1940, as amended (the "Investment Company Act");

(xv) At the time of filing the Initial Registration Statement and any post-effective amendment thereto, at the earliest time thereafter that the Company or any offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) under the Act) of the Shares, and at the date hereof, the Company was not and is not an "ineligible issuer," as defined under Rule 405 under the Act;

(xvi) PricewaterhouseCoopers LLP, who have certified certain financial statements of the Company and its subsidiaries, are independent public accountants as required by the Act and the rules and regulations of the Commission thereunder;

(xvii) The Company maintains a system of internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that (i) complies with the requirements of the Exchange Act applicable to the Company, (ii) has been designed by the Company's principal executive officer and principal financial officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and (iii) is sufficient to provide reasonable assurance that (A) transactions are executed in accordance with management's general or specific authorization, (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain

accountability for assets, (C) access to assets is permitted only in accordance with management's general or specific authorization and (D) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as disclosed in the Pricing Prospectus, the Company's internal control over financial reporting is effective and the Company is not aware of any material weaknesses in its internal control over financial reporting (it being understood that this subsection shall not require the Company to comply with Section 404 of the Sarbanes-Oxley Act of 2002, as amended, as of an earlier date than it would otherwise be required to so comply under applicable law)**;**

(xviii) Since the date of the latest audited financial statements included in the Pricing Prospectus, there has been no change in the Company's internal control over financial reporting that has materially and adversely affected, or is reasonably likely to materially and adversely affect, the Company's internal control over financial reporting;

(xix) To the extent required by applicable law, the Company maintains disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) that comply with the requirements of the Exchange Act applicable to the Company upon completion of the sale of the Firm Shares; such disclosure controls and procedures have been designed to provide reasonable assurance that material information relating to the Company and its subsidiaries is made known to the Company's principal executive officer and principal financial officer by others within those entities; and such disclosure controls and procedures are effective;

(xx) This Agreement has been duly authorized, executed and delivered by the Company;

(xxi) Neither the Company nor any of its subsidiaries, nor any director, officer or employee of the Company or any of its subsidiaries nor, to the knowledge of the Company, any agent, affiliate or other person associated with or acting on behalf of the Company or any of its subsidiaries has (i) made, offered, promised or authorized any unlawful contribution, gift, entertainment or other unlawful expense (or taken any act in furtherance thereof); (ii) made, offered, promised or authorized any direct or indirect unlawful payment; or (iii) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977, as amended, or the rules and regulations thereunder, the Bribery Act 2010 of the United Kingdom or any other applicable anti-corruption, anti-bribery or related law, statute or regulation (collectively, "Anti-Corruption Laws"); the Company and its subsidiaries have conducted their businesses in compliance with Anti-Corruption Laws and have instituted and maintained and will continue to maintain policies and procedures reasonably designed to promote and achieve compliance with such laws and with the representations and warranties contained herein; neither the Company nor any of its subsidiaries will use, directly or indirectly, the proceeds of the offering in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any person in violation of Anti-Corruption Laws;

(xxii) The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with the requirements of applicable anti-money laundering laws, including, but not limited to, the Bank Secrecy Act of 1970, as amended by the USA PATRIOT ACT of 2001, and the rules and regulations promulgated thereunder, and the applicable anti-money laundering laws of the various jurisdictions in which the Company and its subsidiaries conduct business, the rules and regulations thereunder and any related or similar rules, regulation or guidelines issued, administered or enforced by any governmental agency (collectively, the "Money Laundering Laws"), neither the Company nor any of its subsidiaries nor, to the knowledge of the Company, any directors, officers, managers, employees or agents acting on behalf of the Company or any of the Company's subsidiaries has engaged in a transaction that involves the proceeds of crime in violation of any Money Laundering Laws, and there are no current or pending or, to the knowledge of the Company, threatened in writing, legal, regulatory, or administrative proceedings, filings, orders, or, to the knowledge of the Company, governmental investigations, alleging any violations of any Money Laundering Laws by the Company or any of its subsidiaries or any directors, officers, managers or employees acting on behalf of the Company or any of the Company's subsidiaries;

(xxiii) Neither the Company nor any of its subsidiaries, nor any director, officer or employee of the Company or any of its subsidiaries nor, to the knowledge of the Company, any agent or affiliate of the Company or any of its subsidiaries is currently the subject or the target of any sanctions administered or enforced by the U.S. Government, including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC"), or the U.S. Department of State and including, without limitation, the designation as a "specially designated national" or "blocked person," the European Union, Her Majesty's Treasury, the United Nations Security Council, or other relevant sanctions authority (collectively, "Sanctions"), nor is the Company or any of its subsidiaries located, organized or resident in a country or territory that is the subject or the target of Sanctions (a "Sanctioned Jurisdiction"), and the Company will not directly or indirectly use the proceeds of the offering of the Shares hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity (i) to fund or facilitate any activities of or business with any Sanctioned Jurisdiction or any person, that, at the time of such funding, is the subject or the target of Sanctions except to the extent as permitted under applicable Sanctions or (ii) in any other manner that will result in a violation by any person (including any person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions; neither the Company nor any of its subsidiaries is engaged in, or has, at any time in the past five years, engaged in, any dealings or transactions in violation of Sanctions; the Company and its subsidiaries have instituted, and maintain, policies and procedures designed to promote and achieve continued compliance with Sanctions;

(xxiv) The financial statements included in the Registration Statement, the Pricing Prospectus and the Prospectus, together with the related schedules (if any) and notes, present fairly in all material respects the financial position of the Company and its subsidiaries at the dates indicated and the statement of operations, stockholders' equity and cash flows of the Company and its subsidiaries for the periods specified; said financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved. The supporting schedules, if any, present fairly in all material respects the information required to be stated therein in accordance with GAAP. The selected financial data and the summary financial information included in the Registration Statement, the Pricing Prospectus and the Prospectus present fairly in all material respects the information shown therein and have been compiled on a basis consistent with that of the audited financial

statements included therein. Except as included therein, no historical or pro forma financial statements or supporting schedules are required to be included in the Registration Statement, the Pricing Prospectus or the Prospectus under the Act or the rules and regulations promulgated thereunder. All disclosures contained in the Registration Statement, the Pricing Prospectus and the Prospectus regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the Commission) comply in all material respects with Regulation G of the Exchange Act and Item 10 of Regulation S-K of the Act, to the extent applicable;

(xxv) Other than as disclosed in the Pricing Prospectus, there are no off-balance sheet arrangements (as defined in Item 303(a)(4)(ii) of Regulation S-K of the Act) that may have a material current or future effect on the Company's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures or capital resources;

(xxv) [*Reserved*];

(xxvi) The Company has not sold or issued any securities during the six-month period preceding the date of the Prospectus, including any sales pursuant to Rule 144A or Regulation D of the Act, other than (i) shares issued pursuant to employee benefit plans disclosed in the Pricing Disclosure Package and the Prospectus, stock option plans or other employee compensation plans or pursuant to outstanding options, rights or warrants, or (ii) as disclosed in the Pricing Disclosure Package and the Prospectus;

(xxvii) Except in all cases where such violation, claim, request, notice, proceeding, investigation or material capital expenditure would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (A) neither the Company nor any of its subsidiaries is in violation of any applicable statute, law, rule, regulation, ordinance, code, rule of common law or order of or with any governmental agency or body or any court, domestic or foreign, relating to the use, management, disposal or release of hazardous or toxic substances or wastes or relating to pollution or the protection of the environment or human health or relating to exposure to hazardous or toxic substances or wastes (collectively, "Environmental Laws") applicable to such entity, (B) neither the Company nor any of its subsidiaries has received any written claim, written request for information or written notice of liability or investigation arising under, relating to or based upon any Environmental Laws, (C) neither the Company nor any of its subsidiaries is aware of any pending or threatened notice, claim, proceeding or investigation which might lead to liability under Environmental Laws, (D) the Company does not anticipate incurring material capital expenditures relating to compliance with Environmental Laws (including, without limitation, any capital or operating expenditures required for clean-up, investigation or closure of properties or compliance with Environmental Laws or any permit, license, approval, any related constraints on operating activities and any potential liabilities to third parties) and (E) neither the Company nor any of its subsidiaries has been named as a "potentially responsible party" under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended;

(xxviii) The Company and each of its subsidiaries (i) own or otherwise possess adequate rights to use all material patents, patent applications, trademarks, service marks, trade names, domain names, copyrights and registrations and applications thereof, licenses, know-how, software, systems and technology (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures and other intellectual property) necessary for the conduct of their respective

businesses, (ii) do not, to the Company's knowledge, through the conduct of their respective businesses, infringe, violate or conflict with any such right of others and (iii) have not received any written notice of any claim of infringement, violation or conflict with, any such rights of others, which, individually or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would reasonably be expected to have a Material Adverse Effect;

(xxix) The information technology systems, equipment and software used by the Company or any of its subsidiaries in their respective businesses (the "IT Assets") are adequate in all material respects for the operation of the business of the Company and its subsidiaries as currently conducted. Such IT Assets (i) operate and perform in all material respects in accordance with their documentation and functional specifications and otherwise as required by the Company's and its subsidiaries' respective businesses as currently conducted, (ii) except as described in the Registration Statement, the Pricing Prospectus and the Prospectus, have not materially malfunctioned or failed since the Company's inception, except as would not reasonably be expected to have a Material Adverse Effect, and (iii) are subject to commercially reasonable scans for viruses, "back doors," "Trojan horses," "time bombs, "worms," "drop dead devices" or other software or hardware components that are designed or intended to interrupt use of, permit unauthorized access to, or disable, damage or erase, any software material to the business of the Company or any of its subsidiaries. The Company and its subsidiaries have implemented commercially reasonable backup and disaster recovery technology processes materially consistent with prevalent industry practices. To the Company's knowledge, no person has gained unauthorized access to any IT Asset since the Company's inception in a manner that has resulted or could reasonably be expected to result in a Material Adverse Effect on the Company or its subsidiaries, taken as a whole;

(xxx) With regard to their receipt, collection, handling, processing, sharing, transfer, usage, disclosure, interception, security, storage and disposal of all data that identifies or can reasonably be associated with a distinct individual, user account, or an individual's device, including, to the extent consistent with the foregoing, without limitation: IP addresses, device identifiers, geolocation information and website usage activity data (collectively, "Personal Data"), to the Company's knowledge, the Company and its subsidiaries comply, and have complied, in all material respects since January 1, 2020 with all applicable laws, regulations, and contractual obligations related to privacy and data security ("Privacy Legal Obligations"). The Company and its subsidiaries have commercially reasonable policies and procedures designed to ensure the Company and its subsidiaries comply in all material respects with such Privacy Legal Obligations and take appropriate steps that are reasonably designed to assure compliance in all material respects with such policies and procedures. Such policies and procedures comply with all Privacy Legal Obligations, except where the failure to so comply would not reasonably be expected to have a Material Adverse Effect. The Company and its subsidiaries maintain, and have maintained, reasonable data security policies and procedures designed to protect the confidentiality, security, and integrity of Personal Data and to prevent unauthorized use of and access to Personal Data. To the Company's knowledge, there has been no unauthorized access to Personal Data maintained by or for the Company or its subsidiaries, except as has not had and would not, individually or in the aggregate, reasonably be expected to have, a Material Adverse Effect on the Company and its subsidiaries, taken as a whole;

(xxxi) Except as disclosed in the Registration Statement, the Pricing Prospectus and the Prospectus: (A) there are no persons with registration rights or other similar rights to have any securities registered pursuant to the Registration Statement or otherwise registered by the Company under the Act except as have been validly waived or complied with and (B) the holders of outstanding shares of the Company's capital stock are not entitled to preemptive or other rights to subscribe for the Shares that have not been complied with or otherwise effectively waived;

(xxxii) The Company and each of its subsidiaries has filed all U.S. federal, state, local and foreign tax returns required to be filed by them through the date hereof or have requested extensions thereof and have paid all taxes required to be paid thereon, except for cases in which the failure to file or pay would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; no unresolved tax deficiency has been determined adversely to the Company or any of its subsidiaries (nor has the Company or any of its subsidiaries received written notice of any unresolved tax deficiency that will be assessed or, to the Company's knowledge, has been proposed by any taxing authority, which could reasonably be expected to be determined adversely to the Company or its subsidiaries);

(xxxiii) The Company and its subsidiaries, taken as a whole, are insured against such losses and risks and in such amounts as are, in the Company's reasonable judgment, prudent and customary in the businesses in which they are engaged and as required by law;

(xxxiv) No material labor dispute with or disturbance by the employees of the Company or any of its subsidiaries exists or, to the Company's knowledge, is threatened; and neither the Company nor any of its subsidiaries has received written notice of any existing, threatened or imminent labor disturbance by the employees of any of its principal vendors, partners or contractors;

(xxxv) Nothing has come to the attention of the Company that has caused the Company to believe that the statistical and market-related data included in the Registration Statement, the Pricing Disclosure Package or the Prospectus is not based on or derived from sources that are reliable and accurate in all material respects and, to the extent required, the Company has obtained the written consent to the use of such data from such sources;

(xxxvi) From the time of initial confidential submission of a registration statement relating to the Shares with the Commission (or, if earlier, the first date on which a Testing-the-Waters Communication was made) through the date hereof, the Company has been and is an "emerging growth company" as defined in Section 2(a)(19) of the Act (an "Emerging Growth Company");

(xxxvii) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (A) each Plan (as defined below) has been maintained in compliance with its terms and the requirements of any applicable statutes, orders, rules and regulations, including but not limited to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the Internal Revenue Code of 1986, as amended (the "Code"); (B) no non-exempt prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, has occurred with respect to any Plan; (C) for each Plan, no failure to satisfy the minimum funding standards (within the meaning

of Section 412 of the Code or Section 302 of ERISA), whether or not waived, has occurred or is reasonably expected to occur; (D) no "reportable event" (within the meaning of Section 4043(c) of ERISA, other than those events as to which notice is waived) has occurred or is reasonably expected to occur; (E) neither the Company nor any member of its "Controlled Group" (defined as any organization which is a member of a controlled group of corporations within the meaning of Section 414 of the Code) has incurred, nor is reasonably expected to incur, any liability under Title IV of ERISA (other than contributions to any Plan or any Multiemployer Plan (as defined below) or premiums to the Pension Benefit Guaranty Corporation (the "PBGC"), in the ordinary course and without default) in respect of a Plan or a Multiemployer Plan; and (F) to the Company's knowledge, there is no pending audit or investigation by the Internal Revenue Service, the Department of Labor, the PBGC or any other governmental agency or any foreign regulatory agency with respect to any Plan. Each Plan that is intended to be qualified under Section 401(a) of the Code has received a favorable determination or opinion letter from the Internal Revenue Service or has time remaining to do so and, to the knowledge of the Company, nothing has occurred, whether by action or by failure to act, which would reasonably be expected to cause the loss of such qualification. Except as would not, individually or in the aggregate, have, or reasonably be expected to have, a Material Adverse Effect, there has not occurred nor is reasonably likely to occur: (x) an increase in the aggregate amount of contributions required to be made to all Plans by the Company or its subsidiaries in the current fiscal year of the Company and its subsidiaries compared to the amount of such contributions made in the Company and its subsidiaries' most recently completed fiscal year; or (y) an increase in the Company or its subsidiaries' "accumulated post-retirement benefit obligations" (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 715) compared to the amount of such obligations in the Company's and its subsidiaries' most recently completed fiscal year. For purposes of this paragraph, (i) the term "Plan" means an employee benefit plan, within the meaning of Section 3(3) of ERISA, subject to Title IV of ERISA, but excluding any Multiemployer Plan, for which the Company or any member of its Controlled Group has any liability and (ii) the term "Multiemployer Plan" means a multiemployer plan within the meaning of Section 4001(a)(3) of ERISA;

(xxxviii) Except as disclosed in the Registration Statement, the Pricing Prospectus and the Prospectus, there are no contracts, agreements or understandings between the Company and any person that would give rise to a valid claim against the Company or any Underwriter for a brokerage commission, finder's fee or other similar payment in connection with this offering;

(xxxix) There is and has been no failure on the part of the Company or, to the Company's knowledge, any of the Company's directors or officers, in their capacities as such, to comply in all material respects with any provision of the Sarbanes-Oxley Act of 2002, as amended and the rules and regulations promulgated in connection therewith (the "Sarbanes-Oxley Act"), including Section 402 related to loans and Sections 302 and 906 related to certifications;

(xxxx) No forward-looking statement (within the meaning of Section 27A of the Act and Section 21E of the Exchange Act) contained in the Pricing Prospectus or the Prospectus has been made or reaffirmed by the Company without a reasonable basis or has been disclosed by the Company other than in good faith;

(xxxxi) There is no debt of, or guaranteed by, the Company or any of its subsidiaries that is rated by a "nationally recognized statistical rating organization," as that term is defined by the Commission for purposes of Rule 436(g)(2) under the Act;

(xxxxii) The Registration Statement, the Pricing Disclosure Package and the Prospectus, any Preliminary Prospectus and any Issuer Free Writing Prospectuses comply in all material respects, and any further amendments or supplements thereto will comply in all material respects, with any applicable laws or regulations of foreign jurisdictions in which the Pricing Disclosure Package, the Prospectus, any Preliminary Prospectus and any Issuer Free Writing Prospectus, as amended or supplemented, if applicable, are distributed in connection with the Reserved Share Program;

(xxxxiii) No authorization, approval, consent, license, order, registration or qualification of or with any government, governmental instrumentality or court, other than such as have been obtained, is necessary under the securities laws and regulations of foreign jurisdictions in which the Reserved Shares are offered outside the United States;

(xxxxiv) The Company has specifically directed in writing the allocation of Shares to each Participant in the Reserved Share Program, and neither Merrill Lynch nor any other Underwriter has had any involvement or influence, directly or indirectly, in such allocation decision;

(xxxxv) The Company has not offered, or caused Merrill Lynch or its affiliates to offer, Shares to any person pursuant to the Reserved Share Program with the specific intent to unlawfully influence (x) a customer or supplier of the Company to alter the customer or supplier's terms, level or type of business with the Company or (y) a trade journalist or publication to write or publish favorable information about the Company or its products;

(xxxxvi) Neither the Company nor, to the Company's knowledge, any of its affiliates has taken or will take, directly or indirectly, any action designed to or that could reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company or any of its subsidiaries in connection with the offering of the Shares;

(xxxxvii) The Company and each of its subsidiaries have such permits, licenses, approvals, consents, franchises, certificates of need and other approvals or authorizations of governmental or regulatory authorities ("Permits") as are necessary under applicable law to own their respective properties and conduct their respective businesses in the manner described in the Registration Statement, the Pricing Prospectus and the Prospectus, except for any of the foregoing that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Neither the Company nor any of its subsidiaries has received written notice of any proceedings related to the revocation or modification of any such Permits that, individually or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would reasonably be expected to have a Material Adverse Effect;

(xxxxviii) To the knowledge of the Company, the Company and its subsidiaries, as applicable, (i) (A) comply with all laws relating to receiving money for transmission, including but not limited to applicable U.S. state laws regulating and requiring a license to engage in the business of money transmission activities, (B) comply with the Bank Secrecy Act and the USA Patriot Act provisions for money services businesses related to registration, and transmission monitoring, recordkeeping, reporting, and the prevention of

money laundering or terrorist financing, (C) comply with applicable payment card network operating rules, rules published by the National Automated Clearing House Association with respect to ACH payments, and (D) any other appliable laws, rules, or regulations, except, in each case, as would not reasonably be expected to have a Material Adverse Effect; and (ii) have not received any notice of proceedings relating to the revocation or modification of, or noncompliance with, any such license, certificate, permit or authorization material to the conduct of its business; and

(xxxxix) There are no debt securities or preferred stock issued or guaranteed by the Company that are rated by a "nationally recognized statistical rating organization", as such term is defined in Section 3(a)(62) under the Exchange Act.

(xl) The Company hereby agrees that it will ensure that the Reserved Shares will be restricted as required by FINRA or the FINRA rules from sale, transfer, assignment, pledge or hypothecation for a period of three months following the date of this Agreement. Merrill Lynch will notify the Company as to which persons will need to be so restricted. At the request of the Underwriters, the Company will direct the transfer agent to place a stop transfer restriction upon such securities for such period of time. Should the Company release, or seek to release, from such restrictions any of the Reserved Shares, the Company agrees to reimburse Merrill Lynch for any reasonable expenses (including, without limitation, legal expenses) they incur in connection with such release.

2. Subject to the terms and conditions herein set forth, the Company agrees to sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at a purchase price per share of $[***], the number of Firm Shares (to be adjusted by you so as to eliminate fractional shares) determined by multiplying the aggregate number of Firm Shares to be sold by the Company by a fraction, the numerator of which is the aggregate number of Firm Shares to be purchased by such Underwriter as set forth opposite the name of such Underwriter in Schedule I hereto and the denominator of which is the aggregate number of Firm Shares to be purchased by all of the Underwriters from the Company hereunder and (b) in the event and to the extent that the Underwriters shall exercise the election to purchase Optional Shares as provided below, the Company agrees to sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at the purchase price per share set forth in clause (a) of this Section 2 (provided that the purchase price per Optional Share shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Firm Shares but not payable on the Optional Shares), that portion of the number of Optional Shares as to which such election shall have been exercised (to be adjusted by you so as to eliminate fractional shares) determined by multiplying such number of Optional Shares by a fraction, the numerator of which is the maximum number of Optional Shares which such Underwriter is entitled to purchase as set forth opposite the name of such Underwriter in Schedule I hereto and the denominator of which is the maximum number of Optional Shares that all of the Underwriters are entitled to purchase hereunder.

The Company hereby grants to the Underwriters the right to purchase at their election up to [***] Optional Shares, at the purchase price per share set forth in the paragraph above, for the sole purpose of covering sales of shares in excess of the number of Firm Shares, provided that the purchase price per Optional Share shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and

payable on the Firm Shares but not payable on the Optional Shares. Any such election to purchase Optional Shares may be exercised only by written notice from you to the Company given within a period of 30 calendar days after the date of this Agreement and setting forth the aggregate number of Optional Shares to be purchased and the date on which such Optional Shares are to be delivered, as determined by you but in no event earlier than the First Time of Delivery (as defined in Section 4 hereof) or, unless you and the Company otherwise agree in writing, earlier than two or later than ten business days after the date of such notice.

3. Upon the authorization by you of the release of the Firm Shares, the several Underwriters propose to offer the Firm Shares for sale upon the terms and conditions set forth in the Pricing Prospectus and the Prospectus.

4. (a) The Shares to be purchased by each Underwriter hereunder, in definitive or book-entry form, and in such authorized denominations and registered in such names as the Representatives may request upon at least forty-eight hours' prior notice to the Company shall be delivered by or on behalf of the Company to the Representatives, through the facilities of the Depository Trust Company ("DTC"), for the account of such Underwriter, against payment by or on behalf of such Underwriter of the purchase price therefor by wire transfer of Federal (same-day) funds to the accounts specified by the Company to the Representatives at least forty-eight hours in advance. The Company will cause the certificates, if any, representing the Shares to be made available for checking and packaging at least twenty-four hours prior to the Time of Delivery (as defined below) with respect thereto at the office of DTC or its designated custodian (the "Designated Office"). The time and date of such delivery and payment shall be, with respect to the Firm Shares, 9:30 a.m., New York City time, on [***], 2021 or such other time and date as the Representatives and the Company may agree upon in writing, and, with respect to the Optional Shares, 9:30 a.m., New York City time, on the date specified by the Representatives in each written notice given by the Representatives of the Underwriters' election to purchase such Optional Shares, or such other time and date as the Representatives and the Company may agree upon in writing. Such time and date for delivery of the Firm Shares is herein called the "First Time of Delivery", each such time and date for delivery of the Optional Shares, if not the First Time of Delivery, is herein called the "Second Time of Delivery", and each such time and date for delivery is herein called a "Time of Delivery".

(b) The documents to be delivered at each Time of Delivery by or on behalf of the parties hereto pursuant to Section 8 hereof, including the cross receipt for the Shares and any additional documents requested by the Underwriters pursuant to Section 8(k) hereof, will be delivered at the offices of Cooley LLP, 3175 Hanover St., Palo Alto, CA 94304 (the "Closing Location"), and the Shares will be delivered at the Designated Office, all at such Time of Delivery. A virtual meeting will be held at the Closing Location at 4:00 p.m., New York City time, on the New York Business Day next preceding such Time of Delivery, at which meeting the final drafts of the documents to be delivered pursuant to the preceding sentence will be available for review by the parties hereto. For the purposes of this Section 4, "New York Business Day" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York City are generally authorized or obligated by law or executive order to close.

5. The Company agrees with each of the Underwriters:

(a) To prepare the Prospectus in a form approved by you and to file such Prospectus pursuant to Rule 424(b) under the Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement, or, if applicable, such earlier time as may be required by Rule 430A(a)(3) under the Act; to make no further amendment or any supplement to the Registration Statement or the Prospectus prior to the last Time of Delivery which shall be disapproved by you promptly after reasonable notice thereof; to advise you, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any amendment or supplement to the Prospectus has been filed and to furnish you with copies thereof; to file promptly all material required to be filed by the Company with the Commission pursuant to Rule 433(d) under the Act; to advise you, promptly after it receives notice thereof, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus in respect of the Shares, of the suspension of the qualification of the Shares for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or the Prospectus or for additional information; and, in the event of the issuance of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus relating to the Shares or suspending any such qualification, to promptly use its reasonable best efforts to obtain the withdrawal of such order;

(b) Promptly from time to time to take such action as you may reasonably request to qualify the Shares for offering and sale under the securities laws of such jurisdictions as you may reasonably request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Shares, provided that in connection therewith the Company shall not be required to qualify as a foreign corporation (where not otherwise required) or to file a general consent to service of process in any jurisdiction (where not otherwise required) or subject itself to taxation in any such jurisdiction in which it was not otherwise subject to taxation;

(c) Prior to 10:00 a.m., New York City time, on the New York Business Day two business days after the date of this Agreement (or such later time as may be agreed by the Company and the Representatives) and from time to time, to furnish the Underwriters with written and electronic copies of the Prospectus in New York City in such quantities as you may reasonably request, and, if the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required at any time prior to the expiration of nine months after the time of issue of the Prospectus in connection with the offering or sale of the Shares and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus in order to comply with the Act, to notify you and upon your request to prepare and furnish without charge to each Underwriter and to any dealer in securities (whose names and addresses you shall furnish to the Company in connection with any such request) as many written and electronic copies as you may

from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance; and in case any Underwriter is required to deliver a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) in connection with sales of any of the Shares at any time nine months or more after the time of issue of the Prospectus, upon your request but at the expense of such Underwriter, to prepare and deliver to such Underwriter as many written and electronic copies as you may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the Act;

(d) To make generally available to its securityholders as soon as practicable (which may be satisfied by filing with the Commission's Electronic Data Gathering, Analysis and Retrieval System ("EDGAR")), but in any event not later than sixteen months after the effective date of the Registration Statement (as defined in Rule 158(c) under the Act), an earnings statement of the Company and its subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including, at the option of the Company, Rule 158);

(e) (i) During the period beginning from the date hereof and continuing to and including the earlier of the date (x) 180 days after the date of the Prospectus or (y) immediately prior to the opening of trading on the Exchange on the third full trading day after the Company has publicly furnished its second earnings release on Form 8-K or filed its second periodic report with the Commission (the "Company Lock-Up Period"), not to (i) offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise transfer or dispose of, directly or indirectly, or file with or confidentially submit to the Commission a registration statement under the Act relating to, any securities of the Company that are substantially similar to the Shares, including but not limited to any options or warrants to purchase shares of Stock or any securities that are convertible into or exchangeable for, or that represent the right to receive, Stock or any such substantially similar securities, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Stock or any such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Stock or such other securities, in cash or otherwise without the prior written consent of the Representatives, *provided*, *however,* that the foregoing restrictions shall not apply to: (A) the Shares to be sold hereunder, (B) the issuance by the Company of shares of Stock upon the exercise (including net exercise) of an option or warrant, vesting or settlement of a restricted stock unit, or the exercise, conversion or exchange of a security outstanding on the date hereof, provided that such option or security is disclosed in or contemplated by the Pricing Prospectus, (C) the issuance by the Company of shares of Stock upon the conversion or exchange of convertible or exchangeable securities outstanding on the date hereof and described in the Pricing Prospectus, (D) the grant of options to purchase or the issuance by the Company of shares of Stock, restricted stock units or any security exercisable for or convertible into shares of Stock, in each case pursuant to the Company's equity compensation plans disclosed in the Pricing Prospectus, (E) the entry into an agreement providing for the issuance by the Company of shares of Stock or any security exercisable for or convertible into shares of Stock in connection with the acquisition by the Company or any of its subsidiaries of the securities, business, technology, property or other assets of another person or entity or pursuant to an employee

benefit plan assumed by the Company in connection with such acquisitions, and the issuance of any such securities pursuant to any such agreement, (F) the entry into any agreement providing for the issuance of shares of Stock or any security exercisable for or convertible into shares of Stock in connection with joint ventures, commercial relationships, debt financings, charitable contributions or other strategic transactions, and the issuance of any such securities pursuant to any such agreement, and (G) the filing of any registration statement on Form S-8 relating to securities granted or to be granted pursuant to the Company's equity compensation plans that are described in the Pricing Prospectus or any assumed employee benefit plan contemplated by clause (E); provided that in the case of clauses (E) and (F), the aggregate number of shares of Stock that the Company may sell or issue or agree to sell or issue pursuant to clauses (E) and (F) shall not exceed 10% of the total number of shares of the Stock issued and outstanding immediately following the completion of the transactions contemplated by this Agreement; and provided further that in the case of clauses (B) through (F), the Company shall cause each recipient of such securities to execute and deliver to the Representatives, on or prior to the issuance of such securities, a lock-up agreement on substantially the same terms as the lock-up agreements referenced in Section 8(i) hereof for the remainder of the Lock-Up Period (as defined in Annex I) and enter stop transfer instructions with the Company's transfer agent and registrar on such securities, which the Company agrees it will not waive or amend without the prior written consent of the Representatives;

(ii) If the Representatives, in their sole discretion, each agree to release or waive the restrictions in lock-up letters described in Section 8(i) hereof, for an officer or director of the Company and provides the Company with notice of the impending release or waiver at least three business days before the effective date of the release or waiver (indicating the effective date of such release or waiver in such notice to the Company), the Company agrees to announce the impending release or waiver by a press release substantially in the form of Annex II hereto through a major news service at least two business days before the effective date of the release or waiver, if required by FINRA Rule 5131.

(f) During a period of three years from the effective date of the Registration Statement, so long as the Company is subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act, to furnish to its stockholders as soon as practicable after the end of each fiscal year an annual report (including a balance sheet and statements of income, stockholders' equity and cash flows of the Company and its consolidated subsidiaries certified by independent public accountants) and, as soon as practicable after the end of each of the first three quarters of each fiscal year (beginning with the fiscal quarter ending after the effective date of the Registration Statement), to make available to its stockholders consolidated summary financial information of the Company and its subsidiaries for such quarter in reasonable detail; provided that no reports, documents or other information need to be furnished pursuant to this Section 5(f) to the extent that they are available on EDGAR;

(g) During a period of three years from the effective date of the Registration Statement, so long as the Company is subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act, to furnish to you copies of all reports or other communications (financial or other) furnished to stockholders, and to deliver to you (i) as soon as they are available, copies of any reports and financial statements furnished

to or filed with the Commission or any national securities exchange on which any class of securities of the Company is listed; and (ii) such additional information concerning the business and financial condition of the Company as you may from time to time reasonably request (such financial statements to be on a consolidated basis to the extent the accounts of the Company and its subsidiaries are consolidated in reports furnished to its stockholders generally or to the Commission); provided, that no reports, documents or other information need to be furnished pursuant to this Section 5(g) to the extent they are available on EDGAR or to the extent such provision of such reports, documents or other information would require public disclosure by the Company under Regulation FD;

(h) To use the net proceeds received by it from the sale of the Shares pursuant to this Agreement in the manner specified in the Pricing Prospectus under the caption "Use of Proceeds";

(i) To use its best efforts to list, subject to notice of issuance, the Shares on the Exchange;

(j) To file with the Commission such information on Form 10-Q or Form 10-K as may be required by Rule 463 under the Act;

(k) If the Company elects to rely upon Rule 462(b), the Company shall file a Rule 462(b) Registration Statement with the Commission in compliance with Rule 462(b) by 10:00 P.M., Washington, D.C. time, on the date of this Agreement, and the Company shall at the time of filing either pay to the Commission the filing fee for the Rule 462(b) Registration Statement or give irrevocable instructions for the payment of such fee pursuant to Rule 111(b) under the Act;

(l) Upon written request of any Underwriter, to furnish, or cause to be furnished, to such Underwriter an electronic version of the Company's trademarks, servicemarks and corporate logo for use on the website, if any, operated by such Underwriter for the purpose of facilitating the on-line offering of the Shares (the "License"); provided, however, that the License shall be used solely for the purpose described above, is granted without any fee and may not be assigned or transferred;

(m) To promptly notify you if the Company ceases to be an Emerging Growth Company at any time prior to the later of (i) completion of the distribution of the Shares within the meaning of the Act and (ii) the last Time of Delivery; and

(n) To comply with all applicable securities and other laws, rules and regulations in each jurisdiction in which the Reserved Shares are offered in connection with the Reserved Share Program.

6. (a) The Company represents and agrees that, without the prior consent of the Representatives, it has not made and will not make any offer relating to the Shares that would constitute a "free writing prospectus" as defined in Rule 405 under the Act; each Underwriter represents and agrees that, without the prior consent of the Company and the Representatives, it has not made and will not make any offer relating to the Shares that would constitute a free writing prospectus required to be filed with the Commission; any such free writing prospectus the use of which has been consented to by the Company and the Representatives is listed on Schedule II(a) hereto;

(b) The Company has complied and will comply with the requirements of Rule 433 under the Act applicable to any Issuer Free Writing Prospectus, including timely filing with the Commission or retention where required and legending; and the Company represents that it has satisfied and agrees that it will satisfy the conditions under Rule 433 under the Act to avoid a requirement to file with the Commission any electronic road show;

(c) The Company agrees that if at any time following issuance of an Issuer Free Writing Prospectus or Written Testing-the-Waters Communication prepared or authorized by it any event occurred or occurs as a result of which such Issuer Free Writing Prospectus or Written Testing-the-Waters Communication prepared or authorized by it would conflict with the information in the Registration Statement, the Pricing Prospectus or the Prospectus or would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances then prevailing, not misleading, the Company will give prompt notice thereof to the Representatives and, if requested by the Representatives, will prepare and furnish without charge to each Underwriter an Issuer Free Writing Prospectus, Written Testing-the-Waters Communication or other document which will correct such conflict, statement or omission; provided, however, that this covenant shall not apply to any statements or omissions in an Issuer Free Writing Prospectus made in reliance upon and in conformity with the Underwriter Information;

(d) The Company represents and agrees that (i) it has not engaged in, or authorized any other person to engage in, any Testing-the Waters-Communications, other than Testing-the-Waters Communications with the prior consent of the Representatives with entities that the Company reasonably believes are qualified institutional buyers as defined in Rule 144A under the Act or institutions that are accredited investors as defined in Rule 501(a) under the Act; and (ii) it has not distributed, or authorized any other person to distribute, any Written Testing-the-Waters Communications, other than those distributed with the prior consent of the Representatives; and the Company reconfirms that the Underwriters have been authorized to act on its behalf in engaging in Testing-the-Waters Communications; and

(e) Each Underwriter represents and agrees that any Testing-the-Waters Communications undertaken by it were with entities that such Underwriter reasonably believes are qualified institutional buyers as defined in Rule 144A under the Act or institutions that are accredited investors as defined in Rule 501(a) under the Act and (ii) it will not distribute, or authorize any other person to distribute any Written Testing-the-Waters Communication, other than those distributed with the prior authorization of the Company.

7. The Company covenants and agrees with the several Underwriters that the Company will pay or cause to be paid the following: (a) the fees, disbursements and expenses of the Company’s counsel and accountants in connection with the registration of the Shares under the Act and all other expenses incurred in connection with the preparation, printing, reproduction and filing of the Registration Statement, any Preliminary Prospectus, any Written Testing-the-Waters Communication, any Issuer Free Writing Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (b) the cost of printing or

producing any agreement among Underwriters, this Agreement, the Blue Sky Memorandum, closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Shares; (c) all expenses incurred in connection with the qualification of the Shares for offering and sale under state securities laws as provided in Section 5(b) hereof, including the reasonable and documented fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky survey; (d) all fees and expenses in connection with listing the Shares on the Exchange; (e) the filing fees incident to, and the reasonable and documented fees and disbursements of counsel for the Underwriters in connection with, any required review by FINRA of the terms of the sale of the Shares; (f) the cost of preparing stock certificates, if applicable; (g) the cost and charges of any transfer agent or registrar; (h) the costs and expenses of the Company relating to investor presentations on any "road show" or testing-the-waters meetings undertaken in connection with the marketing of the Shares, including without limitation, expenses associated with the production of investor presentation slides, graphics and videos, fees and expenses of any consultants engaged by the Company in connection with the road show presentations with the prior approval of the Company, travel and lodging expenses of the representatives (not including the Underwriters and their representatives) and officers of the Company and any such consultants (not including the Underwriters and their representatives), and the cost of aircraft and other transportation chartered in connection with the road show or testing-the-waters meetings; provided, however, that 50% of the cost of any aircraft chartered connection with the roadshow shall be paid by the Underwriters; (i) all costs and expenses of Merrill Lynch , including the fees and disbursements of counsel for Merrill Lynch, in connection with matters related to the Reserved Shares which are designated by the Company for sale to Invitees, and (j) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section; provided, however, that the amount payable by the Company pursuant to subsection (c) and the reasonable fees and disbursements of counsel to the Underwriters described in subsection (e) of this Section shall not exceed $35,000 in the aggregate. It is understood, however, that, except as provided in this Section, and Sections 9 and 12 hereof, the Underwriters will pay all of their own costs and expenses, including the fees of their counsel, stock transfer taxes on resale of any of the Shares by them, and any advertising expenses connected with any offers they may make.

8. The obligations of the Underwriters hereunder, as to the Shares to be delivered at each Time of Delivery, shall be subject, in their discretion, to the condition that all representations and warranties and other statements of the Company herein are, at and as of the Applicable Time and such Time of Delivery, true and correct, the condition that the Company shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Prospectus shall have been filed with the Commission pursuant to Rule 424(b) under the Act within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 5(a) hereof; all material required to be filed by the Company pursuant to Rule 433(d) under the Act shall have been filed with the Commission within the applicable time period prescribed for such filing by Rule 433; if the Company has elected to rely upon Rule 462(b) under the Act, the Rule 462(b) Registration Statement shall have

become effective by 10:00 P.M., Washington, D.C. time, on the date of this Agreement; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose or pursuant to Section 8A of the Act shall have been initiated or threatened by the Commission; no stop order suspending or preventing the use of the Pricing Prospectus, Prospectus or any Issuer Free Writing Prospectus shall have been initiated or threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to your reasonable satisfaction;

(b) Cooley LLP, counsel for the Underwriters, shall have furnished to you such written opinion or opinions dated such Time of Delivery, in form and substance satisfactory to you, and such counsel shall have received such papers and information as it may reasonably request to enable it to pass upon such matters;

(c) Paul Hastings LLP, counsel for the Company, shall have furnished to you their written opinion, dated such Time of Delivery, in form and substance reasonably satisfactory to you;

(d) On the date of the Prospectus immediately following the execution of this Agreement, at 9:30 a.m., New York City time, on the effective date of any post-effective amendment to the Registration Statement filed subsequent to the date of this Agreement and also at each Time of Delivery, PricewaterhouseCoopers LLP shall have furnished to you a letter or letters, dated the respective dates of delivery thereof, in form and substance satisfactory to you;

(e) (i) Neither the Company nor any of its subsidiaries shall have sustained since the date of the latest audited financial statements included in the Pricing Prospectus any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Registration Statement and Pricing Prospectus, and (ii) since the respective dates as of which information is given in the Pricing Prospectus there shall not have been any change in the capital stock (other than as a result of (A) the exercise or settlement (including any “net” or “cashless” exercises or settlements) of stock options or restricted stock units or other equity incentives, as applicable, or the award of stock options or restricted stock units or other equity incentives in the ordinary course of business, and (B) the repurchase of unvested Stock by the Company upon termination of the holder’s employment with the Company, in each case under (A) and (B) pursuant to the terms of the Company’s equity plans that are described in the Pricing Prospectus and subject to the terms of award agreements that have been filed as exhibits to the Registration Statement), or long-term debt of the Company or its subsidiaries, taken as a whole, or any change or effect, or any development involving a prospective change or effect, in or affecting (x) the business, properties, general affairs, management, financial position, stockholders’ equity or results of operations of the Company and its subsidiaries, taken as a whole, except as set forth or contemplated in the Pricing Prospectus and the Prospectus, or (y) the ability of the Company to perform its obligations under this Agreement, including the issuance and sale of the Shares, or to consummate the transactions contemplated in the Pricing Prospectus and the Prospectus, the effect of which, in any such case described in clause (i) or (ii), is in your judgment so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Time of Delivery on the terms and in the manner contemplated in the Pricing Prospectus and the Prospectus;

(f) [*Reserved*];

(g) On or after the Applicable Time there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the Exchange or on the New York Stock Exchange ("NYSE"); (ii) a suspension or material limitation in trading in the Company's securities on the Exchange or NYSE; (iii) a general moratorium on commercial banking activities declared by either Federal or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war or (v) the occurrence of any other calamity or crisis or any change in financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in clause (iv) or (v) in your judgment makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Time of Delivery on the terms and in the manner contemplated in the Pricing Prospectus and the Prospectus;

(h) The Shares to be sold at such Time of Delivery shall have been duly listed, subject to notice of issuance, on the Exchange;

(i) The Company shall have obtained and delivered to the Underwriters executed copies of an agreement from each director, each officer and other security holders of the Company representing substantially all of the shares of capital stock of the Company, substantially to the effect set forth in Annex I hereof in form and substance satisfactory to you;

(j) The Company shall have complied with the provisions of Section 5(c) hereof with respect to the furnishing of prospectuses on the New York Business Day next succeeding the date of this Agreement;

(k) The Company shall have furnished or caused to be furnished to you at such Time of Delivery certificates of officers of the Company reasonably satisfactory to you as to the accuracy of the representations and warranties of the Company herein at and as of such Time of Delivery, as to the performance by the Company of all of its obligations hereunder to be performed at or prior to such Time of Delivery, as to such other matters as you may reasonably request, and the Company shall have furnished or caused to be furnished certificates as to the matters set forth in subsections (a) and (e) of this Section; and

(l) The Chief Financial Officer of the Company shall have furnished to you a certificate as to the accuracy of certain financial information included in the Registration Statement, the Pricing Prospectus and the Prospectus, dated such Time of Delivery in form and substance satisfactory to you.

9. (a) The Company will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus, any "roadshow" as defined in Rule 433(h) under the Act (a "roadshow"), any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Act or any Written Testing-the-Waters Communication prepared or authorized by the Company, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such action or claim as such expenses are incurred; *provided*, *however*, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, any roadshow, or any Written Testing-the-Waters Communication, in reliance upon and in conformity with the Underwriter Information.

(b) Each Underwriter, severally and not jointly, will indemnify and hold harmless the Company against any losses, claims, damages or liabilities to which the Company may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or any roadshow or any Written Testing-the-Waters Communication, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or any roadshow or any Written Testing-the-Waters Communication, in reliance upon and in conformity with the Underwriter Information; and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred. As used in this Agreement with respect to an Underwriter and an applicable document, "Underwriter Information" shall mean the written information furnished to the Company by such Underwriter through the Representatives expressly for use therein; it being understood and agreed upon that the only such information furnished by any Underwriter consists of the following information in the Prospectus furnished on behalf of each Underwriter: the concession and reallowance figures appearing in the [fifth] paragraph under the caption "Underwriting", and the information contained in the [ninth, tenth and eleventh] paragraphs under the caption "Underwriting".

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; provided that the failure to notify the indemnifying party shall not relieve it from any liability that it may have under the preceding paragraphs of this Section 9 except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided further that the failure to notify the indemnifying party shall not relieve it from any liability that it may have to an indemnified party otherwise than under the preceding paragraphs of this Section 9. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section 9 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined

by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by *pro rata* allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) The obligations of the Company under this Section 9 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each officer, employee and director of each Underwriter and each person, if any, who controls any Underwriter within the meaning of the Act and each broker-dealer or other affiliate of any Underwriter; and the obligations of the Underwriters under this Section 9 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company (including any person who, with his or her consent, is named in the Registration Statement as about to become a director of the Company) and to each person, if any, who controls the Company within the meaning of the Act.

(f) (i) In connection with the offer and sale of the Reserved Shares, the Company agrees to indemnify and hold harmless Merrill Lynch, its Affiliates and selling agents and each person, if any, who controls Merrill Lynch within the meaning of either Section 15 of the Act or Section 20 of the Exchange Act, from and against any and all loss, liability, claim, damage and expense (including, without limitation, any legal or other expenses reasonably incurred in connection with defending, investigating or settling any such action or claim), as incurred, (i) arising out of the violation of any applicable laws or regulations of foreign jurisdictions where Reserved Securities have been offered, (ii) arising out of any untrue statement or alleged untrue statement of a material fact contained in any material prepared by or with the consent of the Company for distribution to Invitees in connection with the offering of the Reserved Shares or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, (iii) caused by the failure of any Invitee to pay for and accept delivery of Reserved Shares which have been orally confirmed for purchase by any Invitee by 11:59 P.M. (New York City time) on the date of the Agreement or (iv) related to, or arising out of or in connection with, the offering of the Reserved Shares.

(ii) Promptly after receipt by Merrill Lynch of notice of the commencement of any action, Merrill Lynch shall, if a claim in respect thereof is to be made against the Company, notify the Company in writing of the commencement thereof; provided that the failure to notify the Company shall not relieve the Company from any liability that it may have under the preceding paragraph of this Section 9(f) except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided further that the failure to notify the Company shall not relieve it from any liability that it may have to Merrill Lynch otherwise than under the preceding paragraph of this Section 9(f). In case any such action shall be brought against Merrill Lynch and it shall notify the Company of the commencement thereof, the Company shall be entitled to participate therein and, to the extent that it shall wish, to assume the defense thereof, with counsel satisfactory to Merrill Lynch (who shall not, except with the consent of Merrill Lynch, be counsel to the Company), and, after notice from the Company to Merrill Lynch of its election so to assume the defense thereof, the Company shall not be liable to Merrill Lynch under this subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by Merrill Lynch, in connection with the defense thereof other than reasonable costs of investigation. The Company shall not, without the written consent of Merrill Lynch, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not Merrill Lynch is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (x) includes an unconditional release of Merrill Lynch from all liability arising out of such action or claim and (y) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of Merrill Lynch.

(iii) If the indemnification provided for in this Section 9(f) is unavailable to or insufficient to hold harmless Merrill Lynch under Section 9(f)(i) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then the Company shall contribute to the amount paid or payable by Merrill Lynch as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and Merrill Lynch on the other from the offering of the Reserved Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then the Company shall contribute to such amount paid or payable by Merrill Lynch in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and Merrill Lynch on the other in connection with any statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and Merrill Lynch on the other shall be deemed to be in the same proportion as the total net proceeds from the offering of the Reserved Shares (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by Merrill Lynch for the Reserved Shares. If the loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement of a material fact or arise out of or are based upon the omission or alleged omission to state therein a material fact

required to be stated therein or necessary to make the statements therein not misleading, the relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or Merrill Lynch on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and Merrill Lynch agree that it would not be just and equitable if contribution pursuant to this Section 9(f)(iii) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 9(f)(iii). The amount paid or payable by Merrill Lynch as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this Section 9(f)(iii) shall be deemed to include any legal or other expenses reasonably incurred by Merrill Lynch in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 9(f)(iii), Merrill Lynch shall not be required to contribute any amount in excess of the amount by which the total price at which the Reserved Shares sold by it and distributed to the Participants exceeds the amount of any damages which Merrill Lynch has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(iv) The obligations of the Company under this Section 9(f) shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each employee, officer and director of Merrill Lynch and each person, if any, who controls Merrill Lynch within the meaning of the Act and each broker-dealer or other affiliate of Merrill Lynch.

10. (a) If any Underwriter shall default in its obligation to purchase the Shares that it has agreed to purchase hereunder at a Time of Delivery, you may in your discretion arrange for you or another party or other parties to purchase such Shares on the terms contained herein. If within thirty-six hours after such default by any Underwriter you do not arrange for the purchase of such Shares, then the Company shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to you to purchase such Shares on such terms. In the event that, within the respective prescribed periods, you notify the Company that you have so arranged for the purchase of such Shares, or the Company notifies you that it has so arranged for the purchase of such Shares, you or the Company shall have the right to postpone such Time of Delivery for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus, or in any other documents or arrangements, and the Company agrees to file promptly any amendments or supplements to the Registration Statement or the Prospectus which in your opinion may thereby be made necessary. The term "Underwriter" as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to this Agreement with respect to such Shares.

(b) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by you and the Company as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased does not exceed one-eleventh of the aggregate number of all the Shares to be purchased at such Time of Delivery, then the Company shall have the right to require each non-defaulting Underwriter to purchase the number of Shares which such Underwriter agreed to purchase hereunder at such Time of Delivery and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the number of Shares which such Underwriter agreed to purchase hereunder) of the Shares of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by you and the Company as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased exceeds one-eleventh of the aggregate number of all of the Shares to be purchased at such Time of Delivery, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Shares of a defaulting Underwriter or Underwriters, then this Agreement (or, with respect to the Second Time of Delivery, the obligations of the Underwriters to purchase and of the Company to sell the Optional Shares) shall thereupon terminate, without liability on the part of any non-defaulting Underwriter or the Company, except for the expenses to be borne by the Company and the Underwriters as provided in Section 7 hereof and the indemnity and contribution agreements in Section 9 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

11. The respective indemnities, rights of contribution, agreements, representations, warranties and other statements of the Company and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any director, officer, employee, affiliate or controlling person of any Underwriter, or the Company, or any officer or director or controlling person of the Company, and shall survive delivery of and payment for the Shares.

12. If this Agreement shall be terminated pursuant to Section 10 hereof, the Company shall not then be under any liability to any Underwriter except as provided in Sections 7 and 9 hereof; but, if for any other reason Shares are not delivered by or on behalf of the Company as provided herein or the Underwriters decline to purchase the Shares for any reason permitted under this Agreement, the Company will reimburse the Underwriters through you for all documented out-of-pocket expenses approved in writing by you, including fees and disbursements of counsel, reasonably incurred by the Underwriters in making preparations for the purchase, sale and delivery of the Shares not so delivered, but the Company shall then be under no further liability to any Underwriter except as provided in Sections 7 and 9 hereof.

13. In all dealings hereunder, you shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by you jointly or by you on behalf of the Underwriters.

In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Company, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

All statements, requests, notices and agreements hereunder shall be in writing, and (A) if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission to you as the representatives (i) in care of Goldman Sachs & Co. LLC, 200 West Street, New York, New York 10282-2198, Attention: Registration Department and (ii) in care of J.P. Morgan Securities LLC, 383 Madison Avenue, New York, New York 10179 (fax: (212) 622-8358); Attention: Equity Syndicate Desk; (B) if to the Company shall be delivered or sent by mail, telex or facsimile transmission to the address of the Company set forth on the cover of the Registration Statement, Attention: Secretary; and (C) if to any stockholder that has delivered a lock-up letter described in Section 8(i) hereof shall be delivered or sent by mail to his or her respective address as such stockholder provides in writing to the Company; provided, however, that any notice to an Underwriter pursuant to Section 9(c) hereof shall be delivered or sent by mail, telex or facsimile transmission to such Underwriter at its address set forth in its Underwriters' Questionnaire or telex constituting such Questionnaire, which address will be supplied to the Company by you on request; provided further that notices under subsection 5(e) shall be in writing, and if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission to you as the Representatives at Goldman Sachs & Co. LLC, 200 West Street, New York, New York 10282-2198, Attention: Control Room. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

14. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Company, and, to the extent provided in Sections 9 and 11 hereof, the officers and directors of the Company and each person who controls the Company, or any Underwriter, or any Underwriter, or any director, officer, employee, or affiliate of any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Shares from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

15. Time shall be of the essence of this Agreement. As used herein, the term "business day" shall mean any day when the Commission's office in Washington, D.C. is open for business.

16. The Company acknowledges and agrees that (i) the purchase and sale of the Shares pursuant to this Agreement is an arm's-length commercial transaction between the Company, on the one hand, and the several Underwriters, on the other, (ii) in connection therewith and with the process leading to such transaction each Underwriter is acting solely as a principal and not the agent or fiduciary of the Company, (iii) no Underwriter has assumed an advisory or fiduciary responsibility in favor of the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company on other matters) or any other obligation to the Company except the obligations expressly set forth in this Agreement, (iv) the Company has consulted its own legal and financial advisors to the extent it deemed appropriate, and (v) none of the activities of the Underwriters in connection with the transactions contemplated herein constitutes a recommendation, investment advice, or solicitation of any action by the Underwriters with respect to any entity or natural person. The Company agrees that it will not claim that the Underwriters, or any of them, has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Company, in connection with such transaction or the process leading thereto.

17. This Agreement supersedes all prior agreements and understandings (whether written or oral) among the Company and the Underwriters, or any of them, with respect to the subject matter hereof.

18. **This Agreement and any transaction contemplated by this Agreement and any claim, controversy or dispute arising under or related thereto shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflict of laws that would result in the application of any other law than the laws of the State of New York. The Company agrees that any suit or proceeding arising in respect of this Agreement or any transaction contemplated by this Agreement will be tried exclusively in the U.S. District Court for the Southern District of New York or, if that court does not have subject matter jurisdiction, in any state court located in The City and County of New York and the Company agrees to submit to the jurisdiction of, and to venue in, such courts.**

19. The Company and each of the Underwriters hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

20. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including any electronic signature covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

21. Notwithstanding anything herein to the contrary, the Company and its subsidiaries are authorized to disclose to any persons the U.S. federal and state income tax treatment and tax structure of the potential transaction and all materials of any kind (including tax opinions and other tax analyses) provided to the Company relating to that treatment and structure, without the Underwriters imposing any limitation of any kind. However, any information relating to the tax treatment and tax structure shall remain confidential (and the foregoing sentence shall not apply) to the extent necessary to enable any person to comply with securities laws. For this purpose, “tax structure” is limited to any facts that may be relevant to that treatment.

22. Recognition of the U.S. Special Resolution Regimes:

(a) In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

(c) For the purposes of this Section 22, the following definitions shall apply:

(i) "BHC Act Affiliate" has the meaning assigned to the term "affiliate" in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

(ii) "Covered Entity" means any of the following:

(A) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(B) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(C) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

(iii) "Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

(iv) "U.S. Special Resolution Regime" means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

If the foregoing is in accordance with your understanding, please sign and return to us counterparts hereof, and upon the acceptance hereof by you, on behalf of each of the Underwriters, this letter and such acceptance hereof shall constitute a binding agreement among each of the Underwriters and the Company. It is understood that your acceptance of this letter on behalf of each of the Underwriters is pursuant to the authority set forth in a form of Agreement among Underwriters, the form of which shall be submitted to the Company for examination upon request, but without warranty on your part as to the authority of the signers thereof.

(signature page follows)

Very truly yours,

AvidXchange Holdings, Inc.

By: _____
Name:
Title:

Accepted as of the date hereof:

Goldman Sachs & Co. LLC

By: _____
Name:
Title:

J.P. Morgan Securities LLC

By: _____
Name:
Title:

On behalf of each of the Underwriters

SCHEDULE I

Underwriter	Total Number of Firm Shares to be Purchased	Number of Optional Shares to be Purchased if Maximum Option Exercised
Goldman Sachs & Co. LLC		
J.P. Morgan Securities LLC		
BofA Securities Inc.		
Barclays Capital Inc.		
Credit Suisse Securities (USA) LLC		
KeyBanc Capital Markets Inc.		
Deutsche Bank Securities Inc.		
Piper Sandler & Co.		
Nomura Securities International, Inc.		
Fifth Third Securities, Inc.		
Total		

SCHEDULE II

(a) Issuer Free Writing Prospectuses not included in the Pricing Disclosure Package:

Electronic roadshow dated [***]

(b) Additional Documents Incorporated by Reference:

None

(c) Information other than the Pricing Prospectus that comprise the Pricing Disclosure Package:

The initial public offering price per share for the Shares is $[***]

The number of Shares purchased by the Underwriters is [***].

(d) Written Testing-the-Waters Communication:

[***]

ANNEX I

AvidXchange Holdings, Inc.

Lock-Up Agreement

Goldman Sachs & Co. LLC,
J.P. Morgan Securities LLC,
As the Representatives of
the several Underwriters

c/o Goldman Sachs & Co. LLC
200 West Street
New York, NY 10282-2198

c/o J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

Re: AvidXchange Holdings, Inc.—Lock-Up Agreement

Ladies and Gentlemen:

The undersigned understands that you, as the representatives (the "Representatives"), propose to enter into an Underwriting Agreement (the "Underwriting Agreement") on behalf of the several Underwriters named in Schedule I to such agreement (collectively, the "Underwriters"), with AvidXchange Holdings, Inc., a Delaware corporation (the "Company"), providing for a public offering (the "Public Offering") of the common stock of the Company, par value $0.001 per share (the "Common Stock"), pursuant to a Registration Statement on Form S-1 to be filed with the Securities and Exchange Commission (the "SEC").

In consideration of the agreement by the Underwriters to offer and sell shares of Common Stock, and of other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the undersigned agrees that, during the period beginning from the date of this Lock-Up Agreement (the "Lock-Up Agreement") and continuing to and including the date that is 180 days after the date of the final prospectus (the "Prospectus") used to sell shares of Common Stock (the "Lock-Up Period"), the undersigned shall not, and shall not cause or direct any of its affiliates to, (i) offer, sell, contract to sell, pledge, grant any option to purchase, lend or otherwise dispose of any shares of Common Stock, or any options or warrants to purchase any shares of Common Stock, or any securities convertible into, exchangeable or redeemable for or that represent the right to receive shares of Common Stock (such options, warrants or other securities, collectively, "Derivative Instruments"), including without limitation any such shares or Derivative Instruments now owned or hereafter acquired by the undersigned (collectively, the "Undersigned's Shares"), (ii) engage in any hedging or other transaction or arrangement (including, without limitation, any short sale or the purchase or sale of, or entry into, any put or call option, or combination thereof, forward, swap or any other derivative transaction or

instrument, however described or defined) which is designed to or which reasonably could be expected to lead to or result in a sale, loan, pledge or other disposition (whether by the undersigned or someone other than the undersigned), or transfer of any of the economic consequences of ownership, in whole or in part, directly or indirectly, of shares of Common Stock or Derivative Instruments, whether any such transaction or arrangement (or instrument provided for thereunder) would be settled by delivery of Common Stock or other securities, in cash or otherwise (any such sale, loan, pledge, or other disposition or transfer of economic consequences a "Transfer"), or (iii) otherwise publicly announce any intention to engage in or cause any action or activity described in clause (i) above or any transaction or arrangement described in clause (ii) above. The undersigned represents and warrants that the undersigned is not, and has not caused or directed any of its affiliates to be or become, currently a party to any agreement or arrangement that provides for, is designed to or which reasonably could be expected to lead to or result in any Transfer during the Lock-Up Period. For the avoidance of doubt, if the undersigned is an officer or director of the Company, the undersigned agrees that the foregoing provisions shall be equally applicable to any issuer-directed shares the undersigned may purchase in the Public Offering. In addition, the undersigned agrees that, without the prior written consent of the Representatives on behalf of the Underwriters, it will not, during the Lock-Up Period, cause the Company to file a registration statement to effect the resale of any of the Undersigned's Shares during the Lock-Up Period.

If the undersigned is not a natural person, the undersigned represents and warrants that no single natural person, entity or "group" (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than a natural person, entity or "group" (as described above) that has executed a Lock-Up Agreement in substantially the same form as this Lock-Up Agreement, beneficially owns, directly or indirectly, 50% or more of the common equity interests, or 50% or more of the voting power, in the undersigned.

If the undersigned is an officer or director of the Company, (i) the Representatives agree that, at least three business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of shares of Common Stock, the Representatives will notify the Company of the impending release or waiver, and (ii) the Company will agree or has agreed in the Underwriting Agreement, if required by FINRA rules, to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by the Representatives hereunder to any such officer or director shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (A) the release or waiver is effected solely to permit a transfer not for consideration and (B) the transferee has agreed in writing to be bound by the same terms described in this Lock-Up Agreement to the extent and for the duration that such terms remain in effect at the time of the transfer.

Notwithstanding the foregoing, the undersigned may:

(a) transfer the Undersigned's Shares:

(i) as a *bona fide* gift or gifts, charitable contribution or for bona fide estate planning purposes,

(ii) to any member of the undersigned's immediate family or to any trust for the direct or indirect benefit of the undersigned or the immediate family of the undersigned, or if the undersigned is a trust, to a trustor or beneficiary of the trust or to the estate of a beneficiary of such trust,

(iii) upon death or by will, testamentary document or the laws of intestate succession,

(iv) to a nominee or custodian of a person or entity to whom a disposition or transfer would be permissible under clauses (i) through (iii) above;

(v) to the Company from the undersigned upon death, disability or termination of employment;

(vi) in connection with a sale of the Undersigned's Shares acquired (A) from the Underwriters in the Public Offering or (B) in open market transactions after the Public Offering date set forth on the cover of the Prospectus (the "Public Offering Date");

(vii) if the undersigned is a corporation, partnership, limited liability company, trust or other business entity, (A) to another corporation, partnership, limited liability company, trust or other business entity that is an affiliate (as defined in Rule 405 promulgated under the Securities Act of 1933, as amended) of the undersigned, or to any investment fund or other entity controlling, controlled by, managing or managed by or under common control with the undersigned or affiliates of the undersigned (including, for the avoidance of doubt, where the undersigned is a partnership, to its general partner or a successor partnership or fund, or any other funds managed by such partnership), or (B) as part of a distribution, transfer or disposition without consideration by the undersigned to its stockholders, partners, members or other equity holders,

(viii) (A) to the Company for the purposes of exercising (including for the payment of tax withholdings or remittance payments due as a result of such exercise) on a "net exercise" basis options to purchase shares of Common Stock or (B) in connection with the vesting or settlement of restricted stock units, options or other equity awards, including any transfer to the Company for the payment of tax withholdings or remittance payments due as a result of the vesting or settlement of such restricted stock units, and any transfer necessary to generate such amount of cash needed for the payment of taxes, including estimated taxes, due as a result of the vesting, settlement or exercise of restricted stock units, options or other equity awards whether by means of a "net settlement" or otherwise, *provided*, that in the case of any such transfers described in this subclause (B) occurring within 90 days of the Public Offering shall be only to the Company, no filing under Section 16 of the Exchange Act, or other public filing, report or announcement reporting a reduction in beneficial ownership of shares of Common Stock shall be required or shall be voluntarily made (other than any required Form 5 filing), and in all such cases described in (A) and (B), *provided*, *further* that (1) any such shares of Common Stock received upon such exercise, vesting or settlement shall be subject to the terms of this Lock-Up Agreement and (2) any such options, restricted stock units or other equity awards are held by the undersigned as of the Public Offering Date and were issued pursuant to equity awards granted under a stock incentive plan or other equity award plan, which plan is described in the Prospectus,

(ix) pursuant to a bona fide third-party tender offer, merger, consolidation or other similar transaction that is approved by the Board of Directors of the Company and made to all holders of the Company's capital stock the result of which is that any "person" (as defined in Section 13(d)(3) of the Exchange Act), or group of persons, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 of the Exchange Act) of more than 50% of total voting power of the voting stock of the Company or the surviving entity (a "Change of Control Transaction"), provided that in the event that such Change of Control Transaction is not completed, the Undersigned's Shares shall remain subject to the provisions of this Lock-Up Agreement,

(x) in connection with the conversion or reclassification of the outstanding preferred stock into shares of Common Stock, the conversion of convertible common stock into Common Stock or any reclassification or conversion of the Common Stock, provided that any such shares of Common Stock received upon such conversion or reclassification shall be subject to the terms of this Lock-Up Agreement,

(xi) by operation of law, pursuant to a final qualified domestic order, divorce settlement, divorce decree or separation agreement,

(xii) to the Underwriters pursuant to the Underwriting Agreement, or

(xiii) with the prior written consent of the Representatives on behalf of the Underwriters.

provided, that (A) in the case of clauses (i), (ii), (iii), (iv), (vii) and (xi) above, it shall be a condition to the transfer or distribution that the donee, devisee, transferee or distributee, as the case may be, agrees in writing to be bound by the restrictions set forth herein, and there shall be no further transfer of such Common Stock except in accordance with this Lock-Up Agreement, (B) in the case of clauses (i), (ii), (iii), (iv) and (x) above, such transfer shall not involve a disposition for value, (C) in the case of clauses (i), (ii), (iii), and (iv) above, no filing under Section 16 of the Exchange Act, or other public filing, report or announcement reporting a reduction in beneficial ownership of shares of Common Stock shall be required or shall be voluntarily made during the Lock-Up Period (other than any required Form 5 filing), and (D) in the case of clauses (v), (vii), (viii) and (xi) above, it shall be a condition to such transfer that if any filing under Section 16(a) of the Exchange Act, or other public filing, report or announcement reporting a reduction in beneficial ownership of shares of Common Stock in connection with such transfer or distribution shall be legally required during the Lock-Up Period, such filing, report or announcement shall clearly indicate in the footnotes thereto the nature and conditions of such transfer; or

(b) enter into a written plan meeting the requirements of Rule 10b5-1 under the Exchange Act after the date of this Lock-Up Agreement relating to the transfer, sale or other disposition of securities of the undersigned, if then permitted by the Company, provided that the securities subject to such plan may not be transferred until after the expiration of the Lock-Up Period and no public announcement or filing under the Exchange Act shall be required or shall be voluntarily made by any person regarding the establishment of such plan during the Lock-Up Period.

For purposes of this Lock-Up Agreement, "immediate family" shall mean any relationship by blood, marriage or adoption, not more remote than first cousin. The undersigned now has, and, except as contemplated by clause (a) above, for the duration of this Lock-Up Agreement will have, good and marketable title to the Undersigned's Shares, free and clear of all liens, encumbrances, and claims whatsoever.

Notwithstanding the provisions of the second paragraph of this Lock-Up Agreement, if the undersigned is a current employee of or consultant to the Company (other than an executive officer of the Company or member of the Company's board of directors) (an "Employee Holder"), the Representatives shall release 25% of the Undersigned's Shares (including all underlying outstanding shares and equity awards (rounded down to the nearest whole share) that are subject to the restrictions hereunder (the "Employee Released Shares") upon the first Trading Day (as defined below) that (i) occurs after the Company has publicly furnished at least

one earnings release (which for this purpose shall not include "flash" numbers or preliminary, partial earnings) under Item 2.02 of Form 8-K or has filed at least one quarterly report on Form 10-Q or one annual report on Form 10-K (a "Periodic Report") and (ii) takes place in a broadly applicable period during which trading in the Company's securities is permitted under the Company's insider trading policy (an "Open Trading Window"), *provided* that (A) such release shall not occur prior to the commencement of trading on the third Trading Day following the satisfaction of the preceding condition (i) of this sentence and (B) at least five Trading Days remain in such Open Trading Window (such date, the "Early Employee Lock-Up Release Date"). The amount of Employee Released Shares shall be calculated based on the number of the Undersigned's Shares subject to such restrictions as of the close of trading on the last full Trading Day immediately preceding the Early Employee Lock-Up Release Date and such shares shall be released from such restrictions immediately prior to the opening of trading on the exchange on which the Common Stock is listed on the Early Employee Lock-Up Release Date.

In addition, notwithstanding the provisions of the second paragraph of this Lock-Up Agreement, if the undersigned is not an Employee Holder, the Representatives shall release 20% of the Undersigned's Shares (including all outstanding shares and equity awards, rounded down to the nearest whole share) that are subject to the restrictions hereunder (the "Other Holder Release Shares") upon the first Trading Day that (i) is at least 90 days after the date of the Prospectus, (ii) occurs after the Company has publicly furnished at least one earnings release (which for this purpose shall not include "flash" numbers or preliminary, partial earnings) under Item 2.02 of Form 8-K or has filed at least one Periodic Report, and (iii) on such date, and for five out of any 10 consecutive Trading Days ending on such date, the last reported closing price of the Common Stock on the exchange on which the Common Stock is listed is at least 20% greater than the initial public offering price per share set forth on the cover of the Prospectus (any such 10 Trading Day period, the "Measurement Period" and the date of such release, the "Other Holder Early Lock-Up Release Date"); provided, however, that if all of the above conditions are satisfied, the undersigned is a member of the board of directors of the Company (excluding any affiliated funds of such directors) or an executive officer of the Company (a "Management Holder") and the Other Holder Early Lock-Up Release Date falls outside of an Open Trading Window, the Other Holder Early Lock-Up Release Date shall be delayed for such Management Holder until the first Trading Day of the next Open Trading Window without additional conditionality. The amount of Other Holder Release Shares shall be calculated based on the number of the Undersigned's Shares subject to such restrictions as of the last day of the Measurement Period and will be automatically released from such restrictions immediately prior to the opening of trading on the exchange on which the Common Stock is listed on the third full Trading Day following the date on which all of the above conditions are satisfied.

The remainder of the Undersigned's Shares subject to the restrictions hereunder (*i.e.* not previously released on any Early Employee Lock-Up Release Date or Other Holder Early Lock-Up Release Date), will be automatically released from such restrictions upon the earlier of (i) immediately prior to the opening of trading on the exchange on which the Common Stock is listed on the third full Trading Day after the Company has publicly furnished its second earnings release under Item 2.02 of Form 8-K or has filed its second Periodic Report and (ii) 180 days after the date of the Prospectus (such date, the "Final Lock-Up Expiration Date").

The Company shall announce by a press release issued through a major news service, or on a Form 8-K, any Early Employee Lock-Up Release Date, Other Holder Early Lock-Up Release Date and the Final Lock-Up Expiration Date at least two full Trading Days prior to the opening of trading on the Early Employee Lock-Up Release Date, Other Holder Early Lock-Up Release Date or the Final Lock-Up Expiration Date, as applicable.

For purposes of this Lock-Up Agreement, a "Trading Day" is a day on which the New York Stock Exchange and the Nasdaq Stock Market are open for the buying and selling of securities.

The undersigned also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the transfer of the Undersigned's Shares except in compliance with the foregoing restrictions.

In the event that either of the Representatives withdraw from or decline to participate in the Public Offering, all references to the Representatives contained in this Lock-Up Agreement shall be deemed to refer to the remaining Representative that continues to participate in the Public Offering (the "Remaining Representative"), and, in such event, any written consent, waiver or notice given or delivered in connection with this Lock-Up Agreement by the Remaining Representative shall be deemed to be sufficient and effective for all purposes under this Lock-Up Agreement.

The undersigned acknowledges and agrees that none of the Underwriters has made any recommendation or provided any investment or other advice to the undersigned with respect to this Lock-Up Agreement or the subject matter hereof, and the undersigned has consulted its own legal, accounting, financial, regulatory, tax and other advisors with respect to this Lock-Up Agreement and the subject matter hereof to the extent the undersigned has deemed appropriate.

The undersigned hereby consents to receipt of this Lock-Up Agreement in electronic form and understands and agrees that this Lock-Up Agreement may be signed electronically. In the event that any signature is delivered by facsimile transmission, electronic mail or otherwise by electronic transmission evidencing an intent to sign this Lock-Up Agreement, such facsimile transmission, electronic mail or other electronic transmission shall create a valid and binding obligation of the undersigned with the same force and effect as if such signature were an original. Execution and delivery of this Lock-Up Agreement by facsimile transmission, electronic mail or other electronic transmission is legal, valid and binding for all purposes.

The undersigned understands that the Company and the Underwriters are relying upon this Lock-Up Agreement in proceeding toward consummation of the Public Offering. The undersigned further understands that this Lock-Up Agreement is irrevocable and shall be binding upon the undersigned's heirs, legal representatives, successors, and assigns.

Notwithstanding anything to the contrary contained herein, this Lock-Up Agreement will automatically terminate and the undersigned will be released from all obligations hereunder upon the earliest to occur, if any, of (i) the Company advises the Representatives in writing, prior to the execution of the Underwriting Agreement, that it has determined not to proceed with the Public Offering, (ii) the Company files an application with the SEC to withdraw the registration statement related to the Public Offering, (iii) the Underwriting Agreement is executed but is terminated (other than the provisions thereof which survive termination) prior to payment for and delivery of the shares of Common Stock to be sold thereunder, and (iv) December 31, 2021, in the event that the Underwriting Agreement has not been executed by such date; provided, however, that the Company may, by written notice to the undersigned prior to such date, extend such date for a period of up to six additional months.

This Lock-Up Agreement and any claim, controversy, or dispute arising under or related to this Lock-Up Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflict of laws principles thereof.

[*Signature page follows*]

Very truly yours,

IF AN ENTITY:

_____

(please print complete name of entity)

By: _____

(duly authorized signature)

Name: _____

(please print full name)

Title: _____

(please print full title)

IF AN INDIVIDUAL:

By: _____

(duly authorized signature)

Name: _____

(please print full name)

ANNEX II

[Form of Press Release]

AvidXchange Holdings, Inc.
[Date]

AvidXchange Holdings, Inc. announced today that Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC, the lead book-running managers in the Company's recent public sale of shares of the Company's common stock, are [waiving] [releasing] a lock-up restriction with respect to shares of the Company's common stock held by [certain officers or directors] [an officer or director] of the Company. The [waiver] [release] will take effect on , 20 , and the shares may be sold on or after such date.

This press release is not an offer for sale of the securities in the United States or in any other jurisdiction where such offer is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended.

PAUL HASTINGS

October 4, 2021

AvidXchange Holdings, Inc.
1210 AvidXchange Lane
Charlotte, NC 28206

Re: Registration Statement on Form S-1

Ladies and Gentlemen:

We have acted as counsel to AvidXchange Holdings, Inc., a Delaware corporation (the "***Company***"), in connection with the preparation and filing with the U.S. Securities and Exchange Commission (the "***Commission***"), pursuant to the Securities Act of 1933, as amended (the "***Securities Act***"), of the Registration Statement on Form S-1 (File No. 333-259632) of the Company (as amended through the date hereof and including all exhibits thereto, the "***Registration Statement***"), including a related prospectus filed with the Registration Statement (the "***Prospectus***") relating to the proposed underwritten public offering (the "***Offering***") of up to an aggregate of 25,300,000 shares of the Company's common stock, $0.001 par value per share (the "***Common Stock***"), which includes up to 3,300,000 shares of Common Stock that may be sold by the Company upon exercise of the option to purchase additional shares granted to the underwriters of the Offering (collectively, the "***Shares***"). The Shares are to be sold to the several underwriters for resale to the public as described in the Registration Statement and pursuant to the underwriting agreement referred to in the Registration Statement (the "***Underwriting Agreement***").

In connection with this opinion, we have examined and relied upon the originals or copies, certified or otherwise identified to our satisfaction, of such documents, resolutions, certificates and other instruments of the Company and corporate records furnished to us by the Company, and have reviewed certificates of public officials, statutes, records and such other instruments and documents as we have deemed necessary or appropriate as a basis for the opinion set forth below.

As to certain factual matters, we have relied upon a certificate of an officer of the Company and have not independently verified such matters. We have assumed the genuineness and authenticity of all documents submitted to us as originals, and the conformity to originals of all documents submitted to us as copies thereof.

Our opinion is limited to the matters stated herein and no opinion is implied or may be inferred beyond the matters expressly stated. Our opinion herein is expressed solely with respect to the federal laws of the United States and the General Corporation Law of the State of Delaware. We are not rendering any opinion as to compliance with any federal or state antifraud law, rule or regulation relating to securities, or to the sale or issuance thereof. Our opinion is based on these laws as in effect on the date hereof, and we disclaim any obligation to advise you of facts, circumstances, events or developments which hereafter may be brought to our attention and which may alter, affect or modify the opinion expressed herein. We express no opinion as to whether the laws of any particular jurisdiction other than those identified above are applicable to the subject matter hereof.

On the basis of the foregoing, and in reliance thereon, we are of the opinion that the Shares have been duly authorized by the Company and, when issued and sold in accordance with the Registration Statement and the Prospectus, with payment received by the Company in the manner described in the Underwriting Agreement, will be validly issued, fully paid and nonassessable.

We hereby consent to the filing of this opinion letter as Exhibit 5.1 to the Registration Statement and to the reference to our firm in the Prospectus under the heading “Legal Matters.” In giving such consent, we do not hereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the rules or regulations of the Commission thereunder.

Very truly yours,

/s/ Paul Hastings LLP

Exhibit 10.16

Pursuant to 17 CFR 226.601, certain identified information marked "[**]" has been excluded from this exhibit because it is both (i) not material and (ii) is the type the registrant treats as private and confidential and would be competitively harmful if publicly disclosed.

Conformed Copy Through Amendment Number Four Dated 10/1/21

CREDIT AND GUARANTY AGREEMENT

dated as of October 1, 2019

among

AVIDXCHANGE HOLDINGS, INC.

AVIDXCHANGE, INC.,

AVIDXCHANGE FINANCIAL SERVICES, INC.,

PIRACLE, INC.,

STRONGROOM SOLUTIONS, INC.,

ARIETT BUSINESS SOLUTIONS, INC.,

AFV HOLDINGS ONE, INC.,

BTS ALLIANCE, LLC,

CERTAIN OTHER SUBSIDIARIES OF AVIDXCHANGE HOLDINGS, INC.,
as Guarantors,

VARIOUS LENDERS,

SIXTH STREET SPECIALTY LENDING, INC., formerly known as TPG SPECIALTY LENDING, INC.,
as Administrative Agent and Collateral Agent,

and

SIXTH STREET SPECIALTY LENDING, INC., formerly known as TPG SPECIALTY LENDING, INC. and KEYBANK NATIONAL ASSOCIATION,
as Joint Lead Arrangers and Joint Book Runners

$163,500,000 Senior Secured Credit Facilities

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CREDIT AND GUARANTY AGREEMENT

This **CREDIT AND GUARANTY AGREEMENT**, dated as of October 1, 2019, is entered into by and among **AVIDXCHANGE HOLDINGS, INC.**, a Delaware corporation ("**Holdings**"), **AVIDXCHANGE, INC.**, a Delaware corporation ("**Parent**"), **AVIDXCHANGE FINANCIAL SERVICES, INC.**, a Delaware corporation ("**AFS**"), **PIRACLE, INC.**, a Utah corporation ("**Piracle**"), **STRONGROOM SOLUTIONS, INC**., a Texas corporation ("**Strongroom**"), **ARIETT BUSINESS SOLUTIONS, INC**., a Massachusetts corporation ("**Ariett**"), **AFV HOLDINGS ONE, INC.**, a North Carolina corporation ("**AFV**"), **BTS ALLIANCE, LLC**, a Delaware limited liability company ("**BankTEL**"), **AFV HOLDINGS II, LLC**, a North Carolina limited liability company ("**AFV II**"), and **CORE ASSOCIATES, LLC**, a Delaware limited liability company ("**CORE**"), **OAK HC/FT FPP BLOCKER CORP.**, a Delaware corporation ("**OAK**"), **AO HOLDING CO.**, a Delaware corporation ("**AO Holding**"), **FP SERVICES INC.**, a Delaware corporation ("**FP Services**"), **FASTPAY PAYMENT TECHNOLOGIES, INC.**, a Delaware corporation ("**FastPay**"), **FPP ENTERPRISE LLC**, a Delaware limited liability company ("**FPP**") (Parent, AFS, Piracle, Strongroom, Ariett, and AFV are referred to herein, individually and collectively and jointly and severally, as the "**Company**"), **CERTAIN OTHER SUBSIDIARIES OF HOLDINGS**, as borrowers or Guarantors, the Lenders party hereto from time to time, **SIXTH STREET SPECIALTY LENDING, INC.**, formerly known as **TPG SPECIALTY LENDING, INC.**, a Delaware corporation ("**TSL**"), as Administrative Agent (in such capacity, together with its successors and assigns in such capacity, "**Administrative Agent**") and Collateral Agent (in such capacity, together with its successors and assigns in such capacity, "**Collateral Agent**"), TSL and **KEYBANK NATIONAL ASSOCIATION** ("**KeyBank**"), as joint lead arrangers (in such capacity, together with their respective successors and assigns in such capacity, the "**Joint Lead Arrangers**"), and TSL and KeyBank as joint book runners (in such capacity, together with their respective successors and assigns in such capacity, the "**Joint Book Runners**").

In consideration of the mutual premises and the agreements, provisions and covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. DEFINITIONS AND INTERPRETATION

1.1 Definitions. The following terms used herein, including in the preamble, recitals, exhibits and schedules hereto, shall have the following meanings:

"**Accounting Changes**" means changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants (or successor thereto or any agency with similar functions).

"**Accounts**" means all "accounts" (as defined in the UCC) of Company (or, if referring to another Person, of such Person), including, without limitation, accounts, accounts receivable, monies due or to become due and obligations in any form (whether arising in connection with contracts, contract rights, instruments, general intangibles, or chattel paper), in each case whether arising out of goods sold or services rendered or from any other transaction and whether or not earned by performance, now or hereafter in existence, and all documents of title or other documents representing any of the foregoing, and all collateral security and guaranties of any kind, now or hereafter in existence, given by any Person with respect to any of the foregoing.

"**Act**" as defined in Section 4.25.

"**Additional Delayed Draw Term Loan**" means a Loan made by a Lender to Company pursuant to Section 2.1(c).

"**Additional Delayed Draw Term Loan Commitment**" means the commitment of a Lender to make or otherwise fund any Additional Delayed Draw Term Loan and "**Additional Delayed Draw Term Loan Commitments**" means such commitments of all Lenders in the aggregate. The amount of each Lender's Additional Delayed Draw Term Loan Commitment, if any, is set forth on Appendix A-3 or in the applicable Assignment Agreement, subject to any adjustment or reduction pursuant to the terms and conditions hereof. The aggregate amount of the Additional Delayed Draw Term Loan Commitments as of the Closing Date is $30,000,000.

"**Additional Delayed Draw Term Loan Commitment Termination Date**" means the earlier to occur of (i) October 1, 2021; and (ii) the date of the termination of the Additional Delayed Draw Term Loan Commitments pursuant to Section 8.1.

"**Additional Delayed Draw Term Loan Exposure**" means, with respect to any Lender as of any date of determination, (i) that Lender's unused and available Additional Delayed Draw Term Loan Commitments plus (ii) the aggregate outstanding principal amount of the Additional Delayed Draw Term Loans of that Lender.

"**Additional Delayed Draw Term Loan Note**" means a promissory note in the form of Exhibit B-4, as it may be amended, supplemented or otherwise modified from time to time.

"**Adjusted LIBOR Rate**" means, for any Interest Rate Determination Date with respect to an Interest Period for a LIBOR Rate Loan, the greater of (x) the rate per annum obtained by dividing (and rounding upward to the next whole multiple of 1/16 of 1%) (i) (a) the rate per annum (rounded to the nearest 1/100 of 1%) equal to the rate determined by Administrative Agent to be the offered rate which appears on the applicable Bloomberg page which displays an average ICE Benchmark Administration Settlement Rate for deposits (for delivery on the first day of such period) with a term equivalent to such period in Dollars, determined as of approximately 11:00 a.m. (London, England time) on such Interest Rate Determination Date, or (b) in the event the rate referenced in the preceding clause (a) does not appear on such page or service or if such page or service shall cease to be available, the rate per annum (rounded to the nearest 1/100 of 1%) equal to the rate determined by Administrative Agent to be the offered rate on such other page or other service which displays an average ICE Benchmark Administration Settlement Rate for deposits (for delivery on the first day of such period) with a term equivalent to such period in Dollars, determined as of approximately 11:00 a.m. (London, England time) on such Interest Rate Determination Date; provided that if the rate referred to in clause (a) and clause (b) above is not available at any such time for any reason, then the rate referred to in clauses (a) and (b) shall instead be the interest rate per annum, as determined by Administrative Agent, to be the arithmetic average of the rates per annum at which deposits in U.S. Dollars in an amount equal to the amount of such LIBOR Rate Loan with a maturity comparable to such Interest Period, are offered by major banks in the London interbank market as quoted to Administrative Agent at approximately 11:00 A.M. (London time), two (2) Business Days prior to the first day of such Interest Period, by (ii) an amount equal to (a) one, minus (b) the Applicable Reserve Requirement, and (y) 1.00 percentage points.

"**Administrative Agent**" as defined in the preamble hereto.

"**Administrative Borrower**" as defined in Section 10.25(f).

"**Adverse Proceeding**" means any action, suit, proceeding (whether administrative, judicial or otherwise), governmental investigation or arbitration (whether or not purportedly on behalf of

Holdings or any of its Subsidiaries) at law or in equity, or before or by any Governmental Authority, domestic or foreign (including any Environmental Claims), whether pending or, to the knowledge of Holdings or any of its Subsidiaries, threatened in writing against or affecting Holdings or any of its Subsidiaries or any property of Holdings or any of its Subsidiaries.

"**Affected Lender**" as defined in Section 2.16(b).

"**Affected Loans**" as defined in Section 2.16(b).

"**Affiliate**" means, as applied to any Person, any other Person directly or indirectly controlling (including any member of the senior management group of such Person), controlled by, or under common control with, that Person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power (i) to vote 10% or more of the Securities having ordinary voting power for the election of directors of such Person, or (ii) to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities or by contract or otherwise; provided, however, that in no event shall Administrative Agent or any Lender be deemed to be Affiliates of Company.

"**AFS**" as defined in the preamble hereto.

"**AFV Holdings**" means AFV Holdings One, Inc., a North Carolina corporation

"**Agent**" means each of Administrative Agent and Collateral Agent.

"**Aggregate Amounts Due**" as defined in Section 2.15.

"**Agreement**" means this Credit and Guaranty Agreement, dated as of October 1, 2019, as it may be amended, supplemented or otherwise modified from time to time.

"**Ancillary Services**" means any of the following products or services that have been, are being or are to be provided by the Ancillary Services Provider pursuant to an agreement(s) between Company and the Ancillary Services Provider (such services to be provided by the Ancillary Services Provider in its sole discretion except as may be otherwise set forth in such agreements, and nothing herein shall make any party hereto or any other Person a third-party beneficiary to or of such services or agreements): Automated Clearing House transactions, corporate credit card services, or other treasury management services.

"**Ancillary Services Agreements**" means those agreements entered into from time to time by Company with or in favor of the Ancillary Services Provider in connection with the obtaining of any of the Ancillary Services.

"**Ancillary Services Collateralization**" means providing cash collateral (pursuant to documentation reasonably satisfactory to the Ancillary Services Provider and Collateral Agent) to be held by Collateral Agent (or, to the extent agreed to in writing by Collateral Agent, the applicable Ancillary Services Provider) for the benefit of the Ancillary Services Provider in an amount determined by Administrative Agent and the Ancillary Services Provider as sufficient to satisfy the reasonably estimated credit exposure with respect to the then existing Obligations in respect of the applicable Ancillary Services.

"**Ancillary Services Provider**" means KeyBank National Association.

"**Applicable Reserve Requirement**" means, at any time, for any LIBOR Rate Loan, the maximum rate, expressed as a decimal, at which reserves (including, without limitation, any basic marginal, special, supplemental, emergency or other reserves) are required to be maintained with respect thereto against "Eurocurrency liabilities" (as such term is defined in Regulation D) under regulations issued from time to time by the Board of Governors of the Federal Reserve System or other applicable banking regulator. Without limiting the effect of the foregoing, the Applicable Reserve Requirement shall reflect any other reserves required to be maintained by such member banks with respect to (i) any category of liabilities which includes deposits by reference to which the applicable Adjusted LIBOR Rate or any other interest rate of a Loan is to be determined, or (ii) any category of extensions of credit or other assets which include LIBOR Rate Loans. A LIBOR Rate Loan shall be deemed to constitute Eurocurrency liabilities and as such shall be deemed subject to reserve requirements without benefits of credit for proration, exceptions or offsets that may be available from time to time to the applicable Lender. The rate of interest on LIBOR Rate Loans shall be adjusted automatically on and as of the effective date of any change in the Applicable Reserve Requirement.

"**Applicable Revolving Loan Margin**" means (i) with respect to Revolving Loans that are LIBOR Rate Loans, (a) from the Closing Date until and including the third anniversary of the Closing Date, a percentage, per annum, equal to 9.00%; provided, that, if the Company has stated in writing to Administrative Agent on or before the last Business Day of any Fiscal Quarter that it will not borrow an [**] Delayed Draw Term Loan on the last Business Day of the immediately succeeding Fiscal Quarter (the "**Subject Fiscal Quarter**") to pay [**] on the Term Loans, [**] Delayed Draw Term Loans and Additional Delayed Draw Term Loans for the Subject Fiscal Quarter, such percentage per annum for the Subject Fiscal Quarter shall be the margin corresponding to the Burn Rate set forth in the financial statements and Compliance Certificate most recently delivered to Administrative Agent prior to the Subject Fiscal Quarter; and (b) after the third anniversary of the Closing Date, a percentage, per annum, determined by reference to the Burn Rate in effect from time to time as set forth in the table below:

Burn Rate	Applicable Revolving Loan Margin
less than negative $2,500,000	8.00%
greater than or equal to negative $2,500,000	7.50%

and (ii) with respect to Revolving Loans that are Base Rate Loans, an amount equal to (a) the Applicable Revolving Loan Margin for LIBOR Rate Loans as set forth in clause (i)(a) or (i)(b) above, as applicable, minus (b) 1.00% per annum.

The Burn Rate for the purpose of determining the Applicable Revolving Loan Margin shall be re-determined quarterly after the Administrative Agent shall have received the applicable financial statements and a Compliance Certificate calculating the Burn Rate pursuant to Section 5.1(d). Any change in the Applicable Revolving Loan Margin based on the applicable Burn Rate shall be effective on the first Business Day of the immediately succeeding Fiscal Quarter. At any time Company has not submitted to Administrative Agent the applicable information as and when required under Section 5.1(d), the Applicable Revolving Loan Margin shall be 9.00%. Within one Business Day of receipt of the applicable information under Section 5.1(d), Administrative Agent shall give each Lender that holds a portion of the Revolving

Loans electronic, telefacsimile or telephonic notice (confirmed in writing) of the Applicable Revolving Loan Margin in effect from such date. Without limitation of any other provision of this Agreement or any other remedy available to Administrative Agent or Lenders under any of the Credit Documents, to the extent that any financial statements or any information contained in any Compliance Certificate delivered pursuant to Section 5.1(d) shall be incorrect in any manner, and such inaccuracy, if corrected, would have led to the application of a higher Applicable Revolving Loan Margin for any period than the Applicable Revolving Loan Margin actually applied for such period, Company shall deliver to Administrative Agent and/or Lenders corrected financial statements or other corrected information in a Compliance Certificate (or otherwise), and Administrative Agent will recalculate the Applicable Revolving Loan Margin based upon such corrected financial statements or such other corrected information, and, upon written notice thereof to Company by Administrative Agent, the Revolving Loans shall bear interest based upon such recalculated Applicable Revolving Loan Margin retroactively from the date of delivery of the erroneous financial statements or other erroneous information in question and Company shall immediately deliver to Administrative Agent full payment in respect of the accrued additional interest as a result of such increased Applicable Revolving Loan Margin for such period.

"**Applicable Term Loan Margin**" means (i) with respect to Term Loans, [**] Delayed Draw Term Loans or Additional Delayed Draw Term Loans, in each case, that are LIBOR Rate Loans, (a) from the Closing Date until and including the third anniversary of the Closing Date, a percentage, per annum, equal to 9.00%; provided, that, if the Company has stated in writing to Administrative Agent on or before the last Business Day of any Fiscal Quarter that it will not borrow an [**] Delayed Draw Term Loan on the last Business Day of a Subject Fiscal Quarter to pay [**] on the Term Loans, [**] Delayed Draw Term Loans and Additional Delayed Draw Term Loans for the Subject Fiscal Quarter, such percentage per annum for the Subject Fiscal Quarter shall be the margin corresponding to the Burn Rate set forth in the financial statements and Compliance Certificate most recently delivered to Administrative Agent prior to the Subject Fiscal Quarter; and (b) after the third anniversary of the Closing Date, a percentage, per annum, determined by reference to the Burn Rate in effect from time to time as set forth in the table below:

Burn Rate	Applicable Term Loan Margin
less than negative $2,500,000	8.00%
greater than or equal to negative $2,500,000	7.50%

and (ii) with respect to Term Loans, [**] Delayed Draw Term Loans or Additional Delayed Draw Term Loans, in each case, that are Base Rate Loans, an amount equal to (a) the Applicable Term Loan Margin for LIBOR Rate Loans as set forth in clause (i)(a) or (i)(b) above, as applicable, minus (b) 1.00% per annum.

The Burn Rate for the purpose of determining the Applicable Term Loan Margin shall be re-determined quarterly after the Administrative Agent shall have received the applicable financial statements and a Compliance Certificate calculating the Burn Rate pursuant to Section 5.1(d). Any change in the Applicable Term Loan Margin based on the applicable Burn Rate shall be effective on the first Business Day of the immediately succeeding Fiscal Quarter. At any time Company has not submitted to Administrative Agent the applicable information as and when required under Section 5.1(d), the Applicable Term Loan Margin shall be 9.00%. Within one Business Day of receipt of the applicable information under Section 5.1(d), Administrative Agent shall give each Lender that holds a portion of the Term Loans, [**] Delayed Draw Term Loans or Additional Delayed Draw Term Loans electronic, telefacsimile or telephonic notice

(confirmed in writing) of the Applicable Term Loan Margin in effect from such date. Without limitation of any other provision of this Agreement or any other remedy available to Administrative Agent or Lenders under any of the Credit Documents, to the extent that any financial statements or any information contained in any Compliance Certificate delivered pursuant to Section 5.1(d) shall be incorrect in any manner, and such inaccuracy, if corrected, would have led to the application of a higher Applicable Term Loan Margin for any period than the Applicable Term Loan Margin actually applied for such period, Company shall deliver to Administrative Agent and/or Lenders corrected financial statements or other corrected information in a Compliance Certificate (or otherwise), and Administrative Agent will recalculate the Applicable Term Loan Margin based upon such corrected financial statements or such other corrected information, and, upon written notice thereof to Company by Administrative Agent, the Term Loans, [**] Delayed Draw Term Loans, and Additional Delayed Draw Term Loans shall bear interest based upon such recalculated Applicable Term Loan Margin retroactively from the date of delivery of the erroneous financial statements or other erroneous information in question and Company shall immediately deliver to Administrative Agent full payment in respect of the accrued additional interest as a result of such increased Applicable Term Loan Margin for such period.

"**Application Event**" means the occurrence of (i) any Event of Default described in Section 8.1(f) or 8.1(g) or (ii) any other Event of Default and the election by any Agent or the Requisite Lenders to require that payments and proceeds of Collateral be applied pursuant to Section 2.14(i).

"**Asset Sale**" means a sale, lease or sub lease (as lessor or sublessor), sale and leaseback, assignment, conveyance, transfer, license or other disposition by any Credit Party or any of its Subsidiaries to, or any exchange of property with, any other Person (other than to or with another Credit Party), in one transaction or a series of transactions, of all or any part of such Credit Party's or its Subsidiary's businesses, assets or properties of any kind, whether real, personal, or mixed and whether tangible or intangible, whether now owned or hereafter acquired, including, without limitation, the Capital Stock or intellectual property of any Credit Party or any of its Subsidiaries, other than inventory sold in the ordinary course of business or intellectual property licensed on a non-exclusive basis in the ordinary course of business. For purposes of clarification, "Asset Sale" shall include (x) the sale or other disposition for value of any contracts or (y) the early termination of any contract resulting in the receipt by any Credit Party or any of its Subsidiaries of a cash payment or other consideration in exchange for such event (other than payments in the ordinary course for accrued and unpaid amounts due through the date of termination or modification). Solely for the purposes of Section 2.12(a), the term "Asset Sale" shall exclude any of the foregoing transactions to the extent permitted under Section 6.9(a), (c), (g) (h), (i), (j) or (k) of this Agreement.

"**Asset Sale Reinvestment Amounts**" as defined in Section 2.12(a).

"**Assignment Agreement**" means an Assignment and Assumption Agreement substantially in the form of Exhibit E, with such amendments or modifications as may be approved by Administrative Agent.

"**Authorized Officer**" means, as applied to any Person, any individual holding the position of chairman of the board (if an officer), chief executive officer, president or one of its vice presidents (or the equivalent thereof) or Responsible Financial Officers or any other officer having substantially the same authority and responsibility as any of the foregoing. Unless otherwise specified, all references herein to an "**Authorized Officer**" or to "**Authorized Officers**" shall refer to an Authorized Officer or Authorized Officers of Holdings.

"**Availability**" means, on any date of determination, the amount that Company is entitled to borrow as Revolving Loans under Section 2.2(a) of this Agreement, less the then outstanding Total Utilization of Revolving Commitments, and also less the amount of any Revolving Loans or Letters of Credit then requested by Company pursuant to this Agreement that have not yet been made or issued.

"**Bail-In Action**" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"**Bail-In Legislation**" means with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"**Bain**" means Bain Capital Ventures Fund 2014, L.P., or any of its Affiliates.

"**Bankruptcy Code**" means Title 11 of the United States Code entitled "Bankruptcy," as now and hereafter in effect, or any successor statute.

"**BankTEL**" means BTS Alliance, LLC, a Delaware limited liability company.

"**BankTEL Acquisition**" means the acquisition consummated pursuant to the terms and conditions of the BankTEL Acquisition Documents.

"**BankTEL Acquisition Agreement**" means the Securities Purchase Agreement, dated as of August 23, 2019, by and among Parent and the sellers named therein with respect to the acquisition of the Capital Stock of BTS Alliance, LLC.

"**BankTEL Acquisition Documents**" means the BankTEL Acquisition Agreement and all of the agreements, instruments and documents executed and delivered in connection therewith.

"**BankTEL Accounting Policies**" means the "Company Accounting Policies" as defined in the BankTEL Acquisition Agreement as in effect on August 23, 2019.

"**BankTEL Historical Financials**" means the "Financial Statements" as defined in the BankTEL Acquisition Agreement as in effect on August 23, 2019.

"**Base Rate**" means, for any day, a rate per annum equal to the highest of (i) the Prime Rate in effect on such day, (ii) the Federal Funds Effective Rate in effect on such day plus ½ of 1% and (iii) 4.00 percentage points. Any change in the Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective on the effective day of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"**Base Rate Loan**" means a Loan bearing interest at a rate determined by reference to the Base Rate.

"**Beneficiary**" means each of each Agent, Issuing Bank and each Lender.

"**Board Observer Agreement**" means that certain Board Observer and Indemnification Agreement dated of even date herewith between Company and TSL (or one or more of its Affiliates or Related Funds).

"**Burn Rate**" means, as of any date of determination, the Cash Burn for the four consecutive Fiscal Quarters most recently ended.

"**Business Day**" means (i) any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of New York or the State of Texas or is a day on which banking institutions located in either such state are authorized or required by law or other governmental action to close, and (ii) with respect to all notices, determinations, fundings and payments in connection with the Adjusted LIBOR Rate or any LIBOR Rate Loans, the term "**Business Day**" shall mean any day which is a Business Day described in clause (i) and which is also a day for trading by and between banks in Dollar deposits in the London interbank market.

"**Capitalized Software Expenditures**" shall mean, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities) by a Person and its Subsidiaries during such period in respect of internally developed software and software enhancements that, in conformity with GAAP, are or are required to be reflected as capitalized costs on the consolidated balance sheet of a Person and its Subsidiaries.

"**Capital Lease**" means, as applied to any Person, any lease of any property (whether real, personal or mixed) by that Person (i) as lessee that, in conformity with GAAP, is or should be accounted for as a capital lease on the balance sheet of that Person or (ii) as lessee which is a transaction of a type commonly known as a "synthetic lease" (i.e., a transaction that is treated as an operating lease for accounting purposes but with respect to which payments of rent are intended to be treated as payments of principal and interest on a loan for Federal income tax purposes). Notwithstanding anything to the contrary herein, any obligations of a Person under an operating lease (whether existing on the Closing Date or entered into thereafter) that is not required (or would not be required) to be classified and accounted for as a capital lease on a balance sheet of such Person under GAAP as in effect on the Closing Date shall not be treated as a capital lease and the associated lease payments will continue to be treated as an operating expense for all purposes hereunder and under the other Credit Documents, in each case, solely as a result of the changes in GAAP after the Closing Date; for purposes of clarity, any such change in GAAP after the Closing Date shall not change the treatment of any such operating lease for purposes of calculating Consolidated EBITDA, compliance with the financial covenants set forth in Section 6.8 or any other financial calculation hereunder (or any of their respective component definitions).

"**Capital Stock**" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation), including, without limitation, partnership interests and membership interests, and any and all warrants, rights or options to purchase or other arrangements or rights to acquire any of the foregoing.

"**Cash**" means money, currency or a credit balance in any demand or Deposit Account; provided, however, that notwithstanding anything to the contrary contained herein, for purposes of calculating compliance with the requirements of Sections 3 and 6 hereof "Cash" shall exclude any amounts that would not be considered "cash" under GAAP or "cash" as recorded on the books of the Company and the Guarantors.

"**Cash Burn**" means, for any period, the result of (i) Consolidated EBITDA, plus (ii) the positive difference, if any, between Commission/Implementation Costs as of the end of the prior period and Commission/Implementation Costs as of the end of the current period, minus (iii) the negative difference, if any, between Commission/Implementation Costs as of the end of the prior period and Commission/Implementation Costs as of the end of the current period, minus (iv) changes (negative or positive) in Consolidated Working Capital ((x) including in any event, changes in accounts receivables purchased for the Invoice Accelerator Product, and (y) excluding changes in long term deferred revenue), minus, without duplication (iii) Consolidated Capital Expenditures and expenditures in respect of purchased software and software enhancements for such period (in each case, to the extent such payments

are not made with the proceeds of Indebtedness (other than proceeds of Revolving Loans) or equity contributions made to Holdings), minus (iv) Consolidated Cash Interest Expense for such period, minus (v) foreign, United States, state or local tax payments made during such period, and minus (vi) all scheduled principal payments made in respect of Indebtedness during such period, to the extent such payments are permitted under this Agreement.

"**Cash Equivalents**" means, as at any date of determination, (i) marketable securities (a) issued or directly and unconditionally guaranteed as to interest and principal by the United States Government, or (b) issued by any agency of the United States the obligations of which are backed by the full faith and credit of the United States, in each case maturing within one year after such date; (ii) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof, in each case maturing within one year after such date and having, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody's; (iii) commercial paper maturing no more than one year from the date of creation thereof and having, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody's; (iv) certificates of deposit or bankers' acceptances maturing within one year after such date and issued or accepted by any Lender or by any commercial bank organized under the laws of the United States of America or any state thereof or the District of Columbia that (a) is at least "adequately capitalized" (as defined in the regulations of its primary Federal banking regulator), and (b) has Tier 1 capital (as defined in such regulations) of not less than $100,000,000; and (v) shares of any money market mutual fund that (a) has substantially all of its assets invested continuously in the types of investments referred to in clauses (i) and (ii) above, (b) has net assets of not less than $500,000,000, and (c) has the highest rating obtainable from either S&P or Moody's.

"**Certificate Regarding Non-Bank Status**" means a certificate substantially in the form of Exhibit F.

"**CFC**" means a controlled foreign corporation (as that term is defined in the Internal Revenue Code).

"**Change of Control**" means, at any time, (i) any Person or "group" (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) (other than any group comprised of one or more of the Designated Shareholders) (a) shall have acquired beneficial ownership of 35% or more on a fully diluted basis of the voting interests in the Capital Stock of Holdings and/or (b) shall have obtained the power (whether or not exercised) to elect a majority of the members of the board of directors (or similar governing body) of Holdings; (ii) Holdings shall cease to directly own and control 100% on a fully diluted basis of the economic and voting interest in the Capital Stock of Parent; (iii) Parent shall cease to beneficially own and control 100% on a fully diluted basis of the economic and voting interest in the Capital Stock of each other Person composing the Company; (iii) the majority of the seats (other than vacant seats) on the board of directors (or similar governing body) of Holdings cease to be occupied by Persons who either (a) were members of the board of directors of Parent on the Closing Date, or (b) were nominated for election by the board of directors of Holdings, a majority of whom were directors on the Closing Date or whose election or nomination for election was previously approved by a majority of such directors (provided that upon consummation of the IPO Transaction, the requirement of this clause (iii) shall be: the majority of the seats (other than vacant seats) on the board of directors (or similar governing body) of Holdings cease to be occupied by Persons who either (x) were members of the board of directors of Holdings immediately following the IPO Transaction Consummation Date, or (y) were nominated for election by the board of directors of Holdings, a majority of whom were directors immediately following the IPO Transaction Consummation Date or whose election or nomination for election was previously approved by a majority of such directors) ; or (iv) a Person composing the Company shall cease to beneficially own and control 100% on a fully diluted basis of the economic and voting interests in the Capital Stock of each Guarantor (other than as permitted under Section 6.9 or Section 6.10).

"**Class**" means (i) with respect to Lenders, each of the following classes of Lenders: (a) Lenders having Term Loan Exposure, (b) Lenders having Revolving Exposure, (c) Lenders having [**] Delayed Draw Term Loan Exposure, and (d) Lenders having Additional Delayed Draw Term Loan Exposure, and (ii) with respect to Loans, each of the following classes of Loans: (a) Term Loans, (b) Revolving Loans, (c) [**] Delayed Draw Term Loans, and (d) Additional Delayed Draw Term Loans.

"**Client Funds**" means, in each case, without duplication, (a) Cash provided to Holdings or its Subsidiaries by a client or customer for the sole purposes of paying vendor claims, invoices or expenses, including utility expenses, of such client or customer (excluding all interest, fees, expenses, compensation and other consideration received by Holdings or such Subsidiary from each such client or customer), and (b) Cash deposited from time to time into one or more segregated bank accounts of a Credit Party or its Subsidiaries and other cash-like payment instruments that must be retained on a segregated basis in order to comply with the permissible investment requirements of Financial Services Laws. For the avoidance of doubt, neither the Collateral Agent, any Lender nor any other Secured Party shall have a Lien in any Client Funds.

"**Client Funds Accounts**" means each deposit account or securities accounts specially and exclusively containing Client Funds. For the avoidance of doubt, neither the Collateral Agent, any Lender nor any other Secured Party shall have a Lien in any Client Funds Account.

"**Client Funds Coverage Amount**" means, as of any date of determination, an amount equal to the result of (a) the Minimum Client Funds Amount as of such date of determination minus (b) the amount of Client Funds as of such date of determination as described in clause (a) of the definition of "Client Funds".

"**Closing Date**" means October 1, 2019.

"**Closing Date Certificate**" means a Closing Date Certificate substantially in the form of Exhibit G-1.

"**Closing Date Equity Transaction**" means the purchase by TSL or one or more of its Affiliates or Related Funds from Parent of $130,000,000 of newly authorized Senior Preferred Stock.

"**Collateral**" means, collectively, all of the real, personal and mixed property (including Capital Stock) in which Liens are purported to be granted pursuant to the Collateral Documents as security for the Obligations.

"**Collateral Agent**" as defined in the preamble hereto.

"**Collateral Documents**" means the Pledge and Security Agreement, the Control Agreements, the Mortgages, the Landlord Personal Property Collateral Access Agreements, if any, and all other instruments, documents and agreements delivered by any Credit Party pursuant to this Agreement or any of the other Credit Documents in order to grant to Collateral Agent, for the benefit of Secured Parties, a Lien on any real, personal or mixed property of that Credit Party as security for the Obligations.

"**Collateral Questionnaire**" means a certificate in the form attached hereto as Exhibit L or reasonably satisfactory to Collateral Agent that provides information with respect to the personal or mixed property of each Credit Party.

"**Commission/Implementation Costs**" means, for any period and with respect to the Credit Parties and their Subsidiaries, (a) long term deferred commission costs and (b) long term implementation costs, in each case, recognized on the balance sheet in accordance with GAAP.

"**Commitment**" means any Term Loan Commitment, Revolving Commitment, [**] Delayed Draw Term Loan Commitment, or Additional Delayed Draw Term Loan Commitment.

"**Commodity Exchange Act**" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

"**Company**" as defined in the preamble hereto.

"**Competitor**" shall mean each Person which is a direct competitor of Company or its Subsidiaries if, at the time of a proposed assignment, Administrative Agent and the assigning Lender have actual knowledge that such Person is a direct competitor of Company or its Subsidiaries; provided, that in connection with any assignment or participation, the assignee Lender or Participant with respect to such proposed assignment or participation that is an investment bank, a commercial bank, a finance company, a fund, or other Person which merely has an economic interest in any such direct competitor, and is not itself such a direct competitor of Company or its Subsidiaries, shall not be deemed to be a direct competitor for the purposes of this definition.

"**Compliance Certificate**" means a Compliance Certificate substantially in the form of Exhibit C executed by an Authorized Officer of Holdings.

"**Consolidated Capital Expenditures**" means, for any period, the aggregate of all expenditures of Holdings and its Subsidiaries during such period determined on a consolidated basis that, in accordance with GAAP, are or should be included in "purchase of property and equipment or which should otherwise be capitalized" or similar items reflected in the consolidated statement of cash flows of Holdings and its Subsidiaries.

"**Consolidated Cash**" means, as at any date of determination, the aggregate amount of unrestricted Cash-on-hand of the Credit Parties that is located in the United States (excluding restricted Cash and any other amounts held on deposit by or for third parties, whether or not segregated) in Controlled Accounts that are subject to a First Priority Lien in favor of Collateral Agent.

"**Consolidated Cash Interest Expense**" means, for any period, Consolidated Total Interest Expense paid in cash for such period based upon GAAP, excluding any paid-in-kind interest, amortization of deferred financing costs, and any realized or unrealized gains or losses attributable to Interest Rate Agreements or Currency Agreements.

"**Consolidated Current Assets**" means, as at any date of determination, the total assets of Holdings and its Subsidiaries on a consolidated basis that may properly be classified as current assets in conformity with GAAP, excluding Cash and Cash Equivalents and deferred tax assets.

"**Consolidated Current Liabilities**" means, as at any date of determination, the total liabilities of Holdings and its Subsidiaries on a consolidated basis that may properly be classified as current liabilities in conformity with GAAP, excluding the current portion of long term debt, revolving loans and deferred tax liabilities.

"**Consolidated EBITDA**" means, for any period, an amount determined for the Credit Parties on a consolidated basis equal to the result of (i) Consolidated Net Income of Holdings and its

Subsidiaries for such fiscal period, plus (ii) in each case to the extent deducted in computing Consolidated Net Income and without duplication, (a) depreciation and amortization for such period, plus (b) income tax expense for such period, plus (c) Consolidated Total Interest Expense paid or accrued during such period, plus (d) non-cash impairment, non-cash compensation and other non-cash losses, charges and expenses, plus (e) to the extent expensed in Consolidated Net Income, Transaction Costs incurred prior to, on or within 120 days after the Closing Date; provided that (x) the amounts necessary to pay all of such Transaction Costs incurred prior to or on the Closing Date are actually funded on the Closing Date as reflected on the sources and uses delivered to Agents prior to the Closing Date that was accepted by Agents, and (y) the Transaction Costs incurred after the Closing Date, but on or before the date that is one hundred and twenty (120) days after the Closing Date, do not exceed $500,000 in the aggregate, plus (f) only to the extent submitted to and approved in writing by the Agent, any expenses (including legal and professional expenses) or charges (other than depreciation or amortization expense) related to any issuance of Capital Stock, Investment, acquisition, disposition, recapitalization or the incurrence of Indebtedness, in each case to the extent permitted under this Agreement, plus (iii) the positive difference, if any, between Revenues in Excess of Billings as of the end of the prior period and Revenues in Excess of Billings as of the end of the current period, minus (iv) in each case to the extent added in computing Consolidated Net Income, and without duplication, all extraordinary and non-recurring revenue and gains (including the Tax Incentives and other income tax benefits) for such period, minus (v) Capitalized Software Expenditures for such period, minus (vi) cash payments made under each HQ Capital Lease for such period, all as determined in accordance with GAAP, minus (vii) the negative difference, if any, between Revenues in Excess of Billings as of the end of the prior period and Revenues in Excess of Billings as of the end of the current period.

"**Consolidated Excess Cash Flow**" means, for any period, an amount (if positive) determined for Holdings and its Subsidiaries on a consolidated basis equal to:

(i) the sum, without duplication, of the amounts for such period of (a) Consolidated EBITDA, plus (b) other income (excluding gains or losses attributable to Asset Sales) paid in cash during such period to the extent excluded in the calculation of Consolidated EBITDA, plus (c) the Consolidated Working Capital Adjustment, plus (c) foreign, United States, state or local tax refunds, minus

(ii) the sum, without duplication, of the amounts for such period of (a) Consolidated Capital Expenditures other than Capitalized Software Expenditures deducted in the calculation of Consolidated EBITDA (net of any proceeds of (x) Net Asset Sale Proceeds to the extent reinvested in accordance with Section 2.12(a), (y) Net Insurance/Condemnation Proceeds to the extent reinvested in accordance with Section 2.12(b), and (z) any proceeds of related debt or equity financings or issuances with respect to such expenditures and not subject to prepayment under Section 2.12(c) or 2.12(d)), plus (b) Consolidated Cash Interest Expense, plus (c) provisions for current taxes based on income of Credit Parties and paid in cash during such period, plus (d) cash items added back to Consolidated EBITDA pursuant to clauses (e)(y) and (f) of the definition of Consolidated EBITDA, plus (e) the aggregate amount of all cash Investments made during such period and permitted pursuant to Sections 6.7(f) and (h) ((in each case, to the extent such payments are not made with the proceeds of Indebtedness (other than proceeds of Revolving Loans) or equity contributions made to Holdings), plus (f) any Restricted Junior Payments paid in cash and permitted under Section 6.5(b) and (c) to the extent not deducted from Consolidated EBITDA, (g) Indebtedness other than Loans that is prepaid during such period to the extent such prepayment is permitted under this Agreement (but only to the extent of a dollar-for-dollar reduction in commitments with respect to any such Indebtedness that is revolving in nature), plus (h) all scheduled principal payments made in respect of Indebtedness during such period, to the extent such payments are permitted under this Agreement, plus (i) all cash expenses and charges paid in cash during such period in connection with pension plans and other deferred compensation arrangements to the extent not deducted from Consolidated EBITDA, plus (j) expenditures in respect of purchased software and software enhancements .

"**Consolidated Net Income**" means the consolidated net income (or deficit) of Holdings and its Subsidiaries, after deduction of all expenses, taxes, and other proper charges, determined in accordance with GAAP.

"**Consolidated Recurring Revenue**" means, with respect to any period of determination, an amount determined for Holdings and its Subsidiaries on a consolidated basis equal to the result of (i) the sum, without duplication, of (x) recurring revenue (which shall include year-end revenue to the extent recurring) consisting of vendor invoice, payment processing related revenue generated from the vendor invoice and payment processing business of the Credit Parties, including net interchange revenue earned for such period, and (y) recurring subscription, support, maintenance revenue and hosting revenue (to the extent a result of hosting a Credit Party's product) attributable to software owned by Credit Parties and earned during such period, in the case of each of clauses (x) and (y), as reflected on Holdings' and its Subsidiaries' financial statements, recognized in accordance with GAAP, and calculated on a basis consistent with the Historical Financial Statements described in clause (i) of the definition thereof, but excluding (1) any license, subscription or maintenance revenue generated by BankTEL or its Subsidiaries from perpetual or term licenses or providing SaaS software or subscription services based on the BankTEL accounting solutions products, (2) product resale revenues, (3) initial license fee revenues, (4) training revenues, (5) custom programming revenues, (6) revenue from Affiliates, (7) revenues, fees, and interest from the Invoice Accelerator Product, and (8) income from the Trust or income earned on any Client Funds, minus (ii) customer incentive rebate expense for such period, as reflected on Holdings' and its Subsidiaries' financial statements, recognized in accordance with GAAP, and calculated on a basis consistent with the Historical Financial Statements.

"**Consolidated Recurring Revenue Ratio**" means, as at any date of determination, the ratio of (i) Consolidated Total Debt as of such date, to (ii) the result of (A) Consolidated Recurring Revenues for the three (3) consecutive month period most recently ended for which financial statements have been delivered to Administrative Agent pursuant to Section 5.1 *multiplied by* (B) four (4).

"**Consolidated Total Debt**" means, as of any date of determination, (a) all Indebtedness for borrowed money or letters of credit of Holdings and its Subsidiaries, determined on a consolidated basis in accordance with GAAP, including, in any event, but without duplication, with respect to Holdings and its Subsidiaries, the Term Loans, the [**] Delayed Draw Term Loans (when made), the Additional Delayed Draw Term Loans (when made), the Revolving Loans, the Letters of Credit, the amount of their Capital Lease obligations and purchase money indebtedness, but excluding (i) any letters of credit that are cash collateralized in an amount equal to at least 100% of the undrawn amount thereof and (ii) each HQ Capital Lease, provided, in the case of this clause (ii), that obligations thereunder are not secured by any express consensual Lien, and (b) all non-contingent Earn-Outs incurred in connection with any acquisitions.

"**Consolidated Total Interest Expense**" means with respect to Holdings for any period and without duplication, the aggregate amount of interest required to be paid or accrued by Holdings and its Subsidiaries during such period on all Indebtedness of Holdings and its Subsidiaries outstanding during all or any part of such period, whether such interest was or is required to be reflected as an item of expense or capitalized, including payments consisting of interest in respect of any capitalized lease or any synthetic lease, and including commitment fees, agency fees, facility fees, balance deficiency fees and similar fees or expenses in connection with the borrowing of money, and including all commissions, discounts and other fees and charges owed with respect to letters of credit and net costs under Interest Rate Agreements, but excluding, however, any amounts referred to in Section 2.9 payable on or before the Closing Date.

"**Consolidated Working Capital**" means, as at any date of determination, the excess or deficiency of Consolidated Current Assets over Consolidated Current Liabilities.

"**Consolidated Working Capital Adjustment**" means, for any period of determination on a consolidated basis, the amount (which may be a negative number) by which Consolidated Working Capital as of the beginning of such period exceeds (or is less than) Consolidated Working Capital as of the end of such period.

"**Control Agreement**" means a control agreement, in form and substance reasonably satisfactory to Administrative Agent and Collateral Agent, executed and delivered by Company or one of the Guarantors, Collateral Agent, and the applicable securities intermediary (with respect to a Securities Account), commodities intermediary (with respect to a Commodities Account) or bank (with respect to a Deposit Account).

"**Controlled Account**" means a Deposit Account or a Securities Account of a Credit Party which is subject to a Control Agreement, in accordance with the terms of the Pledge and Security Agreement.

"**Controlled Investment Affiliate**" means, with respect to holders of the Capital Stock of Holdings any fund or investment vehicle that is controlled or managed by any such holder primarily for the purpose of making equity or debt investments. For purposes of this definition "control" means (x) the power to direct or cause the direction of management and policies of a Person, whether by contract or otherwise or (y) ownership of not less than a majority of the voting stock of such entity.

"**Conversion/Continuation Date**" means the effective date of a continuation or conversion, as the case may be, as set forth in the applicable Conversion/Continuation Notice.

"**Conversion/Continuation Notice**" means a Conversion/Continuation Notice substantially in the form of Exhibit A-2.

"**Counterpart Agreement**" means a Counterpart Agreement substantially in the form of Exhibit H delivered by a Credit Party pursuant to Section 5.10.

"**Credit Date**" means the date of a Credit Extension.

"**Credit Document**" means any of this Agreement, the Notes, if any, the Collateral Documents, the Fee Letter, the Post-Closing Matters Agreement, the Board Observer Agreement, any Issuer Documents, the Letters of Credit, any Increase Revolver Joinder, any Increase Term Loan Joinder and all other documents, instruments or agreements executed and delivered by a Credit Party for the benefit of any Agent or any Lender in connection herewith (including, without limitation, each promissory note and intercompany subordination agreement required under Section 6.1(b)). The term "Credit Documents" shall not include any Ancillary Services Agreements, Interest Rate Agreement or Currency Agreements.

"**Credit Extension**" means the making of a Loan or the issuance, amendment, renewal, or extension of a Letter of Credit hereunder.

"**Credit Party**" means Company and each Guarantor.

"**Currency Agreement**" means any foreign exchange contract, currency swap agreement, futures contract, option contract, synthetic or other similar agreement or arrangement, each of which is for the purpose of hedging the foreign currency risk associated with Holdings' and its Subsidiaries' operations and not for speculative purposes.

"**Default**" means a condition or event that, after notice or lapse of time or both, would constitute an Event of Default.

"**Default Rate**" means any interest payable pursuant to Section 2.8.

"**Defaulting Lender**" means any Lender that (a) has failed to perform any of its funding obligations hereunder, including in respect of its Loans or the Letters of Credit, (b) has notified Company, Administrative Agent that it does not intend to comply with its funding obligations or has made a public statement to that effect with respect to its funding obligations hereunder or under other agreements in which it commits to extend credit, (c) has failed, within three (3) Business Days after request by Administrative Agent, to confirm in a manner satisfactory to Administrative Agent that it will comply with its funding obligations, or (d) has, or has a direct or indirect parent company that has, (i) violated Section 9.5(b), (ii) become the subject of an insolvency or bankruptcy proceeding, (iii) had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or a custodian appointed for it, (iv) become the subject of a Bail-In Action, or (v) taken any action in furtherance of, or indicated its consent to, approval of or acquiescence in any such proceeding or appointment; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority.

"**Deposit Account**" means a demand, time, savings, passbook or like account with a bank, savings and loan association, credit union or like organization, other than an account evidenced by a negotiable certificate of deposit.

"**Designated Material Contracts**" means the contracts and arrangements identified on Schedule 4.16 to this Agreement.

"**Designated Shareholders**" mean, collectively, (i) Bain or (ii) Michael Praeger or any of his Family Trusts.

"**Disqualified Person**" shall mean, on any date, (i) any Person designated as a "Disqualified Person" on the list of Disqualified Persons reasonably agreed to by Administrative Agent and Company on or prior to the date hereof, which list may be updated by Company by written notice to Administrative Agent once per year to add additional direct customers or vendors of Company and its Subsidiaries (provided that such updated list shall not include any investment bank, commercial bank, finance company, fund, or other Person which merely has an economic interest in any such direct customer or vendor, and is not itself such a direct customer or vendor of Company and its Subsidiaries), and (ii) any other Person that is a Competitor of Company or any of its Subsidiaries; provided that "Disqualified Persons" shall exclude any Lenders party to this Agreement on the Closing Date and their Affiliates and Related Funds or any Person that Company has designated as no longer being a "Disqualified Person" by written notice delivered to Administrative Agent from time to time. Notwithstanding anything to the contrary contained in this Agreement, (a) other than in connection with its receipt of written notice from Company as set forth in this definition, the Administrative Agent, acting solely in its capacity as Administrative Agent and not as a Lender or other assignee of it rights or obligations hereunder as agent or as a Lender, shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions hereof relating to Disqualified Persons and (b) the Company (on behalf of itself and the other Credit Parties) and the Lenders acknowledge and agree that, other than in connection with its receipt of written notice from Company as set forth in this definition, the Administrative Agent, acting solely in its capacity as Administrative Agent and not as a Lender or other assignee of it rights or obligations hereunder as agent or as a Lender, shall have no responsibility or obligation to determine whether any Lender or potential Lender is a Disqualified Person and that the

Administrative Agent, acting solely in its capacity as Administrative Agent and not as a Lender or other assignee of it rights or obligations hereunder as agent or as a Lender, shall have no liability with respect to any assignment or participation made to a Disqualified Person.

"**Disqualified Stock**" shall mean any equity interest that, by its terms (or by the terms of any security or other equity interest into which it is convertible or for which it is exchangeable) or upon the happening of any event or condition, (a) matures or is mandatorily redeemable (other than solely for Capital Stock that is not Disqualified Stock), pursuant to a sinking fund obligation or otherwise (except as a result of a change in control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Obligations), prior to the date that is one hundred and eighty (180) days after the latest maturity date of the Obligations, (b) is redeemable at the option of the holder thereof (other than solely for Capital Stock that is not Disqualified Stock) (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Obligations), in whole or in part, prior to the date that is one hundred and eighty (180) days after the latest maturity date of the Obligations, (c) provides for the scheduled payment of dividends in cash, (d) is or becomes convertible into or exchangeable for (i) Indebtedness or (ii) any other equity interest that would constitute Disqualified Stock, in each case, prior to the date that is one hundred and eighty (180) days after the latest maturity date of the Obligations, or (e) has the benefit of any covenants or agreements that restrict the payment of any of the obligations in respect of the Obligations or that are EBITDA or debt-multiple based (i.e. financial covenants); provided, that if such equity interest is issued pursuant to a plan for the benefit of employees of Holdings or its subsidiaries or by any such plan to such employees, such equity interest shall not constitute Disqualified Stock solely because it may be required to be repurchased by Company or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations. For the avoidance of doubt, any Capital Stock constituting a class of preferred stock issued by Holdings on or prior to the Closing Date (including pursuant to the Closing Date Equity Transaction) shall not constitute "Disqualified Stock".

"**Dollars**" and the sign "**$**" mean the lawful money of the United States of America.

"**Domestic Subsidiary**" means any Subsidiary organized under the laws of the United States of America, any State thereof or the District of Columbia.

"**Earn-Outs**" means (i) unsecured liabilities of a Credit Party or on of its Subsidiaries arising under an agreement to make any deferred payment as a part of the purchase price for an acquisition, including performance bonuses or consulting payments in any related services, employment or similar agreement, in an amount that is subject to or contingent upon the revenues, income, cash flow or profits (or the like) of the target of such acquisition, and (ii) unsecured holdback obligations and other like deferred purchase price obligations.

"**ECF Percentage**" as defined in Section 2.12(e).

"**EEA Financial Institution**" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"**EEA Resolution Authority**" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Electronic Payment Volume**" means, for any period, the dollar value of electronic payments processed by Parent's AvidPay direct pay product or Parent's virtual credit card payment system.

"**Eligible Assignee**" means (i) any Lender, any Affiliate of any Lender and any Related Fund (any two or more Related Funds being treated as a single Eligible Assignee for all purposes hereof), (ii) any commercial bank, insurance company, investment or mutual fund or other entity which is an "accredited investor" (as defined in Regulation D under the Securities Act) and which extends credit or buys loans as one of its businesses, and (iii) any other Person (other than a natural Person) approved by Administrative Agent (such approval not to be unreasonably withheld); provided, however, that anything to the contrary contained in the foregoing notwithstanding, (x) except after the occurrence and during the continuance of an Event of Default, no Disqualified Person shall be an Eligible Assignee, (y) no Credit Party (or any Affiliate of any Credit Party) shall, in any event, be an Eligible Assignee, and (z) no Person owning or controlling any trade debt or Indebtedness of any Credit Party (other than the Obligations) or any Capital Stock of any Credit Party (other than (a) with respect to minority interests of Capital Stock of Holdings owned by any Lender (or any of its Affiliates) who is a party to this Agreement as of the Closing Date or (b) any such Person approved by Administrative Agent) shall, in any event, be an Eligible Assignee.

"**Employee Benefit Plan**" means any "employee benefit plan" as defined in Section 3(3) of ERISA which is or was sponsored, maintained or contributed to by, or required to be contributed by, Holdings, any of its Subsidiaries or any of their respective ERISA Affiliates or with respect to which any of them have any personal liability.

"**Environmental Claim**" means any investigation, notice, notice of violation, claim, action, suit, proceeding, demand, abatement order or other order or directive (conditional or otherwise), by any Governmental Authority or any other Person, arising (i) pursuant to or in connection with any actual or alleged violation of any Environmental Law; (ii) in connection with any Hazardous Material or any actual or alleged Hazardous Materials Activity; or (iii) in connection with any actual or alleged damage, injury, threat or harm to health, safety, natural resources or the environment.

"**Environmental Laws**" means any and all current or future foreign or domestic, federal or state (or any subdivision of either of them), statutes, ordinances, orders, rules, regulations, judgments, Governmental Authorizations, or any other requirements of Governmental Authorities relating to (i) environmental matters, including those relating to any Hazardous Materials Activity; (ii) the generation, use, storage, transportation or disposal of Hazardous Materials; or (iii) occupational safety and health, industrial hygiene, land use or the protection of human, plant or animal health or welfare, in any manner applicable to Holdings or any of its Subsidiaries or any Facility.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor thereto.

"**ERISA Affiliate**" means, as applied to any Person, (i) any corporation which is a member of a controlled group of corporations within the meaning of Section 414(b) of the Internal Revenue Code of which that Person is a member; (ii) any trade or business (whether or not incorporated) which is a member of a group of trades or businesses under common control within the meaning of Section 414(c) of the Internal Revenue Code of which that Person is a member; and (iii) any member of an affiliated service group within the meaning of Section 414(m) or (o) of the Internal Revenue Code of which that Person, any corporation described in clause (i) above or any trade or business described in clause (ii) above is a member.

"**ERISA Event**" means (i) a "reportable event" within the meaning of Section 4043 of ERISA and the regulations issued thereunder with respect to any Pension Plan (excluding those for which the provision for thirty day notice to the PBGC has been waived by regulation); (ii) the failure to meet the minimum funding standard of Section 412 of the Internal Revenue Code with respect to any Pension Plan (whether or not waived in accordance with Section 412(c) of the Internal Revenue Code) or the failure to make by its due date a required installment under the Internal Revenue Code with respect to any Pension Plan or the failure to make any required contribution to a Multiemployer Plan; (iii) the provision by the administrator of any Pension Plan pursuant to Section 4041(a)(2) of ERISA of a notice of intent to terminate such plan in a distress termination described in Section 4041(c) of ERISA; (iv) the withdrawal by Holdings, any of its Subsidiaries or any of their respective ERISA Affiliates from any Pension Plan with two or more contributing sponsors or the termination of any such Pension Plan resulting in liability to Holdings, any of its Subsidiaries or any of their respective Affiliates pursuant to Section 4063 or 4064 of ERISA; (v) the institution by the PBGC of proceedings to terminate any Pension Plan, or the occurrence of any event or condition which might constitute grounds under ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (vi) the imposition of liability on Holdings, any of its Subsidiaries or any of their respective ERISA Affiliates pursuant to Section 4062(e) or 4069 of ERISA or by reason of the application of Section 4212(c) of ERISA with respect to any Pension Plan or Multiemployer Plan (as applicable); (vii) the withdrawal of Holdings, any of its Subsidiaries or any of their respective ERISA Affiliates in a complete or partial withdrawal (within the meaning of Sections 4203 and 4205 of ERISA) from any Multiemployer Plan if there is any potential withdrawal liability therefor, or the receipt by Holdings, any of its Subsidiaries or any of their respective ERISA Affiliates of written notice from any Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA, or that it intends to terminate or has terminated under Section 4041A or 4042 of ERISA; (viii) the occurrence of an act or omission which could reasonably be expected to give rise to the imposition on Holdings, any of its Subsidiaries or any of their respective ERISA Affiliates of material fines, penalties, taxes or related charges under Chapter 43 of the Internal Revenue Code or under Section 409, Section 502(c), (i) or (l), or Section 4071 of ERISA in respect of any Employee Benefit Plan; (ix) receipt from the Internal Revenue Service of notice of (1) the failure of any Pension Plan (or any other Employee Benefit Plan intended to be qualified under Section 401(a) of the Internal Revenue Code) to qualify under Section 401(a) of the Internal Revenue Code, or (2) the failure of any trust forming part of any Pension Plan to qualify for exemption from taxation under Section 501(a) of the Internal Revenue Code; or (x) the imposition of a Lien pursuant to the Internal Revenue Code or pursuant to ERISA on the granting or imposition of any security interest with respect to any Pension Plan.

"**EU Bail-In Legislation Schedule**" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Event of Default**" means each of the conditions or events set forth in Section 8.1.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended from time to time, and any successor statute.

"**Excluded Accounts**" means (a) each deposit account specially and exclusively used for withholding taxes, payroll, payroll taxes and other employee wage and benefit payments to or for the Credit Parties' or their Subsidiaries' employees, (b) Client Funds Accounts, (c) deposit accounts specially and exclusively used for pledges of cash in support of lease obligations so long as the aggregate amount of Cash and Cash Equivalents or other amounts credited to such deposit accounts at any one time is not in excess of $250,000 in the aggregate and (d) other deposit accounts so long as the aggregate amount of Cash and Cash Equivalents or other amounts credited to such deposit accounts at any one time is not in excess of $50,000 in the aggregate. For the avoidance of doubt, the parties hereto acknowledge and agree that Excluded Accounts are Excluded Property (as defined in the Pledge and Security Agreement) and do not constitute Collateral.

"**Excluded Subsidiary**" means any Subsidiary of Holdings (other than any Person composing the Company) that is (i) a CFC, or (ii) a Domestic Subsidiary substantially all of whose assets are equity interests in one or more Foreign Subsidiaries, in each case if, and only for so long as, becoming a Guarantor would reasonably be expected to result in material adverse tax consequences to one or more Credit Parties.

"**Excluded Swap Obligation**" means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guaranty of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any Guaranty thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the Guarantee of such Guarantor or the grant of such security interest becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guaranty or security interest is or becomes illegal.

"**Excluded Taxes**" means (a) Taxes imposed on or measured by the Lender's net income, franchise Taxes, and branch profits Taxes, in each case imposed by the jurisdiction (or political subdivision thereof) under the laws of which such Lender is organized or in which its principal lending office is located; (b) in the case of a Non-U.S. Lender, any United States federal withholding Taxes imposed on amounts payable pursuant to the law in effect on the date on which such Lender became a party to the Agreement or changes its lending office except (i) any amounts in respect of Taxes that were payable to the Lender's assignor immediately before the Lender became a party hereto or (ii) to such Lender immediately before it changed its lending office; (c) Taxes attributable to a Lender's failure to comply with Section 2.18(e); and (d) any United States withholding Taxes imposed under FATCA.

"**Existing Indebtedness**" means the Indebtedness outstanding pursuant to the Amended and Restated Credit and Guaranty Agreement, dated as of October 19, 2016, by and among Company, the Guarantors party thereto, the lenders party thereto, Sixth Street Specialty Lending, Inc., formerly known as TPG Specialty Lending, Inc., as administrative agent and collateral agent, and Pacific Western Bank, as revolving agent, and the related loan documentation.

"**Extraordinary Receipts**" means amounts received by or paid to or for the account of Holdings or any of its Subsidiaries not in the ordinary course of business, including (a) pension plan reversions, (b) proceeds of judgments, proceeds of settlements or other consideration of any kind in connection with any cause of action, (c) indemnity payments and (d) any purchase price adjustment received in connection with any Permitted Acquisition or any Investment permitted hereunder (in each case, excluding the pro rata portion of any such purchase price adjustment which corresponds to the portion of the purchase price for such Permitted Acquisition or other Investment, in each case, which was funded with the (x) Cash proceeds from a capital contribution to, or the issuance of any Capital Stock of Holdings or any of its Subsidiaries, (y) Cash on the balance sheet of Holdings or its Subsidiaries or (z) any combination thereof) but excluding, in any case, any foreign, United States, state or local tax refunds. For the avoidance of doubt, Extraordinary Receipts shall not include the Tax Incentives.

"**Facility**" means any real property (including all buildings, fixtures or other improvements located thereon) now, hereafter or heretofore owned, leased, operated or used by Holdings or any of its Subsidiaries or any of their respective predecessors or Affiliates.

"**Family Member**" means, with respect to any individual, any other individual having a relationship by blood (to the second degree of consanguinity), marriage, or adoption to such individual.

"**Family Trusts**" means, with respect to any individual, trusts or other estate planning vehicles established for the benefit of such individual or Family Members of such individual and in respect of which such individual serves as trustee or in a similar capacity.

"**FATCA**" means Sections 1471 through 1474 of the Internal Revenue Code (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code, any intergovernmental agreement entered into with the United States in connection with the implementation of FATCA and any fiscal or regulatory legislation or rules adopted by a Governmental Authority implementing such an intergovernmental agreement, to determine that such recipient has or has not complied with such recipient's obligations thereunder.

"**Federal Funds Effective Rate**" means for any day, the rate per annum (expressed, as a decimal, rounded upwards, if necessary, to the next higher 1/100 of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided, (i) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate quoted to the Administrative Agent by three federal funds brokers of recognized standing selected by it on such day on such transactions as determined by Administrative Agent.

"**Fee Letter**" means the fee letter dated as of October 1, 2019 between Company and Administrative Agent.

"**Final Maturity Date**" means the earliest of (i) April 1, 2024, (ii) the date that is 91 days prior to the date any series of preferred Capital Stock of Holdings becomes eligible to be redeemed or otherwise repurchased (other than in connection with the IPO Transaction), and (iii) the date that all Loans shall become due and payable in full hereunder, whether by acceleration or otherwise.

"**Financial Officer Certification**" means, with respect to the financial statements for which such certification is required, the certification of a Responsible Financial Officer of Holdings that such financial statements have been prepared in conformity with GAAP and fairly present, in all material respects, the financial condition of Holdings and its Subsidiaries as at the dates indicated and the results of their operations and their cash flows for the periods indicated, subject to changes resulting from audit, absence of footnotes and normal year-end adjustments.

"**Financial Plan**" as defined in Section 5.1(i).

"**Financial Services Laws**" shall mean (i) Money Transmission Laws, (ii) laws pertaining to the escheatment of unclaimed property, (iii) laws pertaining to the cashing of checks and other payment instruments, including those requiring licensure or other authorization of regulated entities, (iv) The Payment Card Industry Data Security Standard, and (v) the Electronic Funds Transfer Act of 1978 (15 U.S.C. § 1693 et seq.) and Regulation E (12 C.F.R. Part 1005) promulgated thereunder, each as may be amended from time to time.

"**First Priority**" means, with respect to any Lien purported to be created in any Collateral pursuant to any Collateral Document, that such Lien is the only Lien to which such Collateral is subject, other than any non-consensual Permitted Lien, any purchase money lien which is a Permitted Lien, liens of insurers in insurance proceeds and the interests of lessors under Capital Leases with priority over Liens created pursuant to the Collateral Documents.

"**Fiscal Quarter**" means a fiscal quarter of any Fiscal Year.

"**Fiscal Year**" means the fiscal year of Holdings and its Subsidiaries ending on December 31 of each calendar year.

"**Flood Hazard Property**" means any Real Estate Asset subject to a mortgage in favor of Collateral Agent, for the benefit of the Secured Parties, and located in an area designated by the Federal Emergency Management Agency as having special flood or mud slide hazards.

"**Foreign Subsidiary**" means any Subsidiary that is not a Domestic Subsidiary.

"**Funding/Issuance Notice**" means a notice substantially in the form of Exhibit A-1.

"**GAAP**" means, subject to the limitations on the application thereof set forth in Section 1.2, United States generally accepted accounting principles in effect as of the date of determination thereof.

"**Governmental Acts**" means any act or omission, whether rightful or wrongful, of any Governmental Authority.

"**Governmental Authority**" means any federal, state, provincial, municipal, national, supranational, or other government, governmental department, commission, board, bureau, court, agency or instrumentality or political subdivision thereof or any entity, or officer or examiner exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case whether associated with a state of the United States, the United States, or a foreign entity or government, or a supranational authority, including, without limitation, the European Union.

"**Governmental Authorization**" means any permit, license, authorization, entitlement, certification, registration, approval, clearance, accreditation, marking, plan, directive, consent order or consent decree of or from any Governmental Authority, including those required under Financial Services Laws.

"**Grantor**" as defined in the Pledge and Security Agreement.

"**Guaranteed Obligations**" as defined in Section 7.1.

"**Guarantor**" means (i) each Subsidiary of Holdings (other than the Company) on the Closing Date, and (ii) each other Person that becomes a guarantor after the Closing Date pursuant to Section 5.10 of the Agreement.

"**Guaranty**" means the guaranty of each Guarantor set forth in Section 7.

"**Hamilton Properties**" means those certain real property parcels identified as "Parcel B", "Parcel C" and "Parcel D" set forth on Schedule 6.22 purchased by AFV Holdings from the Hamilton Properties Seller.

"**Hamilton Properties Deed of Trust**" means that certain North Carolina Balance Purchase Money Deed of Trust, dated as of November 15, 2018, with respect to the Hamilton Properties Priority Parcels made by AFV Holdings in favor of Hamilton Properties Seller, as such deed is in effect on November 15, 2018.

"**Hamilton Properties Priority Collateral**" means the Hamilton Properties Priority Parcels, together with (i) the buildings, fixtures, appurtenances, machinery, tools, improvements and building materials for such improvements on such parcels and (ii) rents or lease payments received by AFV Holdings in connection with any lease of, or tenancy in, such parcels of the Hamilton Properties, in each case, pursuant to, and on the terms and conditions set forth in, the Hamilton Properties Deed of Trust.

"**Hamilton Properties Priority Parcels**" means those certain parcels of the Hamilton Properties identified as "Parcel B" and "Parcel D" on Schedule 6.22 on which Hamilton Properties Seller has been granted a first priority lien pursuant to, and on the terms and conditions set forth in, the Hamilton Properties Deed of Trust (and as such parcels are further described therein).

"**Hamilton Properties Purchase Agreement**" shall mean, collectively, that certain Purchase and Sale Agreement, dated January 25, 2018, and the Purchase and Sale Agreement, dated as of May 11, 2018, each as amended and between AFV Holdings and Hamilton Properties Seller as in effect on November 15, 2018.

"**Hamilton Properties Purchase Documents**" means the Hamilton Properties Purchase Agreement, the Hamilton Properties Seller Note, the Hamilton Properties Deed of Trust, and each other agreement, instrument or document executed or delivered in connection therewith.

"**Hamilton Properties Seller**" means Hamilton Street Properties, LLC, a North Carolina limited liability company.

"**Hamilton Properties Seller Debt**" means the indebtedness owing by AFV Holdings to Hamilton Properties Seller in connection with the purchase of the Hamilton Properties in an aggregate principal amount not to exceed $5 million pursuant to, and on the terms and conditions set forth in, the Hamilton Properties Seller Note.

"**Hamilton Properties Seller Note**" means that certain Purchase Money Promissory Note, dated as of November 15, 2018, evidencing the Hamilton Properties Seller Debt made by AFV Holdings in favor of Hamilton Properties Seller, as such note is in effect on November 15, 2018.

"**Hazardous Materials**" means any chemical, material or substance, exposure to which is prohibited, limited or regulated by any Governmental Authority or which may or could pose a hazard to the health and safety of the owners, occupants or any Persons in the vicinity of any Facility or to the indoor or outdoor environment.

"**Hazardous Materials Activity**" means any past, current, proposed or threatened activity, event or occurrence involving any Hazardous Materials, including the use, manufacture, possession, storage, holding, presence, existence, location, Release, threatened Release, discharge, placement, generation, transportation, processing, construction, treatment, abatement, removal, remediation, disposal, disposition or handling of any Hazardous Materials, and any corrective action or response action with respect to any of the foregoing.

"**Highest Lawful Rate**" means the maximum lawful interest rate, if any, that at any time or from time to time may be contracted for, charged, or received under the laws applicable to any Lender which are presently in effect or, to the extent allowed by law, under such applicable laws which may hereafter be in effect and which allow a higher maximum nonusurious interest rate than applicable laws now allow.

"**Historical Financial Statements**" means as of the Closing Date, (i) the audited financial statements of Parent and its Subsidiaries, for the 2018 Fiscal Year of Parent, consisting of balance sheets and the related consolidated statements of income, stockholders' equity and cash flows for such Fiscal Year, and (ii) for the interim period from the date of the financial statements referred to in the foregoing clause (i) to the Closing Date (the "**Interim Period**"), internally prepared, unaudited financial statements of Parent and its Subsidiaries, consisting of a balance sheet and the related consolidated statements of income, stockholders' equity and cash flows for each monthly period completed prior to thirty-one days prior to the Closing Date, in the case of clauses (i) and (ii), certified by a Responsible Financial Officer of Parent that they fairly present, in all material respects, the financial condition of Parent and its Subsidiaries as at the dates indicated and the results of their operations and their cash flows for the periods indicated, subject, if applicable, to changes resulting from audit and normal year-end adjustments. For the avoidance of doubt, if the Closing Date occurs on or before October 1, 2019, the Historical Financial Statements shall include (a) the audited financial statements of Parent and its Subsidiaries, for the 2018 Fiscal Year of Parent as more fully described above, and (b) for the Interim Period, internally prepared, unaudited financial statements of Parent and its Subsidiaries for each month ended on or prior to August 31, 2019.

"**Holdings**" as defined in the preamble hereto.

"**HQ Capital Lease Maximum Amount**" means $11,500,000.

"**HQ Capital Leases**" means (i) the real property lease entered into on October 27, 2015 (as the same may be amended from time to time in accordance with Section 6.18), by Parent with Lexington Realty Partners or one of its Affiliates for the Company's new headquarters' location at the Music Factory in Charlotte, North Carolina, which lease is structured as an operating lease, but may be required by Parent's auditors or GAAP accounting rules to be classified as a Capital Lease (in which case, the assets that are subject to such lease will be recorded as an asset on Parent's balance sheet with a balance sheet value in an amount not in excess of $59,000,000) and (ii) the real property lease to be entered into following the Closing Date (as the same may be amended from time to time in accordance with Section 6.18), by Parent or one of the other Credit Parties with the owner(s) of the premises located directly adjacent to the Company's headquarters' location at the Music Factory in Charlotte, North Carolina in respect of such adjacent premises, which lease shall be (A) on terms consistent with market practice for such types of premises in Charlotte, North Carolina, (B) not a loan transaction and structured as an operating lease, but may be required by Parent's auditors or GAAP accounting rules to be classified as a Capital Lease, and (C) reasonably acceptable to Administrative Agent as confirmed in writing (which may be email) by Administrative Agent, and "**HQ Capital Lease**" means either one of them.

"**Increase Revolver Joinder**" as defined in Section 2.2(e)(iii).

"**Increase Term Loan Joinder**" as defined in Section 2.1(d)(iii).

"**Increased-Cost Lenders**" as defined in Section 2.21.

"**Incremental Revolver Increase**" as defined in Section 2.2(e)(i).

"**Incremental Term Loan**" as defined in Section 2.1(d)(i).

"**Incremental Term Loan Commitment**" as defined in Section 2.1(d)(i).

"**Indebtedness**," as applied to any Person, means, without duplication, (i) all indebtedness for borrowed money; (ii) that portion of obligations with respect to Capital Leases that is properly classified as a liability on a balance sheet in conformity with GAAP; (iii) notes payable and drafts accepted representing extensions of credit whether or not representing obligations for borrowed money; (iv) any Earn-Outs or any obligation owed for all or any part of the deferred purchase price of property or services (excluding (1) any such obligations incurred under ERISA and (2) trade accounts payable in the ordinary course of business and amounts owed under commercial and merchant card services programs to the extent such amounts are directly or indirectly for the payment of trade payables); (v) all indebtedness secured by any Lien on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is nonrecourse to the credit of that Person; (vi) the face amount of any letter of credit issued for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings; (vii) the direct or indirect guaranty, endorsement (otherwise than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the obligation of another; (viii) any obligation of such Person the primary purpose or intent of which is to provide assurance to an obligee that the obligation of the obligor thereof will be paid or discharged, or any agreement relating thereto will be complied with, or the holders thereof will be protected (in whole or in part) against loss in respect thereof; (ix) any liability of such Person for an obligation of another through any agreement (contingent or otherwise) (a) to purchase, repurchase or otherwise acquire such obligation or any security therefor, or to provide funds for the payment or discharge of such obligation (whether in the form of loans, advances, stock purchases, capital contributions or otherwise) or (b) to maintain the solvency or any balance sheet item, level of income or financial condition of another if, in the case of any agreement described under subclauses (a) or (b) of this clause (ix), the primary purpose or intent thereof is as described in clause (viii) above; (x) all obligations of such Person in respect of any exchange traded or over the counter derivative transaction, including, without limitation, any Interest Rate Agreement and Currency Agreement, whether entered into for hedging or speculative purposes; and (xi) Disqualified Stock.

"**Indemnified Liabilities**" means, collectively, any and all liabilities, obligations, losses, damages (including natural resource damages), penalties, claims (including Environmental Claims), costs (including the costs of any investigation, study, sampling, testing, abatement, cleanup, removal, remediation or other response action necessary to remove, remediate, clean up or abate any Hazardous Materials Activity), expenses and disbursements of any kind or nature whatsoever (including the reasonable fees and disbursements of counsel for Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened by any Person, and any fees or expenses incurred by Indemnitees in enforcing this indemnity), whether direct, indirect or consequential and whether based on any federal, state or foreign laws, statutes, rules or regulations (including, but not limited to, securities and commercial federal, state or foreign laws, statutes, rules or regulations; Environmental Laws; and Financial Services Laws), on common law or equitable cause or on contract or otherwise, that may be imposed on, incurred by, or asserted against any such Indemnitee, in connection with or as a result of (i) this Agreement or the other Credit Documents or the transactions contemplated hereby or thereby (including the Lenders' agreement to make Credit Extensions or the use or intended use of the proceeds thereof, or any enforcement of any of the Credit Documents (including any sale of, collection from, or other realization upon any of the Collateral or the enforcement of the Guaranty)); or (ii) any Environmental Claim or any Hazardous Materials Activity in connection with or as a result of, directly or indirectly, any past or present activity, operation, land ownership, or practice of Holdings or any of its Subsidiaries.

"**Indemnified Taxes**" means (i) any Taxes other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Credit Document and (ii) to the extent not otherwise described in (i), Other Taxes.

"**Indemnitee**" as defined in Section 10.3.

"**Indemnitee Agent Party**" as defined in Section 9.6.

"**[**] Delayed Draw Term Loan**" means a Loan made by a Lender to Company pursuant to Section 2.1(b).

"**[**] Delayed Draw Term Loan Commitment**" means the commitment of a Lender to make or otherwise fund any [**] Delayed Draw Term Loan and "**[**] Delayed Draw Term Loan Commitments**" means such commitments of all Lenders in the aggregate. The amount of each Lender's [**] Delayed Draw Term Loan Commitment, if any, is set forth on Appendix A-2 or in the applicable Assignment Agreement, subject to any adjustment or reduction pursuant to the terms and conditions hereof. The aggregate amount of the [**] Delayed Draw Term Loan Commitments as of the Closing Date is $18,500,000.

"**[**] Delayed Draw Term Loan Commitment Termination Date**" means the earlier to occur of (i) March 31, 2023; and (ii) the date of the termination of the [**] Delayed Draw Term Loan Commitments pursuant to Section 8.1.

"**[**] Delayed Draw Term Loan Exposure**" means, with respect to any Lender as of any date of determination, (i) that Lender's unused and available [**] Delayed Draw Term Loan Commitments plus (ii) the aggregate outstanding principal amount of the [**] Delayed Draw Term Loans of that Lender.

"**[**] Delayed Draw Term Loan Note**" means a promissory note in the form of Exhibit B-3, as it may be amended, supplemented or otherwise modified from time to time.

"**Interest Payment Date**" means with respect to (i) any Base Rate Loan, (a) the last Business Day of each Fiscal Quarter, commencing on the first such date to occur after the Closing Date, and (b) the Final Maturity Date or the Revolving Loan Maturity Date, as applicable; and (ii) any LIBOR Rate Loan, (a) with respect to any Revolving Loan, the last day of each Interest Period applicable to such Revolving Loan, (b) with respect to any Term Loan, [**] Delayed Draw Term Loan, or Additional Delayed Draw Term Loan, the last Business Day of each Fiscal Quarter, and (c) the Final Maturity Date or the Revolving Loan Maturity Date, as applicable.

"**Interest Period**" means, in connection with a LIBOR Rate Loan, an interest period of, with respect to the Term Loans, [**] Delayed Draw Term Loans, or Additional Delayed Draw Term Loans, three months (or a shorter period if agreed to by the Administrative Agent) and with respect to any Revolving Loans, one, two, or three months, as selected by Company in the applicable Funding/Issuance Notice or Conversion/Continuation Notice, (i) initially, commencing on the Credit Date or Conversion/Continuation Date thereof, as the case may be; and (ii) thereafter, commencing on the day on which the immediately preceding Interest Period expires; provided, (a) if an Interest Period would otherwise expire on a day that is not a Business Day, such Interest Period shall expire on the next succeeding Business Day unless no further Business Day occurs in such month, in which case such Interest Period shall expire on the immediately preceding Business Day; (b) each Interest Period with respect to the [**] Delayed Draw Term Loans, the Additional Delayed Draw Term Loans and the Term Loans shall, unless otherwise agreed by the Administrative Agent and subject to clauses (c) through (e) of this definition, end on the last Business Day of a Fiscal Quarter; (c) no Interest Period with respect to any

portion of the Term Loans shall extend beyond the Final Maturity Date; (d) no Interest Period with respect to any portion of the Revolving Loans shall extend beyond the Revolving Loan Maturity Date; (e) no Interest Period with respect to any portion of the [**] Delayed Draw Term Loans or the Additional Delayed Draw Term Loans shall extend beyond the Final Maturity Date; and (f) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall, subject to clauses (c) through (e) of this definition, end on the last Business Day of a calendar month.

"**Interest Rate Agreement**" means any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedging agreement or other similar agreement or arrangement, each of which is (i) for the purpose of hedging the interest rate exposure associated with Holdings' and its Subsidiaries' operations, and (ii) not for speculative purposes.

"**Interest Rate Determination Date**" means, with respect to any Interest Period, the date that is two Business Days prior to the first day of such Interest Period.

"**Internal Revenue Code**" means the Internal Revenue Code of 1986, as amended to the date hereof and from time to time hereafter, and any successor statute.

"**Investment**" means (i) any direct or indirect purchase or other acquisition by Holdings or any of its Subsidiaries of, or of a beneficial interest in, any of the Securities of any other Person (other than a Guarantor or a Person that comprises the Company) or of all or substantially all of the assets of (or any division or business line of) any other Person (other than a Guarantor Subsidiary or a Person that comprises the Company); (ii) any direct or indirect purchase or other acquisition by Holdings or any of its Subsidiaries of, or of a beneficial interest in, any of the Accounts of any other Person (other than a Credit Party); (iii) any direct or indirect redemption, retirement, purchase or other acquisition for value, by any Subsidiary of Holdings from any Person (other than a Credit Party), of any Capital Stock of such Person; and (iv) any direct or indirect loan, advance (other than advances to employees for moving, entertainment and travel expenses, drawing accounts and similar expenditures in the ordinary course of business) or capital contributions by Holdings or any of its Subsidiaries to any other Person (other than Holdings or any Guarantor or any other Person that comprises the Company), including all indebtedness and accounts receivable from that other Person that are not current assets or did not arise from sales to that other Person in the ordinary course of business. The amount of any Investment shall be the original cost of such Investment plus the cost of all additions thereto, without any adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect to such Investment.

"**Invoice Accelerator Product**" means the Company's portal and payment advancement software and solutions, called "Invoice Accelerator", which is intended to empower suppliers to receive electronic payments more quickly on approved invoices.

"**IPO Transaction**" means the issuance by Holdings of its common Capital Stock in an underwritten initial public offering (other than a public offering pursuant to a registration statement on Form S-8) pursuant to an effective registration statement filed with the SEC in accordance with the Securities Act; provided that the common Capital Stock issued in such offering is not in excess of 17% of the aggregate issued and outstanding common Capital Stock of Holdings (or such greater percentage approved by Administrative Agent in writing (which may be by e-mail transmission), so long as such greater percentage would not cause the IPO Transaction to result in a Change of Control).

"**IPO Transaction Consummation Date**" means the date that the underwriters for the IPO Transaction deliver the issued shares against payment therefor.

"**Issuer Document**" means, with respect to any Letter of Credit, a letter of credit application, a letter of credit agreement, or any other document, agreement or instrument entered into (or to be entered into) by Company in favor of Issuing Bank or the Person who issues a Letter of Credit arranged by Issuing Bank and relating to such Letter of Credit.

"**Issuing Bank**" means KeyBank. Issuing Bank shall be deemed to be a "Lender" for the purposes hereof.

"**Joint Book Runners**" has the meaning set forth in the preamble to this Agreement.

"**Joint Lead Arrangers**" has the meaning set forth in the preamble to this Agreement.

"**Joint Venture"** means a joint venture, partnership or other similar arrangement, whether in corporate, partnership or other legal form; provided, in no event shall any corporate Subsidiary of any Person be considered to be a Joint Venture to which such Person is a party.

"**KeyBank**" has the meaning set forth in the preamble to this Agreement.

"**Landlord Personal Property Collateral Access Agreement**" means a Landlord Waiver and Consent Agreement substantially in the form of Exhibit K with such amendments or modifications as may be approved by Collateral Agent.

"**Lender**" means each Person listed on the signature pages hereto as a Lender, and any other Person that becomes a party hereto pursuant to an Assignment Agreement or an Increase Joinder.

"**Lender Counterparty**" means each Lender that is a counterparty to an Interest Rate Agreement or Currency Agreement.

"**Letter of Credit**" means a commercial or standby letter of credit issued by Issuing Bank or arranged to be issued by Issuing Bank, in each case at Company's request and in each case in form and substance reasonably satisfactory to Issuing Bank.

"**Letter of Credit Collateralization**" means either (i) providing cash collateral (pursuant to documentation reasonably satisfactory to Collateral Agent and Issuing Bank, including provisions that specify that the Letter of Credit Fees and all other commissions, fees, charges and expenses that may be applicable in accordance with this Agreement or any applicable Issuer Document (including any fronting fees) will continue to accrue while the Letters of Credit are outstanding) to be held by Collateral Agent (or, to the extent agreed to in writing by Collateral Agent, the Issuing Bank) for the benefit of the Issuing Bank and Revolving Lenders in an amount equal to 103% of the then existing Revolving LC Obligations, plus all interest, fees and costs due or to become due in connection therewith in accordance with this Agreement or any applicable Issuer Document (as estimated by Collateral Agent and Issuing Bank in their good faith judgment) to secure all of the contingent Obligations relating to the outstanding Letters of Credit, or (ii) providing Issuing Bank with a standby letter of credit, in form and substance reasonably satisfactory to Collateral Agent and Issuing Bank, from a commercial bank acceptable to Collateral Agent and Issuing Bank in an amount equal to 103% of the then existing Revolving LC Obligations, plus all interest, fees and costs due or to become due in connection therewith in accordance with this Agreement or any applicable Issuer Document (as estimated by Collateral Agent and Issuing Bank in their good faith judgment), that when drawn may be applied to all of the contingent Obligations relating to the outstanding Letters of Credit (it being understood that the Letter of Credit Fee and all fronting fees set forth in the Agreement will continue to accrue while the Letters of Credit are outstanding and that any such fees that accrue must be an amount that can be drawn under any such standby letter of credit).

"**Letter of Credit Fee**" as defined in Section 2.6(c).

"**Leverage Ratio**" means, the ratio as of the last day of any Fiscal Quarter of (i) Consolidated Total Debt as of such date, to (ii) Consolidated EBITDA for the four-Fiscal Quarter period ending on such date.

"**LIBOR Rate Loan**" means a Loan bearing interest at a rate determined by reference to the Adjusted LIBOR Rate.

"**Lien**" means (i) any lien, mortgage, pledge, assignment, security interest, charge or encumbrance of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement, and any lease in the nature thereof) and any option, trust or other preferential arrangement having the practical effect of any of the foregoing, and (ii) in the case of Securities, any purchase option, call or similar right of a third party with respect to such Securities.

"**Loan**" means a Term Loan, an [**] Delayed Draw Term Loan, an Additional Delayed Draw Term Loan, or a Revolving Loan, as the context may require.

"**Margin Stock**" as defined in Regulation U of the Board of Governors of the Federal Reserve System as in effect from time to time.

"**Material Adverse Effect**" means a material adverse effect on and/or material adverse change with respect to (i) the business operations, properties, assets or financial condition of Holdings and its Subsidiaries taken as a whole; (ii) the ability of any Credit Party to perform its payment obligations under any Credit Document to which it is a party; (iii) the legality, validity, binding effect, or enforceability against a Credit Party of this Agreement, the Collateral Documents or any other material Credit Document to which it is a party; or (iv) the ability of any Agent, any Lender or any other Secured Party to collect the Obligations or realize upon any material portion of the Collateral (except, with respect to (iii) and (iv), to the extent resulting directly from an action or failure to act by any Agent or a Lender).

"**Material Contract**" means (i) any contract or other arrangement to which Holdings or any of its Subsidiaries is a party (other than the Credit Documents) for which breach, nonperformance, cancellation or failure to renew could reasonably be expected to have a Material Adverse Effect, (ii) any contract or agreement to which Holdings or any of its Subsidiary is a party (including, without limitation, any agreement or instrument evidencing or governing Indebtedness) involving aggregate consideration payable (A) to Holdings or such Subsidiary in connection with a revenue-generating contract or agreement of $1,000,000 or more in the most recent Fiscal Year or (B) by Holdings or such Subsidiary in connection with a vendor or supplier contract or agreement of $1,000,000 or more in the most recent Fiscal Year (in the case of this clause (ii), other than (y) purchase orders in the ordinary course of the business of Holdings or any of its Subsidiaries and (z) contracts that by their terms may be terminated by such Person or Holdings or any of its Subsidiaries in the ordinary course of its business upon less than 60 days' notice without penalty or premium), and (iii) all contracts and arrangements listed on Schedule 4.16.

"**Material Real Estate Asset**" means any fee-owned Real Estate Asset having a fair market value in excess of $1,000,000 as of the date of the acquisition thereof, other than any such Real Estate Asset financed with Indebtedness permitted hereunder.

"**Maximum Revolver Amount**" means an aggregate amount of up to $20,000,000 at any time outstanding, as the same may be increased pursuant to Section 2.2(e).

"**Minimum Client Funds Amount**" means the amount of cash from clients and/or permissible investments of Cash and cash equivalents required under Financial Services Laws to be maintained by the Company in segregated accounts.

"**Money Transmission Laws**" means any laws pertaining to the transmission of funds or the sale of payment instruments, including (i) the laws of any U.S. state or territory, or any other foreign jurisdiction in which the Credit Parties or their Subsidiaries conduct business, including those requiring licensure or other authorization of regulated entities, (ii) laws requiring regulated entities to maintain certain net worth and/or laws requiring regulated entities to maintain permissible investments, and (iii) the federal Bank Secrecy Act of 1970 and the regulations thereunder administered by the U.S. Department of Treasury Financial Crimes Enforcement Network, including those requiring registration or other authorization of regulated entities, and any statutes of foreign jurisdictions in which the Credit Parties or their Subsidiaries conduct business which likewise pertain to anti-money laundering and anti-terrorist financing.

"**Moody's**" means Moody's Investor Services, Inc.

"**Mortgage**" means a mortgage, deed of trust, assignment or leases and rents or other security document granting to Agents a Lien on any Real Estate Asset to secure the Obligations in form and substance reasonably satisfactory to Agents and Company.

"**Multiemployer Plan**" means any Employee Benefit Plan which is a "multiemployer plan" as defined in Section 3(37) or 4001(a)(3) of ERISA.

"**NAIC**" means The National Association of Insurance Commissioners, and any successor thereto.

"**Narrative Report**" means, with respect to the financial statements for which such narrative report is required, a narrative report describing the operations of Holdings and its Subsidiaries in the form prepared for presentation to the directors thereof for the applicable Fiscal Quarter and for the period from the beginning of the then current Fiscal Year to the end of such period to which such financial statements relate with comparison to and variances from the applicable prior period and budget.

"**Net Asset Sale Proceeds**" means, with respect to any Asset Sale, an amount equal to: (i) Cash payments received by Holdings or any of its Subsidiaries from such Asset Sale, minus (ii) any reasonable costs and expenses incurred in connection with such Asset Sale to the extent paid or payable to non-Affiliates, including, without limitation (a) sales, transfer and other similar taxes paid or payable by Holdings or such Subsidiary, (b) income or gains taxes payable by the seller as a result of any gain recognized in connection with such Asset Sale during the tax period the sale occurs, (c) payment of the outstanding principal amount of, premium or penalty, if any, and interest on any Indebtedness (other than the Loans) that is secured by a Lien on the stock or assets in question and that is required to be repaid under the terms thereof as a result of such Asset Sale, and (d) a reasonable reserve for (i) any indemnification payments (fixed or contingent) attributable to seller's indemnities and representations and warranties to purchaser in respect of such Asset Sale undertaken by Holdings or any of its Subsidiaries in connection with such Asset Sale and (ii) adjustments in sale price or liabilities associated with such Asset Sale; provided that upon release of any such reserve, the amount released shall be considered Net Asset Sale Proceeds.

"**Net Insurance/Condemnation Proceeds**" means an amount equal to: (i) any Cash payments or proceeds received by Holdings or any of its Subsidiaries (a) under any casualty or business interruption insurance policies in respect of any covered loss thereunder, (b) any key man life insurance policies, or (c) as a result of the taking of any assets of Holdings or any of its Subsidiaries by any Person

pursuant to the power of eminent domain, condemnation or otherwise, or pursuant to a sale of any such assets to a purchaser with such power under threat of such a taking, minus (ii) (a) any actual and reasonable costs incurred by Holdings or any of its Subsidiaries in connection with the adjustment or settlement of any claims of Holdings or such Subsidiary in respect thereof, and (b) any bona fide direct costs incurred in connection with any sale of such assets as referred to in clause (i)(b) of this definition to the extent paid or payable to non-Affiliates, including, without limitation, sales, transfer and other similar taxes paid or payable, income taxes or gains taxes payable as a result of any gain or other similar taxes recognized in connection therewith.

"**Non-Consenting Lender**" as defined in Section 2.21.

"**Non-US Lender**" means any Lender that is not a United States person within the meaning of Section 7701(a)(30) of the Internal Revenue Code.

"**Note**" means a Term Loan Note, an [**] Delayed Draw Term Loan Note, an Additional Delayed Draw Term Loan Note, or a Revolving Loan Note.

"**Notice**" means a Funding/Issuance Notice or a Conversion/Continuation Notice.

"**Obligations**" means all obligations (irrespective of whether contingent) of every nature of each Credit Party from time to time owed to Agents (including former Agents), the Issuing Bank, the Lenders or any of them, Lender Counterparties and/or the Ancillary Services Provider, under any Credit Document, Ancillary Services Agreement, Interest Rate Agreement or Currency Agreement (including, without limitation, with respect to any such agreement, obligations owed pursuant thereto to any Person who was an Agent, Issuing Bank, Lender, Lender Counterparty and/or the Ancillary Services Provider at the time such agreement was entered into), whether for principal (including, without limitation, in respect of the Loans), interest, reimbursement obligations, payments for early termination of Interest Rate Agreements or Currency Agreements, fees, expenses (including attorney fees), indemnification or otherwise (including amounts which, but for the filing of a petition in bankruptcy with respect to such Credit Party, would have accrued on any Obligation, whether or not a claim is allowed against such Credit Party for such interest in the related bankruptcy proceeding).

"**Obligee Guarantor**" as defined in Section 7.7.

"**OFAC**" means the Office of Foreign Assets Control of the United States Department of Treasury.

"**Organizational Documents**" means (i) with respect to any corporation, its certificate or articles of incorporation or organization, as amended, and its by-laws, as amended, (ii) with respect to any limited partnership, its certificate of limited partnership, as amended, and its partnership agreement, as amended, (iii) with respect to any general partnership, its partnership agreement, as amended, and (iv) with respect to any limited liability company, its articles of organization, as amended, and its operating agreement, as amended. In the event any term or condition of this Agreement or any other Credit Document requires any Organizational Document to be certified by a secretary of state or similar governmental official, the reference to any such "Organizational Document" shall only be to a document of a type customarily certified by such governmental official.

"**Other Taxes**" means all present and future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from the execution or delivery of any Credit Documents under this Agreement.

"**Parent**" as defined in the preamble hereto.

"**Participant Register**" as defined in Section 10.6(h).

"**PBGC**" means the Pension Benefit Guaranty Corporation or any successor thereto.

"**Pension Plan**" means any Employee Benefit Plan, other than a Multiemployer Plan, which is subject to Section 412 or 430 of the Internal Revenue Code or Section 302 or Title IV of ERISA.

"**Permitted Acquisition**" means (a) the BankTEL Acquisition and (b) any other acquisition by any Credit Party, whether by purchase, merger or otherwise, of all or substantially all of the assets of, all of the Capital Stock of, or a business line or unit or a division of, any Person; provided, that in the case of this clause (b),

(i) immediately prior to, and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing or would result therefrom;

(ii) all transactions in connection therewith shall be consummated, in all material respects, in accordance with all applicable laws and in conformity with all applicable Governmental Authorizations;

(iii) in the case of the acquisition of Capital Stock, all of the Capital Stock (except for any such Securities in the nature of directors' qualifying shares required pursuant to applicable law) acquired or otherwise issued by such Person or any newly formed Guarantor in connection with such acquisition shall be owned 100% by such Credit Party, and Company shall have taken, or caused to be taken, as of the date such Person becomes a Subsidiary of such Credit Party, each of the actions set forth in Sections 5.10 and/or 5.11, as applicable;

(iv) Holdings and its Subsidiaries shall be in compliance with the financial covenants set forth in Section 6.8 on a pro forma basis after giving effect to such acquisition as of the last day of the Fiscal Quarter most recently ended for which financial statements are available (as determined in accordance with Section 6.8(e));

(v) Company shall have delivered to Administrative Agent (with sufficient copies for each Lender) (A) at least 3 Business Days prior to such proposed acquisition, a Compliance Certificate evidencing compliance with Section 6.8 as required under clause (iv) above, together with all relevant financial information with respect to such acquired assets, including, without limitation, the aggregate consideration for such acquisition and any other information required to demonstrate compliance with Section 6.8 and (B) a certification signed by an Authorized Officer of the Company that such acquisition is being made in compliance with the terms and conditions set forth in this definition of "Permitted Acquisition";

(vi) any Person or assets or division as acquired in accordance herewith (A) in the case of a Person, shall be organized under the laws of the United States or any State thereof, and (B) shall be in same or related business or lines of business in which Company and/or its Subsidiaries are engaged as of the Closing Date,

(vii) if (A) the aggregate consideration payable in connection with such acquisition is equal to or less than $5,000,000, and (B) the earnings before interest, taxes, depreciation, and amortization ("**EBITDA**") for such Person or attributable to the acquired assets or division is less than zero (a "**Small Acquisition**"), then the EBITDA for such Person or

attributable to the acquired assets or division, together with the EBITDA for all Persons or attributable to all assets or divisions acquired in Small Acquisitions, in each case (x) calculated in substantially the same manner as Consolidated EBITDA is calculated, but with pro forma adjustments for cost savings and synergies that are reasonably acceptable to Agents, and (y) calculated for the trailing twelve month period ended as of the fiscal month most recently ended period to the date of the applicable acquisition, shall not be more negative than negative $5,000,000 in the aggregate;

(viii) if the aggregate consideration payable in connection with such acquisition is greater than $5,000,000, then the EBITDA for such Person (A) calculated in substantially the same manner as Consolidated EBITDA is calculated, but with pro forma adjustments for cost savings and synergies that are reasonably acceptable to Agents, and (B) for the trailing twelve month period ended as of the fiscal month most recently ended period to the date of such acquisition, shall exceed zero;

(ix) the acquisition shall have been approved by the board of directors or other governing body or controlling Person of the Person acquired or the Person from whom such assets or division is acquired;

(x) the aggregate consideration paid in connection with each such acquisition shall not exceed $30,000,000 and the aggregate consideration paid in respect of all such acquisitions during the term of this Agreement shall not exceed $50,000,000; and

(xi) after giving effect to such acquisition, Consolidated Cash shall be at least equal to Consolidated Cash required under Section 6.8(d).

"**Permitted Liens"** means each of the Liens permitted pursuant to Section 6.2.

"**Permitted Refinancing**" means, as to any Indebtedness, the incurrence of other Indebtedness to refinance, extend, renew, defease, restructure, replace or refund (collectively, "refinance") such existing Indebtedness; provided that, in the case of such other Indebtedness, the following conditions are satisfied: (a) the weighted average life to maturity of such refinancing Indebtedness shall be greater than or equal to the weighted average life to maturity of the Indebtedness being refinanced; (b) the principal amount of such refinancing Indebtedness shall be less than or equal to the principal amount (including any accreted or capitalized amount) then outstanding of the Indebtedness being refinanced, plus any required premiums, accrued and unpaid interest and other reasonable amounts paid, and fees and expenses reasonably incurred, in connection with such modification, refinancing, refunding, renewal or extension and by any amount equal to any existing commitments unutilized thereunder; (c) the respective obligor or obligors shall be the same on the refinancing Indebtedness as on the Indebtedness being refinanced; (d) the terms and conditions thereof taken as a whole are not less favorable in any material respect to the obligor thereon or the Lenders than the Indebtedness being refinanced; (e) the security, if any, for the refinancing Indebtedness shall be substantially the same as that for the Indebtedness being refinanced (except to the extent that less security is granted to holders of refinancing Indebtedness); and (f) if the Indebtedness being refinanced is subordinated to the Obligations, the refinancing Indebtedness is subordinated to the Obligations on terms that are at least as favorable, taken as a whole, as the Indebtedness being refinanced (as determined in good faith and, if requested by Administrative Agent, certified in writing to Administrative Agent by a Responsible Financial Officer of Company) and the holders of such refinancing Indebtedness have entered into any subordination or intercreditor agreements reasonably requested by Administrative Agent evidencing such subordination.

"**Person**" means and includes natural persons, corporations, limited partnerships, general partnerships, limited liability companies, limited liability partnerships, joint stock companies, Joint Ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, and Governmental Authorities.

"**Phase I Report**" means, with respect to any Facility, a report that (i) conforms to the ASTM Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process, E 1527, (ii) was conducted no more than six months prior to the date such report is required to be delivered hereunder, by one or more environmental consulting firms reasonably satisfactory to Administrative Agent, (iii) includes an assessment of asbestos-containing materials at such Facility, (iv) is accompanied by (a) an estimate of the reasonable worst-case cost of investigating and remediating any Hazardous Materials Activity identified in the Phase I Report as giving rise to an actual or potential material violation of any Environmental Law or as presenting a material risk of giving rise to a material Environmental Claim, and (b) a current compliance audit setting forth an assessment of Holdings', its Subsidiaries' and such Facility's current and past compliance with Environmental Laws and an estimate of the cost of rectifying any non-compliance with current Environmental Laws identified therein and the cost of compliance with reasonably anticipated future Environmental Laws identified therein.

"**Pledge and Security Agreement**" means the Pledge and Security Agreement to be executed by Company and each Guarantor substantially in the form of Exhibit I, as it may be amended, supplemented or otherwise modified from time to time.

"**Post-Closing Matters Agreement**" means that certain Post Closing Matters Agreement dated as of October 1, 2019 among Company and Administrative Agent.

"**Post-Increase Revolver Lenders**" as defined in Section 2.2(e)(v).

"**Pre-Increase Revolver Lenders**" as defined in Section 2.2(e)(v).

"**Prime Rate**" means the rate of interest quoted in *The Wall Street Journal*, Money Rates Section as the Prime Rate (currently defined as the base rate on corporate loans posted by at least 75% of the nation's thirty (30) largest banks), as in effect from time to time. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. Any Agent or any Lender may make commercial loans or other loans at rates of interest at, above or below the Prime Rate.

"**Principal Office**" means, for Administrative Agent, such Person's "Principal Office" or account as set forth on Appendix B, or such other office or account as such Person may from time to time designate in writing to Company and each Lender.

"**Pro Rata Share**" means, as of any date of determination:

(i) with respect to a Lender's obligation to make all or a portion of the Revolving Loans and with respect to such Lender's right to receive payments with respect to the Revolving Loans, the percentage obtained by dividing (a) prior to the termination of the Revolving Commitments, (i) the Revolving Commitment of such Lender by (ii) the aggregate Revolving Commitments of all Lenders, and (b) after the termination of the Revolving Commitments, (i) the Revolving Commitment of such Lender as it existed immediately prior to such termination by (ii) the aggregate Revolving Commitments of all Lenders as they existed immediately prior to such termination,

(ii) with respect to a Lender's obligation to participate in the Letters of Credit and Revolving LC Obligations, with respect to such Lender's obligation to reimburse Issuing Bank, and with

respect to such Lender's right to receive payments of Letter of Credit Fees and other Revolving LC Obligations, the percentage obtained by dividing (a) prior to the termination of the Revolving Commitments, (i) the Revolving Commitment of such Lender by (ii) the aggregate Revolving Commitments of all Lenders, and (b) after the termination of the Revolving Commitments, (i) the Revolving Commitment of such Lender as it existed immediately prior to such termination by (ii) the aggregate Revolving Commitments of all Lenders as they existed immediately prior to such termination,

(iii) with respect to a Lender's obligation to make all or a portion of the Term Loan, the percentage obtained by dividing (a) the Term Loan Commitment of such Lender, by (ii) the aggregate Term Loan Commitments of all Lenders,

(iv) with respect to such Lender's right to receive payments of interest, fees, and principal with respect to the Term Loans, and with respect to all other computations and other matters related to the Term Loans, the percentage obtained by dividing (a) the Term Loan Exposure of such Lender, by (b) the aggregate Term Loan Exposure of all Lenders,

(v) with respect to a Lender's obligation to make all or a portion of the [**] Delayed Draw Term Loans, the percentage obtained by dividing (a) the [**] Delayed Draw Term Loan Commitment of that Lender, by (b) the aggregate [**] Delayed Draw Term Loan Commitments of all Lenders,

(vi) with respect to such Lender's right to receive payments of interest, fees, and principal with respect to the [**] Delayed Draw Term Loans, and with respect to all other computations and other matters related to the [**] Delayed Draw Term Loans, the percentage obtained by dividing (a) the [**] Delayed Draw Term Loan Exposure of such Lender, by (b) the aggregate [**] Delayed Draw Term Loan Exposure of all Lenders,

(vii) with respect to a Lender's obligation to make all or a portion of the Additional Delayed Draw Term Loans, the percentage obtained by dividing (a) the Additional Delayed Draw Term Loan Commitment of that Lender, by (b) the aggregate Additional Delayed Draw Term Loan Commitments of all Lenders,

(viii) with respect to such Lender's right to receive payments of interest, fees, and principal with respect to the Additional Delayed Draw Term Loans, and with respect to all other computations and other matters related to the Additional Delayed Draw Term Loans, the percentage obtained by dividing (a) the Additional Delayed Draw Term Loan Exposure of such Lender, by (b) the aggregate Additional Delayed Draw Term Loan Exposure of all Lenders, and

(ix) with respect to all other matters and for all other matters as to a particular Lender (including the indemnification obligations arising under Section 9.6 of this Agreement), the percentage obtained by dividing (a) the Revolving Exposure, the Term Loan Exposure, the [**] Delayed Draw Term Loan Exposure, and the Additional Delayed Draw Term Loan Exposure of such Lender by (b) the aggregate Revolving Exposure, Term Loan Exposure, [**] Delayed Draw Term Loan Exposure, and Additional Delayed Draw Term Loan Exposure of all Lenders.

"**Projections**" as defined in Section 4.8.

"**Protective Advances**" as defined in Section 9.9.

"**Qualified ECP Guarantor**" means, in respect of any Swap Obligation, each Credit Party that has total assets exceeding $10,000,000 at the time the relevant Guaranty or grant of the relevant security interest becomes effective with respect to such Swap Obligation or such other person as constitutes

an "eligible contract participant" under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an "eligible contract participant" at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

"**Qualified Equity Raise**" means the issuance of up to $485,000,000 of shares of Holdings' Capital Stock, up to $245,000,000 of which will be common stock, par value $0.001 per share, and up to $240,000,000 of which will be existing Series F preferred stock, par value $0.001 per share, and/or a newly created series of preferred stock having terms substantially similar to Holdings' existing Series F preferred stock; provided, that any such issuance is completed on or prior to October 30, 2020 (or such later date as agreed to in writing by Administrative Agent (including via e-mail transmission)).

"**Qualified Equity Raise Requirement**" as defined in the Post-Closing Matters Agreement.

"**Real Estate Asset**" means, at any time of determination, any fee-owned interest then owned by any Credit Party in any real property.

"**Register**" as defined in Section 2.5(b).

"**Regulation D**" means Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"**Related Fund**" means, with respect to any Lender that is an investment fund, any other investment fund that invests in commercial loans and that is managed or advised by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"**Release**" means any release, spill, emission, leaking, pumping, pouring, injection, escaping, deposit, disposal, discharge, dispersal, dumping, leaching or migration of any Hazardous Material into the indoor or outdoor environment (including the abandonment or disposal of any barrels, containers or other closed receptacles containing any Hazardous Material), including the movement of any Hazardous Material through the air, soil, surface water or groundwater.

"**Replacement Lender**" as defined in Section 2.21.

"**Requisite Lenders**" means one or more Lenders having or holding Term Loan Exposure, [**] Delayed Draw Term Loan Exposure, Additional Delayed Draw Term Loan Exposure, or Revolving Exposure and representing more than 50% of the sum of (i) the aggregate Term Loan Exposure of all Lenders, (ii) the aggregate [**] Delayed Draw Term Loan Exposure of all Lenders, (iii) the aggregate Additional Delayed Draw Term Loan Exposure of all Lenders, and (iv) the aggregate Revolving Exposure of all Lenders.

"**Requisite Revolving Lenders**" means one or more Lenders having or holding Revolving Exposure representing more than 50% of the aggregate Revolving Exposure of all Lenders.

"**Requisite Term Lenders**" means one or more Lenders having or holding Term Loan Exposure, [**] Delayed Draw Term Loan Exposure, and Additional Delayed Draw Term Loan Exposure representing more than 50% of the aggregate Term Loan Exposure, [**] Delayed Draw Term Loan Exposure, and Additional Delayed Draw Term Loan Exposure of all Lenders.

"**Responsible Financial Officer**" means, with respect to any Person, such Person's chief financial officer, vice president of finance, treasurer or other officer with substantially the same authority and responsibility.

"**Restricted Junior Payment**" means (i) any dividend or other distribution, direct or indirect, on account of any shares of any class of Capital Stock of any Credit Party or any of its Subsidiaries now or hereafter outstanding, except a dividend or distribution payable solely in shares of Capital Stock to the holders of that class; (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of Capital Stock of any Credit Party or any of its Subsidiaries now or hereafter outstanding; (iii) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of Capital Stock of Holdings or any Credit Party or any of its Subsidiaries now or hereafter outstanding; (iv) management or similar fees payable to any holders of the Capital Stock of Holdings; (v) any payment or prepayment of principal of, if any, or interest on, or redemption, purchase, retirement, defeasance (including in substance or legal defeasance), sinking fund or similar payment with respect to, any Subordinated Indebtedness; (vi) any prepayment with respect to any Earn-Out in connection with any acquisition agreement (other than working capital adjustments); and (vii) any scheduled or other payment (or prepayment or redemption) in respect of the Hamilton Properties Seller Debt.

"**Revenues in Excess of Billings**" means, for any period and with respect to the Credit Parties and their Subsidiaries, long and short term revenues in excess of billings recorded on the balance sheet in accordance with GAAP.

"**Revolving Commitment**" means the commitment of a Lender to make or otherwise fund any Revolving Loan and participate in Letters of Credit and "Revolving Commitments" means such commitments of all Lenders in the aggregate; provided that the aggregate amount of the Revolving Commitments shall not exceed the Maximum Revolver Amount at any time. The amount of each Lender's Revolving Commitment, if any, is set forth on Appendix A-4 or in the applicable Assignment Agreement or Increase Revolver Joinder, subject to any adjustment or reduction pursuant to the terms and conditions hereof. The aggregate amount of the Revolving Commitments as of the Closing Date is $20,000,000.

"**Revolving Commitment Period**" means the period from the Business Day immediately following the Closing Date to but excluding the Revolving Loan Maturity Date.

"**Revolving Exposure**" means, with respect to any Lender as of any date of determination, (i) prior to the termination of the Revolving Commitments, that Lender's Revolving Commitment; and (ii) after the termination of the Revolving Commitments, the aggregate outstanding principal amount of the Revolving Loans of that Lender and that Lender's portion of the Revolving LC Obligations.

"**Revolving LC Obligations**" means, collectively, the undrawn amounts under Letters of Credit issued or arranged by Issuing Bank and amounts drawn on such Letters of Credit but not repaid or refinanced with the Revolving Loans.

"**Revolving Lender**" means a Lender that has a Revolving Commitment or had a Revolving Commitment and has Revolving Exposure.

"**Revolving Loan**" means a Loan made by a Lender to Company pursuant to Section 2.2(a).

"**Revolving Loan Account**" as defined in Section 2.14(j).

"**Revolving Loan Calendar Maturity Date**" means October 1, 2023.

"**Revolving Loan Maturity Date**" means the earliest to occur of (i) the Revolving Loan Calendar Maturity Date; (ii) the date the Revolving Commitments are permanently reduced to zero pursuant to Section 2.11(b) or 2.12; and (iii) the date of the termination of the Revolving Commitments pursuant to Section 8.1.

"**Revolving Loan Note**" means a promissory note in the form of Exhibit B-3, as it may be amended, supplemented or otherwise modified from time to time.

"**S&P**" means Standard & Poor's Ratings Group, a division of The McGraw Hill Corporation.

"**Sanctioned Entity**" means (a) a country or territory or a government of a country or territory, (b) an agency of the government of a country or territory, (c) an organization directly or indirectly controlled by a country or territory or its government, or (d) a Person resident in or determined to be resident in a country or territory, in each case of clauses (a) through (d) that is a target of Sanctions, including a target of any country sanctions program administered and enforced by OFAC.

"**Sanctioned Person**" means, at any time (a) any Person named on the list of Specially Designated Nationals and Blocked Persons maintained by OFAC, OFAC's consolidated Non-SDN list or any other Sanctions-related list maintained by any Governmental Authority, (b) a Person or legal entity that is a target of Sanctions, (c) any Person operating, organized or resident in a Sanctioned Entity, or (d) any Person directly or indirectly owned or controlled (individually or in the aggregate) by or acting on behalf of any such Person or Persons described in clauses (a) through (c) above.

"**Sanctions**" means individually and collectively, respectively, any and all economic sanctions, trade sanctions, financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes anti-terrorism laws and other sanctions laws, regulations or embargoes, including those imposed, administered or enforced from time to time by: (a) the United States of America, including those administered by OFAC, the U.S. Department of State, the U.S. Department of Commerce, or through any existing or future executive order, or (b) any other Governmental Authority with jurisdiction over any Secured Party or any Credit Party or any of their respective Subsidiaries or Affiliates.

"**Secured Parties**" has the meaning assigned to that term in the Pledge and Security Agreement.

"**Securities**" means any stock, shares, partnership interests, voting trust certificates, certificates of interest or participation in any profit-sharing agreement or arrangement, options, warrants, bonds, debentures, notes, or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities" or any certificates of interest, shares or participations in temporary or interim certificates for the purchase or acquisition of, or any right to subscribe to, purchase or acquire, any of the foregoing.

"**Securities Act**" means the Securities Act of 1933, as amended from time to time, and any successor statute.

"**Solvency Certificate**" means a Solvency Certificate of a Responsible Financial Officer of Holdings substantially in the form of Exhibit G-2.

"**Solvent**" means, with respect to any Credit Party, that as of the date of determination, both (i) (a) the sum of such Credit Party's debt (including contingent liabilities) does not exceed the present fair saleable value of such Credit Party's present assets taken as a going concern; (b) such Credit Party's capital is not unreasonably small in relation to its business as contemplated on the Closing Date and reflected in the Projections or with respect to any transaction contemplated or undertaken after the Closing Date; and (c) such Person has not incurred and does not intend to incur debts beyond its ability to pay such debts as they become due in the ordinary course (whether at maturity or otherwise); and (ii) such Person is "solvent" within the meaning given that term and similar terms under applicable laws relating to fraudulent transfers and conveyances. For purposes of this definition, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standard No. 5).

"**Subject Fiscal Quarter**" as defined in the definition of "Applicable Revolving Loan Margin".

"**Subject Transaction**" as defined in Section 6.8(e).

"**Subordinated Indebtedness**" means any unsecured Indebtedness of Holdings or its Subsidiaries incurred from time to time that is subordinated in right of payment to the Obligations and (a) that is only guaranteed by the Guarantors, (b) that is not subject to scheduled amortization, redemption, sinking fund or similar payment and does not have a final maturity, in each case, on or before the date that is six months after the Final Maturity Date, (c) that does not include any financial covenants or any covenant or agreement that is more restrictive or onerous on any Credit Party in any material respect than any comparable covenant in the Agreement and is otherwise on terms and conditions reasonably acceptable to Administrative Agent and Collateral Agent, (d) shall be limited to cross-payment default and cross-acceleration to designated "senior debt" (including the Obligations), (e) does not require any cash pay interest until the date that is 180 days after the Final Maturity Date, and (f) the terms and conditions of the subordination are reasonably acceptable to Administrative Agent and Collateral Agent.

"**Subsidiary**" means, with respect to any Person, any corporation, partnership, limited liability company, association, joint venture or other business entity of which more than 50% of the total voting power of shares of stock or other ownership interests entitled (without regard to the occurrence of any contingency) to vote in the election of the Person or Persons (whether directors, managers, trustees or other Persons performing similar functions) having the power to direct or cause the direction of the management and policies 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; provided, in determining the percentage of ownership interests of any Person controlled by another Person, no ownership interest in the nature of a "qualifying share" of the former Person shall be deemed to be outstanding.

"**Swap Obligation**" means, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act.

"**Tax**" or "**Taxes**" means any present or future tax, levy impost, duty, assessment, charge, deduction or withholding in the nature of a tax imposed, levied, collected, withheld or assessed by any Governmental Authority, including any interest or penalties.

"**Tax Incentives**" means those certain tax incentives (including grants) pursuant to (i) the Community Economic Development Agreement by and between Holding and the Economic Investment

Committee of the State of North Carolina, dated September 15, 2014, (ii) the Business Investment Program Grant Agreement by and among Parent, the City of Charlotte and Mecklenburg County, dated as of December 2014, (iii) the Community Economic Development Agreement by and between Parent and the Economic Investment Committee of the State of North Carolina, dated as of December 18, 2018, and (iv) the Business Investment Program Grant Agreement by and among Parent, the City of Charlotte and Mecklenburg County, to be entered into as of August 2019.

"**Term Lender**" means a Lender that has a Term Loan Exposure, [**] Delayed Draw Term Loan Exposure or Additional Delayed Draw Term Loan Exposure.

"**Term Loan**" means a Loan made by a Lender to Company pursuant to Section 2.1(a) and "**Term Loans**" means all or any portion of them. Unless otherwise specifically provided herein, all references in this Agreement and any other Credit Document to "Term Loans" shall be deemed, unless the context otherwise requires, to include any Incremental Term Loans made pursuant to Section 2.1(d).

"**Term Loan Commitment**" means the commitment of a Lender to make or otherwise fund a Term Loan and "**Term Loan Commitments**" means such commitments of all Lenders in the aggregate. The amount of each Lender's Term Loan Commitment, if any, is set forth on Appendix A-1 or in the applicable Assignment Agreement, subject to any adjustment or reduction pursuant to the terms and conditions hereof. The aggregate amount of the Term Loan Commitments as of the Closing Date is $95,000,000. Unless otherwise specifically provided herein, all references in this Agreement and any other Credit Document to "Term Loan Commitments" shall be deemed, unless the context otherwise requires, to include any Incremental Term Loan Commitments of such Lender.

"**Term Loan Exposure**" means, with respect to any Lender as of any date of determination, (i) prior to the termination of the Term Loan Commitments, that Lender's Term Loan Commitment; and (ii) after the termination of the Term Loan Commitments, the aggregate outstanding principal amount of the Term Loans of that Lender.

"**Term Loan Note**" means a promissory note in the form of Exhibit B-1, as it may be amended, supplemented or otherwise modified from time to time.

"**Terminated Lender**" as defined in Section 2.21.

"**Title Policy**" as defined in Section 5.11.

"**Total Utilization of Revolving Commitments**" means, as at any date of determination, the aggregate principal amount of all outstanding Revolving Loans and the Revolving LC Obligations.

"**Transaction Costs**" means the fees, premiums, expenses and other transaction costs and expenses payable by Parent or any of its Subsidiaries in connection with the Transactions.

"**Transactions**" mean the consummation of the BankTEL Acquisition, the consummation of the Closing Date Equity Transaction and the entering into of this Agreement and the other Credit Documents and funding of the Loans and the issuance of Letters of Credit hereunder.

"**Trust**" means the trust established for the benefit of the Trust Companies pursuant to the Trust Agreement.

"**Trust Agreement**" means that certain Master AvidPay Trust Agreement dated as of June 2012, by and among Parent, Old North State Trust, LLC of Siler City, North Carolina, as trustee, and the Trust Companies.

"**Trust Companies**" means the customers and clients of Holdings and its Subsidiaries which agree to be parties to the Trust Agreement pursuant to related Master AvidPay Trust Joinder Agreements.

"**TSL**" as defined in the preamble hereto.

"**Type of Loan**" means with respect to any Loans, a Base Rate Loan or a LIBOR Rate Loan.

"**UCC**" means the Uniform Commercial Code (or any similar or equivalent legislation) as in effect in any applicable jurisdiction.

"**Voidable Transfer**" as defined in Section 10.24.

"**Withholding Agent**" means any Credit Party or Administrative Agent, as applicable.

"**Write-Down and Conversion Powers**" means with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

1.2 Accounting Terms. Except as otherwise expressly provided herein, all accounting terms not otherwise defined herein shall have the meanings assigned to them in conformity with GAAP; provided, that if Company notifies Agent that Company requests an amendment to any provision hereof to eliminate the effect of any Accounting Change occurring after the Closing Date or in the application thereof on the operation of such provision (or if Agent notifies Company that the Requisite Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such Accounting Change or in the application thereof, then Agent and Company agree that they will negotiate in good faith amendments to the provisions of this Agreement that are directly affected by such Accounting Change with the intent of having the respective positions of the Lenders and Company after such Accounting Change conform as nearly as possible to their respective positions as of the date of this Agreement and, until any such amendments have been agreed upon and agreed to by the Requisite Lenders, the provisions in this Agreement shall be calculated as if no such Accounting Change had occurred. Financial statements and other information required to be delivered by Holdings to Lenders pursuant to Section 5.1(a), 5.1(b) and 5.1(c) shall be prepared in accordance with GAAP as in effect at the time of such preparation (and delivered together with the reconciliation statements provided for in Section 5.1(e), if applicable). Subject to the foregoing, calculations in connection with the definitions, covenants and other provisions hereof shall utilize accounting principles and policies in conformity with those used to prepare the Historical Financial Statements. Anything to the contrary contained herein notwithstanding, it shall not be a breach of any of the representations and warranties set forth in the Credit Documents or a violation of any of the covenants set forth in the Credit Documents if the financial statements of BankTEL and its Subsidiaries are not, for the first 180 days after the Closing Date, prepared in conformity with GAAP.

1.3 Interpretation, Construction, etc. Any of the terms defined herein may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference. References herein to any Section, Appendix, Schedule or Exhibit shall be to a Section, an Appendix, a Schedule or an Exhibit, as the case may be, hereof unless otherwise specifically provided. The use herein of the word

"include" or "including," when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not no limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter. The term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or." References to agreements (including this Agreement) or other contractual obligations shall, unless otherwise specified, be deemed to refer to such agreements or contractual obligations as amended, supplemented, restated, amended and restated or otherwise modified from time to time to the extent not prohibited herein. Any reference herein to the satisfaction, repayment, or payment in full of the Obligations or Guaranteed Obligations shall mean (a) the payment or repayment in full in immediately available funds of (i) the principal amount of, and interest accrued and unpaid with respect to, all outstanding Loans and all Revolving LC Obligations (excluding the undrawn amount of Letters of Credit), together with the payment of any premium applicable to the repayment of the Loans, (ii) all costs and expenses payable under the Credit Documents that have accrued for the account of Agents, the Lenders, their respective Affiliates or any of them and are unpaid regardless of whether demand has been made therefor, and (iii) all fees or charges that have accrued hereunder or under any other Credit Document or any Ancillary Services Agreement and are unpaid, (b) the receipt by Collateral Agent of cash collateral in order to secure any other contingent Obligations for which a claim or demand for payment has been made on or prior to such time or in respect of matters or circumstances known to any Agent or any Lender at such time that are reasonably expected to result in any loss, cost, damage, or expense (including attorneys fees and legal expenses), such cash collateral to be in such amount as any Agent reasonably determines is appropriate to secure such contingent Obligations, (c) the payment or repayment in full in immediately available funds of all other outstanding Obligations (including any Obligations in respect of Ancillary Services that are then due and payable and the payment of any termination amount then applicable (or which would or could become applicable as a result of the repayment of the other Obligations) under any Interest Rate Agreement or Currency Agreement with a Lender Counterparty) other than (i) unasserted contingent indemnification Obligations and (ii) any Obligations in respect of Ancillary Services Agreements, Interest Rate Agreements or Currency Agreements that, at such time, are allowed by the Ancillary Services Provider or the applicable Lender Counterparty to remain outstanding without being required to be repaid or collateralized, (d) the cash collateralization of each Interest Rate Agreement and Currency Agreement with a Lender Counterparty on terms reasonably acceptable to the applicable Lender Counterparty to the extent required by such Lender Counterparty, (e) in the case of contingent reimbursement obligations and other contingent Obligations with respect to Letters of Credit, providing Letter of Credit Collateralization, (f) in the case of contingent Obligations with respect to Ancillary Services, providing Ancillary Services Collateralization and (g) the termination of all of the Commitments of the Lenders. Reference to a Credit Party's "knowledge" or similar concept means actual knowledge of an Authorized Officer. Reference to any Subsidiary means a Subsidiary of Holdings unless the context clearly requires otherwise. References to the undrawn amount of any Letter of Credit (or words of similar import) shall be deemed to mean the undrawn amount of the maximum stated amount of such Letter of Credit after giving effect to any increases in the amount of such Letter of Credit that are scheduled to occur automatically under the terms thereof.

1.4 Divisions. For all purposes under the Credit Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Capital Stock at such time.

SECTION 2. LOANS

2.1 Term Loans.

(a) Term Loans.

(i) Term Loan Commitments. Subject to the terms and conditions hereof, each Lender severally agrees to make, on the Closing Date, a Term Loan to the Company in a principal amount equal to such Lender's Term Loan Commitment. Company may make only one borrowing under the Term Loan Commitment, which shall be on the Closing Date. Any amount borrowed under this Section 2.1(a)(i) and subsequently repaid or prepaid may not be reborrowed. Subject to Sections 2.11 and 2.12, all outstanding amounts owed hereunder with respect to the Term Loan shall be paid in full no later than the Final Maturity Date. Each Lender's Term Loan Commitment shall terminate immediately and without further action on the Closing Date after giving effect to the funding of such Lender's Term Loan Commitment on such date.

(ii) Borrowing Mechanics for Term Loans.

(1) Company shall deliver to Administrative Agent a fully executed Funding/Issuance Notice no later than 1:00 p.m. (New York City time) five (5) Business Days prior to the Closing Date with respect to the Term Loan made on the Closing Date. Except as otherwise provided herein, a Funding/Issuance Notice for any Term Loan that is a LIBOR Rate Loan shall be irrevocable on and after the related Interest Rate Determination Date, and Company shall be bound to make a borrowing in accordance therewith. Administrative Agent and each Lender may conclusively rely on the funding instructions contained in any executed Funding/Issuance Notice matching the funding instructions contained in the form of Funding/Issuance Notice attached as Exhibit A-1 hereto. Promptly upon receipt by Administrative Agent of such Funding/Issuance Notice, Administrative Agent shall notify each Lender of the proposed borrowing.

(2) Each Lender shall make its portion of the Term Loan available to Administrative Agent not later than 1:00 p.m. (New York City time) on the Closing Date, by wire transfer of same day funds in Dollars, at Administrative Agent's Principal Office. Upon receipt of all requested funds, and upon satisfaction or waiver of the conditions precedent specified herein, Administrative Agent shall make the proceeds of the Term Loan available to Company on the Closing Date by causing an amount of same day funds in Dollars equal to the proceeds of such Term Loan received by Administrative Agent from Lenders to be wire transferred to any account of Company as may be designated in writing to Administrative Agent by Company.

(b) [**] Delayed Draw Term Loans.

(i) [**] Delayed Draw Term Loan Commitments. On or prior to the [**] Delayed Draw Term Loan Commitment Termination Date, subject to the terms and conditions hereof, each Lender severally agrees to from time to time make [**] Delayed Draw Term Loans to Company in an original principal amount that will not result in the aggregate original principal amount of [**] Delayed Draw Term Loans made by such Lender exceeding such Lender's [**] Delayed Draw Term Loan Commitment; provided, that the Lenders shall only be required to make one [**] Delayed Draw Term Loan per Fiscal Quarter, on an [**] Date which is the last Business Day of a Fiscal Quarter, in an aggregate principal amount equal to the lesser of (x) [**],

and (y) [**]. Any amount borrowed under this Section 2.1(b)(i) and subsequently repaid or prepaid may not be reborrowed. Subject to Sections 2.11 and 2.12, all outstanding amounts owed hereunder with respect to the [**] Delayed Draw Term Loans shall be paid in full no later than the Final Maturity Date. Each Lender's [**] Delayed Draw Term Loan Commitment shall reduce by the amount of each [**] Delayed Draw Term Loan that is made and shall expire on the [**] Delayed Draw Term Loan Commitment Termination Date.

(ii) Borrowing Mechanics for [**] Delayed Draw Term Loans.

(1) If Company desires that Lenders make [**] Delayed Draw Term Loans to pay [**] on the Term Loans, [**] Delayed Draw Term Loans, and Additional Delayed Draw Term Loans, then Company shall provide written notice to Administrative Agent by delivering to Administrative Agent a fully executed Funding/Issuance Notice no later than 1:00 p.m. (New York City time) at least five (5) Business Days in advance of the proposed Credit Date (which must be an [**] Date which is the last Business Day of a Fiscal Quarter). Except as otherwise provided herein, a Funding/Issuance Notice for an [**] Delayed Draw Term Loan that is a LIBOR Rate Loan shall be irrevocable on and after the related Interest Rate Determination Date, and Company shall be bound to make a borrowing in accordance therewith. Administrative Agent and each Lender may conclusively rely on the funding instructions contained in any executed Funding/Issuance Notice matching the funding instructions contained in the form of Funding/Issuance Notice attached as Exhibit A-1 hereto.

(2) Notice of receipt of each Funding/Issuance Notice in respect of [**] Delayed Draw Term Loans, together with the amount of each Lender's Pro Rata Share thereof, if any, together with the applicable interest rate, shall be promptly provided by Administrative Agent to each applicable Lender by email, or telefacsimile.

(3) Each Lender shall make the amount of its [**] Delayed Draw Term Loan available to Administrative Agent not later than 1:00 p.m. (New York City time) on the applicable Credit Date by wire transfer of same day funds in Dollars, at Administrative Agent's Principal Office. Except as provided herein, upon receipt of all requested funds, and upon satisfaction or waiver of the conditions precedent specified in Section 3.2(b), Administrative Agent shall make the proceeds of such [**] Delayed Draw Term Loans available to Company on the applicable Credit Date by causing an amount of same day funds in Dollars equal to the proceeds of all such [**] Delayed Draw Term Loans received by Administrative Agent from Lenders to be wire transferred to any account of Company as may be designated in writing to Administrative Agent by Company.

(c) Additional Delayed Draw Term Loans.

(i) Additional Delayed Draw Term Loan Commitments. On or prior to the Additional Delayed Draw Term Loan Commitment Termination Date, subject to the terms and conditions hereof, each Lender severally agrees to from time to time make Additional Delayed Draw Term Loans to Company in an original principal amount that will not result in the aggregate original principal amount of Additional Delayed Draw Term Loans made by such Lender exceeding such Lender's Additional Delayed Draw Term Loan Commitment. Any amount borrowed under this Section 2.1(c)(i) and subsequently repaid or prepaid may not be reborrowed. Subject to Sections 2.11 and 2.12, all outstanding amounts owed hereunder with respect to the

Additional Delayed Draw Term Loans shall be paid in full no later than the Final Maturity Date. Each Lender's Additional Delayed Draw Term Loan Commitment shall reduce by the amount of each Additional Delayed Draw Term Loan that is made and shall expire on the Additional Delayed Draw Term Loan Commitment Termination Date.

(ii) Borrowing Mechanics for Additional Delayed Draw Term Loans.

(1) Additional Delayed Draw Term Loans shall be made in an aggregate minimum amount of $5,000,000 and integral multiples of $500,000 in excess of that amount.

(2) Whenever Company desires that Lenders make Additional Delayed Draw Term Loans, Company shall deliver to Administrative Agent a fully executed Funding/Issuance Notice, no later than 1:00 p.m. (New York City time) on a Business Day that is at least five (5) Business Days in advance of the proposed Credit Date. Administrative Agent and each Lender may conclusively rely on the funding instructions contained in any executed Funding/Issuance Notice matching the funding instructions contained in the form of Funding/Issuance Notice attached as Exhibit A-1 hereto.

(3) Notice of receipt of each Funding/Issuance Notice in respect of Additional Delayed Draw Term Loans, together with the amount of each Lender's Pro Rata Share thereof, if any, together with the applicable interest rate, shall be promptly provided by Administrative Agent to each applicable Lender by email, or telefacsimile.

(4) Each Lender shall make the amount of its Additional Delayed Draw Term Loan available to Administrative Agent not later than 1:00 p.m. (New York City time) on the applicable Credit Date by wire transfer of same day funds in Dollars, at Administrative Agent's Principal Office. Except as provided herein, upon receipt of all requested funds, and upon satisfaction or waiver of the conditions precedent specified in Section 3.2(c), Administrative Agent shall make the proceeds of such Additional Delayed Draw Term Loans available to Company on the applicable Credit Date by causing an amount of same day funds in Dollars equal to the proceeds of all such Additional Delayed Draw Term Loans received by Administrative Agent from Lenders to be wire transferred to any account of Company as may be designated in writing to Administrative Agent by Company.

(d) Incremental Term Loans.

(i) At any time from and after the Closing Date, at the option of Company (but subject to the conditions set forth in clause (d)(iii) below), the Term Loan amount may be increased on four (4) occasions by up to $50,000,000 in the aggregate for all such increases to the Term Loan (each such increase, an "**Incremental Term Loan**" and any commitments therefor, the "**Incremental Term Loan Commitments**"). Each existing Term Lender shall be given the first right to provide Incremental Term Loan Commitments and Incremental Term Loans requested by Company. If insufficient existing Term Lenders elect to provide the Incremental Term Loan Commitments and Incremental Term Loans requested by Company, then any prospective lender who is satisfactory to Company and Administrative Agent may become a Term Lender in connection with proposed Incremental Term Loan Commitments or a proposed Incremental Term Loan.

(ii) The terms and conditions of each Incremental Term Loan shall be the same as the terms and conditions of the Term Loans in existence as of the effective date of the increased Term Loan Commitments and the increased Term Loan.

(iii) Each of the following shall be conditions precedent to any Incremental Term Loan Commitments and the making of any Incremental Term Loan:

(1) Company or Administrative Agent shall have obtained the commitment of one or more Lenders or prospective lenders satisfactory to Company and Administrative Agent to provide the Incremental Term Loan Commitments and/or any Incremental Term Loan, and any such Lenders or prospective lender(s), Company and Administrative Agent shall have signed a joinder agreement to this Agreement (an "**Increase Term Loan Joinder**"), in form and substance reasonably satisfactory to Company and Administrative Agent, to which such Lenders or prospective lender(s), Company, and Administrative Agent are party;

(2) each of the conditions precedent set forth in Sections 3.2(a)(iii) and (iv) shall be satisfied after giving effect to such Incremental Term Loan Commitments and the Incremental Term Loans made thereunder and the lenders making such Incremental Term Loans shall have obtained credit committee approval in connection with the proposed Incremental Term Loan Commitments and the proposed Incremental Term Loans;

(3) on a pro forma basis after giving effect to the applicable Incremental Term Loans, Consolidated Recurring Revenue Ratio of the Credit Parties and their Subsidiaries as of the Fiscal Quarter most recently ended for which financial statements have been delivered to Administrative Agent shall not be in excess of 0.80:1.00; and

(4) Company shall have delivered to Administrative Agent updated pro forma Projections (after giving effect to the applicable Incremental Term Loans) for the Credit Parties and their Subsidiaries evidencing compliance on a pro forma basis with Section 6.8 for the Fiscal Quarter most recently ended and for the four Fiscal Quarters (on a Fiscal Quarter-by-Fiscal Quarter basis) immediately following the proposed date of the making of such Incremental Term Loan.

(iv) Unless otherwise specifically provided herein, all references in this Agreement and any other Credit Document to Term Loans shall be deemed, unless the context otherwise requires, to include Incremental Term Loans made pursuant to this Section 2.1(d).

(v) Incremental Term Loan Commitments and Incremental Term Loans shall be entitled to all the benefits afforded by this Agreement and the other Credit Documents, and shall, without limiting the foregoing, benefit equally and ratably from any guarantees and the security interests created by the Credit Documents. Company shall take any actions reasonably required by Collateral Agent to ensure and demonstrate that the Liens and security interests granted by the Credit Documents continue to be perfected under the UCC or otherwise after giving effect to the establishment of any Incremental Term Loan Commitments and/or any Incremental Term Loans.

2.2 Revolving Loans and Letters of Credit.

(a) Revolving Commitments. Subject to and upon the terms and conditions of this Agreement, during the Revolving Commitment Period, Company may request, and each Revolving Lender with a Revolving Commitment shall make, severally and not jointly, Revolving Loans in an aggregate outstanding principal amount not to exceed such Revolving Lender's Pro Rata Share of the result of the following: (1) the Maximum Revolver Amount, less (2) any Revolving LC Obligations. Subject to and upon the terms and conditions of this Agreement, amounts borrowed pursuant to this Section 2.2(a) may be repaid and reborrowed at any time prior to the Revolving Loan Maturity Date, at which time all Revolving Loans shall be immediately due and payable. Each Lender's Revolving Commitment shall terminate immediately and without further action on the Revolving Loan Maturity Date.

(b) Letters of Credit.

(i) Issuance of Letters of Credit. At the request of Company (which request shall include a fully executed Funding/Issuance Notice (with such changes as Administrative Agent shall from time to time reasonably require to fix any obvious error or to effect any necessary or desirable formatting or technical change)) made to Issuing Bank (a copy of which request Company shall concurrently also send to Administrative Agent), and after Administrative Agent has confirmed to Issuing Bank that there is sufficient Availability, Issuing Bank shall issue or arrange for the issuance of Letters of Credit for the account of Company, subject to the terms and conditions of this Agreement. The Issuing Bank shall not be required to issue or arrange a Letter of Credit in the event there is a Defaulting Lender. Each Letter of Credit shall have an expiry date no later than the Revolving Loan Calendar Maturity Date. The aggregate face amount of all Letters of Credit from time to time outstanding hereunder shall not exceed $12,500,000, and shall be reserved against the Maximum Revolver Amount pursuant to Section 2.2(a). The Issuing Bank will provide a copy of each Letter of Credit issued by it promptly after the issuance thereof.

(ii) Fees, Charges and Payments. Company shall pay Issuing Bank's customary fees and charges in connection with all Letters of Credit and all other customary bank charges in connection with the Letters of Credit. Any payment by or on behalf of a Revolving Lender under or in connection with a Letter of Credit (including without limitation, in connection with any draw upon a Letter of Credit issued or arranged by Issuing Bank or any payment made by Issuing Bank to an issuing bank with respect to a guaranty or indemnity given to such issuing bank) shall constitute a Revolving Loan hereunder on the date such payment is made (notwithstanding anything to the contrary set forth in Section 2.2(a), Section 3 or otherwise). Each week, Issuing Bank, Administrative Agent and Revolving Lenders shall make payments to each other as necessary so that, as between them, each has received any amounts to which it is entitled, and paid any amounts for which it is obligated, with respect to the Revolving Loans and Revolving LC Obligations, including as is necessary so that each Revolving Lender shall have funded its Pro Rata Share of all Revolving Loans and Revolving LC Obligations and received its share of Revolving Loan interest and any Letter of Credit fees.

(iii) Indemnity. Without limitation on any other obligation of any Credit Party to pay expenses or to indemnify contained herein, each Credit Party hereby agrees to indemnify and hold each Agent, Issuing Bank and each Lender harmless from any loss, cost, expense, or liability, including payments made by any such Person, expenses, and reasonable attorneys' fees incurred by any such Person arising out of or in connection with any Letter of Credit, other than, in each case, arising out of the gross negligence or willful misconduct of such Agent, Issuing Bank or such Lender (as the case may be) as finally determined by a court of competent jurisdiction. Company agrees to be bound by the regulations and interpretations of the underlying issuing bank of any Letter of Credit guarantied by Issuing Bank and arranged for Company's account or by Issuing Bank's interpretations of any Letter of Credit issued for Company's account, and Company

understands and agrees that none of any Agent, Issuing Bank, or any Lender shall be liable for any error, negligence, or mistake, whether of omission or commission, in following Company's instructions or those contained in the Letters of Credit or any modifications, amendments, or supplements thereto, other than, in each case, arising out of the gross negligence or willful misconduct of such Agent, Issuing Bank or such Lender (as the case may be) as finally determined by a court of competent jurisdiction. The Credit Parties understand that Letters of Credit may require Issuing Bank to indemnify the underlying issuing bank for certain costs or liabilities arising out of claims by Company against such issuing bank. Without limitation on any other obligation to pay expenses or to indemnify contained herein, each Credit Party hereby agrees to indemnify and hold Issuing Bank harmless with respect to any loss, cost, expense, or liability incurred by Issuing Bank under any Letter of Credit as a result of Issuing Bank's indemnification of any such issuing bank, other than to the extent arising out of the gross negligence or willful misconduct of Issuing Bank as finally determined by a court of competent jurisdiction. The provisions of this Agreement, as it pertains to Letters of Credit, and any other Issuer Document relating to Letters of Credit, are cumulative.

(iv) Letter of Credit Participations. The Issuing Bank irrevocably agrees to grant and hereby grants to each other Revolving Lender, and, to induce the Issuing Bank to issue Letters of Credit, each such Revolving Lender irrevocably agrees to accept and purchase and hereby accepts and purchases from the Issuing Bank, on the terms and conditions set forth below, for such Revolving Lender's own account and risk, an undivided interest equal to such Revolving Lender's Pro Rata Share in the Issuing Bank's obligations and rights under and in respect of each Letter of Credit and the amount of each draft paid by the Issuing Bank thereunder. Each Revolving Lender agrees with the Issuing Bank that, if a draft is paid under any Letter of Credit for which the Issuing Bank is not reimbursed in full by the Company within one Business Day, such Revolving Lender shall pay to the Issuing Bank upon demand an amount equal to such Revolving Lender's Pro Rata Share of the amount of such draft, or any part thereof, that is not so reimbursed. Each Revolving Lender's obligation to pay such amount shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right that such Revolving Lender may have against the Issuing Bank, the Company or any other Person for any reason whatsoever, (B) the occurrence of a Default or an Event of Default or the failure to satisfy any of the other conditions specified in Section 3.2, (C) any adverse change in the condition (financial or otherwise) of Company, (D) any breach of this Agreement or any other Credit Document by the Company, any other Credit Party or any other Revolving Lender, or (E) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing. If any Revolving Lender fails to make available to Administrative Agent (for the benefit of Issuing Bank) or Issuing Bank any amount due under this Agreement with respect to Revolving LC Obligations (excluding the undrawn amount of Letters of Credit), such Revolving Lender shall be deemed to be a Defaulting Lender and Administrative Agent, on behalf of, and for the benefit of, the Issuing Bank, shall be entitled to recover such amount on demand from such Revolving Lender together with interest thereon at the interest rate then applicable to Revolving Loans that are Base Rate Loans (inclusive of the Base Rate Margin applicable thereto) until paid in full.

(c) Mechanics for Revolving Loans.

(i) Revolving Loans shall be made in an aggregate minimum amount of $500,000 and integral multiples of $100,000 in excess of that amount.

(ii) Whenever Company desires that Lenders make Revolving Loans, Company shall deliver to Administrative Agent a fully executed Funding/Issuance Notice (with such changes as Administrative Agent shall from time to time reasonably require to fix any obvious

error or to effect any necessary or desirable formatting or technical change), no later than 1:00 p.m. (New York City time) on a Business Day that is at least two Business Days in advance of the proposed Credit Date.

(iii) Notice of receipt of each Funding/Issuance Notice in respect of Revolving Loans, together with the amount of each Lender's Pro Rata Share thereof, if any, shall promptly be provided by Administrative Agent to each Lender with a Revolving Commitment.

(iv) Each Lender shall make the amount of its Revolving Loan available to Administrative Agent not later than 12:00 p.m. (New York City time) on the applicable Credit Date by wire transfer of same day funds in Dollars, at Administrative Agent's Principal Office.

(v) Upon receipt of all requested funds, and upon the terms and subject to the conditions set forth herein, Administrative Agent shall make the proceeds of any such Revolving Loans available to Company on the applicable Credit Date by causing an amount of same day funds in Dollars equal to the proceeds of all such Revolving Loans received by Administrative Agent from Lenders to be wire transferred to any account of Company as may be designated in writing to Administrative Agent by Company.

(vi) The Administrative Agent and the Revolving Lenders are authorized by Company, subject to the terms hereof, to make Revolving Loans based upon instructions received from an Authorized Officer or a designee of an Authorized Officer. The Administrative Agent and any Revolving Lender shall be entitled to rely on any email notice given by a person whom Administrative Agent or such Revolving Lender reasonably believes to be an Authorized Officer or a designee thereof, and each Credit Party shall indemnify and hold the Administrative Agent and the Revolving Lenders harmless for any damages, loss, costs or expenses suffered by Administrative Agent or any Revolving Lender as a result of such reliance other than to the extent arising out of the gross negligence or willful misconduct of Administrative Agent or such Revolving Lender (as the case may be) as finally determined by a court of competent jurisdiction.

(vii) [Reserved].

(d) [Reserved].

(e) Incremental Revolver Facility.

(i) At any time from and after the Closing Date, at the option of Company (but subject to the conditions set forth in clause (e)(iii) below), the Revolving Commitments and the Maximum Revolver Amount may be increased on one occasion by up to $10,000,000 (an "**Incremental Revolver Increase**"). Any prospective lender who is satisfactory to Company, Administrative Agent, and the existing Requisite Revolving Lenders, may become a Revolving Lender in connection with a proposed Increase; provided, that the existing Requisite Revolving Lenders shall be deemed to have consented to such prospective lender unless the existing Requisite Revolving Lenders object thereto by written notice (including via e-mail transmission) to Administrative Agent and Company within five Business Days after having received notice thereof.

(ii) The terms and conditions of the increased Revolving Commitments and any Revolving Loan made pursuant to any Incremental Revolver Increase shall be the same as the terms and conditions of the Revolving Commitments and Revolving Loans in existence as of the effective date of the increased Revolving Commitments and the increased Maximum Revolver Amount.

(iii) Each of the following shall be conditions precedent to any Incremental Revolver Increase:

(1) Company or Administrative Agent has obtained the commitment of one or more prospective lenders satisfactory to Company, Administrative Agent to provide the Incremental Revolver Increase, and any such prospective lender(s), Company and Administrative Agent have signed a joinder agreement to this Agreement (an "**Increase Revolver Joinder**"), in form and substance reasonably satisfactory to Company and Administrative Agent, to which such prospective lender(s), Company and Administrative Agent are party;

(2) each of the conditions precedent set forth in Sections 3.2(a)(iii) and (iv) are satisfied; and

(3) in the case of an Incremental Revolver Increase occurring more than 90 days after the Closing Date, Company has delivered to Administrative Agent updated pro forma Projections (after giving effect to the applicable Incremental Revolver Increase) for the Credit Parties and their Subsidiaries evidencing compliance on a pro forma basis with Section 6.8 for the four Fiscal Quarters (on a Fiscal Quarter-by-Fiscal Quarter basis) immediately following the proposed date of the applicable Incremental Revolver Increase.

(iv) Unless otherwise specifically provided herein, all references in this Agreement and any other Credit Document to Revolving Loans shall be deemed, unless the context otherwise requires, to include Revolving Loans made pursuant to the increased Revolving Commitments and increased Maximum Revolver Amount established pursuant to this Section 2.2(e).

(v) Each of the Lenders having a Revolving Commitment prior to the effective date of any Incremental Revolver Increase (the "**Pre-Increase Revolver Lenders**") shall assign to any Lender which is acquiring a new or additional Revolving Commitment on such effective date (the "**Post-Increase Revolver Lenders**"), and such Post-Increase Revolver Lenders shall purchase from each Pre-Increase Revolver Lender, at the principal amount thereof, such interests in the Revolving Loans and participation interests in Letters of Credit on such effective date as shall be necessary in order that, after giving effect to all such assignments and purchases, such Revolving Loans and participation interests in Letters of Credit will be held by Pre-Increase Revolver Lenders and Post-Increase Revolver Lenders ratably in accordance with their Pro Rata Share after giving effect to such increased Revolving Commitments.

(vi) The Revolving Loans, Revolving Commitments, and Maximum Revolver Amount established pursuant to this Section 2.2(e) shall constitute Revolving Loans, Revolving Commitments, and Maximum Revolver Amount under, and shall be entitled to all the benefits afforded by, this Agreement and the other Credit Documents, and shall, without limiting the foregoing, benefit equally and ratably from any guarantees and the security interests created by the Credit Documents. Company shall take any actions reasonably required by Collateral Agent to ensure and demonstrate that the Liens and security interests granted by the Credit Documents continue to be perfected under the UCC or otherwise after giving effect to the establishment of any such increased Revolving Commitments and increased Maximum Revolver Amount.

2.3 Pro Rata Shares; Availability of Funds.

(a) Pro Rata Shares. All Loans shall be made, and all participations in Letters of Credit purchased, by Lenders simultaneously and proportionately to their respective Pro Rata Shares of the Term Loans, [**] Delayed Draw Term Loans, Additional Delayed Draw Term Loans, Revolving Loans, or Letters of Credit, as applicable, it being understood that no Lender shall be responsible for any default by any other Lender in such other Lender's obligation to make a Loan requested hereunder or purchase a participation required hereby nor shall any Term Loan Commitment, [**] Delayed Draw Term Loan Commitment, Additional Delayed Draw Term Loan Commitment, or any Revolving Commitment of any Lender be increased or decreased as a result of a default by any other Lender in such other Lender's obligation to make a Loan requested hereunder or purchase a participation required hereby.

(b) Availability of Funds. Unless Administrative Agent shall have been notified by any Lender prior to the applicable Credit Date that such Lender does not intend to make available to Administrative Agent the amount of such Lender's Loan requested on such Credit Date, Administrative Agent may assume that such Lender has made such amount available to Administrative Agent on such Credit Date and Administrative Agent may, in its sole discretion, but shall not be obligated to, make available to Company a corresponding amount on such Credit Date. If such corresponding amount is not in fact made available to Administrative Agent by such Lender, Administrative Agent shall be entitled to recover such corresponding amount on demand from such Lender together with interest thereon, for each day from such Credit Date until the date such amount is paid to Administrative Agent, at the customary rate set by Administrative Agent for the correction of errors among banks for three Business Days and thereafter at the Base Rate for the applicable Class of Loans. If such Lender does not pay such corresponding amount forthwith upon Administrative Agent's demand therefor, Administrative Agent shall promptly notify Company and Company shall immediately pay such corresponding amount to Administrative Agent, together with interest thereon, for each day from such Credit Date until the date such amount is paid to Administrative Agent, at the rate payable hereunder for Base Rate Loans for such Class of Loans. Nothing in this Section 2.3(b) shall be deemed to relieve any Lender from its obligation to fulfill its Term Loan Commitments, [**] Delayed Draw Term Loan Commitments, Additional Delayed Draw Term Loan Commitments, and Revolving Commitments hereunder or to prejudice any rights that Company may have against any Lender as a result of any default by such Lender hereunder.

2.4 Use of Proceeds. The proceeds of the Term Loans shall be applied by Company (a) to pay Transaction Costs, (b) to partially finance the consideration for the BankTEL Acquisition and (c) for working capital and general corporate purposes of the Company. The proceeds of the Revolving Loans and the Letters of Credit shall be used for working capital and general corporate purposes of the Company. [**] The proceeds of the Additional Delayed Draw Term Loans made after the Closing Date shall be used for working capital and general corporate purposes of the Company or for Permitted Acquisitions and to pay transaction costs incurred in connection therewith. The proceeds of any Incremental Term Loans shall be used solely for Permitted Acquisitions and to pay transaction costs incurred in connection therewith. No portion of the proceeds of any Credit Extension shall be used in violation of Section 4.25 hereof or any manner that causes or might cause such Credit Extension or the application of such proceeds to violate Regulation T, Regulation U or Regulation X of the Board of Governors of the Federal Reserve System or any other regulation thereof or to violate the Exchange Act.

2.5 Evidence of Debt; Register; Lenders' Books and Records; Notes.

(a) Lenders' Evidence of Debt. Each Lender shall maintain on its internal records an account or accounts evidencing the Obligations of Company to such Lender, including the amounts of the Loans made by it and each repayment and prepayment in respect thereof. Any such recordation shall be conclusive and binding on Company, absent manifest error; provided, that the failure to make any such

recordation, or any error in such recordation, shall not affect any Lender's Commitments or Company's Obligations in respect of any applicable Loans; and provided further, in the event of any inconsistency between the Register and any Lender's records, the recordations in the Register shall govern, absent manifest error.

(b) Register. Administrative Agent shall maintain at one of its offices a register for the recordation of the names and addresses of Term Lenders and Revolving Lenders and the principal amounts and stated interest of the Term Loan Commitments, Revolving Commitments, [**] Delayed Draw Term Loan Commitments, Additional Delayed Draw Term Loan Commitments, Term Loans, Revolving Loans, [**] Delayed Draw Term Loans, and Additional Delayed Draw Term Loans of each Term Lender or Revolving Lender, as applicable, from time to time (the "**Register**"). The Register shall be available for inspection by Company or any Lender at any reasonable time and from time to time upon reasonable prior written notice. Administrative Agent shall record in the Register the Term Loan Commitments, Revolving Commitments, [**] Delayed Draw Term Loan Commitments, Additional Delayed Draw Term Loan Commitments, the Term Loans, the Revolving Loans, [**] Delayed Draw Term Loans, and Additional Delayed Draw Term Loans and each repayment or prepayment in respect of the principal amount of the Term Loans, Revolving Loans, [**] Delayed Draw Term Loans, and Additional Delayed Draw Term Loans and any such recordation shall be conclusive and binding on Company and each Lender, absent manifest error; provided, Administrative Agent may correct any failure to make any such recordation or any error in such recordation without compromising any Lender's Term Loan Commitments, Revolving Commitments, [**] Delayed Draw Term Loan Commitments, or Additional Delayed Draw Term Loan Commitments or Company's Obligations in respect of any Term Loan, Revolving Loan, [**] Delayed Draw Term Loan, or Additional Delayed Draw Term Loan. Company hereby designates the entity serving as Administrative Agent to serve as Company's non-fiduciary agent solely for purposes of maintaining the Register as provided in this Section 2.5 and Section 10.6, and Company hereby agrees that, to the extent such entity serves in such capacity, the entity serving as Administrative Agent and its officers, directors, employees, agents and affiliates shall constitute "Indemnitees."

(c) Notes. If so requested by any Lender by written notice to Company at least two Business Days prior to the Closing Date, Company shall execute and deliver to such Lender (and/or, if applicable and if so specified in such notice, to any Person who is an assignee of such Lender pursuant to Section 10.6) on the Closing Date (or, if such notice is delivered later than two Business Days prior to the Closing Date, promptly after Company's receipt of such notice) a Note or Notes to evidence such Lender's Term Loan, [**] Delayed Draw Term Loan, Additional Delayed Draw Term Loan, or Revolving Loan, as the case may be.

2.6 Interest on Loans; Fees.

(a) Except as otherwise set forth herein, the Loans shall bear interest on the unpaid outstanding principal amount thereof from the applicable Credit Date through repayment (whether by acceleration or otherwise) thereof as follows:

(i) if a Base Rate Loan, at the Base Rate plus the Applicable Term Loan Margin or Applicable Revolving Loan Margin, as applicable; or

(ii) if a LIBOR Rate Loan, at the Adjusted LIBOR Rate plus the Applicable Term Loan Margin or Applicable Revolving Loan Margin, as applicable.

(b) Reserved.

(c) Company shall incur at issuance and renewal of each Letter of Credit, a Letter of Credit fee of [**]% of the amount of such Letter of Credit (collectively, the "**Letter of Credit Fee**"), which Letter of Credit Fee shall be payable to Administrative Agent, for the benefit of Revolving Lenders in accordance with their Pro Rata Shares, in arrears on the last Business Day of each Fiscal Quarter, and which shall be in addition to any fronting fees and commissions, other fees, charges and expenses that are charged generally by Issuing Bank with respect to letters of credit.

(d) The basis for determining the rate of interest with respect to any Loan, and the Interest Period with respect to any LIBOR Rate Loan, shall be selected by Company and notified to Administrative Agent and Lenders pursuant to the applicable Funding/Issuance Notice or Conversion/Continuation Notice, as the case may be. If on any day a Loan is outstanding with respect to which a Funding/Issuance Notice or Conversion/Continuation Notice has not been delivered to Administrative Agent in accordance with the terms hereof specifying the applicable basis for determining the rate of interest, then for that day such Loan shall be a Base Rate Loan.

(e) In connection with LIBOR Rate Loans there shall be no more than seven (7) Interest Periods outstanding at any time. With respect to any Loans, in the event Company fails to specify between a Base Rate Loan or a LIBOR Rate Loan in the applicable Funding/Issuance Notice or Conversion/Continuation Notice, such Loan (if outstanding as a LIBOR Rate Loan) will be automatically converted into a Base Rate Loan on the last day of the then-current Interest Period for such Loan (or if outstanding as a Base Rate Loan will remain as, or (if not then outstanding) will be made as, a Base Rate Loan). With respect to any Loans, in the event Company fails to specify an Interest Period for any LIBOR Rate Loan in the applicable Funding/Issuance Notice or Conversion/Continuation Notice, Company shall be deemed to have selected an Interest Period of one month. Promptly on each Interest Rate Determination Date, Administrative Agent shall determine (which determination shall, absent manifest error, be final, conclusive and binding upon all parties) the interest rate that shall apply to the LIBOR Rate Loans for which an interest rate is then being determined for the applicable Interest Period and shall promptly give notice thereof (in writing or by telephone confirmed in writing) to Company and each Lender that holds a portion of the Loans.

(f) Interest on the Term Loans shall be paid to the Administrative Agent, in cash in arrears on and to (i) each Interest Payment Date applicable to the relevant Term Loans, (ii) maturity, including final maturity, and (iii) upon any prepayment of the Term Loans, whether voluntary or mandatory, to the extent accrued but unpaid on the amount being prepaid.

(g) Interest on the Revolving Loans shall be paid to Administrative Agent, in cash in arrears on and to (i) each Interest Payment Date applicable to the Revolving Loans, and (ii) at maturity, including final maturity.

(h) Interest on the [**] Delayed Draw Term Loans shall be paid to the Administrative Agent, in cash in arrears on and to (i) each Interest Payment Date applicable to the relevant [**] Delayed Draw Term Loans, (ii) maturity, including final maturity, and (iii) upon any prepayment of the [**] Delayed Draw Term Loans, whether voluntary or mandatory, to the extent accrued but unpaid on the amount being prepaid.

(i) Interest on the Additional Delayed Draw Term Loans shall be paid to the Administrative Agent, in cash in arrears on and to (i) each Interest Payment Date applicable to the relevant Additional Delayed Draw Term Loans, (ii) maturity, including final maturity, and (iii) upon any prepayment of the Additional Delayed Draw Term Loans, whether voluntary or mandatory, to the extent accrued but unpaid on the amount being prepaid.

(j) Interest shall be computed on the basis of a 360-day year, in each case for the actual number of days elapsed in the period during which it accrues. In computing interest on any Loan, the date of the making of such Loan or the first day of an Interest Period applicable to such Loan or, with respect to a Base Rate Loan being converted from a LIBOR Rate Loan, the date of conversion of such LIBOR Rate Loan to such Base Rate Loan, as the case may be, shall be included, and the date of payment of such Loan or the expiration date of an Interest Period applicable to such Loan or, with respect to a Base Rate Loan being converted to a LIBOR Rate Loan, the date of conversion of such Base Rate Loan to such LIBOR Rate Loan, as the case may be, shall be excluded; provided, if a Loan is repaid on the same day on which it is made, one day's interest shall be paid on that Loan.

2.7 Conversion/Continuation.

(a) Subject to Section 2.16 and so long as no Default or Event of Default shall have occurred and then be continuing, Company shall have the option:

(i) to convert at any time all or any part of any Loan equal to $500,000 and integral multiples of $100,000 in excess of that amount from one Type of Loan to another Type of Loan; provided, a LIBOR Rate Loan may only be converted on the expiration of the Interest Period applicable to such LIBOR Rate Loan unless Company shall pay all amounts due under Section 2.16 in connection with any such conversion; or

(ii) upon the expiration of any Interest Period applicable to any LIBOR Rate Loan, to continue all or any portion of such Loan equal to $500,000 and integral multiples of $100,000 in excess of that amount as a LIBOR Rate Loan.

(b) Company shall deliver a Conversion/Continuation Notice to Administrative Agent no later than 1:00 p.m. (New York City time) at least one Business Day in advance of the proposed conversion date (in the case of a conversion to a Base Rate Loan) and at least three Business Days in advance of the proposed conversion/continuation date (in the case of a conversion to, or a continuation of, a LIBOR Rate Loan). Except as otherwise provided herein, a Conversion/Continuation Notice for conversion to, or continuation of, any LIBOR Rate Loans shall be irrevocable on and after the related Interest Rate Determination Date, and Company shall be bound to effect a conversion or continuation in accordance therewith.

2.8 Default Interest. Upon the occurrence and during the continuance of an Event of Default, the principal amount of all Loans outstanding and, to the extent permitted by applicable law, any interest payments on the Loans or any fees or other amounts owed hereunder, shall thereafter bear interest (including post-petition interest in any proceeding under the Bankruptcy Code or other applicable bankruptcy laws) payable on demand at a rate that is 2% per annum in excess of the interest rate otherwise payable hereunder with respect to the applicable Loans (or, in the case of any such fees and other amounts, at a rate which is 2% per annum in excess of the interest rate otherwise payable hereunder for Base Rate Loans) (the "**Default Rate**"); provided, in the case of LIBOR Rate Loans, upon the expiration of the Interest Period in effect at the time any such increase in interest rate is effective such LIBOR Rate Loans shall thereupon become Base Rate Loans and shall thereafter bear interest payable upon demand at a rate which is 2% per annum in excess of the interest rate otherwise payable hereunder for Base Rate Loans. Payment or acceptance of the increased rates of interest provided for in this Section 2.8 is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Administrative Agent or any Lender.

2.9 Fees.

(a) Company agrees to pay to Administrative Agent the fees and other amounts set forth in the Fee Letter.

(b) Company shall pay to Administrative Agent, for the benefit of the Revolving Lenders in accordance with their Pro Rata Shares, in arrears, on the first Business Day of each calendar month from and after the Closing Date and ending with the calendar month that includes the Revolving Loan Calendar Maturity Date, an unused line fee in an amount equal to [**]% per annum times the result of (i) the aggregate amount of the Revolving Commitments, less (ii) the average daily outstanding balance of the Revolving Loans during the immediately preceding month (or portion thereof).

(c) Company shall pay to Administrative Agent, for the benefit of the Term Lenders in accordance with their Pro Rata Shares, in arrears, on the first Business Day of each calendar month from and after the Closing Date and ending with the calendar month that includes the Additional Delayed Draw Term Loan Commitment Termination Date, an unused line fee in an amount equal to [**]% per annum times the result of (i) the aggregate amount of the Additional Delayed Draw Term Loan Commitments, less (ii) the average daily outstanding balance of the Additional Delayed Draw Term Loans during the immediately preceding month (or portion thereof).

2.10 Payment on Applicable Maturity Date. The Revolving Loans, together with all other amounts owed hereunder with respect thereto, shall be paid in full on or before the Revolving Loan Maturity Date. On the Revolving Loan Maturity Date, Company shall provide (a) Letter of Credit Collateralization with respect to the outstanding Letters of Credit and (b) Ancillary Services Collateralization with respect to Obligations outstanding in respect of Ancillary Services. The Term Loans, together with all other amounts owed hereunder with respect thereto, shall be paid in full on or before the Final Maturity Date. The [**] Delayed Draw Term Loans, together with all other amounts owed hereunder with respect thereto, shall be paid in full on or before the Final Maturity Date. The Additional Delayed Draw Term Loans, together with all other amounts owed hereunder with respect thereto, shall be paid in full on or before the Final Maturity Date.

2.11 Voluntary Prepayments/Commitment Reductions.

(a) Voluntary Prepayments.

(i) With respect to Revolving Loans, Company may prepay the principal of any Revolving Loan at any time in whole or in part, without premium or penalty.

(ii) With respect to Term Loans, [**] Delayed Draw Term Loans, or Additional Delayed Draw Term Loans, any time and from time to time:

(1) with respect to Base Rate Loans, Company may prepay any such Loans on any Business Day in whole or in part, in an aggregate minimum amount of $250,000 and integral multiples of $50,000 in excess of that amount; and

(2) with respect to LIBOR Rate Loans, Company may prepay any such Loans on any Business Day in whole or in part (together with any amounts due pursuant to Section 2.16(c)) in an aggregate minimum amount of $250,000 and integral multiples of $50,000 in excess of that amount.

(iii) Such prepayments shall be made:

(1) upon not less than one (1) Business Day's prior written notice in the case of Loans which are Base Rate Loans; and

(2) upon not less than three (3) Business Days' prior written notice in the case of Loans which are LIBOR Rate Loans;

in each case given to Administrative Agent by 1:00 p.m. (New York City time) on the date required (and Administrative Agent will promptly notify, as the case may be, by email, telefacsimile or telephone each Lender holding a portion of the applicable Loans). Upon the giving of any such notice, the principal amount of the Loans specified in such notice shall become due and payable on the prepayment date specified therein; provided, that if such notice of prepayment indicates that such prepayment is to be funded with the proceeds of a refinancing or another specified event, or is otherwise conditioned upon the occurrence of an event, such notice of prepayment may be revoked if the financing is not consummated or such other specified event (as the case may be) has not occurred. Any such voluntary prepayment shall be applied as specified in Section 2.13(a).

(b) Voluntary Commitment Reductions.

(i) Company may, upon not less than three Business Days' prior written notice to the Administrative Agent (which Administrative Agent will promptly notify by email, telefacsimile or telephone each applicable Lender), at any time and from time to time terminate in whole or permanently reduce in part the Revolving Commitments; provided, any such partial reduction of the Revolving Commitments shall be in an aggregate minimum amount of $1,000,000 and integral multiples of $1,000,000 in excess of that amount.

(ii) Company's notice to Administrative Agent shall designate the date (which shall be a Business Day) of such termination or reduction and the amount of any partial reduction, and such termination or reduction of the Revolving Commitments shall be effective on the date specified in Company's notice and shall reduce the Revolving Commitment of each Lender proportionately to its Pro Rata Share thereof.

(iii) Company may, upon not less than three Business Days' prior written notice to the Administrative Agent (which Administrative Agent will promptly notify by email, telefacsimile or telephone each applicable Lender), at any time and from time to time terminate in whole or permanently reduce in part the [**] Delayed Draw Term Loan Commitments; provided, any such partial reduction of the [**] Delayed Draw Term Loan Commitments shall be in an aggregate minimum amount of $1,000,000 and integral multiples of $1,000,000 in excess of that amount.

(iv) Company's notice to Administrative Agent shall designate the date (which shall be a Business Day) of such termination or reduction and the amount of any partial reduction, and such termination or reduction of the [**] Delayed Draw Term Loan Commitments shall be effective on the date specified in Company's notice and shall reduce the [**] Delayed Draw Term Loan Commitment of each Lender proportionately to its Pro Rata Share thereof.

(v) Company may, upon not less than three Business Days' prior written notice to the Administrative Agent (which Administrative Agent will promptly notify by email, telefacsimile or telephone each applicable Lender), at any time and from time to time terminate in whole or permanently reduce in part the Additional Delayed Draw Term Loan Commitments; provided, any such partial reduction of the Additional Delayed Draw Term Loan Commitments shall be in an aggregate minimum amount of $1,000,000 and integral multiples of $1,000,000 in excess of that amount.

(vi) Company's notice to Administrative Agent shall designate the date (which shall be a Business Day) of such termination or reduction and the amount of any partial reduction, and such termination or reduction of the Additional Delayed Draw Term Loan Commitments shall be effective on the date specified in Company's notice and shall reduce the Additional Delayed Draw Term Loan Commitment of each Lender proportionately to its Pro Rata Share thereof.

2.12 Mandatory Prepayments/Commitment Reductions.

(a) Asset Sales. No later than seven (7) Business Days following the date of receipt by Holdings or any of its Subsidiaries of any Net Asset Sale Proceeds in excess of $2,000,000 in the aggregate since the Closing Date, Company shall prepay the Loans and/or the Revolving Commitments shall be permanently reduced as set forth in Section 2.13(b) in an aggregate amount equal to such excess Net Asset Sale Proceeds; provided, so long as no Default or Event of Default shall have occurred and be continuing, upon delivery of a written notice to Administrative Agent, Company shall have the option, directly or through one or more Subsidiaries, to invest (or commit to invest) such excess Net Asset Sale Proceeds (the "**Asset Sale Reinvestment Amounts**") in long-term productive assets of the general type used in the business of Company if such assets are purchased or constructed within one hundred eighty (180) days following receipt of such Net Asset Sale Proceeds (and so long as any such individual or aggregate investment in the amount of $2,000,000 or more has been consented to by Administrative Agent); provided further, pending any such reinvestment, such Asset Sale Reinvestment Amounts shall (i) at the option of the Company if no Default or Event of Default has occurred and is continuing, be applied to prepay the Revolving Loans to the extent then outstanding (without a reduction in Revolving Commitments) or (ii) be held at all times prior to such reinvestment in an escrow account in form and substance reasonably acceptable to Administrative Agent. In the event that the Asset Sale Reinvestment Amounts are not reinvested (or committed to be reinvested) by Company prior to the last day of such one hundred eighty (180) day period and (A) are applied to prepay the Revolving Loans then outstanding in accordance with clause (i) of the immediately preceding sentence, then on such last day Company shall prepay the Loans and/or the Revolving Commitments shall be permanently reduced as set forth in Section 2.13(b) in an aggregate amount equal to the Net Asset Sale Proceeds that gave rise to the Asset Sale Reinvestment Amounts, or (B) are held in an escrow account in accordance with clause (ii) in the immediately preceding sentence, then on such last day Administrative Agent shall apply such Asset Sale Reinvestment Amounts to the Obligations as set forth in Section 2.13(b).

(b) Insurance/Condemnation Proceeds. No later than seven (7) Business Days following the date of receipt by Holdings or any of its Subsidiaries, or Collateral Agent as loss payee, of any Net Insurance/Condemnation Proceeds, Company shall prepay the Loans and/or the Revolving Commitments shall be permanently reduced as set forth in Section 2.13(b) in an aggregate amount equal to such Net Insurance/Condemnation Proceeds; provided, (i) so long as no Default or Event of Default shall have occurred and be continuing, and (ii) Company shall have the option, directly or through one or more of its Subsidiaries to invest (or commit to invest) such Net Insurance/Condemnation Proceeds within one hundred eighty (180) days of receipt thereof to repair, restore or replace the assets giving rise to such Net Insurance/Condemnation Proceeds; provided further, pending any such reinvestment, such Net Insurance/Condemnation Proceeds shall be either (i) at the option of the Company if no Default or Event of Default has occurred and is continuing, be applied to prepay the Revolving Loans to the extent then outstanding (without a reduction in Revolving Commitments) or (ii) be held at all times prior to such reinvestment in an escrow account in form and substance reasonably acceptable to Administrative Agent. In the event that the Net Insurance/Condemnation Proceeds are not reinvested (or committed to be reinvested) by Company prior to the last day of such one hundred eighty (180) day period and (A) are

applied to prepay the Revolving Loans then outstanding in accordance with clause (i) of the immediately preceding sentence, then on such last day Company shall prepay the Loans and/or the Revolving Commitments shall be permanently reduced as set forth in Section 2.13(b) in an aggregate amount equal to such Net Insurance/Condemnation Proceeds, or (B) are held in an escrow account in accordance with clause (ii) in the immediately preceding sentence, then on such last day Administrative Agent shall apply such Net Insurance/Condemnation Proceeds to the Obligations as set forth in Section 2.13(b).

(c) Issuance of Equity Securities. Not later than five (5) Business Days following the date of receipt by Holdings of any Cash proceeds from a capital contribution to, or the issuance of any Capital Stock of, Holdings or any of its Subsidiaries (other than (i) Capital Stock issued pursuant to any employee stock or stock option compensation plan, (ii) capital contributions to Holdings or any of its Subsidiaries in connection with a Permitted Acquisition, (iii) Capital Stock issued in connection with the Closing Date Equity Transaction or the IPO Transaction, (iv) up to $485,000,000 of net cash proceeds received by Company from the issuance of Capital Stock in connection with Qualified Equity Raises, or (v) Capital Stock issued for purposes approved in writing by Administrative Agent), Company shall prepay the Loans as set forth in Section 2.13(b) in an aggregate amount equal to 100% of such proceeds, net of underwriting discounts and commissions and other reasonable costs and expenses associated therewith, in each case, paid to non-Affiliates, including reasonable legal fees and expenses.

(d) Issuance of Debt. On the date of receipt by Holdings or any of its Subsidiaries of any Cash proceeds from the incurrence of any Indebtedness of Holdings or any of its Subsidiaries (other than with respect to any Indebtedness permitted to be incurred pursuant to Section 6.1), Company shall prepay the Loans as set forth in Section 2.13(b) in an aggregate amount equal to 100% of such proceeds, net of underwriting discounts and commissions and other reasonable costs and expenses associated therewith, in each case, paid to non-Affiliates, including reasonable legal fees and expenses.

(e) Consolidated Excess Cash Flow. In the event that there shall be Consolidated Excess Cash Flow for any Fiscal Year (commencing with Fiscal Year ending December 31, 2020), Company shall, no later than ten (10) Business Days after the delivery of financial statements pursuant to Section 5.1(c) for such Fiscal Year, prepay the Loans as set forth in Section 2.13(b) in an aggregate amount equal to 50% (the "**ECF Percentage**") of such Consolidated Excess Cash Flow for such Fiscal Year less the aggregate principal amount of Term Loans, [**] Delayed Draw Term Loans, Additional Delayed Draw Term Loans, and Revolving Loans (but only to the extent accompanied by a reduction of the Revolving Commitments) voluntarily prepaid during such Fiscal Year and thereafter but prior to the date such payment is made pursuant to this Section 2.12(e) (without duplication of any amounts which reduced any payment pursuant to this Section 2.12(e) in respect of any prior Fiscal Year); provided, that (i) the ECF Percentage shall instead be 25% in respect of any Fiscal Year if the Leverage Ratio as of the end of such Fiscal Year (as calculated and certified pursuant to the Compliance Certificate delivered in respect of such Fiscal Year) was less than 4.50:1.00, but greater than or equal to 3.50:1.00, and (ii) the ECF Percentage shall instead be 0% in respect of any Fiscal Year if the Leverage Ratio as of the end of such Fiscal Year (as calculated and certified pursuant to the Compliance Certificate delivered in respect of such Fiscal Year) was less than 3.50:1.00.

(f) Revolving Loans. If the aggregate amount of the outstanding Revolving Loans and the Revolving LC Obligations exceeds the limits set forth in Section 2.2(a), the Company shall immediately pay to Administrative Agent, in cash, the amount of such excess.

(g) Extraordinary Receipts. No later than seven (7) Business Days after receipt by Holdings or any of its Subsidiaries of any Extraordinary Receipts in excess of $1,000,000 in the aggregate in any Fiscal Year, Company shall prepay Loans as set forth in Section 2.13(b) in the amount of such Extraordinary Receipts in excess of $1,000,000, net of (i) any actual and reasonable costs, fees and

expenses incurred in collecting such Extraordinary Receipts or in repairing the damage or loss (if any) giving rise to such Extraordinary Receipts and (ii) any reasonable amounts set aside in escrow or as a reserve in respect of the event giving rise to such Extraordinary Receipts.

(h) Prepayment Certificate. By 1:00 p.m. (New York time), one Business Day prior to the date of any prepayment of the Loans and/or reduction of the Revolving Commitments pursuant to Sections 2.12(a) through 2.12(e), and Section 2.12(g), Company shall deliver to Administrative Agent a certificate of an Authorized Officer demonstrating the calculation of the amount of the applicable net proceeds or Consolidated Excess Cash Flow and any fees required to be paid in connection therewith, as the case may be. In the event that Company shall subsequently determine that the actual amount received exceeded the amount set forth in such certificate, Company shall promptly make an additional prepayment of the Loans and/or the Revolving Commitments shall be permanently reduced in an amount equal to such excess, and Company shall concurrently therewith deliver to Administrative Agent a certificate of an Authorized Officer demonstrating the derivation of such excess.

2.13 Application of Prepayments/Reductions.

(a) Application of Voluntary Prepayments of Loans. Any prepayment of any Revolving Loans pursuant to Section 2.11(a)(i) or Section 2.12(f) shall be applied first to repay outstanding Revolving Loans and second as directed by Company to the full extent thereof. Any voluntary prepayments of any Term Loan, [**] Delayed Draw Term Loan or Additional Delayed Draw Term Loan pursuant to Section 2.11(a)(ii) shall be applied as directed by Company, and if Company does not provide any direction, ratably to the Term Loans, the [**] Delayed Draw Term Loans and the Additional Delayed Draw Term Loans.

(b) Application of Mandatory Prepayments of Loans.

(i) Any mandatory prepayment of Loans pursuant to Section 2.12(a), 2.12(b), 2.12(c), 2.12(d), 2.12(e) or 2.12(g) shall subject to Section 2.20 with respect to Defaulting Lenders, be applied as follows unless the post-default waterfall set forth in Section 2.14(i) is in effect (in which case such mandatory prepayment of such Loan pursuant to Section 2.12(a), 2.12(b), 2.12(c), 2.12(d), 2.12(e) or 2.12(g) shall be applied in accordance with the post-default waterfall set forth in Section 2.14(i)):

first, to the payment of all fees, and all expenses specified in Section 10.2, to the full extent thereof;

second, to the payment of the fees payable under the Fee Letter, if any, in respect of any Loan;

third, to the payment of any unpaid interest accrued on the Term Loans, the [**] Delayed Draw Term Loans and the Additional Delayed Draw Term Loans at the Default Rate, if any, and to the payment of other fees and premiums on the Term Loans, [**] Delayed Draw Term Loans and Additional Delayed Draw Term Loans;

fourth, to the payment of any accrued but unpaid interest on the Term Loans, the [**] Delayed Draw Term Loans and the Additional Delayed Draw Term Loans (other than Default Rate interest));

fifth, ratably to prepay Term Loans, the [**] Delayed Draw Term Loans and the Additional Delayed Draw Term Loans;

sixth, to the payment of any accrued but unpaid interest on the Revolving Loans;

seventh, to prepay the Revolving Loans to the full extent thereof and to further permanently reduce the Revolving Commitments by the amount of such prepayment of the Revolving Loans and to pay any Revolving LC Obligations (excluding the undrawn amount of any Letters of Credit) that are due but not paid; and

eighth, to provide Letter of Credit Collateralization with respect to the outstanding Letters of Credit to the full extent thereof and to further permanently reduce the Revolving Commitments by the amount of such collateralization.

(c) Application of Prepayments of Loans to Base Rate Loans and LIBOR Rate Loans. Considering each Class of Loans being prepaid separately, any prepayment thereof shall be applied first to Base Rate Loans to the full extent thereof before application to LIBOR Rate Loans, in each case in a manner which minimizes the amount of any payments required to be made by Company pursuant to Section 2.16(c).

2.14 General Provisions Regarding Payments.

(a) On the Revolving Loan Maturity Date, all of the Obligations in respect of the Revolving Loans immediately shall become due and payable without notice or demand, and Company shall be required to repay all of such Obligations in full, and in the case of Obligations (i) in respect of Ancillary Services Agreements, Company shall provide Ancillary Services Collateralization, (ii) in respect of outstanding Letters of Credit, Company shall provide Letter of Credit Collateralization, and (iii) owed to Revolving Lenders under Interest Rate Agreements and Currency Agreements, Company shall pay any termination amount then applicable (or which would or could become applicable as a result of repayment of the other Obligations) under such Interest Rate Agreements or Currency Agreements (other than such agreements that, at such time, are allowed by the applicable Lender Counterparty to remain outstanding without being required to be repaid or collateralized). On the Final Maturity Date, all of the Obligations in respect of the Term Loans immediately shall become due and payable without notice or demand, and Company shall be required to repay all of such Obligations in full (including in the case of Obligations in respect of Interest Rate Agreements and Currency Agreements, paying any termination amount then applicable (or which would or could become applicable as a result of repayment of the other Obligations) under such Interest Rate Agreements or Currency Agreements (other than such agreements that, at such time, are allowed by the applicable Lender Counterparty to remain outstanding without being required to be repaid or collateralized). On the Final Maturity Date, all of the Obligations in respect of the [**] Delayed Draw Term Loans and the Additional Delayed Draw Term Loans immediately shall become due and payable without notice or demand, and Company shall be required to repay all of such Obligations in full (including in the case of Obligations in respect of Interest Rate Agreements and Currency Agreements, paying any termination amount then applicable (or which would or could become applicable as a result of repayment of the other Obligations) under such Interest Rate Agreements or Currency Agreements (other than such agreements that, at such time, are allowed by the applicable Lender Counterparty to remain outstanding without being required to be repaid or collateralized).

(b) All payments by Company of principal, interest, fees and other Obligations in respect of the Term Loans, [**] Delayed Draw Term Loans and Additional Delayed Draw Term Loans shall be made in Dollars in immediately available funds, without defense, recoupment, setoff or counterclaim, free of any restriction or condition, and delivered to Administrative Agent, for the account of Term Lenders, not later than 3:00 p.m. (New York City time) on the date due via wire transfer of immediately available funds to account number 10256691 maintained by Administrative Agent with State Street Bank (ABA No. 011-000-028) in Boston, Massachusetts (or at such other location or bank account

within the City and State of New York as may be designated by Administrative Agent from time to time); funds received by Administrative Agent after that time on such due date may in the Administrative Agent's discretion be deemed to have been paid by Company on the next Business Day.

(c) All payments by Company of principal, interest, fees and other Obligations in respect of the Revolving Loans and Revolving LC Obligations shall (unless, with respect to Revolving LC Obligations, it is provided otherwise in a governing Issuer Document) be made in Dollars in immediately available funds, without defense, recoupment, setoff or counterclaim, free of any restriction or condition, and delivered to Administrative Agent, for the account of Revolving Lenders, not later than 3:00 p.m. (New York City time) on the date due via wire transfer of immediately available funds pursuant to such wire instructions as may be designated by Administrative Agent from time to time; funds received by Administrative Agent after that time on such due date may in the Administrative Agent's discretion be deemed to have been paid by Company on the next Business Day.

(d) All payments in respect of the principal amount of any Loan (other than voluntary prepayments of Revolving Loans) shall be accompanied by payment of accrued but unpaid interest on the principal amount being repaid or prepaid.

(e) To the extent received by Administrative Agent, Administrative Agent shall promptly distribute to each Term Lender at such address as such Lender shall indicate in writing, such Term Lender's applicable Pro Rata Share of all payments and prepayments of principal and interest due hereunder, together with all other amounts due with respect thereto, including, without limitation, all fees payable with respect thereto. To the extent received by Administrative Agent, Administrative Agent shall promptly distribute to each Revolving Lender at such address as such Lender shall indicate in writing, such Revolving Lender's applicable share of all payments and prepayments of principal and interest due hereunder, together with all other amounts due with respect thereto, including, without limitation, all fees payable with respect thereto

(f) Notwithstanding the foregoing provisions hereof, if any Conversion/Continuation Notice is withdrawn as to any Affected Lender or if any Affected Lender makes Base Rate Loans in lieu of its Pro Rata Share of any LIBOR Rate Loans, Administrative Agent shall give effect thereto in apportioning payments received thereafter.

(g) Subject to the provisos set forth in the definition of "Interest Period," whenever any payment to be made hereunder shall be stated to be due on a day that is not a Business Day, such payment shall be made on the immediately succeeding Business Day.

(h) Administrative Agent may deem any payment by or on behalf of Company hereunder that is not made in same day funds prior to 3:00 p.m. (New York City time) to be a non-conforming payment. Any such payment shall not be deemed to have been received by Administrative Agent until the later of (i) the time such funds become available funds, and (ii) the applicable next Business Day. Administrative Agent shall give prompt telephonic notice to Company and each applicable Lender (confirmed in writing) if any payment it has received is non-conforming. Any non-conforming payment may constitute or become a Default or Event of Default in accordance with the terms of Section 8.1(a). Interest shall continue to accrue on any principal as to which a non-conforming payment is made until such funds become available funds (but in no event less than the period from the date of such payment to the next succeeding applicable Business Day) at the Default Rate determined pursuant to Section 2.8 from the date such amount was due and payable until the date such amount is paid in full.

(i) If an Application Event shall have occurred, all payments made hereunder or under any other Credit Document shall be remitted to Administrative Agent and all payments or proceeds received by any Agent hereunder or under any other Credit Document in respect of any of the Obligations (including, but not limited to, Obligations arising under any Interest Rate Agreement or Currency Agreement that are owing to any Lender or Lender Counterparty), including, but not limited to all proceeds received by any Agent in respect of any sale, any collection from, or other realization upon all or any part of the Collateral, shall, subject to Section 2.20 with respect to Defaulting Lenders, be applied in full or in part as follows: first, to the payment of all costs and expenses of such sale, collection or other realization, including the reasonable out-of-pocket costs and expenses of each Agent (including the reasonable fees, expenses and disbursements of their respective counsel and agents) and all other expenses, liabilities and advances made or incurred by any Agent in connection therewith, and all amounts for which any Agent is entitled to indemnification hereunder or under any Collateral Document (in its capacity as an Agent and not as a Lender) and all amounts paid to third parties by any Agent under any Collateral Document for the account of the applicable Grantor, and to the payment of all costs and expenses paid or incurred by any Agent in connection with the exercise of any right or remedy hereunder or under any Collateral Document, all in accordance with the terms hereof or thereof, and to the payment of any and all other indemnities or costs that constitute Obligations then due to any Agent under any Credit Document, until paid in full; second, to pay fees or premiums then due to Agents (ratably among them) under the Credit Documents until paid in full; third, to pay all interest due in respect of all Protective Advances, until paid in full; fourth, to pay all principal of all Protective Advances, until paid in full; fifth, ratably, to pay any costs, expenses or indemnities then due to any of the Lenders under the Credit Documents until paid in full; sixth, ratably, to pay fees or premiums (including any fees payable under the Fee Letter) then due to any of the Lenders under the Credit Documents until paid in full; seventh, ratably, to pay interest accrued in respect of the Revolving Loans and Revolving LC Obligations until paid in full, eighth, ratably, (x) to pay the principal of all Revolving Loans, all Revolving LC Obligations (excluding the undrawn amount of any Letters of Credit) and all Obligations in respect of Ancillary Services then outstanding (and, with respect to payments on the Revolving Loans, together with a concurrent permanent reduction in the Revolving Commitments), until paid in full and (y) for contingent Obligations in respect of Letters of Credit and Ancillary Services (with respect to Obligations in respect of Letters of Credit, to be satisfied by providing Letter of Credit Collateralization thereof and in respect of Ancillary Services, to be satisfied by providing Ancillary Services Collateralization thereof) as certified by the Issuing Bank or the Ancillary Services Provider (as applicable) to be outstanding (and, with respect to collateralization of Obligations in respect of Letters of Credit, together with a concurrent permanent reduction in the Revolving Commitments), ninth, to pay interest accrued in respect of the Term Loans, [**] Delayed Draw Term Loans, and Additional Delayed Draw Term Loans until paid in full, tenth, to pay the principal of all Term Loans, [**] Delayed Draw Term Loans and Additional Delayed Draw Term Loans until paid in full, eleventh, to the payment of all other Obligations; and twelfth, to the extent of any excess of such proceeds, to the payment to or upon the order of Company or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct. For purposes of this Section 2.14(i) (other than tier "eleventh" hereof), "paid in full" means payment in cash or immediately available funds of all amounts owing under the Credit Documents, Ancillary Services Agreements, Interest Rate Agreements and Currency Agreements according to the terms thereof, including loan fees, service fees, professional fees, interest (and specifically including interest accrued after the commencement of any insolvency proceeding), default interest, interest on interest, and expense reimbursements, whether or not same would be or is allowed or disallowed in whole or in part in any insolvency proceeding, except to the extent that default or overdue interest (but not any other interest) and loan fees, each arising from or related to a default, are disallowed in any insolvency or bankruptcy proceeding; provided, however, that for the purposes of tier "eleventh" hereof, "paid in full" means payment in cash or immediately available funds of all amounts owing under the Credit Documents, Ancillary Services Agreements, Interest Rate Agreements and Currency Agreements according to the terms thereof, including loan fees, service fees, professional fees, interest (and specifically including interest accrued after the commencement of any insolvency proceeding), default interest, interest on interest, and expense reimbursements, whether or not the same would be or is allowed or disallowed in whole or in part in any insolvency proceeding.

(j) Administrative Agent shall maintain an account on its books in the name of Company (the "**Revolving Loan Account**") on which Company will be charged with all Revolving Loans made by the Revolving Lenders to Company or for Company's account, the Letters of Credit issued or arranged by Issuing Bank for Company's account, and with all other payment Obligations in respect of the Revolving Commitments hereunder or under the other Credit Documents, including, accrued interest, fees, charges, costs and expenses. In accordance with Section 2.14(c), the Revolving Loan Account will be credited with all payments received by Administrative Agent from Company or for Company's account for the benefit of the Revolving Lenders. Company hereby authorizes Administrative Agent, from time to time upon one Business Day prior notice to Company (or without notice if the relevant amount is a draft made by Issuing Bank with respect to any Letter of Credit issued or arranged hereunder), to, at its option, charge to the Revolving Loan Account as and when due and payable, all principal, interest, fees, charges, costs and expenses payable hereunder or under any of the other Credit Documents; provided that if any Default or Event of Default has occurred and is continuing, Administrative Agent may not charge the Revolving Loan Account without the consent of the Requisite Revolving Lenders. All amounts (including principal, interest, fees, costs, expenses, or other amounts payable hereunder or under any other Credit Document) charged to the Revolving Loan Account shall thereupon constitute Revolving Loans hereunder, shall constitute Obligations hereunder, and shall accrue interest at the rate then applicable to Revolving Loans.

2.15 Ratable Sharing. Lenders hereby agree among themselves that if any of them shall, whether by voluntary payment (other than a voluntary prepayment of Loans made and applied in accordance with the terms hereof), through the exercise of any right of set-off or banker's lien, by counterclaim or cross action or by the enforcement of any right under the Credit Documents or otherwise, or as adequate protection of a deposit treated as cash collateral under the Bankruptcy Code, receive payment or reduction of a proportion of the aggregate amount of principal, interest, fees and other amounts then due and owing to such Lender hereunder or under the other Credit Documents (collectively, the "Aggregate Amounts Due" to such Lender) which is greater than the proportion received by any other Lender in respect of the Aggregate Amounts Due to such other Lender, then the Lender receiving such proportionately greater payment shall (a) notify Administrative Agent and each other Lender of the receipt of such payment and (b) apply a portion of such payment to purchase participations (which it shall be deemed to have purchased from each seller of a participation simultaneously upon the receipt by such seller of its portion of such payment) in the Aggregate Amounts Due to the other Lenders so that all such recoveries of Aggregate Amounts Due shall be shared by all Lenders in proportion to the Aggregate Amounts Due to them; provided, if all or part of such proportionately greater payment received by such purchasing Lender is thereafter recovered from such Lender upon the bankruptcy or reorganization of Company or otherwise, those purchases shall be rescinded and the purchase prices paid for such participations shall be returned to such purchasing Lender ratably to the extent of such recovery, but without interest. Company expressly consents to the foregoing arrangement and agrees that any holder of a participation so purchased may exercise any and all rights of banker's lien, set-off or counterclaim with respect to any and all monies owing by Company to that holder with respect thereto as fully as if that holder were owed the amount of the participation held by that holder.

2.16 Making or Maintaining LIBOR Rate Loans.

(a) Inability to Determine Applicable Interest Rate. In the event that Administrative Agent shall have determined (which determination shall be final and conclusive and binding upon all parties hereto absent manifest error), on any Interest Rate Determination Date with respect to any LIBOR Rate Loans, that by reason of circumstances affecting the London interbank market adequate and fair means

do not exist for ascertaining the interest rate applicable to such LIBOR Rate Loans on the basis provided for in the definition of Adjusted LIBOR Rate, Administrative Agent shall on such date give notice (by telefacsimile or by telephone confirmed in writing) to Company and each Lender of such determination, whereupon (i) no Loans may be made as, or converted to, LIBOR Rate Loans until such time as Administrative Agent notifies Company and Lenders that the circumstances giving rise to such notice no longer exist, and (ii) any Funding/Issuance Notice or Conversion/Continuation Notice given by Company with respect to the Loans in respect of which such determination was made shall be deemed to be rescinded by Company and such Loans shall be made as Base Rate Loans.

(b) LIBOR Cessation. If at any time the London Interbank Offered Rate ceases to exist or the Administrative Agent determines (which determination shall be conclusive absent manifest error) that the circumstances set forth in clause (a) above have arisen and such circumstances are unlikely to be temporary or the circumstances in clause (a) above have not arisen but the supervisor for the administrator of the London Interbank Offered Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which the London Interbank Offered Rate shall no longer be used for determining interest rates for loans, then the Administrative Agent and Holdings shall endeavor to establish an alternate rate of interest to the Adjusted LIBOR Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for fixed periods for syndicated loans in the United States at such time, and shall enter into an amendment to the Credit Documents to reflect such alternate rate of interest and such other related changes as may be applicable which are agreed by Company and the Administrative Agent at such time. Notwithstanding anything to the contrary in the Credit Documents, such amendment shall become effective without any further action or consent of any other party to the Credit Documents so long as the Administrative Agent shall not have received, within five Business Days of the date notice of such alternate rate of interest is provided to the Lenders, a written notice from the Requisite Lenders stating that they object to such amendment.

(c) Illegality or Impracticability of LIBOR Rate Loans. In the event that on any date any Lender shall have determined (which determination shall be final and conclusive and binding upon all parties hereto but shall be made only after consultation with Company and Administrative Agent) that the making, maintaining or continuation of its LIBOR Rate Loans (i) has become unlawful as a result of compliance by such Lender in good faith with any law, treaty, governmental rule, regulation, guideline or order (or would conflict with any such treaty, governmental rule, regulation, guideline or order not having the force of law even though the failure to comply therewith would not be unlawful), or (ii) has become impracticable, as a result of contingencies occurring after the date hereof which materially and adversely affect the London interbank market or the position of such Lender in that market, then, and in any such event, such Lender shall be an "**Affected Lender**" and it shall on that day give notice (by telefacsimile or by telephone confirmed in writing) to Company and Administrative Agent of such determination (which notice Administrative Agent shall promptly transmit to each other Lender). Thereafter (1) the obligation of the Affected Lender to make Loans as, or to convert Loans to, LIBOR Rate Loans shall be suspended until such notice shall be withdrawn by the Affected Lender, (2) to the extent such determination by the Affected Lender relates to a LIBOR Rate Loan then being requested by Company pursuant to a Funding/Issuance Notice or a Conversion/Continuation Notice, the Affected Lender shall make such Loan as (or continue such Loan as or convert such Loan to, as the case may be) a Base Rate Loan, (3) the Affected Lender's obligation to maintain its outstanding LIBOR Rate Loans (the "**Affected Loans**") shall be terminated at the earlier to occur of the expiration of the Interest Period then in effect with respect to the Affected Loans or when required by law, and (4) the Affected Loans shall automatically convert into Base Rate Loans on the date of such termination. Notwithstanding the foregoing, to the extent a determination by an Affected Lender as described above relates to a LIBOR Rate Loan then being requested by Company pursuant to a Funding/Issuance Notice or a Conversion/Continuation Notice, Company shall have the option, subject to the provisions of Section 2.16(c), to rescind such Funding/Issuance Notice or Conversion/Continuation

Notice as to all Lenders by giving notice (by telefacsimile or by telephone confirmed in writing) to Administrative Agent of such rescission on the date on which the Affected Lender gives notice of its determination as described above (which notice of rescission Administrative Agent shall promptly transmit to each other Lender). Except as provided in the immediately preceding sentence, nothing in this Section 2.16(b) shall affect the obligation of any Lender other than an Affected Lender to make or maintain Loans as, or to convert Loans to, LIBOR Rate Loans in accordance with the terms hereof.

(d) Compensation for Breakage or Non-Commencement of Interest Periods. Company shall compensate each Lender, upon written request by such Lender (which request shall set forth the basis for requesting such amounts), for all reasonable and documented losses, expenses and liabilities (including any interest paid or due and payable by such Lender to lenders of funds borrowed by it to make or carry its LIBOR Rate Loans and any loss, expense or liability sustained by such Lender in connection with the liquidation or re-employment of such funds but excluding loss of anticipated profits) which such Lender may sustain: (i) if for any reason (other than a default by such Lender) a borrowing of any LIBOR Rate Loan does not occur on a date specified therefor in a Funding/Issuance Notice or a telephonic request for borrowing, or a conversion to or continuation of any LIBOR Rate Loan does not occur on a date specified therefor in a Conversion/Continuation Notice or a telephonic request for conversion or continuation; (ii) if any prepayment or other principal payment of, or any conversion of, any of its LIBOR Rate Loans occurs on any day other than the last day of an Interest Period applicable to that Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise); or (iii) if any prepayment of any of its LIBOR Rate Loans is not made on any date specified in a notice of prepayment given by Company.

(e) Booking of LIBOR Rate Loans. Any Lender may make, carry or transfer LIBOR Rate Loans at, to, or for the account of any of its branch offices or the office of an Affiliate of such Lender.

(f) Assumptions Concerning Funding of LIBOR Rate Loans. Calculation of all amounts payable to a Lender under this Section 2.16 and under Section 2.17 shall be made as though such Lender had actually funded each of its relevant LIBOR Rate Loans through the purchase of a LIBOR deposit bearing interest at the rate obtained pursuant to clause (i) of the definition of Adjusted LIBOR Rate in an amount equal to the amount of such LIBOR Rate Loan and having a maturity comparable to the relevant Interest Period and through the transfer of such LIBOR deposit from an offshore office of such Lender to a domestic office of such Lender in the United States of America; provided, however, subject to the terms and conditions of the Credit Documents, each Lender may fund each of its LIBOR Rate Loans in any manner it sees fit and the foregoing assumptions shall be utilized only for the purposes of calculating amounts payable under this Section 2.16 and under Section 2.17.

2.17 Increased Costs; Capital Adequacy.

(a) Compensation For Increased Costs and Taxes. Subject to the provisions of Section 2.18 (which shall be controlling with respect to the matters covered thereby), in the event that any Lender or Issuing Bank shall determine (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto) that any law, treaty or governmental rule, regulation or order, or any change therein or in the interpretation, administration or application thereof (including the introduction of any new law, treaty or governmental rule, regulation or order), or any determination of a court or governmental authority, in each case that becomes effective after the date hereof, or compliance by such Lender or Issuing Bank with any guideline, request or directive issued or made after the date hereof by any central bank or other governmental or quasi-governmental authority (whether or not having the force of law): (i) subjects such Lender or Issuing Bank (or its applicable lending office) to any additional Tax (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes, (C) Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes and that are imposed as a result of a present or former connection between such Lender

or Issuing Bank and the jurisdiction imposing such tax (other than connections arising from such Lender or Issuing Bank having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Credit Document, or sold or assigned an interest in any Loan or Credit Document)) with respect to this Agreement or any of the other Credit Documents or any of its obligations hereunder or thereunder or any payments to such Lender or Issuing Bank (or its applicable lending office) of principal, interest, fees or any other amount payable hereunder; (ii) imposes, modifies or holds applicable any reserve (including any marginal, emergency, supplemental, special or other reserve), special deposit, compulsory loan, FDIC insurance or similar requirement against assets held by, or deposits or other liabilities in or for the account of, or advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of such Lender or Issuing Bank (other than any such reserve or other requirements with respect to LIBOR Rate Loans that are reflected in the definition of Adjusted LIBOR Rate); or (iii) imposes any other condition (other than with respect to a Tax matter) on or affecting such Lender or Issuing Bank (or its applicable lending office) or its obligations hereunder or the London interbank market; and the result of any of the foregoing is to increase the cost to such Lender or Issuing Bank of agreeing to make, making or maintaining Loans or other Credit Extensions hereunder or to reduce any amount received or receivable by such Lender or Issuing Bank (or its applicable lending office) with respect thereto; then, in any such case, Company shall promptly pay to such Lender or Issuing Bank, upon receipt of the statement referred to in the next sentence, such additional amount or amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as such Lender or Issuing Bank in its sole discretion shall determine) as may be necessary to compensate such Lender or Issuing Bank for any such increased cost or reduction in amounts received or receivable hereunder. Such Lender or Issuing Bank shall deliver to Company (with a copy to Administrative Agent) a written statement, setting forth in reasonable detail the basis for calculating the additional amounts owed to such Lender or Issuing Bank under this Section 2.17(a), which statement shall be conclusive and binding upon all parties hereto absent manifest error.

(b) Capital Adequacy Adjustment. In the event that any Lender or Issuing Bank shall have determined that the adoption, effectiveness, phase-in or applicability after the Closing Date of any law, rule or regulation (or any provision thereof) regarding capital adequacy, or any change therein or in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender or Issuing Bank (or its applicable lending office) with any guideline, request or directive regarding capital adequacy (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on the capital of such Lender or Issuing Bank or any corporation controlling such Lender or Issuing Bank as a consequence of, or with reference to, such Lender's or Issuing Bank's Loans, Letters of Credit or Revolving Commitments or other obligations hereunder with respect to the Loans or Letters of Credit to a level below that which such Lender or Issuing Bank or such controlling corporation could have achieved but for such adoption, effectiveness, phase-in, applicability, change or compliance (taking into consideration the policies of such Lender or Issuing Bank or such controlling corporation with regard to capital adequacy), then from time to time, within five Business Days after receipt by Company from such Lender or Issuing Bank of the statement referred to in the next sentence, Company shall pay to such Lender or Issuing Bank such additional amount or amounts as will compensate such Lender or Issuing Bank or such controlling corporation on an after-tax basis for such reduction. Such Lender or Issuing Bank shall deliver to Company (with a copy to Administrative Agent) a written statement, setting forth in reasonable detail the basis for calculating the additional amounts owed to Lender or Issuing Bank under this Section 2.17(b), which statement shall be conclusive and binding upon all parties hereto absent manifest error.

For purposes of this Section 2.17 and for all other purposes pursuant to this Agreement, it is agreed that (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, guidelines and directives made thereunder or issued in connection therewith and (y) all requests, rules,

guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or any United States or foreign regulatory authority, shall, in each case, be deemed to be enacted, adopted, issued, phased in or effective after the date of this Agreement regardless of the date enacted, adopted, issued, phased in or effective.

2.18 Taxes; Withholding, etc.

(a) Payments to Be Free and Clear. All sums payable by any Credit Party hereunder and under the other Credit Documents shall (except to the extent required by law) be paid free and clear of, and without any deduction or withholding on account of, any Tax (other than a Tax on the overall net income of any Lender) imposed, levied, collected, withheld or assessed by or within the United States of America or any political subdivision in or of the United States of America or any other jurisdiction from or to which a payment is made by or on behalf of any Credit Party or by any federation or organization of which the United States of America or any such jurisdiction is a member at the time of payment. For purposes of this Section 2.18, the term "law" shall include FATCA.

(b) Withholding of Taxes. If any Credit Party or any other Person is required by law (as determined in the good faith discretion of an applicable Withholding Agent) to make any deduction or withholding on account of any such Tax from any sum paid or payable by a Withholding Agent to Administrative Agent or any Lender under any of the Credit Documents: (i) the applicable Withholding Agent shall be entitled to make such deduction or withholding; (ii) the applicable Withholding Agent shall pay any such Tax before the date on which penalties attach thereto, such payment to be made (if the liability to pay is imposed on any Credit Party) for its own account or (if that liability is imposed on Administrative Agent or such Lender, as the case may be) on behalf of and in the name of Administrative Agent or such Lender; (iii) to the extent the relevant deduction, withholding or payment includes any Indemnified Taxes, the sum payable by such Credit Party in respect of which the relevant deduction, withholding or payment is required shall be increased to the extent necessary to ensure that, after the making of any deduction, withholding or payment for any Indemnified Taxes, Administrative Agent or such Lender, as the case may be, receives on the due date a net sum equal to what it would have received had no such deduction, withholding or payment for any Indemnified Taxes been required or made; and (iv) as soon as practicable after paying any Tax which it is required by clause (ii) above to pay, Company or Administrative Agent shall deliver to the other evidence reasonably satisfactory to the other affected parties of such deduction, withholding or payment and of the remittance thereof to the relevant taxing or other authority.

(c) Payment of Other Taxes. The Credit Parties shall timely pay to any relevant Government Authority, or reimburse and indemnify Administrative Agent and each Lender for the payment of Other Taxes.

(d) Indemnification by Company. The Credit Parties shall jointly and severally indemnify Administrative Agent or any Lender, as the case may be, for the full amount of any Indemnified Taxes (including any Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by Administrative Agent or any Lender, as the case may be, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally asserted by the relevant Government Authority so long as and to the extent such amounts have accrued on or after the day which is 180 days prior to the date on which Administrative Agent or such Lender first made demand therefor; provided, that if the event giving rise to such costs or reductions has retroactive effect, such 180 day period shall be extended to include the period of retroactive effect. A certificate as to the amount of such payment or liability delivered to Company by a Lender or Administrative Agent shall be presumed correct absent manifest error.

(e) Status of Lenders. Any Lender that is a United States person within the meaning of Section 7701(A)(30) of the Internal Revenue Code shall deliver to the Administrative Agent for transmission to the Company on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Administrative Agent or the Company), one executed original of IRS Form W-9 certifying that such Lender is exempt from U.S. federal back-up withholding tax. Each Non-U.S. Lender that is entitled to a reduction or exemption from United States withholding tax shall deliver to Administrative Agent for transmission to the Company, on or prior to the Closing Date (or date in which it becomes a party to the Agreement) either: (i) one original of Internal Revenue Service Form W-8BEN-E (or W-8BEN, if applicable) or W-8ECI (or any successor forms), properly completed and duly executed by such Lender, and such other documentation required under the Internal Revenue Code and reasonably requested by Company, or (ii) if such Lender is not a "bank" or other Person described in Section 881(c)(3) of the Internal Revenue Code and cannot deliver Internal Revenue Service Form W-8ECI pursuant to clause (i) above, a Certificate Regarding Non-Bank Status together with one original of Internal Revenue Service Form W-8BEN-E (or W-8BEN, if applicable) (or any successor forms), properly completed and duly executed by such Lender, and such other documentation required under the Internal Revenue Code and reasonably requested by Company. Each Lender required to deliver any forms, certificates or other evidence with respect to United States federal income tax withholding matters pursuant to this Section 2.18(e) hereby agrees, from time to time after the initial delivery by such Lender of such forms, certificates or other evidence, whenever a lapse in time or change in circumstances renders such forms, certificates or other evidence obsolete or inaccurate in any material respect, that such Lender shall promptly deliver to Administrative Agent for transmission to Company one new original of Internal Revenue Service Form W-8BEN-E (or W-8BEN, if applicable) or W-8ECI, or a Certificate Regarding Non-Bank Status and one original of Internal Revenue Service Form W-8BEN-E (or W-8BEN, if applicable) (or any successor forms), as the case may be, properly completed and duly executed by such Lender, and such other documentation required under the Internal Revenue Code and reasonably requested by Company, or notify Administrative Agent and Company of its inability to deliver any such forms, certificates or other evidence. If a payment made to a Lender under any Credit Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Internal Revenue Code, as applicable), such Lender shall deliver to Company and Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by Company or Administrative Agent such documentation prescribed by law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested by Company or Administrative Agent as may be necessary for Company and Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (e), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

2.19 Obligation to Mitigate. Each of each Lender and Issuing Bank agrees that, as promptly as practicable after the officer of such Lender or Issuing Bank responsible for administering its Loans or Letters of Credit becomes aware of the occurrence of an event or the existence of a condition that would cause such Lender to become an Affected Lender or that would entitle such Lender or Issuing Bank to receive payments under Section 2.16, 2.17 or 2.18, it will, to the extent not inconsistent with any applicable legal or regulatory restrictions, use reasonable efforts to (a) make, issue, fund or maintain its Credit Extensions, including any Affected Loans, through another office of such Lender or Issuing Bank, or (b) take such other reasonable measures, if as a result thereof the circumstances which would cause such Lender to be an Affected Lender would cease to exist or the additional amounts which would otherwise be required to be paid to such Lender or Issuing Bank pursuant to Section 2.16, 2.17 or 2.18 would be materially reduced and if, as determined by such Lender or Issuing Bank in its good faith business discretion, the making, issuing, funding or maintaining of such Revolving Commitments or Credit

Extensions through such other office or in accordance with such other measures, as the case may be, would not otherwise materially adversely affect such Revolving Commitments or Credit Extensions or the interests of such Lender or Issuing Bank; provided, such Lender or Issuing Bank will not be obligated to utilize such other office pursuant to this Section 2.19 unless Company agrees to pay all reasonable documented out-of-pocket incremental expenses incurred by such Lender or Issuing Bank as a result of utilizing such other office as described above. A certificate as to the amount of any such expenses payable by Company pursuant to this Section 2.19 (setting forth in reasonable detail the basis for requesting such amount) submitted by such Lender or Issuing Bank to Company (with a copy to Administrative Agent) shall be presumed correct absent manifest error.

2.20 Defaulting Lenders. At any time that a Lender is a Defaulting Lender, such Defaulting Lender shall be deemed not to be a "Lender" for purposes of voting on any matters (including the granting of any consents or waivers) with respect to any of the Credit Documents. In addition, any payment of principal, interest, fees or other amounts received by Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Section 8.1 or otherwise, and including any amounts made available to Administrative Agent by such Defaulting Lender pursuant to Section 9.6), shall be applied at such time or times as may be determined by Administrative Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to Administrative Agent or Issuing Bank hereunder; second, as Company may request (so long as no Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement; third, if so determined by Administrative Agent and Company, to be held in a non-interest bearing deposit account and released to satisfy obligations of such Defaulting Lender to fund Loans under this Agreement; fourth, so long as no Event of Default has occurred and is continuing, to the payment of any amounts owing to Company as a result of any judgment of a court of competent jurisdiction obtained by Company against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and fifth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (A) such payment is a payment of the principal amount of any Loans in respect of which such Defaulting Lender has not fully funded its appropriate share and (B) such Loans were made at a time when the conditions set forth in Section 3.2 were satisfied or waived, such payment shall be applied solely to pay the Loans of all non-Defaulting Lenders on a *pro rata* basis prior to being applied to the payment of any Loans of such Defaulting Lender. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

2.21 Removal or Replacement of a Lender. Anything contained herein to the contrary notwithstanding, in the event that: (a) (i) any Lender or Issuing Bank (an "**Increased-Cost Lender**") shall give notice to Company that such Lender is an Affected Lender or that such Lender or Issuing Bank is entitled to receive payments under Section 2.17, 2.18 or 2.19, (ii) the circumstances which have caused such Lender to be an Affected Lender or which entitle such Lender or Issuing Bank to receive such payments shall remain in effect, and (iii) such Lender or Issuing Bank shall fail to withdraw such notice within five Business Days after Company's request for such withdrawal; or (b) (i) any Lender shall become a Defaulting Lender, and (ii) such Defaulting Lender shall fail to cure the default as a result of which it has become a Defaulting Lender within five Business Days after Company's request that it cure such default; or (c) in connection with any proposed amendment, modification, termination, waiver or consent with respect to any of the provisions hereof as contemplated by Section 10.5(b), the consent of Administrative Agent and Requisite Lenders shall have been obtained but the consent of one or more of such other Lenders (each a "**Non-Consenting Lender**") whose consent is required shall not have been obtained; then, with respect to each such Increased-Cost Lender, Defaulting Lender or Non-Consenting Lender (the "**Terminated Lender**"), Company and/or Administrative Agent may (which, in the case of an Increased-Cost Lender, only after receiving written request from Company to remove such Increased-Cost Lender), by giving

written notice to Company and any Terminated Lender of its election to do so, elect to cause such Terminated Lender (and such Terminated Lender hereby irrevocably agrees) to assign its outstanding Loans and its Revolving Commitments, if any, in full to one or more Eligible Assignees (each a "**Replacement Lender**") in accordance with the provisions of Section 10.6 and Terminated Lender shall pay any fees payable thereunder in connection with such assignment; provided, (1) on the date of such assignment, the Replacement Lender shall pay to Terminated Lender an amount equal to the sum of (A) an amount equal to the principal of, and all accrued interest on, all outstanding Loans of the Terminated Lender, (B) an amount equal to all unreimbursed drawings that have been funded by such Terminated Lender, together with all then unpaid interest with respect thereto at such time and (C) an amount equal to all accrued, but theretofore unpaid fees owing to such Terminated Lender pursuant to Section 2.9; (2) on the date of such assignment, Company shall pay any amounts payable to such Terminated Lender pursuant to Section 2.17 or 2.18; and (3) in the event such Terminated Lender is a Non-Consenting Lender, each Replacement Lender shall consent, at the time of such assignment, to each matter in respect of which such Terminated Lender was a Non-Consenting Lender. Upon the prepayment of all amounts owing to any Terminated Lender and the termination of such Terminated Lender's Revolving Commitments, if any, such Terminated Lender shall no longer constitute a "Lender" for purposes hereof; provided, any rights of such Terminated Lender to indemnification hereunder shall survive as to such Terminated Lender.

2.22 Notice of Increased Costs or Expenses. Company shall not be required to compensate any Lender or Issuing Bank for any increased costs or reductions under Sections 2.16(c), 2.17(a), 2.17(b) or 2.19 suffered more than 270 days (plus any period of retroactivity of any applicable change in law giving rise to the demand) prior to the date that such Lender or Issuing Bank notifies Company of the applicable change in law and of such Lender's or Issuing Bank's intention to claim compensation therefor.

SECTION 3. CONDITIONS PRECEDENT

3.1 Closing Date. The obligation of each Lender to make Credit Extensions hereunder on the Closing Date shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.5):

(a) Credit Documents. Administrative Agent shall have received copies of each Credit Document executed and delivered by each applicable Credit Party.

(b) Organizational Documents; Incumbency. Administrative Agent shall have received (i) copies of each Organizational Document of each Credit Party and, to the extent applicable, certified as of a recent date by the appropriate governmental official, each dated the Closing Date or a recent date prior thereto; (ii) signature and incumbency certificates of the officers of each Person executing any Credit Documents; (iii) resolutions of the board of directors or similar governing body of each Credit Party approving and authorizing the execution, delivery and performance of this Agreement and the other Credit Documents to which it is a party or by which it or its assets may be bound as of the Closing Date, certified as of the Closing Date by such Credit Party's secretary or an assistant secretary or other Authorized Officer as being in full force and effect without modification or amendment; (iv) a good standing certificate from the applicable Governmental Authority (x) of each Credit Party's jurisdiction of incorporation, organization or formation and (y) in each jurisdiction in which it is qualified as a foreign corporation or other entity to do business, each dated a recent date prior to the Closing Date, except, in the case of subclause (y) where failure to so qualify would not reasonably be expected to result in a Material Adverse Effect; and (v) such other documents as Administrative Agent may reasonably request.

(c) Organizational and Capital Structure. The organizational structure and capital structure of Parent and its Subsidiaries shall be as set forth on Schedule 4.1, and such capital structure shall be reasonably satisfactory to Administrative Agent.

(d) Consummation of BankTEL Acquisition and Closing Date Equity Transaction.

(i) The BankTEL Acquisition shall have been consummated in accordance in all material respects with the terms of the BankTEL Acquisition Documents, but without giving effect to any amendments, waivers supplements or other modifications that are materially adverse to the interests of the Lenders without the consent of Administrative Agent, such consent not to be unreasonably withheld, delayed or conditioned; provided that any decrease to the purchase price payable to consummate the BankTEL Acquisition shall be deemed not materially adverse to the interests of the Lenders so long as (i) such decrease in purchase price does not exceed 10% and is allocated on a pro rata basis to cash purchase consideration and equity purchase consideration and (ii) excess proceeds from the Loans made on the Closing Date and from the Closing Date Equity Transaction are funded to the balance sheet of Parent. The Closing Date Equity Transaction shall have been consummated.

(ii) [reserved].

(e) Sources and Uses. On or prior to the Closing Date, Company shall have delivered to Collateral Agent a sources and uses of Cash and other proceeds on the Closing Date.

(f) Governmental Authorizations and Consents. Each Credit Party shall have obtained all material Governmental Authorizations and all material consents of other Persons, in each case that are necessary or reasonably advisable in connection with the transactions contemplated by the Credit Documents and each of the foregoing shall be in full force and effect and in form and substance reasonably satisfactory to Administrative Agent.

(g) Due Diligence. Agents shall have completed their legal and business due diligence with respect to Parent and its Subsidiaries and the BankTEL Acquisition (including the target thereof) and the transactions contemplated thereby, and the results shall be reasonably satisfactory to Agents.

(h) Personal Property Collateral. In order to create in favor of Collateral Agent, for the benefit of Secured Parties, a valid, perfected First Priority security interest in the personal property Collateral, Collateral Agent shall have received:

(i) Evidence reasonably satisfactory to Collateral Agent of the compliance by each Credit Party of their obligations under the Pledge and Security Agreement and the other Collateral Documents to the extent required hereby and thereby (including, without limitation, their obligations to authorize or execute, as the case may be, and deliver UCC financing statements, originals of securities and instruments and chattel paper as provided therein);

(ii) A completed Collateral Questionnaire dated the Closing Date and executed by an Authorized Officer of each Credit Party, together with all attachments contemplated thereby; and

(iii) evidence that each Credit Party shall have taken or caused to be taken any other action, executed and delivered or caused to be executed and delivered any other agreement, document and instrument and made or caused to be made any other filing and recording (other than as set forth herein) reasonably required by Collateral Agent.

(i) Financial Statements; Projections. Agents and Lenders shall have received from Parent (i) the Historical Financial Statements, (ii) the BankTEL Historical Financials and (iii) the Projections.

(j) Opinions of Counsel to Credit Parties. Lenders shall have received executed copies of the written opinions of McGuireWoods LLP and Jones Waldo Holbrook & McDonough, PC, counsel for Credit Parties, as to such matters as Administrative Agent may reasonably request, dated as of the Closing Date and in form and substance reasonably satisfactory to Administrative Agent.

(k) Fees and Expenses. Company shall have paid to Administrative Agent the fees and expenses payable on the Closing Date referred to in Section 2.9 or Section 10.2.

(l) Solvency Certificate. On the Closing Date, Administrative Agent shall have received a Solvency Certificate from the chief executive officer or a Responsible Financial Officer of Parent dated as of the Closing Date and addressed to Administrative Agent and Lenders, and in form, scope and substance reasonably satisfactory to Administrative Agent, certifying that immediately after giving effect to the consummation of the Transactions and the other transactions contemplated by the Credit Documents to occur on or prior to the Closing Date, Parent and its Subsidiaries, on a consolidated basis, are and will be Solvent.

(m) Closing Date Certificate. Company shall have delivered to Administrative Agent an originally executed Closing Date Certificate, together with all attachments thereto.

(n) No Litigation. There shall not exist any action, suit, investigation, litigation or proceeding or other legal or regulatory developments, pending or, to the knowledge of the Company, threatened in writing in any court or before any arbitrator or Governmental Authority that, in the reasonable discretion of Administrative Agent, singly or in the aggregate, materially impairs any of the transactions contemplated by the Credit Documents, or that could reasonably be expected to have a Material Adverse Effect.

(o) Consolidated Recurring Revenues. Agents shall have received evidence reasonably satisfactory to them that Consolidated Recurring Revenues for the three (3) consecutive month period ended August 31, 2019 multiplied by four (4) is at least $125,000,000.

(p) Liquidity. Agents shall have received evidence reasonably satisfactory to them that (i) after giving effect to all Credit Extensions to be made on the Closing Date and the consummation of (x) the Transactions, and (y) the other transactions contemplated by the Credit Documents to occur on or prior to the Closing Date, including the payment of all Transaction Costs required to be paid in Cash on or prior to the Closing Date, the Credit Parties shall have Consolidated Cash of equal to or greater than $115,000,000, and (ii) the Projections shall demonstrate in form and substance reasonably satisfactory to Administrative Agent the satisfaction of the condition set forth in the foregoing clause (i). No Revolving Loans shall be made on the Closing Date.

(q) No Material Adverse Effect. (x) Since December 31, 2018, no event, circumstance or change shall have occurred that has caused or evidences, either in any case or in the aggregate, a Material Adverse Effect and (y) Administrative Agent shall not have become aware that any representation or warranty of any Credit Party contained in any Credit Document or in any other documents, certificates or written statements furnished to Lenders by or on behalf of Parent or any of its Subsidiaries for use in connection with the transactions contemplated hereby contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading in light of the circumstances in which the same were made.

(r) Existing Indebtedness. The Existing Indebtedness shall have been paid in full in cash with balance sheet cash of Company, and all of the liens securing such Indebtedness shall have been released, all pursuant to documentation reasonably satisfactory to Administrative Agent. All existing

Indebtedness of BankTEL and its Subsidiaries (other than any Indebtedness permitted by this Agreement) shall have been paid in full in cash, and all of the liens securing such Indebtedness shall have been released, all pursuant to documentation reasonably satisfactory to Administrative Agent.

(s) Completion of Proceedings. All material partnership and corporate proceedings shall have been taken in connection with the transactions contemplated hereby.

(t) Intercompany Documentation. Administrative Agent shall have received copies of each promissory note and intercompany subordination agreement required under Section 6.1(b), executed by each of the applicable Credit Parties.

(u) Know Your Customer. The Administrative Agent shall have received all documentation (including a duly executed Internal Revenue Service Form W-9 (or such other applicable tax form) from each Credit Party (including BankTEL)) and other information reasonably requested that is required by bank regulatory authorities under applicable "know-your-customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act, and all such documentation and other information shall be in form and substance reasonably satisfactory to Administrative Agent.

3.2 Conditions to Each Credit Extension, [**] Delayed Draw Term Loans, and Additional Delayed Draw Term Loans.

(a) Conditions Precedent to Certain Credit Extensions. The obligation of each Lender to make any Credit Extension (other than any [**] Delayed Draw Term Loan or any Additional Delayed Draw Term Loan) on any date, including the Closing Date, is subject to the satisfaction, or waiver in accordance with Section 10.5, of the following conditions precedent:

(i) Administrative Agent shall have received a fully executed and delivered Funding/Issuance Notice;

(ii) immediately after making such Credit Extension, (x) the Total Utilization of Revolving Commitments shall not exceed the Revolving Commitments then in effect and (y) Availability would be $0 or greater;

(iii) immediately before and immediately after giving effect to such Credit Extension, the representations and warranties contained herein and in the other Credit Documents shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representation or warranty that is already qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of that Credit Date to the same extent as though made on and as of that date, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representation or warranty that is already qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such earlier date;

(iv) as of such Credit Date, no event shall have occurred and be continuing or would immediately result from the consummation of the applicable Credit Extension that would constitute an Event of Default or a Default;

(v) as of such Credit Date and after giving effect to the applicable Credit Extension, the Credit Parties and their Subsidiaries are in compliance on a pro forma basis with Section 6.8 for the Fiscal Quarter most recently ended for which financial statements have been delivered to Administrative Agent; and

(vi) a Responsible Financial Officer of the Company shall have certified in the Funding/Issuance Notice that, as of such Credit Date, the conditions set forth in Section 3.2(a)(ii), (iii), (iv) and (v) have been satisfied.

(b) Conditions Precedent to [**] Delayed Draw Term Loans. The obligation of each Lender to make any [**] Delayed Draw Term Loan on any date is subject to the satisfaction, or waiver in accordance with Section 10.5, of the following conditions precedent:

(i) Administrative Agent shall have received a fully executed and delivered Funding/Issuance Notice;

(ii) as of such Credit Date, no event shall have occurred and be continuing or would immediately result from the consummation of the applicable [**] Delayed Draw Term Loan that would constitute an Event of Default or a Default; and

(iii) a Responsible Financial Officer of the Company shall have certified in the Funding/Issuance Notice that, as of such Credit Date, the condition set forth in Section 3.2(b)(ii) has been satisfied.

(c) Conditions Precedent to Additional Delayed Draw Term Loans. The obligation of each Lender to make any Additional Delayed Draw Term Loan on any date is subject to the satisfaction, or waiver in accordance with Section 10.5, of the following conditions precedent:

(i) Administrative Agent shall have received a fully executed and delivered Funding/Issuance Notice;

(ii) immediately before and immediately after giving effect to such Credit Extension, the representations and warranties contained herein and in the other Credit Documents shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representation or warranty that is already qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of that Credit Date to the same extent as though made on and as of that date, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representation or warranty that is already qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such earlier date;

(iii) as of such Credit Date, no event shall have occurred and be continuing or would immediately result from the consummation of the applicable Additional Delayed Draw Term Loan that would constitute an Event of Default or a Default;

(iv) as of such Credit Date and after giving effect to the applicable Credit Extension, (A) the Credit Parties and their Subsidiaries are in compliance on a pro forma basis with Section 6.8(d) and (B) on a pro forma basis, the Consolidated Recurring Revenue Ratio of the

Credit Parties and their Subsidiaries as of the Fiscal Quarter most recently ended for which financial statements have been delivered to Administrative Agent shall not be in excess of the lesser of (A) 0.80:1.00 and (B) the correlative number for such Fiscal Quarter set forth in Section 6.8(a); and

(v) a Responsible Financial Officer of the Company shall have certified in the Funding/Issuance Notice that, as of such Credit Date, the condition set forth in Section 3.2(c)(ii), (iii), and (iv) have been satisfied.

(d) Notices. Any Funding/Issuance Notice shall be executed by an Authorized Officer in a writing delivered to Administrative Agent.

3.3 Conditions Subsequent to the Closing Date. Company shall fulfill, on or before the date applicable thereto (which date may be extended in writing (including via e-mail transmission) by Administrative Agent in its sole discretion), each of the covenants set forth in the Post-Closing Matters Agreement.

SECTION 4. REPRESENTATIONS AND WARRANTIES

In order to induce Agents and Lenders to enter into this Agreement and to make each Credit Extension to be made thereby, each Credit Party represents and warrants to each Agent and each Lender, on the Closing Date and on the date of each other Credit Extension hereunder, that the following statements are true and correct:

4.1 Organization; Requisite Power and Authority; Qualification. Each of Holdings and its Subsidiaries (a) is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization as identified in Schedule 4.1, (b) has all requisite power and authority to own and operate its properties, to carry on its business as now conducted and as proposed to be conducted, to enter into the Credit Documents to which it is a party and to carry out the transactions contemplated thereby, and (c) except in jurisdictions where the failure to be so qualified or in good standing has not had, and could not be reasonably expected to have, a Material Adverse Effect, is qualified to do business and in good standing in every jurisdiction wherever necessary to carry out its business and operations.

4.2 Capital Stock and Ownership. The Capital Stock of each of Holdings and its Subsidiaries has been duly authorized and validly issued and is fully paid and non-assessable. Except as set forth on Schedule 4.2, as of the date hereof, there is no existing option, warrant, call, right, commitment or other agreement to which Holdings or any of its Subsidiaries is a party requiring, and there is no membership interest or other Capital Stock of Holdings or any of its Subsidiaries outstanding which upon conversion or exchange would require, the issuance by Holdings or any of its Subsidiaries of any additional membership interests or other Capital Stock of Holdings or any of its Subsidiaries or other Securities convertible into, exchangeable for or evidencing the right to subscribe for or purchase, a membership interest or other Capital Stock of Holdings or any of its Subsidiaries. Schedule 4.2 correctly sets forth the ownership interest of Parent and each of its Subsidiaries in their respective Subsidiaries as of the Closing Date.

4.3 Due Authorization. The execution, delivery and performance of the Credit Documents have been duly authorized by all necessary corporate action or similar proceedings (including, without limitation, approval by the board of directors, shareholders, members or partners) on the part of each Credit Party that is a party thereto.

4.4 No Conflict. The execution, delivery and performance by Credit Parties of the Credit Documents to which they are parties and the consummation of the transactions contemplated by the Credit Documents do not and will not (a) violate any material provision of any material law or any material governmental rule or regulation applicable to Holdings or any of its Subsidiaries, any of the Organizational Documents of Holdings or any of its Subsidiaries, or any material order, judgment or decree of any court or other agency of government binding on Holdings or any of its Subsidiaries; (b) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any Material Contract of Holdings or any of its Subsidiaries; (c) result in or require the creation or imposition of any Lien upon any of the properties or assets of Holdings or any of its Subsidiaries (other than any Liens created under any of the Credit Documents in favor of Collateral Agent, on behalf of Secured Parties); or (d) require any approval of stockholders, members or partners or any approval or consent of any Person under any Material Contract of Holdings or any of its Subsidiaries, except for such approvals or consents which have been obtained and are in full force in effect.

4.5 Governmental Consents. The execution, delivery and performance by Credit Parties of the Credit Documents to which they are parties and the consummation of the transactions contemplated by the Credit Documents do not and will not require any registration with, consent or approval of, or notice to, or other action to, with or by, any Governmental Authority except for (a) such approvals or consents which have been obtained and are in full force in effect and (b) filings and recordings with respect to the Collateral to be made, or otherwise delivered to Collateral Agent for filing and/or recordation, as of the Closing Date (or that Collateral Agent has agreed need not be made or delivered).

4.6 Binding Obligation; Perfected Liens. Each Credit Document has been duly executed and delivered by each Credit Party that is a party thereto and is the legally valid and binding obligation of such Credit Party, enforceable against such Credit Party in accordance with its respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability. Collateral Agent's Liens are validly created and, upon taking the actions described in Section 4.1(a)(vii) of the Pledge and Security Agreement (other than (A) in respect of motor vehicles that are subject to a certificate of title and are not, by the terms of the Credit Documents, required to be perfected, (B) letter of credit rights (other than supporting obligations) that, by the terms of the Credit Documents, are not required to be perfected, (C) commercial tort claims (other than those that, by the terms of the Credit Documents, are not required to be perfected), (D) any deposit accounts and securities accounts not subject to a Control Agreement as permitted by the Credit Documents and (E) Money), are First Priority Liens (subject to Permitted Liens).

4.7 Historical Financial Statements. The Historical Financial Statements were prepared in conformity with GAAP and fairly present, in all material respects, the financial position, on a consolidated basis, of the Persons described in such financial statements as at the respective dates thereof and the results of operations and cash flows, on a consolidated basis, of the entities described therein for each of the periods then ended, subject, in the case of any such unaudited financial statements, to changes resulting from audit and normal year-end adjustments. To the knowledge of Parent after due inquiry, the BankTEL Historical Financials are based on the books and records of BankTEL, and fairly present the financial condition of BankTEL as of the respective dates they were prepared and the results of the operations of BankTEL for the periods indicated. To the knowledge of Parent after due inquiry, the BankTEL Historical Financials have been prepared in accordance with the BankTEL Accounting Policies and applied on a consistent basis throughout each period involved. As of the Closing Date, neither Parent nor any of its Subsidiaries has any contingent liability or liability for taxes outside the ordinary course of business, long-term lease or unusual forward or long-term commitment that is not reflected in the Historical Financial Statements or, to the knowledge of Parent after due inquiry, the BankTEL Historical Financials or the notes thereto and which in any such case is material in relation to the business, operations, properties, assets or financial condition of Parent and its Subsidiaries taken as a whole.

4.8 Projections. On and as of the Closing Date, the Projections of Parent and its Subsidiaries for the period of the Fiscal Year of Parent ending December 31, 2019 through and including the Fiscal Year of Parent ending December 31, 2023 including monthly projections for each month during the Fiscal Year in which the Closing Date takes place, (the "**Projections**") are based on good faith estimates and assumptions made by the management of Parent; provided, the Projections are not to be viewed as facts and that actual results during the period or periods covered by the Projections may differ from such Projections and that the differences may be material; provided further, as of the Closing Date, management of Parent believed that the Projections were reasonable and attainable.

4.9 No Material Adverse Change. Since December 31, 2018, no event, circumstance or change has occurred that has caused or evidences, either in any case or in the aggregate, a Material Adverse Effect.

4.10 No Restricted Junior Payments. Since December 31, 2018, neither Holdings nor any of its Subsidiaries has directly or indirectly declared, ordered, paid or made, or set apart any sum or property for, any Restricted Junior Payment or agreed to do so except as permitted pursuant to Section 6.5.

4.11 Adverse Proceedings, etc. There are no Adverse Proceedings against Holdings or any of its Subsidiaries, individually or in the aggregate, that could reasonably be expected to have a Material Adverse Effect. Neither Holdings nor any of its Subsidiaries (a) is in violation of any applicable laws (including Environmental Laws) that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, or (b) is subject to or in default with respect to any final judgments, writs, injunctions, decrees, rules or regulations of any court or any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. Schedule 4.11 sets forth a complete and accurate description, with respect to each of the actions, suits, or proceedings with asserted liabilities in excess of, or that could reasonably be expected to result in liabilities in excess of, $1,000,000 that, as of the Closing Date, is pending or, to the knowledge of any Credit Party, threatened in writing against a Credit Party or any of its Subsidiaries, of (i) the parties to such actions, suits, or proceedings, (ii) the nature of the dispute that is the subject of such actions, suits, or proceedings, (iii) the procedural status, as of the Closing Date, with respect to such actions, suits, or proceedings, and (iv) whether any liability of the Credit Parties' and their Subsidiaries in connection with such actions, suits, or proceedings is covered by insurance.

4.12 Payment of Taxes. Except as otherwise permitted under Section 5.3, all federal and other material tax returns and reports of Holdings and its Subsidiaries required to be filed by any of them have been timely filed, and all taxes shown on such tax returns to be due and payable and all assessments, fees and other governmental charges upon Holdings and its Subsidiaries and upon their respective properties, assets, income, businesses and franchises which are due and payable have been paid when due and payable. No Credit Party knows of any proposed tax assessment of any deficiency against Holdings or any of its Subsidiaries which is not being actively contested by Holdings or such Subsidiary in good faith and by appropriate proceedings; provided, such reserves or other appropriate provisions, if any, as shall be required in conformity with GAAP shall have been made or provided therefor.

4.13 Properties.

(a) Title. Each of Holdings and its Subsidiaries has (i) good, sufficient and legal title to (in the case of fee interests in real property), (ii) valid leasehold interests in (in the case of leasehold interests in real or personal property), and (iii) good title to (in the case of all other personal property), all of their respective material properties and assets reflected in their respective Historical Financial Statements referred to in Section 4.7 and in the most recent financial statements delivered pursuant to Section 5.1, in

each case except for assets disposed of since the date of such financial statements in the ordinary course of business or as otherwise permitted under Section 6.9. Except as permitted by this Agreement, all such properties and assets are free and clear of Liens.

(b) Real Estate. As of the Closing Date, Schedule 4.13 contains a true, accurate and complete list of (i) all Real Estate Assets, and (ii) all leases, subleases or assignments of leases (together with all amendments, modifications, supplements, renewals or extensions of any thereof) affecting each Real Estate Asset of any Credit Party, regardless of whether such Credit Party is the landlord or tenant (whether directly or as an assignee or successor in interest) under such lease, sublease or assignment. Each agreement listed in clause (ii) of the immediately preceding sentence is in full force and effect and no Credit Party has knowledge of any default that has occurred and is continuing thereunder, and each such agreement constitutes the legally valid and binding obligation of each applicable Credit Party, enforceable against such Credit Party in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles.

4.14 Environmental Matters. Neither Holdings nor any of its Subsidiaries nor any of their respective Facilities or operations are subject to any outstanding written order, consent decree or settlement agreement with any Person relating to any Environmental Law, any Environmental Claim, or any Hazardous Materials Activity that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. Neither Holdings nor any of its Subsidiaries has received any letter or request for information under Section 104 of the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. § 9604) or any comparable state law. There are and, to each of Holdings' and its Subsidiaries' knowledge, have been, no conditions, occurrences, or Hazardous Materials Activities which could reasonably be expected to form the basis of an Environmental Claim against Holdings or any of its Subsidiaries that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. Neither Holdings nor any of its Subsidiaries nor, to any Credit Party's knowledge, any predecessor of Holdings or any of its Subsidiaries has filed any notice under any Environmental Law indicating past or present treatment of Hazardous Materials at any Facility, and none of Holdings' or any of its Subsidiaries' operations involves the generation, transportation, treatment, storage or disposal of hazardous waste, as defined under 40 C.F.R. Parts 260-270 or any state equivalent. No event or condition has occurred or is occurring with respect to Holdings or any of its Subsidiaries relating to any Environmental Law, any Release of Hazardous Materials, or any Hazardous Materials Activity which individually or in the aggregate has had, or could reasonably be expected to have, a Material Adverse Effect.

4.15 No Defaults. Neither Holdings nor any of its Subsidiaries is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any of its Material Contracts, and no condition exists which, with the giving of notice or the lapse of time or both, could constitute such a default, except, in each case, where the consequences, direct or indirect, of such default or defaults, if any, could not reasonably be expected to have a Material Adverse Effect.

4.16 Material Contracts. Schedule 4.16 contains a true, correct and complete list of all the Material Contracts in effect on the Closing Date, and, together with any updates provided pursuant to Section 5.1(l), all such Material Contracts are in full force and effect and no defaults currently exist thereunder (other than as described in Schedule 4.16 or in such updates).

4.17 Governmental Regulation. Neither Holdings nor any of its Subsidiaries is subject to regulation under the Federal Power Act or the Investment Company Act of 1940 or under any other federal or state statute or regulation which may limit its ability to incur Indebtedness or which may otherwise render all or any portion of the Obligations unenforceable. Neither Holdings nor any of its Subsidiaries is a "registered investment company" or a company "controlled" by a "registered investment company" or a "principal underwriter" of a "registered investment company" as such terms are defined in the Investment Company Act of 1940.

4.18 Margin Stock. Neither Holdings nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. No part of the proceeds of the Loans made to such Credit Party will be used to purchase or carry any such Margin Stock or to extend credit to others for the purpose of purchasing or carrying any such Margin Stock or for any purpose that violates, or is inconsistent with, the provisions of Regulation T, U or X of the Board of Governors of the Federal Reserve System.

4.19 Employee Matters. Neither Holdings nor any of its Subsidiaries is engaged in any unfair labor practice that could reasonably be expected to have a Material Adverse Effect. There is (a) no unfair labor practice complaint pending against Holdings or any of its Subsidiaries, or to the best knowledge of Holdings and Company, threatened against any of them before the National Labor Relations Board and no grievance or arbitration proceeding arising out of or under any collective bargaining agreement that is so pending against Holdings or any of its Subsidiaries or to the best knowledge of Holdings and Company, threatened against any of them, (b) no strike or work stoppage in existence or, to the best knowledge of Holdings and Company, threatened against Holdings or any of its Subsidiaries, and (c) to the best knowledge of Holdings and Company, no union representation question existing with respect to the employees of Holdings or any of its Subsidiaries and, to the best knowledge of Holdings and Company, no union organization activity that is taking place, except (with respect to any matter specified in clause (a), (b) or (c) above, either individually or in the aggregate) as could not reasonably be expected to have a Material Adverse Effect.

4.20 Employee Benefit Plans. Except as could not reasonably be expected to result in a Material Adverse Effect, (a) Holdings, each of its Subsidiaries and each of their respective ERISA Affiliates are in compliance with all applicable provisions and requirements of ERISA and the Internal Revenue Code and the regulations and published interpretations thereunder with respect to each Employee Benefit Plan, and have performed all their obligations under each Employee Benefit Plan; (b) each Employee Benefit Plan which is intended to qualify under Section 401(a) of the Internal Revenue Code has received a favorable determination letter from the Internal Revenue Service indicating that such Employee Benefit Plan is so qualified and nothing has occurred subsequent to the issuance of such determination letter which would cause such Employee Benefit Plan to lose its qualified status; (c) no liability under Title IV of ERISA to the PBGC (other than required premium payments), the Internal Revenue Service, any Employee Benefit Plan or any trust established under Title IV of ERISA has been or is reasonably expected to be incurred by Holdings, any of its Subsidiaries or any of their ERISA Affiliates; (d) no ERISA Event has occurred or is reasonably expected to occur; and (e) except to the extent required under Section 4980B of the Internal Revenue Code or similar state laws, no Employee Benefit Plan provides health or welfare benefits (through the purchase of insurance or otherwise) for any retired or former employee of Holdings, any of its Subsidiaries or any of their respective ERISA Affiliates. The present value of the aggregate benefit liabilities under each Pension Plan sponsored, maintained or contributed to by Holdings, any of its Subsidiaries or any of their ERISA Affiliates (determined as of the end of the most recent plan year on the basis of the actuarial assumptions specified for funding purposes in the most recent actuarial valuation for such Pension Plan) did not exceed the aggregate current value of the assets of such Pension Plan. As of the most recent valuation date for each Multiemployer Plan for which the actuarial report is available, the potential liability of Holdings, its Subsidiaries and their respective ERISA Affiliates for a complete withdrawal from such Multiemployer Plan (within the meaning of Section 4203 of ERISA), when aggregated with such potential liability for a complete withdrawal from all Multiemployer Plans, based on information available pursuant to Section 4221(e) of ERISA is zero. Holdings, each of its Subsidiaries and each of their ERISA Affiliates have complied with the requirements of Section 515 of ERISA with respect to each Multiemployer Plan and are not in material “default” (as defined in Section 4219(c)(5) of ERISA) with respect to payments to a Multiemployer Plan.

4.21 Certain Fees. Except as set forth on Schedule 4.21, no broker's or finder's fee or commission will be payable with respect hereto or any of the transactions contemplated hereby.

4.22 Solvency. On the Closing Date and on each other Credit Date, after giving effect to the Credit Extension to occur on such date, the Credit Parties, on a consolidated basis, are and will be Solvent.

4.23 Compliance with Statutes, etc.

(a) Except as set forth on Schedule 4.23, each of Holdings and its Subsidiaries is in material compliance with all applicable statutes, rules, regulations and orders of, and all applicable restrictions imposed by, all Governmental Authorities, in respect of the conduct of its business and the ownership of its property (excluding Financial Services Laws, but including compliance with all applicable Environmental Laws with respect to any Real Estate Asset or governing its business and the requirements of any Governmental Authorizations issued under such Environmental Laws with respect to any such Real Estate Asset or the operations of Holdings or any of its Subsidiaries), except such non-compliance that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. Since June 30, 2015, no Credit Party has received any written notice or any communication (including, without limitation, any oral communication) from any Governmental Authority alleging that such Credit Party is not in compliance with applicable law, rules, regulations and orders or threatening the security, force and effect of any Governmental Authorizations issued to such Credit Party, except as could not reasonably be expected to have a Material Adverse Effect.

(b) Each of Holdings and each of its Subsidiaries is and, since June 30, 2015 has been, in material compliance with all applicable Financial Services Laws in respect of the conduct of its business, except as set forth on Schedule 4.23. Neither Holdings nor any of its Subsidiaries has, since June 30, 2015, received any written inquiry, notice of investigation, notice of violation, administrative complaint or has been subject to any enforcement proceeding, or entered into any settlement or consent order with any Governmental Authority relating to Financial Services Laws, nor is any such inquiry or proceeding pending, expected or, to the knowledge of Holdings or its Subsidiaries, threatened, except as set forth on Schedule 4.23 (provided, that the foregoing shall not apply to any correspondence provided by Holdings or any of its Subsidiaries to any Governmental Authority in connection with such Person obtaining or maintaining a Governmental Authorization in the ordinary course of its business or correspondence received by any Governmental Authority in connection with ordinary course examinations so long as such correspondence is not provided in connection with assertions or allegations of non-compliance by Holdings or its Subsidiaries with any applicable laws where such non-compliance could reasonably be expected to have an adverse impact that is not immaterial on the business or operations of Holdings and its Subsidiaries).

(c) Each Credit Party holds, in full force and effect, all Governmental Authorizations required under applicable law necessary to conduct its business. There are no such Governmental Authorizations held in the name of any Person (other than a Credit Party) on behalf of any of the Credit Parties. Each of Holdings and its Subsidiaries is in compliance in all material respects with all Governmental Authorizations required under applicable Financial Services Laws (including, without limitation, the registration required for money services businesses by the U.S. Department of Treasury Financial Crimes Enforcement Network and U.S. State money transmitter licenses under Financial Services Laws), for such Person lawfully to own, lease, manage or operate each business currently owned, leased, managed or operated by such Person. No condition exists or event has occurred which, in itself or with the giving of notice or lapse of time or both, would result in the suspension, revocation, impairment, forfeiture or non-renewal of any such Governmental Authorizations, in each case, that could reasonably be expected to have an adverse impact that is not immaterial on the business or operations of Holdings and its Subsidiaries.

4.24 Disclosure. No representation or warranty of any Credit Party contained in any Credit Document or in any other documents, certificates or written statements furnished to Lenders by or on behalf of Holdings or any of its Subsidiaries for use in connection with the transactions contemplated hereby contains any untrue statement of a material fact or omits to state a material fact (known to Holdings or Company, in the case of any document not furnished by either of them) necessary in order to make the statements contained herein or therein not misleading in light of the circumstances in which the same were made. Any projections and pro forma financial information contained in such materials are based upon good faith estimates and assumptions believed by Holdings or Company to be reasonable at the time made, it being recognized by Lenders that such projections as to future events are not to be viewed as facts and that actual results during the period or periods covered by any such projections may differ from the projected results. There are no facts known (or which should upon the reasonable exercise of diligence be known) to Holdings or Company (other than matters of a general economic nature) that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect and that have not been disclosed herein or in such other documents, certificates and statements furnished to Lenders for use in connection with the transactions contemplated hereby.

4.25 OFAC, Money Laundering Laws, Etc. No Credit Party or any of its Subsidiaries is in violation of any applicable Sanctions. No Credit Party nor any of its Subsidiaries nor, to the knowledge of such Credit Party, any director, officer, employee, agent or Affiliate of such Credit Party or such Subsidiary (a) is a Sanctioned Person or a Sanctioned Entity, (b) has any assets located in Sanctioned Entities, or (c) derives revenues from investments in, or transactions with Sanctioned Persons or Sanctioned Entities. Each of the Credit Parties and its Subsidiaries has implemented and maintains in effect policies and procedures designed to ensure compliance with all applicable Sanctions, anti-corruption laws and anti-money laundering Laws. Each of the Credit Parties and its Subsidiaries, and to the knowledge of each such Credit Party, each director, officer, employee, agent and Affiliate of each such Credit Party and each such Subsidiary, is in compliance with all applicable Sanctions and is in compliance in all material respects with all applicable anti-corruption laws and anti-money laundering laws. No proceeds of any Loan made or Letter of Credit issued hereunder will be used to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Entity, or otherwise used in any manner that would result in a violation of any applicable Sanction, anti-corruption law or anti-money laundering law by any Person.

SECTION 5. AFFIRMATIVE COVENANTS

Each Credit Party covenants and agrees that so long as any Commitment is in effect and until payment in full of all Obligations, each Credit Party shall perform, and shall cause each of its Subsidiaries to perform, all covenants in this Section 5.

5.1 Financial Statements and Other Reports. Unless otherwise provided below, Holdings will deliver to Administrative Agent (with sufficient copies for each Lender):

(a) Monthly Reports. As soon as available, and in any event within 30 days (or, in the case of the last month of any Fiscal Quarter, 45 days) after the end of each month, (i) the consolidated balance sheet of Holdings and its Subsidiaries as at the end of such month and the related consolidated statements of income and consolidated statements of cash flows of Holdings and its Subsidiaries for such month and for the period from the beginning of the then current Fiscal Year to the end of such month, setting forth in each case in comparative form the corresponding figures for the corresponding periods of the previous Fiscal Year and the corresponding figures from the Financial Plan for the current Fiscal Year,

all in reasonable detail, together with a schedule of reconciliations for any reclassifications with respect to prior months or periods (and, in connection therewith, copies of any restated financial statements for any impacted month or period), a Financial Officer Certification, any other material operating reports prepared by management for such period and (ii) Consolidated Recurring Revenue information as of the end of such period, including, without limitation (A) a calculation for the prior quarter of the Consolidated Recurring Revenue, and (B) a report detailing the Consolidated Recurring Revenue by product and on a gross basis for such period;

(b) Quarterly Financial Statements. As soon as available, and in any event within 45 days after the end of each Fiscal Quarter of each Fiscal Year, (i) the consolidated and consolidating balance sheet of Holdings and its Subsidiaries as at the end of such Fiscal Quarter and the related consolidated and consolidating statements of income and consolidated statements of cash flows of Holdings and its Subsidiaries for such Fiscal Quarter and for the period from the beginning of the then current Fiscal Year to the end of such Fiscal Quarter, setting forth in each case in comparative form the corresponding figures for the corresponding periods of the previous Fiscal Year and the corresponding figures from the Financial Plan for the current Fiscal Year, all in reasonable detail, together with a schedule of reconciliations for any reclassifications with respect to prior months or periods (and, in connection therewith, copies of any restated financial statements for any impacted month or period), a Financial Officer Certification, any other material operating reports prepared by management for such period, and a Narrative Report, (ii) a report detailing churn/contract retention data, which report shall set forth (A) customers lost during such month and the trailing twelve month revenues of Holdings and its Subsidiaries attributable to such customers, and (B) other retention data as may be reasonably agreed by Agents and Company, (iii) a detailed aging, by total, of Holdings' and its Subsidiaries' (excluding AFS) Accounts, together with a reconciliation and supporting documentation for any reconciling items noted, (iv) a detailed report regarding the revenues, fees, and interest from the Invoice Accelerator Product and (v) summary aging, by vendor, of Holdings' and its Subsidiaries' (excluding AFS) accounts payable and any book overdraft;

(c) Annual Financial Statements. As soon as available, and in any event within 120 days after the end of each Fiscal Year, (i) the consolidated and consolidating balance sheets of Holdings and its Subsidiaries as at the end of such Fiscal Year and the related consolidated (and with respect to statements of income and statements of cash flows, consolidating) statements of income, stockholders' equity and cash flows of Holdings and its Subsidiaries for such Fiscal Year, setting forth in each case in comparative form the corresponding figures for the previous Fiscal Year and the corresponding figures from the Financial Plan for the Fiscal Year covered by such financial statements, in reasonable detail, together with a Financial Officer Certification which shall include (x) a reconciliation of any audit adjustments or reclassifications with respect to the reported total revenues, reported total assets or reported total liabilities to the previously provided monthly and quarterly financials if (A) any such reconciliation or adjustment reflects a 5% change in the relevant figure set forth in the previously provided monthly and quarterly financials, or (B) all such reconciliations or adjustments reflect a 5% change in the aggregate of the relevant figures set forth in the previously provided monthly and quarterly financials, and (y) restated financials for any impacted period; provided that reconciliation to previously provided monthly financials shall only be required with respect to adjustments or reclassifications of reported total revenues, and (ii) with respect to such consolidated financial statements a report thereon of Parsons CPA or other independent certified public accountants of recognized national standing selected by Holdings, and reasonably satisfactory to Administrative Agent (it being agreed and acknowledged that any of the "Big Four" accounting firms is satisfactory to Administrative Agent), which report shall be unqualified as to going concern and scope of audit (other than a going concern or like qualification resulting solely from an upcoming maturity date for the Loans occurring within one year from the time such opinion is delivered), and shall state that such consolidated financial statements fairly present, in all material respects, the consolidated financial position of Holdings and its Subsidiaries as at the dates indicated and the results of their operations and their cash flows for the periods indicated in conformity with GAAP applied on a basis consistent with prior years (except as

otherwise disclosed in such financial statements) and that the examination by such accountants in connection with such consolidated financial statements has been made in accordance with generally accepted auditing standards;

(d) Compliance Certificate. Together with each delivery of financial statements of Holdings and its Subsidiaries pursuant to Sections 5.1(a), 5.1(b), and 5.1(c), a duly executed and completed Compliance Certificate (which shall include, as may be applicable, a certification as to Consolidated EBITDA, Consolidated Recurring Revenue, Consolidated Recurring Revenue Ratio, Availability, Consolidated Cash and Burn Rate, including the underlying calculations and details necessary to arrive at Consolidated EBITDA, Consolidated Recurring Revenue, Consolidated Recurring Revenue Ratio, Consolidated Cash and Burn Rate);

(e) Statements of Reconciliation after Change in Accounting Principles. If, as a result of any change in accounting principles and policies from those used in the preparation of the Historical Financial Statements, the consolidated financial statements of Holdings and its Subsidiaries delivered pursuant to Section 5.1(b) or 5.1(c) will differ in any material respect from the consolidated financial statements that would have been delivered pursuant to such subdivisions had no such change in accounting principles and policies been made, then, together with the first delivery of such financial statements after such change, one or more statements of reconciliation for all such prior financial statements in form and substance reasonably satisfactory to Administrative Agent;

(f) Notice of Material Event. Promptly (and in any event within two Business Days) after any officer of Holdings or Company obtaining knowledge (i) of any condition or event that constitutes a Default or an Event of Default; (ii) that any Person has given any notice to Holdings or any of its Subsidiaries or taken any other action with respect to any event or condition set forth in Section 8.1(b); or (iii) of the occurrence of any event or change that has caused, either in any case or in the aggregate, a Material Adverse Effect, a certificate of its Authorized Officers specifying the nature and period of existence of such condition, event or change, or specifying the notice given and action taken by any such Person and the nature of such claimed Event of Default, Default, default, event or condition, and what action Company has taken, is taking and proposes to take with respect thereto;

(g) Notice of Litigation. Promptly upon any officer of Holdings or Company obtaining knowledge of (i) the institution of, or non-frivolous threat in writing of, any Adverse Proceeding not previously disclosed in writing by Company to Lenders, or (ii) any material development in any Adverse Proceeding that, in the case of either clause (i) or (ii) could be reasonably expected to have a Material Adverse Effect, or seeks to enjoin or otherwise prevent the consummation of, or to recover any damages or obtain relief as a result of, the transactions contemplated hereby in an amount in excess of $1,000,000, written notice thereof together with such other information reasonably requested by Administrative Agent as may be reasonably available to Holdings or Company to enable Lenders and their counsel to evaluate such matters;

(h) ERISA. (i) Promptly upon any Credit Party obtaining knowledge of the occurrence of or forthcoming occurrence of any ERISA Event that is reasonably likely to have a Material Adverse Effect, a written notice specifying the nature thereof, what action Holdings, any of its Subsidiaries or any of their respective ERISA Affiliates has taken, is taking or proposes to take with respect thereto and, when known, any action taken or threatened by the Internal Revenue Service, the Department of Labor or the PBGC with respect thereto; (ii) all notices received by Holdings, any of its Subsidiaries or any of their respective ERISA Affiliates from a Multiemployer Plan sponsor concerning an ERISA Event; and (iii) copies of such other documents or governmental reports or filings relating to any Employee Benefit Plan as Administrative Agent shall reasonably request;

(i) Financial Plan. As soon as practicable and in any event no later than sixty (60) days following the beginning of each Fiscal Year, a consolidated plan and financial forecast for such Fiscal Year and each Fiscal Year (or portion thereof) through the Final Maturity Date of the Loans approved by Company's Board of Directors (a "**Financial Plan**"), including (i) a forecasted consolidated balance sheet and forecasted consolidated statements of income and cash flows of Holdings and its Subsidiaries for each such Fiscal Year, (ii) forecasted consolidated statements of income and cash flows of Holdings and its Subsidiaries for each month of each such Fiscal Year, (iii) forecasts demonstrating projected compliance with the requirements of Section 6.8 through the end of such Fiscal Year, (iv) forecasts demonstrating adequate liquidity through the end of such Fiscal Year, and (v) such forecasts shall include the underlying assumptions and revenue drivers and costs for such Financial Plan, all in form and substance reasonably satisfactory to Agents;

(j) Insurance Report. As soon as practicable and in any event together with each annual Financial Plan delivered pursuant to Section 5.1(i), insurance certificates or other evidence in form and substance reasonably satisfactory to Administrative Agent of the effectiveness of all policies of insurance required pursuant to this agreement;

(k) Tax Returns; Accounts Receivable and Accounts Payable. As soon as practicable upon any Agent's request, (i) copies of each federal income tax return filed by or on behalf of any Credit Party, (ii) a summary of the accounts receivable aging report of each Credit Party as of the end of the requested period, or (iii) a summary of accounts payable aging report of each Credit Party as of the end of the requested period;

(l) Notice Regarding Material Contracts. Promptly, and in any event within ten (10) Business Days after any Designated Material Contract of Holdings or any of its Subsidiaries is terminated or amended in a manner that is materially adverse to Holdings or such Subsidiary, as the case may be, a written statement describing such event, with copies of any such material amendments, delivered to Administrative Agent (to the extent such delivery is permitted by the terms of any such Designated Material Contract, provided, no such prohibition on delivery shall be effective if it were bargained for by Holdings or its applicable Subsidiary with the intent of avoiding compliance with this Section 5.1(l)), and an explanation of any actions being taken with respect thereto;

(m) Information Regarding Collateral. (a) Company will furnish to Collateral Agent prior written notice of any change (i) in any Credit Party's name, (ii) in any Credit Party's jurisdiction of organization; (iii) in any Credit Party's corporate, partnership or limited liability company structure (as the case may be), or (iv) in any Credit Party's Federal Taxpayer Identification Number. Company agrees not to effect or permit any change referred to in the preceding sentence unless all filings have been made under the UCC or otherwise that are required in order for Collateral Agent to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral as contemplated in the Collateral Documents. Company also agrees promptly to notify Collateral Agent if any material portion of the Collateral is damaged or destroyed;

(n) Annual Collateral Verification. Each year, at the time of delivery of annual financial statements with respect to the preceding Fiscal Year pursuant to Section 5.1(c), Company shall deliver to Collateral Agent an Officer's Certificate (i) either confirming that there has been no material change in such information since the date of the Collateral Questionnaire delivered on the Closing Date or the date of the most recent certificate delivered pursuant to this Section and/or identifying such changes, or (ii) certifying that all UCC financing statements (including fixtures filings, as applicable) or other appropriate filings, recordings or registrations, have been delivered to Collateral Agent sufficient for filing of record in each governmental, municipal or other appropriate office in each jurisdiction identified in the Collateral Questionnaire or pursuant to clause (i) above to the extent necessary to perfect the security interests under the Collateral Documents;

(o) Cash and Cash Equivalents. Together with each delivery of financial statements of Company and each other Credit Party pursuant to Sections 5.1(a), 5.1(b), and 5.1(c), or more often as may be reasonably requested by any Agent (provided that in any such case, a copy of the report is delivered to Agents), a detailed report regarding Holdings' and its Subsidiaries' Cash and Cash Equivalents, including (i) a list of all Deposit Accounts, (ii) an indication of which Deposit Accounts are Controlled Accounts that are subject to a perfected First Priority Lien in favor of Collateral Agent, (iii) an indication of which accounts are Excluded Accounts and (iv) which Cash and Cash Equivalents constitute restricted Cash or amounts held on deposit by or for third parties;

(p) Reserved.

(q) Financial Services Laws.

(i) Together with each delivery of financial statements of Holdings and its Subsidiaries pursuant to Sections 5.1(b) and 5.1(c), a report, in form reasonably satisfactory to Administrative Agent, (A) calculating the amount of the permissible investments required for Holdings' and its Subsidiaries' operations and the amount(s) required to comply with applicable Financial Services Laws, and (B) computing the tangible net worth of Holdings and its Subsidiaries in form sufficient to demonstrate their compliance or non-compliance with net worth requirements of applicable Financial Services Laws.

(ii) Together with each delivery of financial statements of Holdings and its Subsidiaries pursuant to Section 5.1(c), a report, in form and detail reasonably satisfactory to Administrative Agent, describing Holdings' and its Subsidiaries' compliance with bonding requirements of Financial Services Laws.

(r) Other Information.

(i) Promptly upon their becoming available, copies of (A) all material financial statements, reports, notices and proxy statements sent or made available generally by Holdings to its security holders acting in such capacity or by any Subsidiary of Holdings to its security holders other than Holdings or another Subsidiary of Holdings, (B) all material regular and periodic reports and all registration statements and prospectuses, if any, filed by Holdings or any of its Subsidiaries with any securities exchange or with the Securities and Exchange Commission or any governmental or private regulatory authority except as filed on a confidential basis, and (C) all principal acquisition documentation entered into with respect to each Permitted Acquisition.

(ii) Promptly, and in any event within (5) five Business Days after receipt thereof by Holdings or any of its Subsidiaries, copies of any notice or correspondence from any Governmental Authority indicating that Holdings or any of its Subsidiaries or the Trust is not in compliance with any applicable laws (including any Financial Services Laws or regulations or energy brokerage statutes), where such non-compliance could reasonably be expected to result in an adverse impact that is not immaterial on the business or operations of Holdings and its Subsidiaries, or any written request from any Governmental Authority for information regarding the money transmission practices of Holdings or its Subsidiaries or the Trust in connection therewith (provided, that the foregoing shall not apply to any written request or other correspondence from any Governmental Authority made by such Governmental Authority in the ordinary course of its regulatory oversight of Holdings or its Subsidiaries or where such request is

not in connection with assertions or allegations of non-compliance by Holdings or its Subsidiaries with any applicable laws, where such non-compliance could reasonably be expected to result in an adverse impact that is not immaterial on the business or operations of Holdings and its Subsidiaries). Concurrently with the delivery to Administrative Agent of any such notice or request described in the foregoing sentence, Holdings shall provide to Administrative Agent a detailed report regarding what action Company has taken, is taking and proposes to take with respect thereto.

(iii) Within (5) five Business Days after the delivery thereof by Holdings or any of its Subsidiaries, copies of any correspondence that Holdings or any of its Subsidiaries transmits to any Governmental Authority in response to any notice of non-compliance (other than immaterial noncompliances) with any applicable laws (including Financial Services Laws or energy brokerage statutes) or any written request for further information regarding the money transmission practices of Holdings or its Subsidiaries in connection with Financial Services Laws (provided that, for the avoidance of doubt, the foregoing shall not apply to any correspondence (including filings, reports and other communications) provided by Holdings or any of its Subsidiaries to any Governmental Authority in the ordinary course of its business, including in connection with ordinary course examinations, so long as such correspondence is not provided in connection with assertions or allegations of non-compliance by Holdings or its Subsidiaries with any applicable laws, where such non-compliance could reasonably be expected to result in an adverse impact that is not immaterial on the business or operations of Holdings and its Subsidiaries).

(iv) Promptly, and in any event within (5) five Business Days after written request therefor by any Agent such other financial or other material information and data with respect to the business and operations of Holdings or any of its Subsidiaries as from time to time may be reasonably requested by such Agent.

Notwithstanding anything to the contrary herein, no Credit Party shall be required to provide to the Administrative Agent or any Lender any certificate or any document, report, information, or other matter described in Section 5.1(q) or 5.1(r) if such Credit Party is prohibited by a Governmental Authority or by law or regulation from disclosing such certificate or document, report, information, or other matter to Administrative Agent or such Lender.

5.2 Existence. Except as otherwise permitted under Section 6.9, each Credit Party will, and will cause each of its Subsidiaries to, at all times preserve and keep in full force and effect its existence and all rights and franchises, licenses and permits material to its business; provided, no Credit Party or any of its Subsidiaries shall be required to preserve any such existence, right or franchise, licenses and permits if such Person's board of directors (or similar governing body) shall determine that the preservation thereof is no longer desirable in the conduct of the business of such Person, and that the loss thereof is not disadvantageous in any material respect to such Person.

5.3 Payment of Taxes and Claims. Each Credit Party will, and will cause each of its Subsidiaries to, pay all Taxes imposed upon it or any of its properties or assets or in respect of any of its income, businesses or franchises before any penalty or fine accrues thereon, and all claims (including claims for labor, services, materials and supplies) for sums that have become due and payable and that by law have or may become a Lien upon any of its properties or assets, prior to the time when any penalty or fine shall be incurred with respect thereto; provided, no such Tax or claim need be paid if it is being contested in good faith by appropriate proceedings promptly instituted and diligently conducted, so long as (a) adequate reserve or other appropriate provision, as shall be required in conformity with GAAP shall have been made therefor, (b) in the case of a Tax or claim which has or may become a Lien against any of

the Collateral, such contest proceedings operate to stay the sale of any portion of the Collateral to satisfy such Tax or claim, and (c) while any such protest is pending, there will be no impairment of the enforceability, validity, or priority of any of Collateral Agent's Liens. No Credit Party will, nor will it permit any of its Subsidiaries to, file or consent to the filing of any consolidated income tax return with any Person (other than Holdings or any of its Subsidiaries).

5.4 Maintenance of Properties. Each Credit Party will, and will cause each of its Subsidiaries to, maintain or cause to be maintained in good repair, working order and condition, ordinary wear and tear and casualty damage excepted, all material properties owed by any such Credit Party used or useful in the business of Holdings and its Subsidiaries and from time to time will make or cause to be made all appropriate repairs, renewals and replacements thereof, except, in each case, where failure to do so would not reasonably be expected to have a Material Adverse Effect.

5.5 Insurance. Holdings will maintain or cause to be maintained, with financially sound and reputable insurers, (i) business interruption insurance reasonably satisfactory to Administrative Agent, and (ii) casualty insurance, such public liability insurance, third party property damage insurance with respect to liabilities, losses or damage in respect of the assets, properties and businesses of Holdings and its Subsidiaries as may customarily be carried or maintained under similar circumstances by Persons engaged in similar businesses, in each case in such amounts (giving effect to self-insurance), with such deductibles, covering such risks and otherwise on such terms and conditions as shall be customary for such Persons. Without limiting the generality of the foregoing, Holdings will maintain or cause to be maintained (a) flood insurance with respect to each Flood Hazard Property that is located in a community that participates in the National Flood Insurance Program, in each case in compliance with any applicable regulations of the Board of Governors of the Federal Reserve System, and (b) replacement value casualty insurance on the Collateral under such policies of insurance, with such insurance companies, in such amounts, with such deductibles, and covering such risks as are at all times carried or maintained under similar circumstances by Persons engaged in similar businesses. Each such policy of liability insurance shall name Collateral Agent, on behalf of Lenders as an additional insured thereunder as its interests may appear. Each casualty insurance policy, shall contain a loss payable clause or endorsement, reasonably satisfactory in form and substance to Collateral Agent, that names Collateral Agent, on behalf of Secured Parties as the loss payee thereunder and provides for at least (A) ten days' prior written notice to Collateral Agent of any cancellation of such policy based on nonpayment of premiums and (B) thirty days' prior written notice to Collateral Agent of any cancellation of such policy based on any cause other than nonpayment of premiums.

5.6 Inspections. Each Credit Party will, and will cause each of its Subsidiaries to, permit any authorized representatives designated by any Agent to visit and inspect any of the properties, and to check, test, audit and appraise any of the Collateral of any Credit Party and any of its respective Subsidiaries, to inspect and copy its and their financial and accounting records, and to discuss its and their affairs, finances and accounts with its and their officers and independent public accountants (provided that a Responsible Officer of Company shall be afforded an opportunity to be present), all upon reasonable prior notice and at such reasonable times during normal business hours; provided, however, that unless an Event of Default shall have occurred and be continuing, Agent shall only conduct one (1) such visit and inspection during any twelve consecutive month period.

5.7 Lenders Meetings. Holdings and Company will, upon the reasonable request of Administrative Agent or Requisite Lenders, participate in a meeting of Administrative Agent and Lenders once during each Fiscal Year to be held at Company's corporate offices, by telephone or at such other location as may be agreed to by Company and Administrative Agent at such time as may be agreed to by Company and Administrative Agent.

5.8 Compliance with Laws.

(a) Each Credit Party will comply, and shall cause each of its Subsidiaries to comply, with the requirements of all applicable laws, rules, regulations and orders of any Governmental Authority (excluding Financial Services Laws, Sanctions, and anti-corruption laws and anti-money laundering laws, but including all Environmental Laws), noncompliance with which would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Each Credit Party shall be, and shall cause each of its Subsidiaries and all other Persons, if any, to be, in compliance with all Governmental Authorizations issued to and held by such Person (excluding under any Financial Services Laws), noncompliance with which would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) Each Credit Party will comply, and shall cause each of its Subsidiaries to, comply with all applicable Financial Services Laws in respect of the conduct of its business, including with respect to Governmental Authorizations issued under applicable Financial Services Laws. Each Credit Party shall be, and shall cause each of its Subsidiaries, to timely respond to any notices of non-compliance from any Governmental Authority or any written request for information regarding the practices of Holdings and its Subsidiaries or the Trust in connection with Financial Services Laws.

(c) Each Credit Party will, and will cause each of its Subsidiaries to comply with all applicable Sanctions and to comply in all material respects with all applicable anti-corruption laws and anti-money laundering laws. Each of the Credit Parties and its Subsidiaries shall implement and maintain in effect policies and procedures designed to ensure compliance by the Credit Parties and their Subsidiaries and their respective directors, officers, employees, agents and Affiliates with all applicable Sanctions, anti-corruption laws and anti-money laundering laws.

5.9 Environmental.

(a) Environmental Disclosure. Holdings will deliver to Administrative Agent and Lenders:

(i) as soon as practicable following receipt thereof, copies of all environmental audits, investigations, analyses and reports of any kind or character, whether prepared by personnel of Holdings or any of its Subsidiaries or by independent consultants, Governmental Authorities or any other Persons, with respect to significant environmental matters at any Facility or with respect to any Environmental Claims;

(ii) promptly upon the occurrence thereof, written notice describing in reasonable detail (1) any Release required to be reported to any federal, state or local governmental or regulatory agency under any applicable Environmental Laws, (2) any remedial action taken by Holdings or any other Person in response to (A) any Hazardous Materials Activities the existence of which has a reasonable possibility of resulting in one or more Environmental Claims having, individually or in the aggregate, a Material Adverse Effect, or (B) any Environmental Claims that, individually or in the aggregate, have a reasonable possibility of resulting in a Material Adverse Effect, and (3) Holdings or Company's discovery of any occurrence or condition on any real property adjoining or in the vicinity of any Facility that could cause such Facility or any part thereof to be subject to any material restrictions on the ownership, occupancy, transferability or use thereof under any Environmental Laws;

(iii) as soon as practicable following the sending or receipt thereof by Holdings or any of its Subsidiaries, a copy of any and all written communications with respect to (1) any Environmental Claims that, individually or in the aggregate, have a reasonable possibility of giving rise to a Material Adverse Effect, (2) any Release required to be reported to any Governmental Authority, and (3) any request for information from any Governmental Authority that would reasonably suggest that such agency is investigating whether Holdings or any of its Subsidiaries may be potentially responsible for any Hazardous Materials Activity; and

(iv) with reasonable promptness, such other documents and information as from time to time may be reasonably requested by Administrative Agent in relation to any matters disclosed pursuant to this Section 5.9(a).

(b) Hazardous Materials Activities, Etc. Each Credit Party shall promptly take, and shall cause each of its Subsidiaries promptly to take, any and all actions necessary to (i) cure any violation of applicable Environmental Laws by such Credit Party or its Subsidiaries that could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, and (ii) make an appropriate response to any Environmental Claim against such Credit Party or any of its Subsidiaries and discharge any obligations it may have to any Person thereunder where failure to do so could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

5.10 Subsidiaries. In the event that any Person becomes a Subsidiary of any Credit Party that is owned directly by an entity that is treated as a Domestic entity for United States tax purposes or any Person ceases to be an Excluded Subsidiary, each Credit Party shall (a) concurrently with such Person becoming a Subsidiary or ceasing to be an Excluded Subsidiary cause such Subsidiary (other than any Excluded Subsidiary) to become a Guarantor hereunder and a Grantor under the Pledge and Security Agreement by executing and delivering to Administrative Agent and Collateral Agent a Counterpart Agreement (or, if such Subsidiary is a Foreign Subsidiary (other than an Excluded Subsidiary), a guarantee and collateral agreement reasonably satisfactory to Administrative Agent), and (b) subject to the terms, provisions and limitations set forth in the Credit Documents, take all such actions and execute and deliver, or cause to be executed and delivered, all such documents, instruments, agreements, and certificates (similar, as applicable, to those described in Sections 3.1(b), 3.1(h), 3.1(j) and 5.11) as are reasonably requested by Administrative Agent. In the event that any Person becomes a Foreign Subsidiary that is an Excluded Subsidiary, and the ownership interests of such Foreign Subsidiary are owned by any Credit Party or by any Subsidiary thereof (other than an Excluded Subsidiary), the Credit Parties shall take, or shall cause such Subsidiary to take, all of the actions referred to in Section 3.1(h)(i) necessary to grant and to perfect a First Priority Lien in favor of Collateral Agent, for the benefit of Secured Parties, under the Pledge and Security Agreement in 100% of the non-voting Capital Stock of such Subsidiary and in 65% of the voting Capital Stock of such Subsidiary. Notwithstanding anything to the contrary in this Section 5.10, no direct or indirect Subsidiary of any first-tier CFC shall be required to become a Guarantor hereunder or a Grantor under the Pledge and Security Agreement. With respect to each such Subsidiary, Company shall promptly send to Administrative Agent written notice setting forth with respect to such Person (i) the date on which such Person became a Subsidiary of Company or ceases to be an Excluded Subsidiary, and (ii) all of the data required to be set forth in Schedules 4.1 and 4.2 with respect to all Subsidiaries of Company; provided, such written notice shall be deemed to supplement Schedule 4.1 and 4.2 for all purposes hereof.

5.11 Additional Material Real Estate Assets. In the event that, after the Closing Date, any Credit Party acquires a Material Real Estate Asset or a Real Estate Asset owned on the Closing Date becomes a Material Real Estate Asset and such interest has not otherwise been made subject to the Lien of the Collateral Documents in favor of Collateral Agent, for the benefit of Secured Parties, then, contemporaneously with such Credit Party acquiring such Material Real Estate Asset, or promptly after a Real Estate Asset owned or leased on the Closing Date becomes a Material Real Estate Asset, such Credit Party shall take the following actions and execute and deliver, or cause to be executed and delivered, in each case with respect to each such Material Real Estate Asset:

(a) a fully executed and notarized Mortgage, in proper form for recording in all appropriate places in all applicable jurisdictions, encumbering each such Material Real Estate Asset;

(b) an opinion of counsel (which counsel shall be reasonably satisfactory to Collateral Agent) in the state in which such Material Real Estate Asset is located with respect to the enforceability of the form(s) of Mortgage to be recorded in such state in respect of such Material Real Estate Asset and such other matters as Collateral Agent may reasonably request, in each case in form and substance reasonably satisfactory to Collateral Agent;

(c) (A) ALTA mortgagee title insurance policies or commitments therefor reasonably acceptable to Collateral Agent issued by one or more title companies reasonably satisfactory to Collateral Agent with respect to each such Material Real Estate Asset (each, a "**Title Policy**"), in amounts not less than the fair market value of each such Material Real Estate Asset, together with a title report issued by a title company with respect thereto, dated not more than thirty days prior to the date such Real Estate Asset was acquired or became a Material Real Estate Asset, as applicable, and copies of all recorded documents listed as exceptions to title or otherwise referred to therein, each in form and substance reasonably satisfactory to Collateral Agent and (B) evidence reasonably satisfactory to Collateral Agent that such Credit Party has paid to the title company or to the appropriate Governmental Authorities all expenses and premiums of the title company and all other sums required in connection with the issuance of each Title Policy and all applicable recording and stamp taxes (including mortgage recording and intangible taxes) payable in connection with recording the Mortgages for each such Material Real Estate Asset in the appropriate real estate records;

(d) evidence of flood insurance with respect to each Flood Hazard Property that is located in a community that participates in the National Flood Insurance Program, in each case in compliance with any applicable regulations of the Board of Governors of the Federal Reserve System, in form and substance reasonably satisfactory to Collateral Agent;

(e) ALTA surveys of each such Material Real Estate Asset, certified to Collateral Agent and dated not more than thirty days prior to the date such Real Estate Asset was acquired or became a Material Real Estate Asset, as applicable;

(f) a Phase I Report; and

(g) all such other applicable documents, instruments, agreements, opinions and certificates with respect to each such Material Real Estate Asset that Collateral Agent shall reasonably request to create in favor of Collateral Agent, for the benefit of Secured Parties, a valid and, subject to any filing and/or recording referred to herein, perfected First Priority security interest in such Material Real Estate Assets;

provided that, anything to the contrary contained in the foregoing notwithstanding, the deliverables in clause (b), (e), (f), and (g) above shall not be required for any Material Real Estate Asset unless such Material Real Estate Asset has a fair market value of $1,000,000 or more.

5.12 Further Assurances. At any time or from time to time upon the reasonable request of Administrative Agent, but in any event subject to the terms, provisions and limitations of the Credit Documents, each Credit Party will promptly execute, acknowledge and deliver such further documents and do such other acts and things as Administrative Agent or Collateral Agent may reasonably request in order to effect fully the purposes of the Credit Documents, including providing Lenders with any information reasonably requested pursuant to Section 10.21. In furtherance and not in limitation of the foregoing, each Credit Party shall take such actions as Administrative Agent or Collateral Agent may reasonably request from time to time to ensure that the Obligations are guaranteed by the Guarantors and are secured by substantially all of the assets of Holdings and its Subsidiaries and all of the outstanding Capital Stock of Company and its Subsidiaries (subject to limitations contained in the Credit Documents with respect to

Foreign Subsidiaries). In addition to the foregoing, Company shall (i) at the request of Requisite Lenders, deliver, from time to time, to Administrative Agent such appraisals as are required by law or regulation of Real Estate Assets with respect to which Collateral Agent has been granted a Lien and (ii) subject to Section 5.14, use commercially reasonable efforts to maintain a Landlord Personal Property Collateral Access Agreement in respect of the Credit Parties' chief executive office. Notwithstanding anything to the contrary contained herein, in no event shall Mortgages be required to be delivered in respect of any leasehold interest held by Holdings or any of its Subsidiaries in any Real Estate Asset.

5.13 Miscellaneous Business Covenants. Unless otherwise consented to by the Requisite Lenders and, with respect to clause (b) below, Administrative Agent:

(a) Non-Consolidation. Holdings will and will cause each of its Subsidiaries to: (i) maintain entity records and books of account separate from those of any other entity which is an Affiliate of such entity; and (ii) not commingle its funds or assets with those of any other entity which is an Affiliate of such entity (in each case other than a Subsidiary of Holdings).

(b) Cash Management. Holdings and its Subsidiaries shall use their commercially reasonable best efforts to establish within 365 days of the Closing Date their primary domestic depository and cash management relationships with KeyBank or one of its Affiliates to the extent that the service and pricing options provided by KeyBank and/or its Affiliates to Holdings and its Subsidiaries are competitive with those offered by other banks to companies similarly situated to Company. If such relationships are so established, Holdings and its Subsidiaries will maintain such depository and cash management relationships at all times during the term of this Agreement, provided that Holdings and its Subsidiaries shall no longer be required to maintain such depository and cash management relationships with KeyBank or its Affiliates if (x) KeyBank ceases to be a Revolving Lender hereunder or (y) the service or pricing options provided by KeyBank and/or its Affiliates to Holdings and its Subsidiaries are no longer competitive with those offered by other banks to companies similarly situated to Company. Holdings and its Subsidiaries shall establish and maintain cash management systems consistent with Section 6.17 and reasonably acceptable to Administrative Agent, including, without limitation, with respect to blocked account arrangements (it being understood and agreed that, as of the Closing Date, the cash management systems maintained on the Closing Date are acceptable).

5.14 Post-Closing Matters. Notwithstanding anything to the contrary contained herein or in the other Credit Documents, Holdings shall, and shall cause each of the Credit Parties to, satisfy the requirements set forth in the Post-Closing Matters Agreement on or before the date specified for such requirement or such later date as may be agreed by Administrative Agent (including via e-mail transmission).

5.15 Repatriation of Cash. If on any time, the cash balance held by or controlled by any of the Foreign Subsidiaries of the Credit Parties exceeds $500,000 in the aggregate, calculated based on the spot exchange rate for Dollars publicly quoted by The Wall Street Journal as of such date, such Foreign Subsidiary shall promptly, and Credit Parties shall also cause such Foreign Subsidiaries to, transfer any amount in excess of $500,000 to Company to be held in a Controlled Account maintained by Company.

SECTION 6. NEGATIVE COVENANTS AND FINANCIAL COVENANTS

Each Credit Party covenants and agrees that, so long as any Commitment is in effect and until payment in full of all Obligations, such Credit Party shall perform, and shall cause each of its Subsidiaries to perform, all covenants in this Section 6.

6.1 Indebtedness. No Credit Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or guaranty, or otherwise become or remain directly or indirectly liable with respect to any Indebtedness, except:

(a) the Obligations;

(b) Indebtedness of (w) any Person comprising the Company to any other such Person comprising the Company, (x) any Guarantor to Company or to any other Subsidiary, (y) Company to any Subsidiary or (z) any Subsidiary that is not a Guarantor to Company or another Subsidiary; provided, (i) all such Indebtedness owed to a Credit Party shall be evidenced by promissory notes and all such notes shall be subject to a First Priority Lien pursuant to the Pledge and Security Agreement, (ii) all such Indebtedness shall be unsecured and, to the extent owing to a Subsidiary that is not a Credit Party, subordinated in right of payment to the payment in full of the Obligations pursuant to the terms of the applicable promissory notes or an intercompany subordination agreement that in any such case, is reasonably satisfactory to Administrative Agent, (iii) any payment by any such Guarantor under any guaranty of the Obligations shall result in a pro tanto reduction of the amount of any Indebtedness owed by such Subsidiary to Company or to any of its Subsidiaries for whose benefit such payment is made and (iv) Indebtedness owed by a Subsidiary that is not a Credit Party to a Credit Party shall not exceed an aggregate outstanding principal amount of $1,000,000 for all such Indebtedness owed by such Subsidiaries to Credit Parties;

(c) Subordinated Indebtedness in an aggregate principal amount not to exceed $10,000,000; provided that, on a *pro forma basis* after giving effect to the incurrence of any such Subordinated Indebtedness in excess of $3,000,000, the Leverage Ratio of Holdings and its Subsidiaries as of the last day of the Fiscal Quarter most recently ended for which financial statements are available is less than or equal to 4.50:1.00;

(d) Indebtedness incurred by Holdings or any of its Subsidiaries arising from (i) agreements providing for indemnification, adjustment of purchase price or similar obligations, or (ii) guaranties or letters of credit, surety bonds or performance bonds incurred in the ordinary course of business, and including in connection with bonding requirements of Financial Services Laws, and securing the performance of Company or any such Subsidiary pursuant to contractual obligations, in connection with transactions not prohibited hereunder;

(e) Indebtedness which may be deemed to exist pursuant to any guaranties, performance, surety, statutory, appeal or similar obligations incurred in the ordinary course of business and not in connection with a Permitted Acquisition;

(f) Indebtedness in respect of netting services, overdraft protections and otherwise in connection with deposit accounts;

(g) guaranties in the ordinary course of business of the obligations of suppliers, customers, franchisees and licensees of Holdings and its Subsidiaries;

(h) guaranties by Company of Indebtedness of a Guarantor or guaranties by a Subsidiary of Company of Indebtedness of Company or a Guarantor with respect, in each case, to Indebtedness otherwise permitted to be incurred pursuant to this Section 6.1;

(i) Indebtedness in existence on the Closing Date and described in Schedule 6.1;

(j) Indebtedness in respect of Capital Leases and purchase money Indebtedness, and Permitted Refinancings thereof, in an aggregate principal amount not to exceed at any time outstanding of

$5,000,000 (or, after satisfaction of the Qualified Equity Raise Requirement, $8,000,000); provided that any such Indebtedness shall be secured only by the asset acquired in connection with the incurrence of such Indebtedness;

(k) other unsecured Indebtedness of Holdings and its Subsidiaries, which is subordinated to the Obligations in a manner reasonably satisfactory to Administrative Agent in an aggregate principal amount not to exceed at any time $1,000,000;

(l) Indebtedness consisting of the financing of insurance premiums of Holdings and its Subsidiaries in the ordinary course of business so long as the amount of such Indebtedness is not in excess of the amount of the unpaid cost of, and shall be incurred only to defer the cost of, such insurance for the year in which such Indebtedness is incurred and such Indebtedness is outstanding only during such year;

(m) Indebtedness incurred pursuant to a Permitted Acquisition or Indebtedness assumed by a Credit Party or its Subsidiaries in respect of assets acquired by such Person pursuant to a Permitted Acquisition and any Permitted Refinancing thereof, but only to the extent that such Indebtedness shall have been in existence prior to the time such Permitted Acquisition was consummated and was not incurred in connection with, as a result of, or in contemplation of, such Permitted Acquisition, such Indebtedness is unsecured (other than to the extent such Indebtedness constitutes Capital Lease obligations); provided, that in no event shall the aggregate principal amount of such Indebtedness outstanding at any time under this clause (m) exceed $750,000;

(n) Indebtedness related to Capital Stock or stock equivalents held by officers, directors and employees of Company required to be purchased upon termination of employment to the extent that payment in respect of any such purchase obligation is either (i) expressly subordinated to, and conditioned upon compliance with Section 6.5 of this Agreement or otherwise is expressly not due or payable to the extent that payment thereof is not permitted under this Agreement or (ii) made or to be made solely from the proceeds of any insurance policy maintained by a Credit Party for such purpose; provided, that no such Indebtedness may be incurred while a Default or an Event of Default has occurred and is continuing under Section 8.1(a), (c) (with respect to Section 6.8), (f) or (g)) and, provided, further, that in no event shall the aggregate principal amount of such Indebtedness outstanding at any time under this clause (n) exceed $500,000;

(o) if the HQ Capital Lease described in clause (ii) of the definition thereof is executed and delivered by the parties thereto, other Indebtedness in respect of Capital Leases and purchase money Indebtedness incurred, for purchases of furniture and equipment for the premises covered by such HQ Capital Lease, which such Indebtedness must be incurred during the period that is six months before or within six months after the occupancy of such premises by Parent or any other Credit Party (or during such other period approved by the Administrative Agent); provided that the aggregate principal amount of Indebtedness incurred pursuant to this Section 6.1(o) shall not exceed the HQ Capital Lease Maximum Amount; provided further, that any such Indebtedness shall be secured only by the assets acquired in connection with the incurrence of such Indebtedness;

(p) Indebtedness arising under (i) non-speculative Currency Agreements, (ii) non-speculative Interest Rate Agreements, or (iii) other obligations incurred in the ordinary course of business to financial institutions entered into to obtain cash management services or deposit account overdraft protection services or other services in connection with the management or opening of deposit accounts or incurred as a result of endorsement of negotiable instruments for deposit or collection purposes; provided that in no event shall the aggregate principal amount of such Indebtedness or other obligations outstanding at any time under this clause (p) exceed $750,000;

(q) Earn-Outs incurred in connection with Permitted Acquisitions in an amount not to exceed $10,000,000 at any time outstanding in the aggregate for all Permitted Acquisitions (calculated based on the maximum contracted amount of any such Earn-Outs); provided that, on a *pro forma basis* after giving effect to (i) the consummation of the Permitted Acquisition in which such Earn-Out is incurred, and (ii) the incurrence of such Earn-Out in excess of $5,000,000 (calculated based on the maximum contracted amount of any such Earn-Outs), the Leverage Ratio of Holdings and its Subsidiaries as of the last day of the Fiscal Quarter most recently ended for which financial statements are available is less than or equal to 4.50:1.00;

(r) the HQ Capital Leases; provided that, with respect to the lease described in clause (ii) of the definition thereof, on a pro forma basis, no Default or Event of Default shall have occurred and be continuing as of the date of execution and delivery of such lease; and

(s) the Hamilton Properties Seller Debt, together with any interest or other amounts accruing pursuant to the Hamilton Properties Seller Note, in an aggregate total amount not to exceed $5,337,500.00.

Notwithstanding anything set forth above, the Credit Parties hereby agree and acknowledge that neither AFV Holdings nor its Subsidiaries shall incur or guaranty any Indebtedness (other than the Obligations), including, but not limited to, any Indebtedness for borrowed money or any intercompany Indebtedness, except to the extent (a) constituting tax liabilities or other customary maintenance and operating expenses, or accounts payable, in each case incurred in the ordinary course of business or (b) expressly permitted by clause (r) of this Section 6.1, subject, in each case for the immediately preceding clauses (a) and (b), to the restrictions in Section 6.21.

6.2 Liens. No Credit Party shall, nor shall it permit any of its Subsidiaries to create, incur, assume or permit to exist any Lien on or with respect to any property or asset of any kind (including any document or instrument in respect of goods or accounts receivable) of Holdings or any of its Subsidiaries, whether now owned or hereafter acquired, or any income or profits therefrom, or file or permit the filing of, or permit to remain in effect, any financing statement or other similar notice of any Lien with respect to any such property, asset, income or profits under the UCC of any State or under any similar recording or notice statute, except:

(a) Liens in favor of Collateral Agent for the benefit of Secured Parties granted pursuant to any Credit Document;

(b) Liens for unpaid Taxes, assessments, or other governmental charges or levies that either (i) are not yet delinquent or (ii) do not have priority over the Liens securing the Obligations and so long as (y) a reserve with respect to such obligation is established on Holdings or any of its Subsidiaries' books and records in such amount as is required under GAAP, and (z) Holdings and/or its Subsidiary is protesting such Lien or Taxes and such protest is instituted promptly and prosecuted diligently and in good faith;

(c) statutory Liens of landlords, banks (and rights of set-off), of carriers, warehousemen, mechanics, repairmen, workmen and materialmen, and other Liens imposed by law (other than any such Lien imposed pursuant to Section 401 (a)(29) or 412(n) of the Internal Revenue Code or by ERISA), in each case incurred in the ordinary course of business (i) for amounts not yet overdue, or (ii) for amounts that are overdue and that (in the case of any such amounts overdue for a period in excess of five days) are being contested in good faith by appropriate proceedings, so long as such reserves or other appropriate provisions, if any, as shall be required by GAAP shall have been made for any such contested amounts;

(d) Liens incurred in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, or to secure the performance of tenders, statutory obligations, surety, performance and appeal bonds (including in connection with bonding requirements of Financial Services Laws), bids, leases, government contracts, trade contracts, performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money), so long as no foreclosure, sale or similar proceedings have been commenced with respect to any portion of the Collateral on account thereof;

(e) easements, rights-of-way, restrictions, encroachments, zonings and other restrictions, building codes, land use laws, and other minor defects or irregularities in title, in each case which do not and will not interfere in any material respect with the ordinary conduct of the business of Holdings or any of its Subsidiaries;

(f) any interest or title of a lessor or sublessor, licensor or sublicensor under any lease or license permitted hereunder;

(g) Liens solely on any cash earnest money deposits made by Holdings or any of its Subsidiaries in connection with any letter of intent or purchase agreement permitted hereunder;

(h) purported Liens evidenced by the filing of precautionary UCC financing statements relating solely to operating leases of personal property entered into in the ordinary course of business;

(i) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(j) any zoning or similar law or right reserved to or vested in any governmental office or agency to control or regulate the use of any real property;

(k) non-exclusive licenses or sublicenses of patents, trademarks and other intellectual property rights granted by Holdings or any of its Subsidiaries in the ordinary course of business and not interfering in any material respect with the ordinary conduct of the business of Holdings or such Subsidiary;

(l) Liens described in Schedule 6.2; provided, that to qualify as permitted under this Section 6.2(l), any such Lien described on Schedule 6.2 shall only attach to collateral that it secures on the Closing Date;

(m) Liens securing purchase money Indebtedness and Indebtedness in respect of Capital Leases, in each case, permitted pursuant to Section 6.1(j); provided, any such Lien shall encumber only the asset acquired with the proceeds of such Indebtedness;

(n) other Liens on assets other than the Collateral securing Indebtedness in an aggregate principal amount not to exceed $500,000 at any time outstanding;

(o) Liens consisting of judgment or judicial attachment liens not giving rise to an Event of Default;

(p) Liens arising by operation of law or contract on insurance policies and proceeds thereof to secure the financing of such insurance premiums to the extent such indebtedness is permitted under Section 6.1;

(q) Liens in favor of collecting banks arising under Section 4-210 of the Uniform Commercial Code;

(r) Liens (including the right of set-off, revocation, refund or chargeback) in favor of a bank or other depository institution arising as a matter of law encumbering deposits and solely to the extent securing obligations relating to the maintenance of any applicable bank or deposit account in the ordinary course of business;

(s) Liens on deposits pursuant to Interest Rate Agreements to secure obligations thereunder to the extent such Interest Rate Agreements are permitted hereunder; provided that the aggregate amount of deposits subject to such Liens shall not exceed $250,000 in the aggregate at any time;

(t) Liens that are contractual rights of set off relating to purchase orders and other agreements entered into with customers of Holdings, Company or any of their Subsidiaries in the ordinary course of business;

(u) Liens consisting of security deposits in connection with leases, subleases, sublicenses, use and occupancy agreements, utility services and similar transactions entered into by the applicable Credit Party or Subsidiary of a Credit Party in the ordinary course of business and not required as a result of any breach of any agreement or default in payment of any obligation; and

(v) Liens on the Hamilton Properties Priority Collateral securing the Hamilton Properties Seller Debt to the extent permitted by Section 6.1(r) hereof.

Notwithstanding the foregoing, neither AFV Holdings nor any of its Subsidiaries shall permit or suffer to exist any Liens on the Hamilton Properties (other than the Lien of Collateral Agent on behalf of the Secured Parties) except for those Liens expressly permitted by clauses (e), (f), (j) and, in the case of the Hamilton Properties Priority Collateral, clause (v) hereof.

6.3 Equitable Lien. If any Credit Party or any of its Subsidiaries shall create or assume any Lien upon any of its properties or assets, whether now owned or hereafter acquired, other than Permitted Liens, it shall make or cause to be made effective provisions whereby the Obligations will be secured by such Lien equally and ratably with any and all other Indebtedness secured thereby as long as any such Indebtedness shall be so secured; provided, notwithstanding the foregoing, this covenant shall not be construed as a consent by Requisite Lenders to the creation or assumption of any such Lien not otherwise permitted hereby.

6.4 No Further Negative Pledges. Except with respect to (a) specific property encumbered to secure payment of particular Indebtedness or to be sold pursuant to an executed agreement with respect to a permitted Asset Sale, (b) restrictions by reason of customary provisions restricting assignments, subletting or other transfers contained in leases, licenses and similar agreements entered into in the ordinary course of business (provided that such restrictions are limited to the property or assets secured by such Liens or the property or assets subject to such leases, licenses or similar agreements, as the case may be), (c) the Credit Documents, and (d) restrictions contained in the definitive documentation associated with the Closing Date Equity Transaction, no Credit Party nor any of its Subsidiaries shall enter into any agreement prohibiting the creation or assumption of any Lien upon any of its properties or assets, whether now owned or hereafter acquired.

6.5 Restricted Junior Payments. No Credit Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, (x) declare, order, pay or make any Restricted Junior Payment or set apart any sum for any Restricted Junior Payment, or (y) agree to declare, order, pay or make any Restricted

Junior Payment or set apart any sum for any Restricted Junior Payment (in the case of this clause (y), other than (I) any agreement under Parent's Certificate of Incorporation as in effect on the date hereof and (II) any amendment or restatement of the Certificate of Incorporation of Parent or Holdings after the date hereof that satisfies both of the following conditions (1) such amendment or restatement is not prohibited by the terms of this Agreement (including, without limitation, Section 6.18) and (2) such amendment or restatement does not contain any provision that would require or obligate Parent or Holdings to make, declare, order, pay or make any Restricted Junior Payment or set apart any sum for any Restricted Junior Payment at any time when the making, declaration, ordering, payment or making of such Restricted Junior Payment, or setting apart of a sum for such Restricted Junior Payment, would be prohibited by the terms of this Agreement or any other Credit Document (and, for the avoidance of doubt, such amendment or restatement shall be required to expressly disclaim any such obligation on the part of Parent or Holdings under such circumstances)), except that Company may make:

(a) Restricted Junior Payments to Parent;

(b) distributions to Holdings, and distributions by Holdings which are immediately used by Holdings to directly or indirectly, to redeem from current or former officers and directors and current or former employees (or their current or former spouses, their estates, their estate planning vehicles and their family members) Capital Stock and Capital Stock equivalents (including to repurchase fractional shares or the cashless exercise of employee options); provided all of the following conditions are satisfied:

(i) no Event of Default has occurred and is continuing or would immediately arise as a result of such Restricted Junior Payment;

(ii) immediately after giving effect to such Restricted Junior Payment, the Credit Parties are in compliance on a pro forma basis with the covenants set forth in Section 6.8, recomputed for the most recent Fiscal Quarter for which financial statements have been delivered; and

(iii) the aggregate Restricted Junior Payment under this Section 6.5(b) permitted (x) in any Fiscal Year of Holdings and Company shall not exceed $1,000,000 and (y) during the term of this Agreement shall not exceed $4,000,000;

(c) so long as no Event of Default has occurred and is continuing or would immediately arise as a result of such Restricted Junior Payment, the Credit Parties may pay, as and when due and payable, permitted Subordinated Indebtedness payments, as defined in and solely to the extent permitted under the relevant subordination agreement;

(d) AFV Holdings may make any regularly scheduled payment of principal or interest of the Hamilton Properties Seller Debt pursuant to, and on the terms and conditions set forth in, the Hamilton Properties Seller Note;

(e) so long as (i) no Event of Default shall have occurred and is continuing or would immediately arise as a result of any such Restricted Junior Payment, and (ii) Parent shall have received the net cash proceeds of at least $417,500,000 in Qualified Equity Raises ($100,000,000 of which shall have been funded to the balance sheet of Parent), Restricted Junior Payments (A) to redeem common and/or preferred (which is (x) Series E preferred resulting from the acquisition by Parent of the Capital Stock of Strongroom and (y) junior preferred, Series D preferred or an earlier series of preferred) Capital Stock issued by Parent (including vested employee options to purchase Capital Stock issued or to be issued by Parent) (collectively, the "**2020 Redeemable Capital Stock**"), not to exceed $225,000,000 in the aggregate, in each case, pursuant to a tender offer substantially consistent with the current draft provided of

the AvidXchange Offer to Purchase of up to 4,500,000 shares of: Common Stock, $0.001 par value, Series A Convertible Preferred, Series B Convertible Preferred, Series C Convertible Preferred, Series D Convertible Preferred, Series E Convertible Preferred, Junior Series-1 Preferred and Options to Purchase Shares of Common Stock from eligible participants to be expired prior to October 30, 2020 and as amended from time to time (and the parties agree that the number of shares can be up-sized at Company's election to 4,806,100, subject to Parent's receipt of an additional $15,000,000 in cash proceeds from the issuance of common stock) on or prior to such date (a current draft of which Offer to Purchase (and any amendments thereto) shall be provided by Parent to Administrative Agent upon Administrative Agent's reasonable request) and (B) to those Series E preferred holders in connection with the redemption of Parent's Capital Stock described in the immediately preceding clause (A), to the extent constituting "gross-up" or "catch-up" payments for the benefit of such holder(s) based on the highest per share redemption price paid by Parent in connection with such redemptions; provided, that (x) any such Restricted Junior Payments pursuant to clause (B) are made substantially contemporaneously with the redemption described in the immediately preceding clause (A) and (y) any such Restricted Junior Payments made pursuant to clause (A) or clause (B) must be made on or prior to November 15, 2020 pursuant to a tender offer that expired on or prior to October 30, 2020 and made solely from proceeds of Qualified Equity Raises;

(f) distributions to Holdings which are promptly used by Holdings to pay reasonable out-of-pocket legal, accounting and filing costs and other expenses in the nature of overhead, in each case directly attributable to Holdings' ownership of its Subsidiaries and the operation of the Company and in the ordinary course of business of Holdings and its Subsidiaries; and

(g) redemptions of preferred stock of Holdings held by Sixth Street Partners or any Affiliate thereof, issuable upon conversion of Holdings' senior preferred stock as disclosed in the publicly filed offering documents for the IPO Transaction, which redemptions are financed solely with identifiable net proceeds of the common Capital Stock issued and sold pursuant to the IPO Transaction.

6.6 Restrictions on Subsidiary Distributions. Except as provided herein, no Credit Party shall, nor shall it permit any of its Subsidiaries to, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Subsidiary of Company to (a) pay dividends or make any other distributions on any of such Subsidiary's Capital Stock owned by Company or any other Subsidiary of Company, (b) repay or prepay any Indebtedness owed by such Subsidiary to Company or any other Subsidiary of Company, (c) make loans or advances to Company or any other Subsidiary of Company, or (d) transfer any of its property or assets to Company or any other Subsidiary of Company other than restrictions (i) in agreements evidencing purchase money Indebtedness permitted by Section 6.1(j) that impose restrictions on the property so acquired or in agreements evidencing the Indebtedness permitted by Section 6.1(r) hereof, (ii) by reason of customary provisions restricting assignments, subletting or other transfers contained in leases, licenses, joint venture agreements and similar agreements entered into in the ordinary course of business, (iii) that are or were created by virtue of any transfer of, agreement to transfer or option or right with respect to any property, assets or Capital Stock not otherwise prohibited under this Agreement, (iv) that exist as a result of any applicable law or governmental rule or regulation, (v) that arise from customary provisions of any agreement or instrument evidencing a Permitted Lien or Indebtedness permitted under Section 6.1 secured thereby applicable to the transfer of any property subject thereto, (vi) contained in the Credit Documents, and (vii) contained in the definitive documentation associated with the Closing Date Equity Transaction.

6.7 Investments. No Credit Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, make or own any Investment in any Person, including without limitation any Joint Venture and any Foreign Subsidiary, except:

(a) Investments in Cash and Cash Equivalents;

(b) equity Investments owned as of the Closing Date in any Subsidiary, and Investments made after the Closing Date in any wholly-owned Guarantor Subsidiaries of Company;

(c) Investments (i) in any Securities received in satisfaction or partial satisfaction thereof from financially troubled account debtors, and (ii) deposits, prepayments and other credits to suppliers made in the ordinary course of business consistent with the past practices of Holdings and its Subsidiaries;

(d) intercompany loans to the extent permitted under Section 6.1(b);

(e) loans and advances to employees, officers and directors of Holdings and its Subsidiaries (i) made in the ordinary course of business, and (ii) any refinancings of such loans after the Closing Date in an aggregate amount for all such loans and advances made under this Section 6.7(e), together with Investments made under Section 6.7(j), not to exceed $500,000 at any time outstanding;

(f) Investments consisting of Permitted Acquisitions;

(g) Investments described in Schedule 6.7;

(h) other Investments, the aggregate fair market value of which does not exceed at any time $500,000; provided that the aggregate fair market value for each such Investment pursuant to this Section 6.7(h) shall be calculated as of the date of consummation of such Investment;

(i) purchases of other Accounts of another Person, including advances made under the Invoice Accelerator Product, the aggregate fair market value of which does not exceed (i) $10,000,000 for Fiscal Year 2019, (ii) $15,000,000 for Fiscal Year 2020, and (iii) $20,000,000 for each Fiscal Year thereafter ; provided that the aggregate fair market value for each such Investment pursuant to this Section 6.7(i) shall be calculated as of the date of consummation of such Investment;

(j) Investments consisting of loans made by Holdings to officers, directors and employees of a Credit Party which are used by such Persons to purchase simultaneously Stock or Stock Equivalents of Holdings provided that such loans are not made in lieu of a material portion of the compensation of such officer, director or employee in an aggregate amount for all such loans made under this Section 6.7(j), together with Investments made under Section 6.7(e), not to exceed $500,000 at any time outstanding;

(k) to the extent constituting Investments, deposits made in the ordinary course of business securing contractual obligations in connection with bids, tenders or leases of a Credit Party and not in connection with the borrowing of money;

(l) to the extent constituting Investments, (i) negotiable instruments deposited or to be deposited for collection in the ordinary course of business, (ii) deposit and securities accounts maintained in the ordinary course of business and in compliance with the provisions of the Credit Documents and (iii) earnest money deposits in connection with Permitted Acquisitions;

(m) advances (excluding intercompany advances) made in connection with purchases of goods or services by the Credit Parties in the ordinary course of business;

(n) Investments acquired in a Permitted Acquisition to the extent that such Investments were not made in contemplation of or in connection with such Permitted Acquisition and were in existence prior to the date of such Permitted Acquisition; and

(o) Investments in AFV Holdings solely to the extent expressly permitted by Section 6.21 hereof.

Notwithstanding anything set forth above, the Credit Parties hereby agree and acknowledge that no Investment by or on behalf of any Credit Party or its Subsidiaries shall be made in AFV Holdings or any of its Subsidiaries except to the extent expressly permitted by clause (o) hereof.

Notwithstanding the foregoing, in no event shall any Credit Party make any Investment which results in or facilitates in any manner any Restricted Junior Payment not otherwise permitted under the terms of Section 6.5.

6.8 Financial Covenants.

(a) Maximum Quarterly Consolidated Recurring Revenue Ratio**.** Company shall not as of the end of each Fiscal Quarter set forth below permit the Consolidated Recurring Revenue Ratio to be in excess of the correlative number indicated for the end of such Fiscal Quarter:

Fiscal Quarter	Maximum Quarterly Consolidated Recurring Revenue Ratio
December 31, 2019	1.050:1.000
March 31, 2020	1.000:1.000
June 30, 2020	0.950:1.000
September 30, 2020	0.900:1.000
December 31, 2020	0.850:1.000
March 31, 2021	0.825:1.000
June 30, 2021	0.800:1.000
September 30, 2021	0.750:1.000
December 31, 2021	0.725:1.000
March 31, 2022	0.675:1.000
June 30, 2022	0.675:1.000
September 30, 2022	0.625:1.000
December 31, 2022 and each Fiscal Quarter thereafter	0.600:1.000

(b) Reserved.

(c) Reserved.

(d) Minimum Consolidated Cash. Company shall not permit Consolidated Cash less the amount of (i) then outstanding Total Utilization of Revolving Commitments and (ii) the amount of any Revolving Loans or Letters of Credit then requested by Company pursuant to this Agreement that have not yet been made or issued, to be less than $60,000,000 at any time.

(e) Certain Calculations. With respect to any period during which a Permitted Acquisition or an Asset Sale has occurred (each, a "**Subject Transaction**"), for purposes of determining compliance with the financial covenants set forth in this Section 6.8, Consolidated Recurring Revenue, Consolidated EBITDA, Consolidated Total Debt, and Consolidated Cash shall be calculated with respect to such period on a pro forma basis (including pro forma adjustments reasonably approved by Administrative Agent) using the most recent historical financial statements of any business so acquired or to be acquired or sold or to be sold (other than any such acquisition or sale of an Excluded Subsidiary) and the consolidated

financial statements of Holdings and its Subsidiaries which shall be reformulated as if such Subject Transaction, and any Indebtedness incurred or repaid in connection therewith, had been consummated or incurred or repaid at the beginning of such period (and assuming that such Indebtedness bears interest during any portion of the applicable measurement period prior to the relevant acquisition at the weighted average of the interest rates applicable to outstanding Loans incurred during such period).

6.9 Fundamental Changes; Disposition of Assets; Acquisitions. No Credit Party shall, nor shall it permit any of its Subsidiaries to, enter into any transaction of merger or consolidation, or liquidate, wind-up or dissolve itself (or suffer any liquidation or dissolution), divide, conduct or permit any Asset Sale, or enter into any acquisition, except:

(a) (i) any Subsidiary of Holdings may be merged with or into any Person composing the Company or into any Guarantor, or be liquidated, wound up or dissolved, or all or any part of its business, property or assets may be conveyed, sold, leased, transferred or otherwise disposed of, in one transaction or a series of transactions, to any Person composing the Company or any Guarantor; provided, in the case of such a merger involving the Company, such Person composing the Company shall be the continuing or surviving Person and in the case of such a merger involving any Guarantor and not involving the Company, such Guarantor shall be the continuing or surviving Person, and (ii) any Subsidiary that is not a Credit Party may be merged with or into any Subsidiary of Holdings that is not a Credit Party, or may be liquidated, wound up or dissolved, or all or any part of its business, property or assets may be conveyed, sold, leased, transferred or otherwise disposed of, in one transaction or a series of transactions, to any Subsidiary of Holdings that is not a Credit Party;

(b) Asset Sales, the proceeds of which, when aggregated with the proceeds of all other Asset Sales made under this clause (b), are less than $1,000,000 for each Fiscal Year; provided (i) the consideration received for such assets shall be in an amount at least equal to the fair market value thereof (determined in good faith by the board of directors of Company (or similar governing body)), and (ii) no less than 75% thereof shall be paid in Cash; provided further that, notwithstanding the foregoing, the aggregate proceeds from the disposition of intellectual property rights in any Fiscal Year shall not exceed $150,000;

(c) disposals of obsolete, worn out or surplus equipment;

(d) reserved;

(e) purchases or other acquisitions of inventory, materials and equipment and Capital Expenditures, all in the ordinary course of business;

(f) Investments made in accordance with Section 6.7;

(g) non-exclusive licenses of patents, trademarks and other intellectual property rights granted by any Credit Party or any of its Subsidiaries in the ordinary course of business and not interfering in any material respect with the ordinary conduct of the business of Holdings or such Subsidiary;

(h) conversions, exchanges or replacement of Cash Equivalents into cash or other Cash Equivalents;

(i) Asset Sales by (i) Holdings or any Subsidiary of Holdings to any Credit Party, (ii) any Subsidiary of Holdings that is not a Credit Party to any other Subsidiary of Holdings that is not a Credit Party or (iii) any Credit Party to any Subsidiary that is not a Credit Party; provided that, with respect to this clause (iii), the fair market value of such assets shall not exceed $250,000 in the aggregate during the term of this Agreement;

(j) subject to Section 2.12, Asset Sales resulting from a casualty event;

(k) dispositions of delinquent Accounts in connection with the compromise, settlement or collection thereof (and not as part of any financing transaction), in the ordinary course of business; provided, that (i) no such dispositions shall be permitted in respect of Accounts that are less than ninety (90) days overdue, and (ii) if any such Account is at least ninety (90) days overdue but less than one hundred eighty (180) days overdue, the face amount of each such Account shall not exceed $250,000; provided that the face amount of all such Accounts disposed of during the term of the Agreement shall not exceed $750,000;

(l) Permitted Liens;

(m) sale or disposition of the Hamilton Properties provided that such sale is (i) for fair market value (as determined in good faith by the board of directors of AFV Holdings (or similar governing body)), (ii) no less than 100% thereof shall be paid in Cash or a credit resulting in a reduction of the amount required to be paid under the real property lease referenced in clause (ii) of the definition of HQ Capital Leases (or as otherwise agreed to by the Administrative Agent in its sole discretion) and (iii) to the extent applicable, after application of any Net Asset Sale Proceeds from the sale of the Hamilton Properties attributable to the Hamilton Properties Priority Parcels to repay the Hamilton Properties Seller Debt in accordance with the Hamilton Properties Seller Note, the remaining Net Asset Sale Proceeds shall be applied to repay the Loans outstanding as required by Section 2.12(a) hereof; and

(n) issuances of Capital Stock pursuant to the IPO Transaction.

6.10 Disposal of Subsidiary Interests. Except for any sale of all of its interests in the Capital Stock of any of its Subsidiaries in compliance with the provisions of Section 6.9, no Credit Party shall, nor shall it permit any of its Subsidiaries to, (a) directly or indirectly sell, assign, pledge or otherwise encumber or dispose of any Capital Stock of any of its Subsidiaries, except to qualify directors if required by applicable law; or (b) permit any of its Subsidiaries directly or indirectly to sell, assign, pledge or otherwise encumber or dispose of any Capital Stock of any of its Subsidiaries, except to another Credit Party (subject to the restrictions on such disposition otherwise imposed hereunder), or to qualify directors if required by applicable law.

6.11 Sales and Lease-Backs. No Credit Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, become or remain liable as lessee or as a guarantor or other surety with respect to any lease of any property (whether real, personal or mixed), whether now owned or hereafter acquired, which such Credit Party (a) has sold or transferred or is to sell or to transfer to any other Person (other than Holdings or any of its Subsidiaries), or (b) intends to use for substantially the same purpose as any other property which has been or is to be sold or transferred by such Credit Party to any Person (other than Holdings or any of its Subsidiaries) in connection with such lease. Notwithstanding the foregoing, no sale or transfer otherwise permitted under this Section 6.11 to Holdings or any of its Subsidiaries shall be permitted with respect to the Hamilton Properties without the prior written consent of Administrative Agent.

6.12 Transactions with Shareholders and Affiliates. No Credit Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any holder of 5% or more of any class of Capital Stock of Holdings or any of its Subsidiaries or with any Affiliate of Holdings or

of any such holder; provided, however, that the Credit Parties and their Subsidiaries may enter into or permit to exist any such transaction if both (i) in respect of any transaction involving (A) aggregate annual revenues or aggregate annual expenses (whichever is greater) in excess of $750,000, Administrative Agent has consented to such Transaction (such consent not to be unreasonably withheld, delayed or conditioned) and (B) aggregate annual revenues or aggregate annual expenses (whichever is greater) in excess of $375,000, Administrative Agent has received written notice of such transaction not less than ten (10) Business Days prior thereto, and (ii) the terms of such transaction are not less favorable to Holdings or that Subsidiary, as the case may be, than those that might be obtained at the time from a Person who is not such a holder or Affiliate; provided, further, that the foregoing restrictions shall not apply to (a) any transaction between Company and any Guarantor; (b) reasonable and customary fees paid to members of the board of directors (or similar governing body) of Holdings and its Subsidiaries; (c) compensation arrangements for officers and other employees of Holdings and its Subsidiaries entered into in the ordinary course of business; (d) Qualified Equity Raises which result in net cash proceeds of up to $485,000,000 contributed to Company; (e) the Closing Date Equity Transaction and the IPO Transaction; (f) transactions described in Schedule 6.12; and (g) transactions described in clause (e) of Section 6.5. Company shall disclose in writing each transaction with any holder of 10% or more of any class of Capital Stock of Holdings or any of its Subsidiaries or with any Affiliate of Holdings or of any such holder to Administrative Agent, other than transactions described in clause (f) of Section 6.5.

6.13 Conduct of Business. From and after the Closing Date, no Credit Party shall, nor shall it permit any of its Subsidiaries to, engage in any business other than the businesses engaged in by such Credit Party on the Closing Date and activities reasonably related or ancillary thereto.

6.14 Reserved.

6.15 Amendments or Waivers with respect to Subordinated Indebtedness. No Credit Party shall, nor shall it permit any of its Subsidiaries to, amend or otherwise change the terms of any Subordinated Indebtedness, if the effect of such amendment or change is to increase the interest rate on such Subordinated Indebtedness, increase the principal amount thereof (other than capitalized interest and fees), change (to earlier dates) any dates upon which payments of principal or interest are due thereon, change any event of default or condition to an event of default with respect thereto (other than to eliminate any such event of default or increase any grace period related thereto), change the redemption, prepayment or defeasance provisions thereof (other than to waive, eliminate or delay), change the subordination provisions of such Subordinated Indebtedness (or of any guaranty thereof), or if the effect of such amendment or change, together with all other amendments or changes made, is to increase materially the obligations of the obligor thereunder or to confer any additional rights on the holders of such Subordinated Indebtedness (or a trustee or other representative on their behalf) which would be materially adverse to any Credit Party or Lenders.

6.16 Fiscal Year. No Credit Party shall, nor shall it permit any of its Subsidiaries to change its Fiscal Year-end from December 31.

6.17 Deposit Accounts. No Credit Party shall establish or maintain a Deposit Account (other than Excluded Accounts) that is not a Controlled Account and no Credit Party will deposit funds of a Credit Party or any of its Subsidiaries in a Deposit Account which is not a Controlled Account (other than Excluded Accounts).

6.18 Amendments to Organizational Agreements and Designated Material Contracts. No Credit Party shall (a) amend or permit any amendments to any Credit Party's Organizational Documents if such amendment would be material and adverse to Administrative Agent or the Lenders; or (b) amend or permit any amendments to, or terminate or waive any provision of, any Designated Material Contract if such amendment, termination, or waiver would be material and adverse to Company or Administrative

Agent or the Lenders, except that Company may amend each HQ Capital Lease (in each case, without the consent of Administrative Agent or any Lender) to increase the initial term of such HQ Capital Lease by up to three (3) years.

6.19 Payments of Certain Indebtedness. No Credit Party shall, directly or indirectly, voluntarily purchase, redeem, defease or prepay any principal of, premium, if any, interest or other amount payable in respect of any Indebtedness prior to its scheduled maturity, other than (i) the Obligations, or (ii) Indebtedness secured by a Permitted Lien if the asset securing such Indebtedness has been sold or otherwise disposed of in accordance with Section 6.9.

6.20 Client Funds. (a) Except as expressly permitted under Financial Services Laws, no Credit Party shall, and no Credit Party shall permit or cause the Trust to, use any Client Funds for such Credit Party's own purposes or the purposes of such Credit Party's Affiliates or Subsidiaries; (b) except as expressly permitted under Financial Services Laws, no Credit Party shall, and no Credit Party shall permit or cause the Trust to, use any Client Funds other than for the purpose of meeting clients' and customers' vendor obligations and paying for clients' and customers' utility services, and related payments of fees and interest in the ordinary course of business; (c) no Credit Party shall pledge Client Funds as security for obligations of such Credit Party or its Subsidiaries; (d) the Credit Parties shall not permit any Client Funds to be commingled with Cash or Cash Equivalents held by Holdings or any of its Subsidiaries in their own accounts; and (e) the Credit Parties shall not permit the Client Funds Coverage Amount to be in excess of the greater of, as of any date of determination, (A) $7,500,000 and (B) 0.75% multiplied by the Electronic Payment Volume for the month most recently ended prior to such date of determination; provided, that if, as of any date of determination, the Client Funds Coverage Amount is in excess of the greater of (A) and (B) above, then it shall not be a violation of this Section 6.20(e) so long as the Client Funds Coverage Amount is equal to or less than the greater of (A) and (B) above within 10 Business Days of such date.

6.21 AFV Holdings. AFV Holdings shall not conduct, transact or otherwise engage in any business or operations other than (i) the acquisition of the Hamilton Properties from the Hamilton Properties Seller, including, the incurrence of the Hamilton Properties Seller Debt pursuant to the Hamilton Properties Seller Note and the granting of liens on certain parcels thereof (pursuant to the Hamilton Properties Deed of Trust) and the other Hamilton Properties Priority Collateral, (ii) the lease or rental of the Hamilton Properties and the receipt of such rents or other amounts in connection therewith, (iii) the ownership and maintenance of the Hamilton Properties, (iv) the sale or disposition of the Hamilton Properties to the extent permitted by Section 6.9 hereof, (v) to the extent applicable, participating in tax, accounting and other administrative matters as a member of the consolidated group of Holdings and the Company, and (vi) the performance of its obligations under and in connection with the Credit Documents. Notwithstanding anything else to the contrary set forth in this Agreement, no Investments, distributions or other amounts may be made by the Credit Parties in AFV Holdings except for Investments in an aggregate annual amount not to exceed such amount that is necessary to (a) permit AFV Holdings to make its scheduled amortization payments of principal and scheduled payments of interest under the Hamilton Properties Seller Note and (b) satisfy any tax liabilities or other customary maintenance and operating expenses or ordinary course accounts payable of AFV Holdings.

6.22 Hamilton Properties Purchase Documents.

(a) Neither AFV Holdings nor any other Credit Party shall, nor shall it permit any of its Subsidiaries to, amend or otherwise change the terms of any Hamilton Properties Purchase Document as in effect on November 15, 2018, if the effect of such amendment or change is to increase the interest rate on the Hamilton Properties Seller Debt, increase the principal amount of such debt or of the purchase price for the Hamilton Properties, change (to earlier dates) any dates upon which payments of principal or interest are due under the Hamilton Properties Seller Note or otherwise, change any event of default or condition to

an event of default with respect thereto (other than to eliminate any such event of default or increase any grace period related thereto), change the redemption, prepayment or defeasance provisions thereof (other than to waive, eliminate or delay), change the subordination provisions set forth in the Hamilton Properties Seller Note (or of any guaranty thereof), or if the effect of such amendment or change, together with all other amendments or changes made, is to increase materially the obligations of AFV Holdings or any other obligor thereunder or to confer any additional rights on the Hamilton Properties Seller or any other holders of the Hamilton Properties Seller Debt (or a trustee or other representative on their behalf) which would be materially adverse to any Credit Party or Lenders.

(b) Administrative Agent and AFV Holdings agree that, solely with respect to the Hamilton Properties, upon the request of Collateral Agent (in its sole discretion or at the direction of Requisite Lenders), Collateral Agent may require the Credit Parties to promptly deliver, or cause to be delivered, each item set forth under Section 5.11 hereof with respect to the Hamilton Properties, and nothing in this clause (b) shall be construed to limit or otherwise impair the rights of any Agent or Secured Party to require such deliverables.

6.23 Activities of Holdings. Holdings shall not engage in any business or operations other than (a) the direct or indirect ownership of all outstanding Capital Stock of Parent and its Subsidiaries, (b) maintaining its corporate existence, (c) participating in tax, accounting and other administrative activities (including preparing reports and financial statements), (d) the performance of its obligations under any Credit Documents to which it is a party, (e) the issuance of its own Capital Stock, including pursuant to the IPO Transaction, so long as such issuance does not result in a Change of Control, (f) guaranteeing ordinary course obligations of the Credit Parties to the extent permitted under this Agreement and (g) obligations and activities incidental to the business or activities described in the foregoing clauses (a) through (f), including providing indemnification of officers, directors, shareholders and employees of any Credit Party.

SECTION 7. GUARANTY

7.1 Guaranty of the Obligations. Guarantors jointly and severally hereby irrevocably and unconditionally guaranty to Administrative Agent for the ratable benefit of the Beneficiaries the performance and payment in full of all Obligations (other than any Excluded Swap Obligations) when the same become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)) (collectively, the "**Guaranteed Obligations**").

7.2 Reserved.

7.3 Payment by Guarantors. Guarantors hereby jointly and severally agree, in furtherance of the foregoing and not in limitation of any other right which any Beneficiary may have at law or in equity against any Guarantor by virtue hereof, that upon the failure of Company to pay any of the Guaranteed Obligations when such become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise, Guarantors will upon demand pay, or cause to be paid, in Cash, to Administrative Agent for the ratable benefit of Beneficiaries, an amount equal to the sum of the unpaid principal amount of all Guaranteed Obligations then due as aforesaid, accrued and unpaid interest on such Guaranteed Obligations (including interest which, but for Company's becoming the subject of a case under the Bankruptcy Code, would have accrued on such Guaranteed Obligations, whether or not a claim is allowed against Company for such interest in the related bankruptcy case) and all other Guaranteed Obligations then owed to Beneficiaries as aforesaid.

7.4 Liability of Guarantors Absolute. Each Guarantor agrees that its obligations hereunder are irrevocable, absolute, independent and unconditional and shall not be affected by any circumstance

which constitutes a legal or equitable discharge of a guarantor or surety other than payment in full of the Guaranteed Obligations. In furtherance of the foregoing and without limiting the generality thereof, each Guarantor agrees as follows:

(a) this Guaranty is a guaranty of payment when due and not of collection. This Guaranty is a primary obligation of each Guarantor and not merely a contract of surety;

(b) Administrative Agent may enforce this Guaranty upon the occurrence of an Event of Default notwithstanding the existence of any dispute between Company and any Beneficiary with respect to the existence of such Event of Default;

(c) the obligations of each Guarantor hereunder are independent of the obligations of Company and the obligations of any other guarantor (including any other Guarantor) of the obligations of Company, and a separate action or actions may be brought and prosecuted against such Guarantor whether or not any action is brought against Company or any of such other guarantors and whether or not Company or any other Guarantor is joined in any such action or actions;

(d) payment by any Guarantor of a portion, but not all, of the Guaranteed Obligations shall in no way limit, affect, modify or abridge any Guarantor's liability for any portion of the Guaranteed Obligations which has not been paid. Without limiting the generality of the foregoing, if Administrative Agent is awarded a judgment in any suit brought to enforce any Guarantor's covenant to pay a portion of the Guaranteed Obligations, such judgment shall not be deemed to release such Guarantor from its covenant to pay the portion of the Guaranteed Obligations that is not the subject of such suit, and such judgment shall not, except to the extent satisfied by such Guarantor, limit, affect, modify or abridge any other Guarantor's liability hereunder in respect of the Guaranteed Obligations;

(e) any Beneficiary, upon such terms as it reasonably deems appropriate, without notice or demand and without affecting the validity or enforceability hereof or giving rise to any reduction, limitation, impairment, discharge or termination of any Guarantor's liability hereunder, from time to time may (i) renew, extend, accelerate, increase the rate of interest on, or otherwise change the time, place, manner or terms of payment of the Guaranteed Obligations; (ii) settle, compromise, release or discharge, or accept or refuse any offer of performance with respect to, or substitutions for, the Guaranteed Obligations or any agreement relating thereto and/or subordinate the payment of the same to the payment of any other obligations; (iii) request and accept other guaranties of the Guaranteed Obligations and take and hold security for the payment hereof or the Guaranteed Obligations; (iv) release, surrender, exchange, substitute, compromise, settle, rescind, waive, alter, subordinate or modify, with or without consideration, any security for payment of the Guaranteed Obligations, any other guaranties of the Guaranteed Obligations, or any other obligation of any Person (including any other Guarantor) with respect to the Guaranteed Obligations; (v) enforce and apply any security now or hereafter held by or for the benefit of such Beneficiary in respect hereof or the Guaranteed Obligations and direct the order or manner of sale thereof, or exercise any other right or remedy that such Beneficiary may have against any such security, in each case as such Beneficiary in its discretion may determine consistent herewith or the applicable Interest Rate Agreement and Currency Agreement and any applicable security agreement, including foreclosure on any such security pursuant to one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable, and even though such action operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of any Guarantor against Company or any security for the Guaranteed Obligations; and (vi) exercise any other rights available to it under the Credit Documents or Interest Rate Agreements and Currency Agreements; and

(f) each Guarantor waives, to the maximum extent permitted by law, all suretyship defenses available now or in the future under law or equity. In furtherance of the foregoing and without

limiting the generality thereof, each Guarantor agrees that this Guaranty and the obligations of Guarantors hereunder shall be valid and enforceable and shall not be subject to any reduction, limitation, impairment, discharge or termination for any reason (other than payment in full of the Guaranteed Obligations), including the occurrence of any of the following, whether or not any Guarantor has notice or knowledge of any of them: (i) any failure or omission to assert or enforce or any agreement or election not to assert or enforce, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise or enforcement of, any claim or demand or any right, power or remedy (whether arising under the Credit Documents or any Interest Rate Agreement or Currency Agreement, at law, in equity or otherwise) with respect to the Guaranteed Obligations or any agreement relating thereto, or with respect to any other guaranty of or security for the payment of the Guaranteed Obligations; (ii) any rescission, waiver, amendment or modification of, or any consent to depart from, any of the terms or provisions (including provisions relating to events of default) hereof, any of the other Credit Documents, any of the Interest Rate Agreements or Currency Agreements or any agreement or instrument executed pursuant thereto, or of any other guaranty or security for the Guaranteed Obligations, in each case whether or not in accordance with the terms hereof or such Credit Document, such Interest Rate Agreement or Currency Agreement or any agreement relating to such other guaranty or security; (iii) any of the Guaranteed Obligations, or any agreement relating thereto, at any time is illegal, invalid or unenforceable in any respect; (iv) the application of payments received from any source (other than payments received pursuant to the other Credit Documents or any of the Interest Rate Agreements or Currency Agreements or from the proceeds of any security for the Guaranteed Obligations, except to the extent such security also serves as collateral for indebtedness other than the Guaranteed Obligations) to the payment of indebtedness other than the Guaranteed Obligations, even though any Beneficiary might have elected to apply such payment to any part or all of the Guaranteed Obligations; (v) any Beneficiary's consent to the change, reorganization or termination of the corporate structure or existence of Holdings or any of its Subsidiaries and to any corresponding restructuring of the Guaranteed Obligations; (vi) any failure to perfect or continue the perfection of, any subordination or failure to maintain the priority of, or any failure to enforce or release of security interest in any collateral which secures any of the Guaranteed Obligations; (vii) any defenses, set-offs or counterclaims which Company may allege or assert against any Beneficiary in respect of the Guaranteed Obligations, including failure of consideration, breach of warranty, payment, statute of frauds, statute of limitations, accord and satisfaction and usury; and (viii) any other act or thing or omission, or delay to do any other act or thing, which may or might in any manner or to any extent vary the risk of any Guarantor as an obligor in respect of the Guaranteed Obligations.

7.5 Waivers by Guarantors. Each Guarantor hereby waives, for the benefit of Beneficiaries: (a) any right to require any Beneficiary, as a condition of payment or performance by such Guarantor, to (i) proceed against Company, any other guarantor (including any other Guarantor) of the Guaranteed Obligations or any other Person, (ii) proceed against or exhaust any Collateral or other property securing any obligation of Company, any such other guarantor or any other Person, (iii) proceed against or have resort to any balance of any Deposit Account or credit on the books of any Beneficiary in favor of Company or any other Person, or (iv) pursue any other remedy in the power of any Beneficiary whatsoever; (b) any defense arising by reason of the incapacity, lack of authority or any disability or other defense of Company or any other Guarantor including any defense based on or arising out of the lack of validity or the unenforceability of the Guaranteed Obligations or any agreement or instrument relating thereto or by reason of the cessation of the liability of Company or any other Guarantor from any cause other than payment in full of the Guaranteed Obligations; (c) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal; (d) any defense based upon any Beneficiary's errors or omissions in the administration of the Guaranteed Obligations, except behavior which amounts to bad faith; (e) (i) any principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms hereof and any legal or equitable discharge of such Guarantor's obligations hereunder, (ii) the benefit of any statute of limitations affecting such Guarantor's liability hereunder or the enforcement hereof, (iii) any rights to

set-offs, recoupments and counterclaims, and (iv) promptness, diligence and any requirement that any Beneficiary protect, secure, perfect or insure any security interest or lien or any property subject thereto; (f) notices, demands, presentments, protests, notices of protest, notices of dishonor and notices of any action or inaction, including acceptance hereof, notices of default hereunder, the Interest Rate Agreements or Currency Agreements or any agreement or instrument related thereto, notices of any renewal, extension or modification of the Guaranteed Obligations or any agreement related thereto, notices of any extension of credit to Company and notices of any of the matters referred to in Section 7.4 and any right to consent to any thereof; and (g) any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms hereof.

7.6 Guarantors' Rights of Subrogation, Contribution, etc. Until the Guaranteed Obligations shall have been indefeasibly paid in full and the Revolving Commitments shall have terminated, each Guarantor hereby waives any claim, right or remedy, direct or indirect, that such Guarantor now has or may hereafter have against Company or any other Guarantor or any of its assets in connection with this Guaranty or the performance by such Guarantor of its obligations hereunder, in each case whether such claim, right or remedy arises in equity, under contract, by statute, under common law or otherwise and including without limitation (a) any right of subrogation, reimbursement or indemnification that such Guarantor now has or may hereafter have against Company with respect to the Guaranteed Obligations, (b) any right to enforce, or to participate in, any claim, right or remedy that any Beneficiary now has or may hereafter have against Company, and (c) any benefit of, and any right to participate in, any collateral or security now or hereafter held by any Beneficiary. In addition, until the Guaranteed Obligations shall have been paid in full and the Revolving Commitments shall have terminated, each Guarantor shall withhold exercise of any right of contribution or reimbursement such Guarantor may have against any other guarantor (including any other Guarantor) of the Guaranteed Obligations. Each Guarantor further agrees that, to the extent the waiver or agreement to withhold the exercise of its rights of subrogation, reimbursement, indemnification and contribution as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any rights of subrogation, reimbursement or indemnification such Guarantor may have against Company or against any collateral or security, and any rights of contribution or reimbursement such Guarantor may have against any such other guarantor, shall be junior and subordinate to any rights any Beneficiary may have against Company, to all right, title and interest any Beneficiary may have in any such collateral or security, and to any right any Beneficiary may have against such other guarantor. If any amount shall be paid to any Guarantor on account of any such subrogation, reimbursement, indemnification or contribution rights at any time when all Guaranteed Obligations shall not have been finally and indefeasibly paid in full, such amount shall be held in trust for Administrative Agent on behalf of Beneficiaries and shall forthwith be paid over to Administrative Agent for the benefit of Beneficiaries to be credited and applied against the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms hereof.

7.7 Subordination of Other Obligations. Any Indebtedness of Company or any Guarantor now or hereafter held by any Guarantor (the "**Obligee Guarantor**") is hereby subordinated in right of payment to the Guaranteed Obligations, and any such indebtedness collected or received by the Obligee Guarantor after an Event of Default has occurred and is continuing shall be held in trust for Administrative Agent on behalf of Beneficiaries and shall forthwith be paid over to Administrative Agent for the benefit of Beneficiaries to be credited and applied against the Guaranteed Obligations but without affecting, impairing or limiting in any manner the liability of the Obligee Guarantor under any other provision hereof. Additionally, each Guarantor agrees not to assert or enforce, and to the extent maximum extent permitted by applicable law, hereby waives, any and all rights of subrogation, reimbursement, indemnification and contribution against Company or any other Credit Party or against any collateral or security, and any rights of contribution such Guarantor may have against any such other guarantor (including after the payment in full of the Obligations or the Guaranteed Obligations) if all or any portion of the Obligations or the Guaranteed Obligations shall have been satisfied in connection with an exercise of remedies by Collateral Agent in respect of the Capital Stock of a Credit Party or any Subsidiary of any Credit Party whether pursuant to the Pledge and Security Agreement or otherwise.

7.8 Continuing Guaranty. This Guaranty is a continuing guaranty and shall remain in effect until all of the Guaranteed Obligations whether now existing or hereafter created or arising shall have been indefeasibly paid in full and the Revolving Commitments shall have terminated. Each Guarantor hereby irrevocably waives any right to revoke this Guaranty as to future transactions giving rise to any Guaranteed Obligations.

7.9 Authority of Guarantors or Company. It is not necessary for any Beneficiary to inquire into the capacity or powers of any Guarantor or Company or the officers, directors or any agents acting or purporting to act on behalf of any of them.

7.10 Financial Condition of Company. Any Credit Extension may be made to Company or continued from time to time, and any Interest Rate Agreements or Currency Agreements may be entered into from time to time, in each case without notice to or authorization from any Guarantor regardless of the financial or other condition of Company at the time of any such grant or continuation or at the time such Interest Rate Agreement or Currency Agreement is entered into, as the case may be. No Beneficiary shall have any obligation to disclose or discuss with any Guarantor its assessment, or any Guarantor's assessment, of the financial condition of Company. Each Guarantor has adequate means to obtain information from Company on a continuing basis concerning the financial condition of Company and its ability to perform its obligations under the Credit Documents and the Interest Rate Agreements and Currency Agreements, and each Guarantor assumes the responsibility for being and keeping informed of the financial condition of Company and of all circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations. Each Guarantor hereby waives and relinquishes any duty on the part of any Beneficiary to disclose any matter, fact or thing relating to the business, operations or conditions of Company now known or hereafter known by any Beneficiary.

7.11 Bankruptcy, etc. (a) So long as any Guaranteed Obligations remain outstanding, no Guarantor shall, without the prior written consent of Administrative Agent acting pursuant to the instructions of Requisite Lenders, commence or join with any other Person in commencing any bankruptcy, reorganization or insolvency case or proceeding of or against Company or any other Guarantor. The obligations of Guarantors hereunder shall not be reduced, limited, impaired, discharged, deferred, suspended or terminated by any case or proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of Company or any other Guarantor or by any defense which Company or any other Guarantor may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding.

(b) Interest on any portion of the Guaranteed Obligations which accrues after the commencement of any case or proceeding referred to in clause (a) above (or, if interest on any portion of the Guaranteed Obligations ceases to accrue by operation of law by reason of the commencement of such case or proceeding, such interest as would have accrued on such portion of the Guaranteed Obligations if such case or proceeding had not been commenced) shall be included in the Guaranteed Obligations because it is the intention of Guarantors and Beneficiaries that the Guaranteed Obligations should be determined without regard to any rule of law or order which may relieve Company of any portion of such Guaranteed Obligations. Guarantors will permit any trustee in bankruptcy, receiver, debtor in possession, assignee for the benefit of creditors or similar person to pay Administrative Agent, or allow the claim of Administrative Agent in respect of, any such interest accruing after the date on which such case or proceeding is commenced.

7.12 Discharge of Guaranty Upon Sale of Guarantor. If all of the Capital Stock of any Guarantor or any of its successors in interest hereunder shall be sold or otherwise disposed of (including by merger or consolidation) in accordance with the terms and conditions hereof, the Guaranty of such Guarantor or such successor in interest, as the case may be, hereunder shall automatically be discharged and released without any further action by any Beneficiary or any other Person effective as of the time of such Asset Sale.

7.13 Keepwell. Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Credit Party to honor all of its obligations under this Guaranty in respect of Swap Obligations (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section 7 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 7, or otherwise under this Guaranty, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Guarantor under this Section shall remain in full force and effect until the earlier of (i) the discharge of the Guaranty of such Qualified ECP Guarantor pursuant to Section 7.12 or (ii) the indefeasible payment in full of the Guaranteed Obligations and the termination of the Revolving Commitments. Each Qualified ECP Guarantor intends that this Section 7.13 constitute, and this Section 7.13 shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each other Credit Party for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

SECTION 8. EVENTS OF DEFAULT

8.1 Events of Default. If any one or more of the following conditions or events shall occur:

(a) Failure to Make Payments When Due. Failure by Company to pay (i) when due the principal of and premium, if any, on any Loan whether at stated maturity, by acceleration or otherwise, (ii) when due any amount payable in reimbursement of any drawing under a Letter of Credit, (iii) when due any interest on any Loan, any fee, premium or any other amount due hereunder and such failure continues for a period of three (3) or more Business Days, or (iv) when due any other Obligations in an aggregate amount of $250,000 or more and such failure continues for a period of three (3) or more Business Days following receipt by Company of written notice from Administrative Agent of such failure; or

(b) Default in Other Agreements. (i) Failure of any Credit Party or any of their respective Subsidiaries to pay when due any principal of or interest on or any other amount payable in respect of one or more items of Indebtedness (other than Indebtedness referred to in Section 8.1(a)) in an aggregate principal amount of $1,000,000 or more, in each case beyond the grace period, if any, provided therefor; or (ii) breach or default by any Credit Party with respect to any other material term of (1) one or more items of Indebtedness in the aggregate principal amount referred to in clause (i) above, or (2) any loan agreement, mortgage, indenture or other agreement relating to such item(s) of Indebtedness, in each case beyond the grace period, if any, provided therefor, if the effect of such breach or default is to cause, or to permit the holder or holders of that Indebtedness (or a trustee on half of such holder or holders) to cause, that Indebtedness to become or be declared due and payable (or subject to a compulsory repurchase or redeemable) prior to its stated maturity or the stated maturity of any underlying obligation, as the case may be; or

(c) Breach of Certain Covenants. Failure of any Credit Party to perform or comply with any term or condition contained in Section 2.4, Section 3.3, any of Section 5.1(a) through 5.1(d), Section 5.1(f), Section 5.1(i), Section 5.1(r)(ii) through 5.1(r)(iv), Section 5.2, Section 5.5, Section 5.6, Section 5.14, Section 5.15, or Section 6 of this Agreement or any of the provisions of the Pledge and Security Agreement listed on Schedule 8.1; or

(d) Breach of Representations, etc. Any representation, warranty or certification made or deemed made by any Credit Party in any Credit Document or in any statement or certificate at any time given by any Credit Party or any of its Subsidiaries in writing pursuant hereto or thereto or in connection herewith or therewith shall be false in any material (except that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) respect as of the date made or deemed made; or

(e) Other Defaults Under Credit Documents. Any Credit Party shall default in the performance of or compliance with any term contained herein or any of the other Credit Documents, other than any such term referred to in any other Section of this Section 8.1, and such default shall not have been remedied or waived within thirty days (or, in the case of a default in the performance of or compliance with Section 5.1(e), Section 5.1(l) through 5.1(r)(i), Section 5.3, Section 5.4, Section 5.8, Section 5.9, Section 5.10, Section 5.12, ten (10) days) after the earlier of (i) an officer of any Credit Party becoming aware of such default, or (ii) receipt by Company of notice from Administrative Agent of such default; or

(f) Involuntary Bankruptcy; Appointment of Receiver, etc. (i) A court of competent jurisdiction shall enter a decree or order for relief in respect of Holdings or any of its Subsidiaries in an involuntary case under the Bankruptcy Code or under any other applicable bankruptcy, insolvency or similar law now or hereafter in effect, which decree or order is not stayed; or any other similar relief shall be granted under any applicable federal or state law; or (ii) an involuntary case shall be commenced against Holdings or any of its Subsidiaries under the Bankruptcy Code or under any other applicable bankruptcy, insolvency or similar law now or hereafter in effect; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, trustee, custodian or other officer having similar powers over Holdings or any of its Subsidiaries, or over all or a substantial part of its property, shall have been entered; or there shall have occurred the involuntary appointment of an interim receiver, trustee or other custodian of Holdings or any of its Subsidiaries for all or a substantial part of its property; or a warrant of attachment, execution or similar process shall have been issued against any substantial part of the property of Holdings or any of its Subsidiaries, and any such event described in this clause (ii) shall continue for sixty days without having been dismissed, bonded or discharged; or

(g) Voluntary Bankruptcy; Appointment of Receiver, etc. (i) Holdings or any of its Subsidiaries shall have an order for relief entered with respect to it or shall commence a voluntary case under the Bankruptcy Code or under any other applicable bankruptcy, insolvency or similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case, or to the conversion of an involuntary case to a voluntary case, under any such law, or shall consent to the appointment of or taking possession by a receiver, trustee or other custodian for all or a substantial part of its property; or Holdings or any of its Subsidiaries shall make any assignment for the benefit of creditors; or (ii) Holdings or any of its Subsidiaries shall be unable, or shall fail generally, or shall admit in writing its inability, to pay its debts as such debts become due; or the board of directors (or similar governing body) of Holdings or any of its Subsidiaries (or any committee thereof) shall adopt any resolution or otherwise authorize any action to approve any of the actions referred to herein or in Section 8.1(f); or

(h) Judgments and Attachments. Any money judgments, writs or warrants of attachment or similar processes involving an aggregate amount in excess of $2,000,000 (in either case to the extent not adequately covered by insurance as to which a solvent and unaffiliated insurance company has not denied coverage) shall be entered or filed against Holdings or any of its Subsidiaries or any of their respective assets and shall remain undischarged, unvacated, unbonded or unstayed for a period of forty-five days (or in any event later than five days prior to the date of any proposed sale thereunder); or

(i) Dissolution. Any order, judgment or decree shall be entered against any Credit Party decreeing the dissolution or split up of such Credit Party and such order shall remain undischarged or unstayed for a period in excess of sixty days; or

(j) Employee Benefit Plans. There shall occur one or more ERISA Events which individually or in the aggregate results in or might reasonably be expected to result in liability of Holdings, any of its Subsidiaries or any of their respective ERISA Affiliates in excess of $1,000,000 during the term hereof; or

(k) Change of Control. A Change of Control shall occur; or

(l) Guaranties, Collateral Documents and other Credit Documents. At any time after the execution and delivery thereof, (i) the Guaranty for any reason, other than the satisfaction in full of all Obligations, shall cease to be in full force and effect (other than in accordance with its terms) or shall be declared to be null and void or any Guarantor shall repudiate its obligations thereunder, (ii) this Agreement or any Collateral Document ceases to be in full force and effect (other than by reason of a release of Collateral in accordance with the terms hereof or thereof or the satisfaction in full of the Obligations in accordance with the terms hereof) or shall be declared null and void, or Collateral Agent shall not have or shall cease to have a valid and perfected Lien in any Collateral purported to be covered by the Collateral Documents with the priority required by the relevant Collateral Document (other than (y) the failure of Collateral Agent to have a valid and perfected Lien with respect to Collateral the aggregate value of which, for all such Collateral, does not exceed at any time, $250,000 and (z) so long as the value (aggregate or otherwise) of such Collateral does not at any time exceed the dollar threshold permitted in such applicable Collateral Document for the nonperfection of such type of Collateral, the failure of Collateral Agent to have a perfected Lien on Collateral that is one of the specific types of Collateral as to which, up to the dollar threshold specified in such applicable Collateral Document, the terms of the Collateral Documents expressly excuse perfection), in each case for any reason other than the failure of Collateral Agent or any Secured Party to take any action within its control, or (iii) any Credit Party shall contest the validity or enforceability of any Credit Document in writing or deny in writing that it has any further liability, including with respect to future advances by Lenders, under any Credit Document to which it is a party;

THEN, (1) upon the occurrence of any Event of Default described in Section 8.1(f) or 8.1(g), automatically, and (2) upon the occurrence of any other Event of Default, at the written request of (or with the written consent of) Requisite Lenders, upon notice to Company by Administrative Agent, (A) the Commitments, if any, of each Lender having such Commitments shall immediately terminate; (B) each of the following shall immediately become due and payable, in each case without presentment, demand, protest or other requirements of any kind, all of which are hereby expressly waived by each Credit Party: (I) the unpaid principal amount of and accrued interest on the Loans, and (II) all other Obligations; and (C) Administrative Agent may cause Collateral Agent to enforce any and all Liens and security interests created pursuant to Collateral Documents and (D) Administrative Agent may, and may cause Collateral Agent to, exercise all other rights and remedies available to Agents under the Credit Documents, under applicable law or in equity.

Upon the occurrence of any Event of Default, the Credit Parties and each of their Subsidiaries agree to coordinate and cooperate with the Lenders, the Collateral Agent, and their respective counsel to facilitate and expedite all required filings required to be made under Financial Services Laws in connection with the exercise of such rights within the legally-required timeframes for such filings and submissions, and shall promptly furnish all information requested by the Requisite Lenders, the Collateral Agent or their respective counsel in connection with any such filing.

SECTION 9. AGENTS

9.1 Appointment of Agents.

(a) TSL is hereby appointed Administrative Agent and Collateral Agent hereunder and under the other Credit Documents and each Lender hereby authorizes TSL, in such capacity, to act as its agent in accordance with the terms hereof and the other Credit Documents. Each Agent hereby agrees to act upon the express conditions contained herein and the other Credit Documents, as applicable.

(b) Reserved.

(c) The provisions of this Section 9 are solely for the benefit of Agents and Lenders and no Credit Party shall have any rights as a third party beneficiary of any of the provisions thereof.

(d) In performing its functions and duties hereunder, each Agent and Revolving shall act solely as an agent of Lenders and does not assume and shall not be deemed to have assumed any obligation towards or relationship of agency or trust with or for Holdings or any of its Subsidiaries.

9.2 Powers and Duties. Each Lender irrevocably authorizes each Agent to take such action on such Lender's behalf and to exercise such powers, rights and remedies hereunder and under the other Credit Documents as are specifically delegated or granted to such Agent by the terms hereof and thereof, together with such powers, rights and remedies as are reasonably incidental thereto. Each Agent shall have only those duties and responsibilities that are expressly specified herein and the other Credit Documents. Each Agent may exercise such powers, rights and remedies and perform such duties by or through its agents or employees. No Agent shall have, by reason hereof or any of the other Credit Documents, a fiduciary relationship in respect of any Lender; and nothing herein or any of the other Credit Documents, expressed or implied, is intended to or shall be so construed as to impose upon any Agent any obligations in respect hereof or any of the other Credit Documents except as expressly set forth herein or therein.

9.3 General Immunity.

(a) No Responsibility for Certain Matters. No Agent shall be responsible to any Lender for the execution, effectiveness, genuineness, validity, enforceability, collectability or sufficiency hereof or any other Credit Document or for any representations, warranties, recitals or statements made herein or therein by any Credit Party or any of its Subsidiaries or made in any written or oral statements or in any financial or other statements, instruments, reports or certificates or any other documents furnished or made by or on behalf of any Credit Party to any Agent or any Lender in connection with the Credit Documents and the transactions contemplated thereby or for the financial condition or business affairs of any Credit Party or any other Person liable for the payment of any Obligations, nor shall any Agent be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained in any of the Credit Documents or as to the use of the proceeds of the Loans or as to the existence or possible existence of any Event of Default or Default. Anything contained herein to the contrary notwithstanding, Administrative Agent shall not have any liability arising from confirmations of the amount of outstanding Loans or the component amounts thereof.

(b) Exculpatory Provisions. None of any Agent nor any of their respective officers, partners, directors, employees or agents shall be liable to Lenders for any action taken or omitted by any Agent under or in connection with any of the Credit Documents except to the extent caused by such Agent's gross negligence or willful misconduct, as determined by a court of competent jurisdiction in a final, non-appealable order. Each Agent shall be entitled to refrain from any act or the taking of any action (including the failure to take an action) in connection herewith or any of the other Credit Documents or

from the exercise of any power, discretion or authority vested in it hereunder or thereunder unless and until such Agent shall have received instructions in respect thereof from Requisite Lenders (or such other Lenders as may be required to give such instructions under Section 10.5) and, upon receipt of such instructions from Requisite Lenders (or such other Lenders, as the case may be), such Agent shall be entitled to act or (where so instructed) refrain from acting, or to exercise such power, discretion or authority, in accordance with such instructions. Without prejudice to the generality of the foregoing, (i) each Agent shall be entitled to rely, and shall be fully protected in relying, upon any communication, instrument or document believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons, and shall be entitled to rely and shall be protected in relying on opinions and judgments of attorneys (who may be attorneys for Holdings and its Subsidiaries), accountants, experts and other professional advisors selected by it; and (ii) no Lender shall have any right of action whatsoever against any Agent as a result of such Agent acting or (where so instructed) refraining from acting hereunder or any of the other Credit Documents in accordance with the instructions of Requisite Lenders (or such other Lenders as may be required to give such instructions under Section 10.5).

(c) Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, unless such Agent shall have received written notice from a Lender or the Credit Party referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default." The Administrative Agent will notify the Lenders of its receipt of any such notice and take such action with respect to any such Default or Event of Default as may be directed by the Requisite Lenders in accordance with Article VIII; provided, however, that unless and until the Administrative Agent has received any such direction, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Lenders.

9.4 Agents Entitled to Act as Lender. The agency hereby created shall in no way impair or affect any of the rights and powers of, or impose any duties or obligations upon, any Agent in its individual capacity as a Lender hereunder. With respect to its participation in the Loans, each Agent shall have the same rights and powers hereunder as any other Lender and may exercise the same as if it were not performing the duties and functions delegated to it hereunder, and the term "Lender" shall, unless the context clearly otherwise indicates, include each Agent in its individual capacity. Any Agent and their respective Affiliates may accept deposits from, lend money to, own securities of, and generally engage in any kind of banking, trust, financial advisory or other business with Holdings or any of its Affiliates as if it were not performing the duties specified herein, and may accept fees and other consideration from Company for services in connection herewith and otherwise without having to account for the same to Lenders.

9.5 Lenders' Representations, Warranties and Acknowledgment.

(a) Each Lender represents and warrants that it has made its own independent investigation of the financial condition and affairs of Holdings and its Subsidiaries in connection with Credit Extensions hereunder and that it has made and shall continue to make its own appraisal of the creditworthiness of Holdings and its Subsidiaries. Neither Agent shall have any duty or responsibility, either initially or on a continuing basis, to make any such investigation or any such appraisal on behalf of Lenders or to provide any Lender with any credit or other information with respect thereto, whether coming into its possession before the making of the Loans or at any time or times thereafter, and neither Agent shall have any responsibility with respect to the accuracy of or the completeness of any information provided to Lenders.

(b) Each Lender (i) represents and warrants that as of the Closing Date neither such Lender nor its Affiliates or Related Funds owns or controls, or owns or controls any Person owning or controlling, any trade debt or Indebtedness of any Credit Party (other than the Obligations) or any Capital Stock of any Credit Party (other than minority interests of Capital Stock of Holdings) and (ii) covenants and agrees that from and after the Closing Date neither such Lender nor its Affiliates or Related Funds shall purchase any trade debt or Indebtedness of any Credit Party (other than the Obligations) or Capital Stock described in clause (i) above (other than minority interests of Capital Stock of Holdings), in each case, without the prior written consent of Administrative Agent.

9.6 Right to Indemnity. Each Lender, in proportion to its Pro Rata Share, severally agrees to indemnify each Agent in their respective capacities as such and each of their respective Affiliates and their respective officers, partners, directors, trustees, employees, members, equity holders, advisors and agents and representatives (each, an "**Indemnitee Agent Party**"), to the extent that such Indemnitee Agent Party shall not have been reimbursed by any Credit Party, for and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including counsel fees and disbursements) or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against such Indemnitee Agent Party in connection with such Agent exercising its powers, rights and remedies or performing its duties hereunder or under the other Credit Documents or otherwise in its capacity as such in any way relating to or arising out of this Agreement or the other Credit Documents, **IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE, CONTRIBUTORY, OR SOLE NEGLIGENCE OF SUCH INDEMNITEE AGENT PARTY**; provided, no Lender shall be liable to indemnify Administrative Agent for any Protective Advances that it makes to or for the benefit Company or for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Indemnitee Agent Party's gross negligence or willful misconduct, as determined by a court of competent jurisdiction in a final, non-appealable order. If any indemnity furnished to any Indemnitee Agent Party for any purpose shall, in the opinion of such Indemnitee Agent Party, be insufficient or become impaired, such Indemnitee Agent Party may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished; provided, in no event shall this sentence require any Lender to indemnify any Indemnitee Agent Party against any liability, obligation, loss, damage, penalty, action, judgment, suit, cost, expense or disbursement in excess of such Lender's Pro Rata Share thereof; and provided further, this sentence shall not be deemed to require any Lender to indemnify any Indemnitee Agent Party against any liability, obligation, loss, damage, penalty, action, judgment, suit, cost, expense or disbursement described in the proviso in the immediately preceding sentence.

9.7 Resignation.

(a) Each of each Agent and Revolver Agent may resign at any time by giving thirty days' prior written notice thereof to Lenders and Company; provided that such prior written notice shall not be required if one of the other Agents (or one of their respective Affiliates or Related Funds) becomes the successor to such Person. Upon any such notice of resignation, Requisite Lenders shall have the right, upon five Business Days' notice to Company, to appoint a successor Administrative Agent or Collateral Agent (as the case may be) (provided, however, unless an Event of Default has occurred and is continuing, no Disqualified Person be appointed as successor). Upon the acceptance of any appointment as Administrative Agent or Collateral Agent hereunder by a successor Administrative Agent or Collateral Agent, that successor Administrative Agent or Collateral Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent or Collateral Agent (as the case may be) and the retiring Administrative Agent or Collateral Agent (as the case may be) shall promptly (i) transfer to such successor all sums, Securities and other items of Collateral held under the Collateral Documents, together with all records and other documents necessary or appropriate in connection with the

performance of the duties of such successor under the Credit Documents, and (ii) execute and deliver to such successor such amendments to financing statements (if necessary), and take such other actions, as may be necessary or appropriate in connection with the assignment (if necessary) to such successor of the security interests created under the Collateral Documents, whereupon such retiring Administrative Agent or Collateral Agent shall be discharged from its duties and obligations hereunder. After any retiring Administrative Agent's or Collateral Agent's resignation hereunder, the provisions of this Section 9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent or Collateral Agent hereunder.

(b) Notwithstanding anything herein to the contrary, Administrative Agent and Collateral Agent may assign their rights and duties as Administrative Agent and Collateral Agent hereunder to an Affiliate of TSL without the prior written consent of, or prior written notice to, Company or the Lenders; provided that Company and the Lenders may deem and treat such assigning Administrative Agent and Collateral Agent as Administrative Agent and Collateral Agent for all purposes hereof, unless and until such assigning Administrative Agent or Collateral Agent, as the case may be, provides written notice to Company and the Lenders of such assignment. Upon such assignment such Affiliate shall succeed to and become vested with all rights, powers, privileges and duties as Administrative Agent and Collateral Agent hereunder and under the other Credit Documents.

9.8 Collateral Documents and Guaranty.

(a) Agents under Collateral Documents and Guaranty. Each Lender hereby further authorizes Administrative Agent or Collateral Agent, as applicable, on behalf of and for the benefit of Lenders, to be the agent for and representative of Lenders with respect to the Guaranty, the Collateral and the Collateral Documents. Subject to Section 10.5, without further written consent or authorization from Lenders, Administrative Agent or Collateral Agent, as applicable may execute any documents or instruments (i) necessary to release any Lien encumbering any item of Collateral that is the subject of a sale or other disposition of assets permitted hereby or to which Requisite Lenders (or such other Lenders as may be required to give such consent under Section 10.5) have otherwise consented, or (ii) necessary to release any Guarantor from the Guaranty pursuant to Section 7.12 or with respect to which Requisite Lenders (or such other Lenders as may be required to give such consent under Section 10.5) have otherwise consented or (iii) in connection with a credit bid or purchase authorized under this Section 9.8. Agents, the Credit Parties and the Lenders hereby irrevocably authorize each Agent (but not any Lender or Lenders in its or their respective individual capacities unless the Lenders shall otherwise agree in writing), based upon the instruction of the Requisite Lenders (or as otherwise agreed to by the Lenders in writing), to (x) consent to, credit bid or purchase (either directly or indirectly through one or more entities) all or any portion of the Collateral at any sale thereof conducted under the provisions of the Bankruptcy Code, including Section 363 of the Bankruptcy Code, (y) credit bid or purchase (either directly or indirectly through one or more entities) all or any portion of the Collateral at any sale or other disposition thereof conducted under the provisions of the UCC, including pursuant to Sections 9-610 or 9-620 of the Code, or (z) credit bid or purchase (either directly or indirectly through one or more entities) all or any portion of the Collateral at any other sale or foreclosure conducted or consented to by an Agent in accordance with applicable law in any judicial action or proceeding or by the exercise of any legal or equitable remedy. In connection with any such credit bid or purchase, (i) the Obligations owed to the Lenders shall be entitled to be, and shall be, credit bid on a ratable basis unless the Lenders otherwise agree in writing (with Obligations with respect to contingent or unliquidated claims being estimated for such purpose if the fixing or liquidation thereof would not impair or unduly delay the ability of such Agent to credit bid or purchase at such sale or other disposition of the Collateral and, if such contingent or unliquidated claims cannot be estimated without impairing or unduly delaying the ability of such Agent to credit bid at such sale or other disposition, then such claims shall be disregarded, not credit bid, and not entitled to any interest in the Collateral that is the subject of such credit bid or purchase) and the Lenders whose Obligations are credit bid shall be entitled to

receive interests (ratably based upon the proportion of their Obligations credit bid in relation to the aggregate amount of Obligations so credit bid unless the Lenders otherwise agree in writing) in the Collateral that is the subject of such credit bid or purchase (or in the Capital Stock of the any entities that are used to consummate such credit bid or purchase), and (ii) each Agent, based upon the instruction of the Requisite Lenders (or as otherwise agreed to by the Lenders in writing), may accept non-cash consideration, including debt and equity securities issued by any entities used to consummate such credit bid or purchase and in connection therewith Agent may reduce the Obligations owed to the Lenders and the Lender Counterparties (ratably based upon the proportion of their Obligations credit bid in relation to the aggregate amount of Obligations so credit bid unless otherwise agreed to by the Lenders in writing) based upon the value of such non-cash consideration.

(b) Right to Realize on Collateral and Enforce Guaranty. Anything contained in any of the Credit Documents to the contrary notwithstanding, Company, Administrative Agent, Collateral Agent, and each Lender hereby agree that no Lender shall have any right individually to realize upon any of the Collateral under the Collateral Documents or to enforce the Guaranty, it being understood and agreed that all powers, rights and remedies hereunder with respect thereto may be exercised solely by Administrative Agent, on behalf of Lenders in accordance with the terms hereof and all powers, rights and remedies under the Collateral Documents may be exercised solely by Collateral Agent.

9.9 Protective Advances. Subject to the limitations set forth below, after an Event of Default shall have occurred and be continuing, Administrative Agent is authorized by Company and the Lenders, from time to time in Administrative Agent's sole discretion (but Administrative Agent shall have absolutely no obligation to), to make advances to Company, which Administrative Agent, in its sole discretion, deems necessary or desirable (i) to preserve or protect the Collateral, or any portion thereof, (ii) to enhance the likelihood of, or maximize the amount of, repayment of the Loans and other Obligations, or (iii) to pay any other amount chargeable to or required to be paid by Company pursuant to the terms of this Agreement and the other Credit Documents, including, without limitation, payments of principal, interest, fees and reimbursable expenses (any of such advances are in this Section 9.9 referred to as "**Protective Advances**"). Protective Advances may be made even if the conditions precedent set forth in Section 3 have not been satisfied. Company shall pay the unpaid principal amount and all unpaid and accrued interest of each Protective Advance on the earlier of the Final Maturity Date and the date on which demand for payment is made by Administrative Agent. The Protective Advances shall be secured by Collateral Agent's Liens, constitute Obligations hereunder, and bear interest at the rate applicable from time to time to Term Loans that are Base Rate Loans. Protective Advances shall be for the sole and separate account of Administrative Agent.

9.10 Joint Lead Arrangers and Joint Book Runners. Each of the Joint Lead Arrangers and Joint Book Runners, in such capacities, shall not have any right, power, obligation, liability, responsibility, or duty under this Agreement other than those applicable to it in its capacity as a Lender, as Administrative Agent, Collateral Agent, or as Issuing Bank. Without limiting the foregoing, each of the Joint Lead Arrangers and Joint Book Runners, in such capacities, shall not have or be deemed to have any fiduciary relationship with any Lender or any Credit Party. Each Lender, Administrative Agent, Collateral Agent, Issuing Bank, and each Credit Party acknowledges that it has not relied, and will not rely, on the Joint Lead Arrangers and Joint Book Runners in deciding to enter into this Agreement or in taking or not taking action hereunder. Each of the Joint Lead Arrangers and Joint Book Runners, in such capacities, shall be entitled to resign at any time by giving notice to Administrative Agent and Company.

9.11 Erroneous Payments. If all or any part of any payment or other distribution by or on behalf of any Agent to any Lender or other Person on behalf of a Lender is determined by such Agent in its sole discretion to have been made in error as determined by such Agent (any such distribution, an "**Erroneous Distribution**"), then the relevant Lender or such other Person shall forthwith on written

demand (accompanied by a reasonably detailed calculation of such Erroneous Distribution) repay to such Agent the amount of such Erroneous Distribution received by such Person. Any determination by any Agent, in its sole discretion, that all or a portion of any distribution to a Lender or other Person on behalf of a Lender was an Erroneous Distribution shall be conclusive absent manifest error. Each Lender and other potential recipient of an Erroneous Distribution on behalf of a Lender hereunder waives any claim of discharge for value and any other claim of entitlement to, or in respect of, any Erroneous Distribution.

SECTION 10. MISCELLANEOUS

10.1 Notices. Unless otherwise specifically provided herein, any notice or other communication herein required or permitted to be given to a Credit Party, Collateral Agent or Administrative Agent shall be sent to such Person's address as set forth on Appendix B or in the other relevant Credit Document, and in the case of any Lender, the address as indicated on Appendix B or otherwise indicated to Administrative Agent in writing. Each notice hereunder shall be in writing and may be personally served, telexed or sent by telefacsimile or United States mail, courier service or electronic mail and shall be deemed to have been given when delivered in person or by courier service and signed for against receipt thereof, upon receipt of telefacsimile, electronic mail or telex, or three Business Days after depositing it in the United States mail with postage prepaid and properly addressed.

10.2 Expenses. Whether or not the transactions contemplated hereby shall be consummated, Company agrees to pay promptly (and in any event within three (3) Business Days after receipt of written demand therefor) (a) all Administrative Agent's actual and reasonable and documented out-of-pocket costs and expenses of preparation of the Credit Documents and any consents, amendments, waivers or other modifications thereto; (b) Reserved; (c) all the reasonable and documented out-of-pocket fees, expenses and disbursements of counsel to Agents in connection with the negotiation, preparation, execution and administration of the Credit Documents and any consents, amendments, waivers or other modifications thereto and any other documents or matters requested by Company; (d) all the actual documented costs and reasonable and documented out-of-pocket expenses of creating and perfecting Liens in favor of Collateral Agent, for the benefit of Secured Parties, including filing and recording fees, expenses and taxes, stamp or documentary taxes, search fees and title insurance premiums; (e) all Administrative Agent's actual and documented out-of-pocket costs and reasonable fees, expenses for, and disbursements of any of Administrative Agent's auditors, accountants, consultants or appraisers whether internal or external, and all reasonable and documented attorneys' fees (including allocated costs of internal counsel and expenses and disbursements of outside counsel) incurred by Administrative Agent in connection with the negotiation, preparation, execution and administration of the Credit Documents and any consents, amendments, waivers or other modifications thereto and any other documents or matters requested by Company; (f) all the actual and documented out-of-pocket costs and reasonable expenses (including the reasonable fees, expenses and disbursements of any appraisers, consultants, advisors and agents reasonably employed or retained by Collateral Agent and its counsel) in connection with the custody or preservation of any of the Collateral in accordance with the terms of this Agreement; (g) [reserved]; and (h) after the occurrence of a Default or an Event of Default, all reasonable and documented out-of-pocket costs and expenses, including reasonable attorneys' fees (including allocated costs of internal counsel) and costs of settlement, incurred by any Agent and Lenders in enforcing any Obligations of or in collecting any payments due from any Credit Party hereunder or under the other Credit Documents by reason of such Default or Event of Default (including in connection with the sale of, collection from, or other realization upon any of the Collateral or the enforcement of the Guaranty) or in connection with any refinancing or restructuring of the credit arrangements provided hereunder in the nature of a "work out" or pursuant to any insolvency or bankruptcy cases or proceedings. Notwithstanding the foregoing, Company shall be under no obligation to pay any costs and expenses incurred by any Agent in connection with syndication of the Loans and Commitments after the Closing Date.

10.3 Indemnity.

(a) In addition to the payment of expenses pursuant to Section 10.2, whether or not the transactions contemplated hereby shall be consummated, each Credit Party agrees to defend (subject to Indemnitees' selection of counsel), indemnify, pay and hold harmless, each Agent, Issuing Bank and each Lender, their respective Affiliates and their respective officers, partners, directors, trustees, employees, members, equity holders, advisors and agents and representatives (each, an "**Indemnitee**"), from and against any and all Indemnified Liabilities, **IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE, CONTRIBUTORY, OR SOLE NEGLIGENCE OF SUCH INDEMNITEE**; provided, no Credit Party shall have any obligation to any Indemnitee hereunder with respect to any Indemnified Liabilities to the extent such Indemnified Liabilities arise from the gross negligence or willful misconduct, as determined by a court of competent jurisdiction in a final, non- appealable order, of that Indemnitee.

(b) To the extent permitted by applicable law, no Credit Party shall assert, and each Credit Party hereby waives, any claim against Lenders, Agents, Issuing Bank and their respective Affiliates, directors, employees, attorneys or agents, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) (whether or not the claim therefor is based on contract, tort or duty imposed by any applicable legal requirement) arising out of, in connection with, as a result of, or in any way related to, this Agreement or any Credit Document or any agreement or instrument contemplated hereby or thereby or referred to herein or therein, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof or any act or omission or event occurring in connection therewith, and Holdings and Company hereby waives, releases and agrees not to sue upon any such claim or any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

10.4 Set-Off. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence of any Event of Default and expressly subject to Section 2.15, each Lender is hereby authorized by each Credit Party at any time or from time to time subject to the consent of Administrative Agent (such consent not to be unreasonably withheld or delayed), without notice to any Credit Party or to any other Person (other than Administrative Agent), any such notice being hereby expressly waived, to set off and to appropriate and to apply any and all deposits (general or special, including Indebtedness evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts or payroll accounts (in whatever currency)) and any other Indebtedness at any time held or owing by such Lender to or for the credit or the account of any Credit Party (in whatever currency) against and on account of the obligations and liabilities of any Credit Party to such Lender hereunder, including all claims of any nature or description arising out of or connected hereto or with any other Credit Document, irrespective of whether or not (a) such Lender shall have made any demand hereunder, (b) the principal of or the interest on the Loans or any other amounts due hereunder shall have become due and payable pursuant to Section 2 and although such obligations and liabilities, or any of them, may be contingent or unmatured or (c) such obligation or liability is owed to a branch or office of such Lender different from the branch or office holding such deposit or obligation or such Indebtedness.

10.5 Amendments and Waivers.

(a) Requisite Lenders' Consent. Subject to Sections 10.5(b) and 10.5(c), except as otherwise expressly provided in this Agreement, no amendment, modification, termination or waiver of any provision of the Credit Documents, or consent to any departure by any Credit Party therefrom, shall in any event be effective without the written concurrence of the Requisite Lenders (and a copy of all amendments provided to the Administrative Agent).

(b) Affected Lenders' Consent. Without the written consent of each Lender (other than a Defaulting Lender) that would be directly affected thereby, no amendment, modification, termination, or consent shall be effective if the effect thereof would:

(i) extend the scheduled final maturity of any Loan or Note;

(ii) waive, reduce or postpone any scheduled interest payment, fee or principal repayment (but not prepayment);

(iii) reduce the rate of interest on any Loan (other than any waiver of any increase in the interest rate applicable to any Loan pursuant to Section 2.8) or any fee payable hereunder;

(iv) extend the time for payment of any such interest (other than default interest) or fees;

(v) reduce the principal amount of any Loan;

(vi) amend, modify, terminate or waive any provision of this Section 10.5(b) or Section 10.5(c);

(vii) amend, modify, terminate or waive any provision of Section 2.14(i) or Section 2.15;

(viii) amend the definition of "**Requisite Lenders**" or "**Pro Rata Share**";

(ix) release, or subordinate Collateral Agent's Lien on, all or substantially all of the Collateral or all or substantially all of the Guarantors from the Guaranty except as expressly provided in the Credit Documents; or

(x) consent to the assignment or transfer by any Credit Party of any of its rights and obligations under any Credit Document (except as a result of a transaction permitted by the terms of this Agreement).

(c) Other Consents. No amendment, modification, termination or waiver of any provision of the Credit Documents, or consent to any departure by any Credit Party therefrom, shall:

(i) increase any [**] Delayed Draw Term Loan Commitment or Additional Delayed Draw Term Loan Commitment of any Lender over the amount thereof then in effect without the consent of such Lender; provided, no amendment, modification or waiver of any condition precedent, covenant, Default or Event of Default shall constitute an increase in any [**] Delayed Draw Term Loan Commitment or Additional Delayed Draw Term Loan Commitment of any Lender;

(ii) increase the Maximum Revolver Amount or any Revolving Commitment of any Lender over the amount thereof then in effect without the consent of each Lender that would be affected thereby (it being understood and agreed that any Incremental Revolver Increases made pursuant to Section 2.2(e) shall not require the consent of any Lender other than the prospective lenders providing the Incremental Revolver Increase); provided, no amendment, modification or waiver of any condition precedent, covenant, Default or Event of Default shall constitute an increase in the Maximum Revolver Amount or any Revolving Commitment of any Lender;

(iii) amend, modify, waive, or eliminate, the definition of, or any of the terms or provisions of, the Fee Letter, without the written consent of Agents and Company (and shall not require the written consent of any of the Lenders);

(iv) amend the definition of "**Requisite Revolving Lenders**" without the written consent of the Revolving Lenders, Administrative Agent and Company;

(v) amend the definition of "**Requisite Term Lenders**" without the written consent of the Term Lenders, Administrative Agent and Company;

(vi) waive any Event of Default that has arisen as a result of Company's failure to comply with Section 6.8 without the written consent of the Requisite Revolving Lenders and Requisite Term Lenders;

(vii) amend, modify, terminate or waive any provision of Section 9 as the same applies to any Agent, or any other provision hereof as the same applies to the rights or obligations of any Agent, in each case without the consent of such Agent; or

(viii) amend, modify, or waive any provision of this Agreement or the other Credit Documents pertaining to Issuing Bank, or any other rights or duties of Issuing Bank under this Agreement or the other Credit Documents, without the written consent of Issuing Bank, Agents, Company, and the Requisite Lenders.

(d) Execution of Amendments, etc. Administrative Agent may, but shall have no obligation to, with the concurrence of any Lender, execute amendments, modifications, waivers or consents on behalf of such Lender. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on any Credit Party in any case shall entitle any Credit Party to any other or further notice or demand in similar or other circumstances. Any amendment, modification, termination, waiver or consent effected in accordance with this Section 10.5 shall be binding upon each Lender at the time outstanding, each future Lender and, if signed by a Credit Party, on such Credit Party.

10.6 Successors and Assigns; Participations.

(a) Generally. This Agreement shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of the parties hereto and the successors and assigns of Lenders. No Credit Party's rights or obligations hereunder nor any interest therein may be assigned or delegated by any Credit Party without the prior written consent of all Lenders and any assignment in contravention of the foregoing shall be absolutely void. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, Indemnitee Agent Parties under Section 9.6, Indemnitees under Section 10.3, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, Affiliates of each of Agents and Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Register. Company, Administrative Agent, and Lenders shall deem and treat the Persons listed as Lenders in the Register as the holders and owners of the corresponding Commitments and Loans listed therein for all purposes hereof, and no assignment or transfer of any such Commitment or Loan shall be effective, in each case, unless and until an Assignment Agreement effecting the assignment or transfer thereof shall have been delivered to and accepted by Administrative Agent (with notice to or consent of the Company, as required below) and recorded in the Register as provided in Section 10.6(e). Prior to such recordation, all amounts owed with respect to the applicable Commitment or Loan shall be owed to the

Lender listed in the applicable Register as the owner thereof, and any request, authority or consent of any Person who, at the time of making such request or giving such authority or consent, is listed in the applicable Register as a Lender shall be conclusive and binding on any subsequent holder, assignee or transferee of the corresponding Commitments or Loans.

(c) Right to Assign. Each Lender shall have the right at any time to sell, assign or transfer all or a portion of its rights and obligations under this Agreement (except to a Disqualified Person (other than after the occurrence and during the continuance of an Event of Default)), including, without limitation, all or a portion of its Commitment or Loans owing to it or other Obligations (provided, however, that each such assignment shall be of a uniform, and not varying, percentage of all rights and obligations under and in respect of any Loan and any related Commitments):

(i) to any Person meeting the criteria of clause (i) of the definition of the term of "Eligible Assignee" upon the giving of written notice to Company and Administrative Agent; and

(ii) to any Person otherwise constituting an Eligible Assignee with the consent of (y) Administrative Agent, and (z) so long as no Event of Default shall have occurred and be continuing, Company (each of the foregoing consents not to be unreasonably withheld, delayed or conditioned); provided, each such assignment pursuant to this Section 10.6(c)(ii) shall be in an aggregate amount of not less than (A) $500,000 (or such lesser amount as may be agreed to by Company and Administrative Agent or as shall constitute the aggregate amount of the unused [**] Delayed Draw Term Loan Commitments, unused Additional Delayed Draw Term Loan Commitments, or unused Revolving Commitments and [**] Delayed Draw Term Loans, Additional Delayed Draw Term Loans, or Revolving Loans of the assigning Lender) with respect to the assignment of [**] Delayed Draw Term Loan Commitments, [**] Delayed Draw Term Loans, Additional Delayed Draw Term Loan Commitments, Additional Delayed Draw Term Loans, Revolving Commitments or Revolving Loans, as the case may be, and (B) $500,000 (or such lesser amount as may be agreed to by Company and Administrative Agent or as shall constitute the aggregate amount of the Term Loans of the assigning Lender) with respect to the assignment of Term Loans; provided further, that Company shall be deemed to have consented to a proposed assignment unless it objects thereto by written notice (including via e-mail transmission) to Administrative Agent within five Business Days after having received written notice thereof.

(d) Mechanics. The assigning Lender and the assignee thereof shall execute and deliver to Administrative Agent an Assignment Agreement, together with such forms, certificates or other evidence, if any, required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including, without limitation, the USA PATRIOT Act, and, with respect to United States federal income tax withholding matters as the assignee under such Assignment Agreement may be required to deliver to Administrative Agent pursuant to Section 2.18(e).

(e) Notice of Assignment. Upon its receipt and acceptance of a duly executed and completed Assignment Agreement, any forms, certificates or other evidence required by this Agreement in connection therewith, Administrative Agent shall record the information contained in such Assignment Agreement in the applicable Register, shall give prompt notice thereof to Company and shall maintain a copy of such Assignment Agreement.

(f) Representations and Warranties of Assignee. Each Lender, upon execution and delivery hereof or upon executing and delivering an Assignment Agreement, as the case may be, represents and warrants as of the Closing Date or as of the applicable Effective Date (as defined in the applicable Assignment Agreement) that (i) it is an Eligible Assignee; (ii) it has experience and expertise in the making

of or investing in commitments or loans such as the applicable Commitments or Loans, as the case may be; (iii) it will make or invest in, as the case may be, its Commitments or Loans for its own account in the ordinary course of its business and without a view to distribution of such Commitments or Loans within the meaning of the Securities Act or the Exchange Act or other federal securities laws (it being understood that, subject to the provisions of this Section 10.6, the disposition of such Revolving Commitments or Loans or any interests therein shall at all times remain within its exclusive control); and (iv) such Lender does not own or control, or own or control any Person owning or controlling, any trade debt or Indebtedness of any Credit Party other than the Obligations or any Capital Stock of any Credit Party.

(g) Effect of Assignment. Subject to the terms and conditions of this Section 10.6, as of the "Effective Date" specified in the applicable Assignment Agreement: (i) the assignee thereunder shall have the rights and obligations of a "Lender" hereunder to the extent such rights and obligations hereunder have been assigned to it pursuant to such Assignment Agreement and shall thereafter be a party hereto and a "Lender" for all purposes hereof; (ii) the assigning Lender thereunder shall, to the extent that rights and obligations hereunder have been assigned thereby pursuant to such Assignment Agreement, relinquish its rights (other than any rights which survive the termination hereof under Section 10.8) and be released from its obligations hereunder (and, in the case of an Assignment Agreement covering all or the remaining portion of an assigning Lender's rights and obligations hereunder, such Lender shall cease to be a party hereto; provided, anything contained in any of the Credit Documents to the contrary notwithstanding, such assigning Lender shall continue to be entitled to the benefit of all indemnities hereunder as specified herein with respect to matters arising out of the prior involvement of such assigning Lender as a Lender hereunder); (iii) the Commitments shall be modified to reflect the Commitment of such assignee and any Commitment of such assigning Lender, if any; and (iv) if any such assignment occurs after the issuance of any Note hereunder, the assigning Lender shall, upon the effectiveness of such assignment or as promptly thereafter as practicable, surrender its applicable Notes to Administrative Agent for cancellation, and Company shall promptly issue and deliver new Notes, if so requested by the assignee and/or assigning Lender, to such assignee and/or to such assigning Lender, with appropriate insertions, to reflect the new Commitments and/or outstanding Loans of the assignee and/or the assigning Lender.

(h) Participations. Each Lender shall have the right at any time to sell one or more participations to any Person (other than Holdings or any of its Subsidiaries or Affiliates and other than a Disqualified Person (other than after the occurrence and during the continuance of an Event of Default)) in all or any part of its Commitments, Loans or in any other Obligation, provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the parties hereto for the performance of such obligations and (C) the Credit Parties, Administrative Agent, and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. The holder of any such participation, other than an Affiliate of the Lender granting such participation, shall not be entitled to require such Lender to take or omit to take any action hereunder except with respect to any amendment, modification or waiver that would (i) extend the final scheduled maturity of any Loan or Note, or reduce the rate or extend the time of payment of interest or fees thereon (except in connection with a waiver of applicability of any post-default increase in interest rates) or reduce the principal amount thereof, or increase the amount of the participant's participation over the amount thereof then in effect (it being understood that a waiver of any Default or Event of Default or of a mandatory reduction in the Commitment shall not constitute a change in the terms of such participation, and that an increase in any Commitment or Loan shall be permitted without the consent of any participant if the participant's participation is not increased as a result thereof), (ii) consent to the assignment or transfer by any Credit Party of any of its rights and obligations under this Agreement, or (iii) release all or substantially all of the Collateral under the Collateral Documents or all or substantially all of the Guarantors from the Guaranty (in each case, except as expressly provided in the Credit Documents) supporting the Loans hereunder in which such participant is participating. Company agrees that each participant shall be entitled to the benefits of Sections 2.16(c), 2.17 and 2.18 to the same extent as

if it were a Lender and had acquired its interest by assignment pursuant to clause (c) of this Section; provided, (i) a participant shall not be entitled to receive any greater payment under Section 2.17 or 2.18 than the applicable Lender would have been entitled to receive with respect to the participation sold to such participant, and (ii) a participant shall not be entitled to the benefits of Section 2.18 unless Company is notified of the participation sold to such participant and such participant agrees, for the benefit of Company, to comply with Section 2.18 as though it were a Lender. To the extent permitted by law, each participant also shall be entitled to the benefits of Section 10.4 as though it were a Lender, provided such Participant agrees to be subject to Section 2.15 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Credit Parties, maintain a register on which it enters the name and address of each participant and the principal amounts (and stated interest) of each participant's interest in the Loans or other obligations under the Credit Documents (the "**Participant Register**"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any participant or any information relating to a participant's interest in any Commitments, Loans or other obligations under any Credit Document) to any Person except to the extent that such disclosure is necessary to establish that such Commitment, Loan or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(i) Certain Other Assignments. In addition to any other assignment permitted pursuant to this Section 10.6, any Lender may assign, pledge and/or grant a security interest in, all or any portion of its Loans, the other Obligations owed by or to such Lender, and its Notes, if any, to secure obligations of such Lender including, without limitation, any Federal Reserve Bank as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any operating circular issued by such Federal Reserve Bank; provided, no Lender, as between Company and such Lender, shall be relieved of any of its obligations hereunder as a result of any such assignment and pledge, and provided further, in no event shall the applicable Federal Reserve Bank, pledgee or trustee be considered to be a "Lender" or be entitled to require the assigning Lender to take or omit to take any action hereunder.

(j) Interlender Matters. Agents and Lenders have executed an agreement pursuant to which such parties have agreed, among other things, to certain voting arrangements relative to matters requiring the approval of the Lenders and to certain allocations of payments and proceeds of Collateral. The rights and duties of the Agents and Lenders, with respect to such matters, are subject to such agreement. Anything to the contrary contained herein notwithstanding, any Person that is to become a party to this Agreement as a Lender (regardless of whether in connection with an assignment pursuant to this Section 10.6 or an Increase effected pursuant to Section 2.2(f), or otherwise) shall join the agreement described in this Section 10.6(j) as a condition to such Person becoming a party to this Agreement as a Lender.

10.7 Independence of Covenants. All covenants here under shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or would otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists.

10.8 Survival of Representations, Warranties and Agreements. All representations, warranties and agreements made herein shall survive the execution and delivery hereof and the making of any Credit Extension. Notwithstanding anything herein or implied by law to the contrary, the agreements of each Credit Party set forth in Sections 2.2(b)(iii), 2.16(c), 2.17, 2.18, 10.2, 10.3 and 10.10 and the agreements of Lenders set forth in Sections 2.15, 9.3(b), 9.6 and 10.17 shall survive the payment of the Loans and the termination hereof.

10.9 No Waiver; Remedies Cumulative. No failure or delay on the part of any Agent or any Lender in the exercise of any power, right or privilege hereunder or under any other Credit Document shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other power, right or privilege. The rights, powers and remedies given to each Agent and each Lender hereby are cumulative and shall be in addition to and independent of all rights, powers and remedies existing by virtue of any statute or rule of law or in any of the other Credit Documents or any of the Ancillary Services Agreements, Interest Rate Agreements and Currency Agreements. Any forbearance or failure to exercise, and any delay in exercising, any right, power or remedy hereunder shall not impair any such right, power or remedy or be construed to be a waiver thereof, nor shall it preclude the further exercise of any such right, power or remedy.

10.10 Marshalling. None of any Agent nor any Lender shall be under any obligation to marshal any assets in favor of any Credit Party or any other Person or against or in payment of any or all of the Obligations.

10.11 Severability. In case any provision in or obligation hereunder or any Note or other Credit Document shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

10.12 Obligations Several; Independent Nature of Lenders' Rights. The obligations of Lenders hereunder are several and no Lender shall be responsible for the obligations or Commitment of any other Lender hereunder. Nothing contained herein or in any other Credit Document, and no action taken by Lenders pursuant hereto or thereto, shall be deemed to constitute Lenders as a partnership, an association, a joint venture or any other kind of entity. The amounts payable at any time hereunder to each Lender shall be a separate and independent debt, and, subject to Section 9.8, each Lender shall be entitled to protect and enforce its rights arising under this Agreement and the other Credit Documents and it shall not be necessary for any other Lender to be joined as an additional party in any proceeding for such purpose.

10.13 Headings. Section headings herein are included herein for convenience of reference only and shall not constitute a part hereof for any other purpose or be given any substantive effect.

10.14 APPLICABLE LAW. THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO, AND ANY CLAIMS, CONTROVERSIES OR DISPUTES ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

10.15 CONSENT TO JURISDICTION. (A) THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING OUT OF OR RELATING HERETO OR ANY OTHER CREDIT DOCUMENT, OR ANY OF THE OBLIGATIONS, SHALL BE BROUGHT ONLY IN THE STATE AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS LOCATED IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK; PROVIDED THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE AGENT ELECTS TO BRING SUCH ACTION OR WHERE SUCH

COLLATERAL OR PROPERTY MAY BE FOUND. BY EXECUTING AND DELIVERING THIS AGREEMENT, EACH CREDIT PARTY, FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, IRREVOCABLY (i) ACCEPTS GENERALLY AND UNCONDITIONALLY THE EXCLUSIVE JURISDICTION AND VENUE OF SUCH COURTS; PROVIDED THAT NOTHING HEREIN SHALL AFFECT THE AGENTS' OR THE SECURED PARTIES' RIGHTS TO BRING ANY SUIT, ACTION OR PROCEEDING AGAINST ANY CREDIT PARTY IN THE COURTS OF ANY OTHER JURISDICTION; (ii) WAIVES ANY DEFENSE OF FORUM NON CONVENIENS; (iii) AGREES THAT SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDING IN ANY SUCH COURT MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE APPLICABLE CREDIT PARTY AT ITS ADDRESS PROVIDED IN ACCORDANCE WITH SECTION 10.1 ABOVE IS SUFFICIENT TO CONFER PERSONAL JURISDICTION OVER THE APPLICABLE CREDIT PARTY IN ANY SUCH PROCEEDING IN ANY SUCH COURT, AND OTHERWISE CONSTITUTES EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT; AND (iv) AGREES THAT AGENTS AND LENDERS RETAIN THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO BRING PROCEEDINGS AGAINST ANY CREDIT PARTY IN THE COURTS OF ANY OTHER JURISDICTION.

(B) EACH CREDIT PARTY HEREBY AGREES THAT PROCESS MAY BE SERVED ON IT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE ADDRESSES PERTAINING TO IT AS SPECIFIED IN SECTION 10.1, AND ANY AND ALL SERVICE OF PROCESS AND ANY OTHER NOTICE IN ANY SUCH ACTION, SUIT OR PROCEEDING SHALL BE EFFECTIVE AGAINST ANY CREDIT PARTY IF GIVEN BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, OR BY ANY OTHER MEANS OR MAIL WHICH REQUIRES A SIGNED RECEIPT, POSTAGE PREPAID, MAILED AS PROVIDED ABOVE. NOTWITHSTANDING THE FOREGOING, NOTHING IN ANY CREDIT DOCUMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

10.16 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY WAIVES ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM, CONTROVERSY, DISPUTE OR CAUSE OF ACTION DIRECTLY OR INDIRECTLY BASED UPON OR ARISING HEREUNDER OR UNDER ANY OF THE OTHER CREDIT DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN OR THEREIN OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS LOAN TRANSACTION OR THE LENDER/BORROWER RELATIONSHIP THAT IS BEING ESTABLISHED. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH PARTY HERETO ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THIS WAIVER IN ENTERING INTO THIS AGREEMENT, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN ITS RELATED FUTURE DEALINGS. EACH PARTY HERETO FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS SECTION 10.16 AND EXECUTED BY EACH OF THE PARTIES HERETO), AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT

AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS HERETO OR ANY OF THE OTHER CREDIT DOCUMENTS OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THE LOANS MADE HEREUNDER. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

10.17 Confidentiality. Each Agent and each Lender shall hold all Information in accordance with such Agent's or Lender's customary procedures for handling confidential information of such nature, it being understood and agreed by Company that, in any event, an Agent or a Lender may make (i) disclosures of such Information to Affiliates of such Lender or such Agent and to their employees, officers, members, partners, agents and representatives, directors, shareholders, advisors and consultants (and to other persons authorized by a Lender or an Agent to organize, present or disseminate such Information in connection with disclosures otherwise made in accordance with this Section 10.17) on a confidential and need-to-know basis (any such Affiliates, employees, officers, members, partners, agents and representatives, directors, shareholders, advisors and consultants shall maintain the confidentiality of such Information as set forth in this Section 10.17) for purposes of administering and to the extent necessary to administer this Agreement and the other Credit Documents, evaluating the Extensions of Credit hereunder (relating to any consents, amendments, waivers or other modifications of this Agreement, any other Credit Document or other documents or matters requested by Company or Administrative Agent, creating and perfecting Liens in favor of Collateral Agent and protecting and preserving the Collateral, collecting any payments due or in connection with any enforcement, refinancing or restructuring of the credit arrangements provided hereunder in the nature of a "work out" or pursuant to any insolvency or bankruptcy cases or proceedings), portfolio reporting and for any reasons reasonably related to the foregoing, (ii) disclosures of such Information reasonably required by any bona fide or potential assignee, transferee or participant in connection with the contemplated assignment, transfer or participation by such Lender of any Loans or any participations therein or by any direct or indirect contractual counterparties (or the professional advisors thereto) in Ancillary Services Agreements, Interest Rate Agreements and Currency Agreements (provided, such potential assignees, transferees, participants, counterparties and advisors are advised of and agree to be bound by the provisions of this Section 10.17), (iii) disclosure to any rating agency when required by it, provided that, prior to any disclosure, such rating agency shall undertake in writing to preserve the confidentiality of any confidential Information relating to the Credit Parties received by it from any of Agents or any Lender, (iv) disclosures to any Lender's financing sources or actual or potential investors, provided that prior to any disclosure, such financing source or investor (as the case may be) is informed of the confidential nature of the Information and shall be required to maintain the confidentiality of the Information pursuant to a customary confidentiality agreement, (v) disclosure required or requested in connection with any public filings, whether pursuant to any securities laws or regulations or rules promulgated therefor (including the Investment Company Act of 1940 or otherwise) or representative thereof or by the National Association of Insurance Commissioners (and any successor thereto) or pursuant to legal or judicial process or any disclosures required or requested by any Governmental Authority or representative thereof; provided, except for disclosures described in clause (vii) below, unless specifically prohibited by applicable law or court order, each Lender shall make reasonable best efforts to notify Company of any request by any Governmental Authority or representative thereof (other than any such request in connection with any examination of the financial condition or other routine examination of such Lender by such Governmental Authority) for disclosure of any such non-public Information prior to disclosure of such information; (vi) disclosures as may be agreed to in advance in writing by Company; (vii) disclosures as may be required by regulatory authorities so long as such authorities are informed of the confidential nature of such Information, (viii) disclosures in connection with any litigation or other adversary proceeding involving parties hereto which such litigation or adversary proceeding involves claims related to the rights or duties of such parties under this Agreement or the other Credit Documents; provided, that, prior to any disclosure to any Person (other than any Credit Party, any Agent, any Lender, any of their respective Affiliates, or their respective counsel) under this clause (viii) with respect to litigation involving any Person (other than Company, any Agent, any Lender, any of their

respective Affiliates, or their respective counsel), the disclosing party agrees to provide Company with prior written notice thereof, and (ix) disclosures in connection with, and to the extent reasonably necessary for, the exercise of enforcing any Credit Document or for the exercise of any secured creditor remedy under this Agreement or under any other Credit Document. For the purposes hereof, "**Information**" means all information received by any Agent or any Lender (or any of their respective Affiliates or their respective agents, directors, shareholders, advisors, and consultants) from or on behalf of Holdings or any of its Subsidiaries or any of their respective officers, partners, directors, trustees, employees and agents pursuant hereto relating to Holdings, Company, any other Subsidiary or their respective properties or businesses, other than (x) information that was, is or becomes generally available to the public other than as a result of a disclosure by the recipient in breach of this Agreement or (y) information that was within the possession of the recipient prior to being furnished to such recipient pursuant hereto or is lawfully obtained by such recipient thereafter from a source that, in each case, as far as such recipient is aware, is not, by virtue of such disclosure, in breach of any obligation of confidentiality of such source with respect to such information. Notwithstanding the foregoing, on or after the Closing Date, Administrative Agent may at its own expense issue news releases and publish "tombstone" advertisements and other announcements relating to this transaction in newspapers, trade journals and other appropriate media (which may include use of logos of one or more of the Credit Parties) (collectively, "**Trade Announcements**"). No Credit Party shall issue any Trade Announcement except (i) disclosures required by applicable law, regulation, legal process or the rules of the Securities and Exchange Commission or (ii) with the prior approval of Administrative Agent. The provisions of this Section 10.17 shall terminate two (2) years after the payment in full of the Obligations.

10.18 Usury Savings Clause. Notwithstanding any other provision herein, the aggregate interest rate charged or agreed to be paid with respect to any of the Obligations, including all charges or fees in connection therewith deemed in the nature of interest under applicable law shall not exceed the Highest Lawful Rate. If the rate of interest (determined without regard to the preceding sentence) under this Agreement at any time exceeds the Highest Lawful Rate, the outstanding amount of the Loans made hereunder shall bear interest at the Highest Lawful Rate until the total amount of interest due hereunder equals the amount of interest which would have been due hereunder if the stated rates of interest set forth in this Agreement had at all times been in effect. In addition, if when the Loans made hereunder are repaid in full the total interest due hereunder (taking into account the increase provided for above) is less than the total amount of interest which would have been due hereunder if the stated rates of interest set forth in this Agreement had at all times been in effect, then to the extent permitted by law, Company shall pay to Administrative Agent for the benefit of the applicable Lenders an amount equal to the difference between the amount of interest paid and the amount of interest which would have been paid if the Highest Lawful Rate had at all times been in effect. Notwithstanding the foregoing, it is the intention of Lenders and Company to conform strictly to any applicable usury laws. Accordingly, if any Lender contracts for, charges, or receives any consideration which constitutes interest in excess of the Highest Lawful Rate, then any such excess shall be cancelled automatically and, if previously paid, shall at such Lender's option be applied to the outstanding amount of the Loans made hereunder or be refunded to Company. In determining whether the interest contracted for, charged, or received by Administrative Agent or a Lender exceeds the Highest Lawful Rate, such Person may, to the extent permitted by applicable law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest, throughout the contemplated term of the Obligations hereunder.

10.19 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

10.20 Effectiveness. This Agreement shall become effective upon the execution of a counterpart hereof by each of the parties hereto and receipt by Company and Administrative Agent of written or telephonic notification of such execution and authorization of delivery thereof.

10.21 Patriot Act. Each Lender and Administrative Agent (for itself and not on behalf of any Lender) hereby notifies Company that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies Company, which information includes the name and address of Company and other information that will allow such Lender or Administrative Agent, as applicable, to identify Company in accordance with the Act.

10.22 Ancillary Services Agreements, Interest Rate Agreements and Currency Agreement. The Ancillary Services Provider and each Lender Counterparty in its capacity as such shall be deemed a third party beneficiary hereof and of the provisions of the other Credit Documents for purposes of any reference in a Credit Document to the parties for whom an Agent is acting. Each Agent hereby agrees to act as agent for the Ancillary Services Provider and Lender Counterparties and, by virtue of being a Lender hereunder, the Ancillary Services Provider and Lender Counterparty shall be automatically deemed to have appointed each Agent as its agent to the extent applicable under the terms hereof and to have accepted the benefits of the Credit Documents that inure to it in its capacity as the Ancillary Services Provider or Lender Counterparty. It is understood and agreed that the rights and benefits of the Ancillary Services Provider or Lender Counterparty in its capacity as such under the Credit Documents consist exclusively of such Ancillary Service Provider's or Lender Counterparty's being a beneficiary of the Liens and security interests (and, if applicable, guarantees) granted to an Agent and the right to share in payments and collections out of the Collateral as more fully set forth herein and the other Credit Documents. In connection with any such distribution of payments or proceeds of Collateral, each Agent shall be entitled to assume no amounts are due or owing to the Ancillary Services Provider or Lender Counterparty unless the Ancillary Services Provider or Lender Counterparty has provided a written certification (setting forth a reasonably detailed calculation) to Agents as to the amounts that are due and owing to it and such written certification is received by Agents a reasonable period of time prior to the making of such distribution. No Agent shall have any obligation to calculate the amount due and payable with respect to any an Ancillary Services Agreement, Interest Rate Agreement or a Currency Agreement, but may rely upon the written certification of the amount due and payable from the Ancillary Services Provider or Lender Counterparty. In the absence of an updated certification, each Agent shall be entitled to assume that the amount due and payable to the Ancillary Services Provider or Lender Counterparty is the amount last certified to such Agent by the Ancillary Services Provider or Lender Counterparty as being due and payable (less any distributions made to the Ancillary Services Provider or Lender Counterparty on account thereof). Company is not required to obtain the Ancillary Services, Interest Rate Agreements or Currency Agreements from any Lender. Company acknowledges and agrees that no Lender has committed to provide any Ancillary Services, Interest Rate Agreements or Currency Agreements and that the providing of any Ancillary Services, Interest Rate Agreements and Currency Agreements by any Lender is in the sole and absolute discretion of such Lender. Notwithstanding anything to the contrary in this Agreement or any other Credit Document, no provider or holder of any Ancillary Service, Interest Rate Agreement or Currency Agreement in its capacity as such shall have any voting or approval rights hereunder solely by virtue of its status as the provider or holder of such agreements or products or the Obligations owing thereunder, nor shall the consent of any such provider or holder be required (other than in their capacities as Lenders, to the extent applicable) for any matter hereunder or under any of the other Credit Documents, including as to any matter relating to the Collateral or the release of Collateral or Guarantors.

10.23 Debtor-Creditor Relationship. The relationship between the Lenders and Agents, on the one hand, and the Credit Parties, on the other hand, is solely that of creditor and debtor. No Lender or Agent has (or shall be deemed to have) any fiduciary relationship or duty to any Credit Party arising out of or in connection with the Credit Documents or the transactions contemplated thereby, and there is no agency or joint venture relationship between Lenders and Agents, on the one hand, and the Credit Parties, on the other hand, by virtue of any Credit Document or any transaction contemplated therein.

10.24 Revival and Reinstatement of Obligations. If any Beneficiary repays, refunds, restores, or returns in whole or in part, any payment or property (including any proceeds of Collateral) previously paid or transferred to such Person in full or partial satisfaction of any Obligation or Guaranteed Obligation or on account of any other obligation of any Credit Party under any Credit Document, Ancillary Services Agreement, Interest Rate Agreement or Currency Agreement, because the payment, transfer, or the incurrence of the obligation so satisfied is asserted or declared to be void, voidable, or otherwise recoverable under any law relating to creditors' rights, including provisions of the Bankruptcy Code relating to fraudulent transfers, preferences, or other voidable or recoverable obligations or transfers (each, a "**Voidable Transfer**"), or because such Beneficiary elects to do so on the reasonable advice of its counsel in connection with a claim that the payment, transfer, or incurrence is or may be a Voidable Transfer, then, as to any such Voidable Transfer, or the amount thereof that such Person elects to repay, restore, or return (including pursuant to a settlement of any claim in respect thereof), and as to all reasonable costs, expenses, and attorneys fees of such Person related thereto, (i) the liability of the Credit Parties with respect to the amount or property paid, refunded, restored, or returned will automatically and immediately be revived, reinstated, and restored and will exist and (ii) the Liens securing such liability shall be effective, revived, and remain in full force and effect, in each case, as fully as if such Voidable Transfer had never been made. If, prior to any of the foregoing, (A) Liens securing the Obligations or the Guaranteed Obligations shall have been released or terminated or (B) any provision of this Agreement or any of the Collateral Documents shall have been terminated or cancelled, such Liens, or such provision of this Agreement or the Collateral Documents, shall be reinstated in full force and effect and such prior release, termination, cancellation or surrender shall not diminish, release, discharge, impair or otherwise affect the obligation of any Credit Party in respect of such liability or any Collateral securing such liability.

10.25 Joint and Several Liability; Administrative Borrower.

(a) Notwithstanding anything in this Agreement or any other Credit Document to the contrary, each Person composing Company, as borrower under, hereby accepts joint and several liability hereunder and under the other Credit Documents in consideration of the financial accommodations to be provided by Agents and the Lenders under this Agreement and the other Credit Documents, for the mutual benefit, directly and indirectly, of each of the Persons composing Company and in consideration of the undertakings of the other Persons composing Company to accept joint and several liability for the Obligations. Each of the Persons composing Company, jointly and severally, hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other Persons composing Company, with respect to the payment and performance of all of the Obligations (including, without limitation, any Obligations arising under this Section 10.25), it being the intention of the parties hereto that all of the Obligations shall be the joint and several obligations of each of the Persons composing Company without preferences or distinction among them. If and to the extent that any of the Persons composing Company shall fail to make any payment with respect to any of the Obligations as and when due or to perform any of the Obligations in accordance with the terms thereof, then in each such event, the other Persons composing Company will make such payment with respect to, or perform, such Obligation. Subject to the terms and conditions hereof, the Obligations of each of the Persons composing Company under the provisions of this Section 10.25 constitute the absolute and unconditional, full recourse Obligations of each of the Persons composing Company, enforceable against each such Person to the full extent of its properties and assets, irrespective of the validity, regularity or enforceability of this Agreement, the other Credit Documents or any other circumstances whatsoever.

(b) The provisions of this Section 10.25 are made for the benefit of Agents, the Lenders and their successors and assigns, and may be enforced by them from time to time against any or all

of the Persons composing Company as often as occasion therefor may arise and without requirement on the part of Agents, the Lenders or such successors or assigns first to marshal any of its or their claims or to exercise any of its or their rights against any of the other Persons composing Company or to exhaust any remedies available to it or them against any of the other Persons composing Company or to resort to any other source or means of obtaining payment of any of the Obligations hereunder or to elect any other remedy. The provisions of this Section 10.25 shall remain in effect until all of the Obligations shall have been paid in full or otherwise fully satisfied.

(c) No Person composing Company will exercise any rights that it may now or hereafter acquire against any Credit Party or any guarantor that arise from the existence, payment, performance or enforcement of such Person's obligations under this Agreement, including any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of Agents or the Lenders against any Credit Party or any guarantor or any Collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including the right to take or receive from any Credit Party or any guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security solely on account of such claim, remedy or right.

(d) Except as otherwise expressly provided in this Agreement, each Person composing Company hereby waives notice of acceptance of its joint and several liability, notice of any Loans made under or pursuant to this Agreement, notice of the occurrence of any Default, Event of Default, or of any demand for any payment under this Agreement, notice of any action at any time taken or omitted by Agents or the Lenders under or in respect of any of the Obligations, any requirement of diligence or to mitigate damages and, generally, to the extent permitted by applicable law, all demands, notices and other formalities of every kind in connection with this Agreement (except as otherwise provided in this Agreement or any other Credit Document). Each Person composing Company hereby assents to, and waives notice of, any extension or postponement of the time for the payment of any of the Obligations, the acceptance of any payment of any of the Obligations, the acceptance of any partial payment thereon, any waiver, consent or other action or acquiescence by Agents or the Lenders at any time or times in respect of any default by any Person composing Company in the performance or satisfaction of any term, covenant, condition or provision of this Agreement, any and all other indulgences whatsoever by Agents or the Lenders in respect of any of the Obligations, and the taking, addition, substitution or release, in whole or in part, at any time or times, of any security for any of the Obligations or the addition, substitution or release, in whole or in part, of any Person composing Company. Without limiting the generality of the foregoing, each Person composing Company assents to any other action or delay in acting or failure to act on the part of Agents or the Lenders with respect to the failure by any Person composing Company to comply with any of its respective Obligations, including, without limitation, any failure strictly or diligently to assert any right or to pursue any remedy or to comply fully with applicable laws or regulations thereunder, which might, but for the provisions of this Section 10.25 afford grounds for terminating, discharging or relieving any Person composing Company, in whole or in part, from any of its Obligations under this Section 10.25 or otherwise, it being the intention of each Person composing Company that, so long as any of the Obligations hereunder remain unsatisfied, the Obligations of each Person composing Company under this Section 10.25 and otherwise under this Agreement shall not be discharged except by performance and then only to the extent of such performance. The Obligations of each Person composing Company under this Section 10.25 and otherwise under this Agreement shall not be diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation, reconstruction or similar proceeding with respect to any other Person composing Company or Agents or any Lender.

(e) Each Person composing Company represents and warrants to Agents and Lenders that such Person is currently informed of the financial condition of Company and of all other circumstances which a diligent inquiry would reveal and which bear upon the risk of nonpayment of the Obligations. Each

Person composing Company further represents and warrants to Agents and the Lenders that such Person has read and understands the terms and conditions of the Credit Documents. Each Person composing Company hereby covenants that such Person will continue to keep informed of Company's financial condition and of all other circumstances which bear upon the risk of nonpayment or nonperformance of the Obligations.

(f) Each Person composing Company hereby irrevocably appoints Holdings as the borrowing agent and attorney-in-fact for all Persons composing Company (the "**Administrative Borrower**") which appointment shall remain in full force and effect unless and until Agents shall have received prior written notice signed by each Person composing Company that such appointment has been revoked and that another Person composing Company has been appointed Administrative Borrower. Each Person composing Company hereby irrevocably appoints and authorizes the Administrative Borrower (a) to provide any Agent with all notices with respect to Loans obtained for the benefit of any Person composing Company and all other notices and instructions under this Agreement, and (b) to take such action as the Administrative Borrower deems appropriate on its behalf to obtain Loans and to exercise such other powers as are reasonably incidental thereto to carry out the purposes of this Agreement. It is understood that the handling of Collateral in a combined fashion, as more fully set forth herein, is done solely as an accommodation to Company in order to utilize the collective borrowing powers of Company in the most efficient and economical manner and at Company's request, and that Agents and Lenders shall not incur liability to Company as a result hereof. Each Person composing Company expects to derive benefit, directly or indirectly, from the handling of the Collateral in a combined fashion since the successful operation of each Person composing Company is dependent on the continued successful performance of the integrated group. To induce Agents and Lenders to do so, and in consideration thereof, each Person composing Company hereby jointly and severally agrees to indemnify each Agent and each Lender and hold each Agent and each Lender harmless against any and all liability, expense, loss or claim of damage or injury, made against any Agent or any Lender by any Person composing Company or by any third party whosoever, arising from or incurred by reason of (a) the handling of Collateral of each Person composing Company as provided in the Credit Documents, or (b) any Agent's or any Lender's reliance on any instructions of the Administrative Borrower**,** except that no Person composing Company will have any liability to any Agent or any Lender under this Section 10.25(f) with respect to any liability that has been finally determined by a court of competent jurisdiction to have resulted solely from the gross negligence or willful misconduct of such Agent or Lender, as the case may be. Any notice required to be provided to Company hereunder, or any consent of Company that is required hereunder, may be satisfied by sending such notice, or obtaining such consent, from Administrative Borrower.

10.26 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Credit Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Credit Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Credit Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

AVIDXCHANGE, INC., a Delaware corporation

By: /s/ Michael Praeger
Name: Michael Praeger
Title: Chief Executive Officer

AVIDXCHANGE FINANCIAL SERVICES, INC., a Delaware corporation
PIRACLE, INC., a Utah corporation
STRONGROOM SOLUTIONS, INC., a Texas corporation
ARIETT BUSINESS SOLUTIONS, INC., a Massachusetts corporation
AFV HOLDINGS ONE, INC., a North Carolina corporation
BTS ALLIANCE, LLC, a Delaware limited liability

By: /s/ Michael Praeger
Name: Michael Praeger
Title: President

TPG SPECIALTY LENDING, INC.,
as Administrative Agent, Collateral Agent, Joint Lead Arranger, Joint Book Runner and a Lender

By: /s/ Robert (Bo) Stanley
Name: Robert (Bo) Stanley
Title: President

KEYBANK NATIONAL ASSOCIATION,
as Joint Lead Arranger, Joint Book Runner, Issuing Bank, and a Lender

By: /s/ Geoff Smith
Name: Geoff Smith
Title: Senior Vice President

TERM LOAN NOTE

New York, NY
$[ ] , 20[ ]

FOR VALUE RECEIVED, the undersigned, **AVIDXCHANGE, INC.**, a Delaware corporation ("Holdings"), **AVIDXCHANGE FINANCIAL SERVICES, INC.**, a Delaware corporation ("AFS"), **PIRACLE, INC.**, a Utah corporation ("Piracle"), **STRONGROOM SOLUTIONS, INC.**, a Texas corporation ("Strongroom"), **ARIETT BUSINESS SOLUTIONS, INC**., a Massachusetts corporation ("Ariett"), **AFV HOLDINGS ONE, INC.**, a North Carolina corporation ("AFV"), and **BTS ALLIANCE, LLC**, a Delaware limited liability company ("BankTEL", and together with Holdings, Piracle, AFS, Strongroom, Ariett, and AFV, individually and collectively and jointly and severally, the "Company"), each hereby unconditionally promises to pay to the order of [ ] (together with its permitted successors and assigns, the "Holder") on or before the Final Maturity Date (as defined in the Credit Agreement), at the address set forth in that certain Credit and Guaranty Agreement (as amended, restated or otherwise modified from time to time, the "Credit Agreement"), dated as of October 1, 2019, by and among each Person composing the Company, **CERTAIN OTHER SUBSIDIARIES OF HOLDINGS PARTY THERETO FROM TIME TO TIME**, as borrowers or Guarantors, the Lenders party thereto from time to time, **SIXTH STREET SPECIALTY LENDING, INC.** ("TSL"), as Administrative Agent (in such capacity, together with its successors and assigns in such capacity, "Administrative Agent") and Collateral Agent (in such capacity, together with its successors and assigns in such capacity, "Collateral Agent") and TSL and **KEYBANK NATIONAL ASSOCIATION** ("KeyBank"), as joint lead arrangers (in such capacity, together with their successors and assigns in such capacity, the "Joint Lead Arrangers") and joint book runners (in such capacity, together with their successors and assigns in such capacity, the "Joint Book Runners"), the principal amount of [ ] DOLLARS ($[ ]) according to the terms of the Credit Agreement. Capitalized terms used herein but not otherwise defined shall have the meanings assigned by the Credit Agreement.

Each Person composing the Company further promises to pay interest at such address from the date hereof on the outstanding principal amount owing hereunder from time to time, at the applicable rate per annum set forth in Section 2.6 of the Credit Agreement (or Section 2.8 of the Credit Agreement, as applicable). Interest shall be payable in arrears as set forth in Section 2.6 of the Credit Agreement (or on demand as set forth in Section 2.8 of the Credit Agreement, as applicable). Interest shall be calculated on the basis of a year of three hundred sixty (360) days and the actual number of days elapsed. In no event shall interest hereunder exceed the maximum rate permitted under applicable law.

This note is one of the "Term Loan Notes" referred to in the Credit Agreement, and is subject to the terms and conditions set forth therein, which terms and conditions are incorporated herein by reference.

All payments of principal and interest shall be made in Dollars in immediately available funds as specified in the Credit Agreement. Amounts remaining unpaid on this Term Loan Note may be prepaid as provided in the Credit Agreement. Amounts repaid or prepaid hereunder shall not be reborrowed.

Upon the occurrence and during the continuation of any Event of Default, all amounts then remaining unpaid on this Term Loan Note may become, or may be declared to be, immediately due and payable as provided in the Credit Agreement.

Except as otherwise provided in the Credit Agreement, each Person composing the Company hereby waives presentment, demand, notice, protest and all other demands and notices in connection with the execution, delivery, acceptance, performance, default or enforcement of this Term Loan Note.

This Term Loan Note is secured by liens on and security interests in certain property of the Company and the other Credit Parties that has been granted to the Collateral Agent, for itself and the benefit of the Secured Parties pursuant to the Collateral Documents. Reference is hereby made to the Collateral Documents for a description of the Collateral securing this Term Loan Note and the terms and conditions upon which such liens and security interests were granted to the Collateral Agent for the benefit of the holder of this Term Loan Note in respect thereof.

THIS TERM LOAN NOTE SHALL BE GOVERNED BY, AND INTERPRETED AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. THE COMPANY AND THE HOLDER MUTUALLY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY CLAIM BASED HEREON. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TERM LOAN NOTE, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THE COMPANY AND THE HOLDER ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THIS WAIVER IN EXECUTING THIS TERM LOAN NOTE, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN ITS RELATED FUTURE DEALINGS. THE COMPANY AND THE HOLDER FURTHER WARRANT AND REPRESENT THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS PARAGRAPH AND EXECUTED BY THE COMPANY AND THE HOLDER), AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS HERETO OR ANY OF THE OTHER CREDIT DOCUMENTS OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THIS TERM LOAN NOTE. THE COMPANY AND THE HOLDER HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF NEW YORK, COUNTY OF NEW YORK, OVER ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS TERM LOAN NOTE, THE CREDIT AGREEMENT, OR ANY OTHER CREDIT DOCUMENT, AND THE COMPANY AND THE HOLDER HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED THEREIN.

THIS TERM LOAN NOTE SHALL BE SUBJECT TO THE PROVISIONS REGARDING JOINT AND SEVERAL LIABILITY SET FORTH IN SECTIONS 10.25(a) THROUGH (e) OF THE CREDIT AGREEMENT, AND SUCH PROVISIONS ARE INCORPORATED HEREIN BY THIS REFERENCE, *MUTATIS MUTANDIS*.

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IN WITNESS WHEREOF, each Person composing the Company has caused this Term Loan Note to be duly executed and delivered on the date set forth above by the duly authorized representative of such Person composing the Company.

AVIDXCHANGE, INC., a Delaware corporation
AVIDXCHANGE FINANCIAL SERVICES, INC., a Delaware corporation
PIRACLE, INC., a Utah corporation
STRONGROOM SOLUTIONS, INC., a Texas corporation
ARIETT BUSINESS SOLUTIONS, INC., a Massachusetts corporation
AFV HOLDINGS ONE, INC., a North Carolina corporation
BTS ALLIANCE, LLC, a Delaware limited liability company

By: _____
Name:
Title:

REVOLVING LOAN NOTE

New York, NY
$[ ] , 20[ ]

FOR VALUE RECEIVED, the undersigned, **AVIDXCHANGE, INC.**, a Delaware corporation ("Holdings"), **AVIDXCHANGE FINANCIAL SERVICES, INC.**, a Delaware corporation ("AFS"), **PIRACLE, INC.**, a Utah corporation ("Piracle"), **STRONGROOM SOLUTIONS, INC.**, a Texas corporation ("Strongroom"), **ARIETT BUSINESS SOLUTIONS, INC**., a Massachusetts corporation ("Ariett"), **AFV HOLDINGS ONE, INC.**, a North Carolina corporation ("AFV"), and **BTS ALLIANCE, LLC**, a Delaware limited liability company ("BankTEL", and together with Holdings, Piracle, AFS, Strongroom, Ariett, and AFV, individually and collectively and jointly and severally, the "Company"), each hereby unconditionally promises to pay to the order of [ ] (together with its permitted successors and assigns, the "Holder") on or before the Revolving Loan Maturity Date (as defined in the Credit Agreement), at the address set forth in that certain Credit and Guaranty Agreement (as amended, restated or otherwise modified from time to time, the "Credit Agreement"), dated as of October 1, 2019, by and among each Person composing the Company, **CERTAIN OTHER SUBSIDIARIES OF HOLDINGS PARTY THERETO FROM TIME TO TIME**, as borrowers or Guarantors, the Lenders party thereto from time to time, **SIXTH STREET SPECIALTY LENDING, INC.** ("TSL"), as Administrative Agent (in such capacity, together with its successors and assigns in such capacity, "Administrative Agent") and Collateral Agent (in such capacity, together with its successors and assigns in such capacity, "Collateral Agent"), and TSL and **KEYBANK NATIONAL ASSOCIATION** ("KeyBank"), as joint lead arrangers (in such capacity, together with their successors and assigns in such capacity, the "Joint Lead Arrangers") and joint book runners (in such capacity, together with their successors and assigns in such capacity, the "Joint Book Runners"), the principal amount of [ ] DOLLARS ($[ ]) or, if less, the aggregate unpaid amount of all Revolving Loans made by the Holder to the undersigned, according to the terms of the Credit Agreement. Capitalized terms used herein but not otherwise defined shall have the meanings assigned by the Credit Agreement.

Each Person composing the Company further promises to pay interest at such address from the date hereof on the outstanding principal amount owing hereunder from time to time, at the applicable rate per annum set forth in Section 2.6 of the Credit Agreement (or Section 2.8 of the Credit Agreement, as applicable). Interest shall be payable in arrears as set forth in Section 2.6 of the Credit Agreement (or on demand as set forth in Section 2.8 of the Credit Agreement, as applicable). Interest shall be calculated on the basis of a year of three hundred sixty (360) days and the actual number of days elapsed. In no event shall interest hereunder exceed the maximum rate permitted under applicable law.

This note is one of the "Revolving Loan Notes" referred to in the Credit Agreement, and is subject to the terms and conditions set forth therein, which terms and conditions are incorporated herein by reference.

All payments of principal and interest shall be made in Dollars in immediately available funds as specified in the Credit Agreement. Amounts remaining unpaid on this Revolving Loan Note may be prepaid as provided in the Credit Agreement.

Upon the occurrence and during the continuation of any Event of Default, all amounts then remaining unpaid on this Revolving Loan Note may become, or may be declared to be, immediately due and payable as provided in the Credit Agreement.

Except as otherwise provided in the Credit Agreement, each Person composing the Company hereby waives presentment, demand, notice, protest and all other demands and notices in connection with the execution, delivery, acceptance, performance, default or enforcement of this Revolving Loan Note.

This Revolving Loan Note is secured by liens on and security interests in certain property of the Company and the other Credit Parties that has been granted to the Collateral Agent, for itself and the benefit of the Secured Parties pursuant to the Collateral Documents. Reference is hereby made to the Collateral Documents for a description of the Collateral securing this Revolving Loan Note and the terms and conditions upon which such liens and security interests were granted to the Collateral Agent for the benefit of the holder of this Revolving Loan Note in respect thereof.

THIS REVOLVING LOAN NOTE SHALL BE GOVERNED BY, AND INTERPRETED AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. THE COMPANY AND THE HOLDER MUTUALLY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY CLAIM BASED HEREON. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS REVOLVING LOAN NOTE, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THE COMPANY AND THE HOLDER ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THIS WAIVER IN EXECUTING THIS REVOLVING LOAN NOTE, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN ITS RELATED FUTURE DEALINGS. THE COMPANY AND THE HOLDER FURTHER WARRANT AND REPRESENT THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS PARAGRAPH AND EXECUTED BY THE COMPANY AND THE HOLDER), AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS HERETO OR ANY OF THE OTHER CREDIT DOCUMENTS OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THIS REVOLVING LOAN NOTE. THE COMPANY AND THE HOLDER HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF NEW YORK, COUNTY OF NEW YORK, OVER ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS REVOLVING LOAN NOTE, THE CREDIT AGREEMENT, OR ANY OTHER CREDIT DOCUMENT, AND THE COMPANY AND THE HOLDER HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED THEREIN.

THIS REVOLVING LOAN NOTE SHALL BE SUBJECT TO THE PROVISIONS REGARDING JOINT AND SEVERAL LIABILITY SET FORTH IN SECTIONS 10.25(a) THROUGH (e) OF THE CREDIT AGREEMENT, AND SUCH PROVISIONS ARE INCORPORATED HEREIN BY THIS REFERENCE, *MUTATIS MUTANDIS*.

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IN WITNESS WHEREOF, each Person composing the Company has caused this Revolving Loan Note to be duly executed and delivered on the date set forth above by the duly authorized representative of such Person composing the Company.

AVIDXCHANGE, INC., a Delaware corporation
AVIDXCHANGE FINANCIAL SERVICES, INC., a Delaware corporation
PIRACLE, INC., a Utah corporation
STRONGROOM SOLUTIONS, INC., a Texas corporation
ARIETT BUSINESS SOLUTIONS, INC., a Massachusetts corporation
AFV HOLDINGS ONE, INC., a North Carolina corporation
BTS ALLIANCE, LLC, a Delaware limited liability company

By: _____
Name:
Title:

[**] DELAYED DRAW TERM LOAN NOTE

New York, NY
$[ ] , 20[ ]

FOR VALUE RECEIVED, the undersigned, **AVIDXCHANGE, INC.**, a Delaware corporation ("Holdings"), **AVIDXCHANGE FINANCIAL SERVICES, INC.**, a Delaware corporation ("AFS"), **PIRACLE, INC.**, a Utah corporation ("Piracle"), **STRONGROOM SOLUTIONS, INC.**, a Texas corporation ("Strongroom"), **ARIETT BUSINESS SOLUTIONS, INC**., a Massachusetts corporation ("Ariett"), **AFV HOLDINGS ONE, INC.**, a North Carolina corporation ("AFV"), and **BTS ALLIANCE, LLC**, a Delaware limited liability company ("BankTEL", and together with Holdings, Piracle, AFS, Strongroom, Ariett, and AFV, individually and collectively and jointly and severally, the "Company"), each hereby unconditionally promises to pay to the order of [ ] (together with its permitted successors and assigns, the "Holder") on or before the Final Maturity Date (as defined in the Credit Agreement), at the address set forth in that certain Credit and Guaranty Agreement (as amended, restated or otherwise modified from time to time, the "Credit Agreement"), dated as of October 1, 2019, by and among each Person composing the Company, **CERTAIN OTHER SUBSIDIARIES OF HOLDINGS PARTY THERETO FROM TIME TO TIME**, as borrowers or Guarantors, the Lenders party thereto from time to time, **SIXTH STREET SPECIALTY LENDING, INC.** ("TSL"), as Administrative Agent (in such capacity, together with its successors and assigns in such capacity, "Administrative Agent") and Collateral Agent (in such capacity, together with its successors and assigns in such capacity, "Collateral Agent"), and TSL and **KEYBANK NATIONAL ASSOCIATION** ("KeyBank"), as joint lead arrangers (in such capacity, together with their successors and assigns in such capacity, the "Joint Lead Arrangers") and joint book runners (in such capacity, together with their successors and assigns in such capacity, the "Joint Book Runners"), the principal amount of [ ] DOLLARS ($[ ]) or, if less, the aggregate unpaid amount of the [**] Delayed Draw Term Loan made by the Holder to the undersigned, according to the terms of the Credit Agreement. Capitalized terms used herein but not otherwise defined shall have the meanings assigned by the Credit Agreement.

Each Person composing the Company further promises to pay interest at such address from the date hereof on the outstanding principal amount owing hereunder from time to time, at the applicable rate per annum set forth in Section 2.6 of the Credit Agreement (or Section 2.8 of the Credit Agreement, as applicable). Interest shall be payable in arrears as set forth in Section 2.6 of the Credit Agreement (or on demand as set forth in Section 2.8 of the Credit Agreement, as applicable). Interest shall be calculated on the basis of a year of three hundred sixty (360) days and the actual number of days elapsed. In no event shall interest hereunder exceed the maximum rate permitted under applicable law.

This note is one of the "[**] Delayed Draw Term Loan Notes" referred to in the Credit Agreement, and is subject to the terms and conditions set forth therein, which terms and conditions are incorporated herein by reference.

All payments of principal and interest shall be made in Dollars in immediately available funds as specified in the Credit Agreement. Amounts remaining unpaid on this [**] Delayed Draw Term Loan Note may be prepaid as provided in the Credit Agreement.

Upon the occurrence and during the continuation of any Event of Default, all amounts then remaining unpaid on this [**] Delayed Draw Term Loan Note may become, or may be declared to be, immediately due and payable as provided in the Credit Agreement.

Except as otherwise provided in the Credit Agreement, each Person composing the Company hereby waives presentment, demand, notice, protest and all other demands and notices in connection with the execution, delivery, acceptance, performance, default or enforcement of this [**] Delayed Draw Term Loan Note.

This [**] Delayed Draw Term Loan Note is secured by liens on and security interests in certain property of the Company and the other Credit Parties that has been granted to the Collateral Agent, for itself and the benefit of the Secured Parties pursuant to the Collateral Documents. Reference is hereby made to the Collateral Documents for a description of the Collateral securing this [**] Delayed Draw Term Loan Note and the terms and conditions upon which such liens and security interests were granted to the Collateral Agent for the benefit of the holder of this [**] Delayed Draw Term Loan Note in respect thereof.

THIS [**] DELAYED DRAW TERM LOAN NOTE SHALL BE GOVERNED BY, AND INTERPRETED AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. THE COMPANY AND THE HOLDER MUTUALLY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY CLAIM BASED HEREON. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS [**] DELAYED DRAW TERM LOAN NOTE, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THE COMPANY AND THE HOLDER ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THIS WAIVER IN EXECUTING THIS [**] DELAYED DRAW TERM LOAN NOTE, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN ITS RELATED FUTURE DEALINGS. THE COMPANY AND THE HOLDER FURTHER WARRANT AND REPRESENT THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS PARAGRAPH AND EXECUTED BY THE COMPANY AND THE HOLDER), AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS HERETO OR ANY OF THE OTHER CREDIT DOCUMENTS OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THIS [**] DELAYED DRAW TERM LOAN NOTE. THE COMPANY AND THE HOLDER HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF NEW YORK, COUNTY OF NEW YORK, OVER ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS [**] DELAYED DRAW TERM LOAN NOTE, THE CREDIT AGREEMENT, OR ANY OTHER CREDIT DOCUMENT, AND THE COMPANY AND THE HOLDER HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED THEREIN.

THIS [**] DELAYED DRAW TERM LOAN NOTE SHALL BE SUBJECT TO THE PROVISIONS REGARDING JOINT AND SEVERAL LIABILITY SET FORTH IN SECTIONS 10.25(a) THROUGH (e) OF THE CREDIT AGREEMENT, AND SUCH PROVISIONS ARE INCORPORATED HEREIN BY THIS REFERENCE, *MUTATIS MUTANDIS.*

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each Person composing the Company has caused this [**] Delayed Draw Term Loan Note to be duly executed and delivered on the date set forth above by the duly authorized representative of such Person composing the Company.

AVIDXCHANGE, INC., a Delaware corporation
AVIDXCHANGE FINANCIAL SERVICES, INC., a Delaware corporation
PIRACLE, INC., a Utah corporation
STRONGROOM SOLUTIONS, INC., a Texas corporation
ARIETT BUSINESS SOLUTIONS, INC., a Massachusetts corporation
AFV HOLDINGS ONE, INC., a North Carolina corporation
BTS ALLIANCE, LLC, a Delaware limited liability company

By: _____
Name:
Title:

EXHIBIT B-4 TO
CREDIT AGREEMENT

ADDITIONAL DELAYED DRAW TERM LOAN NOTE

New York, NY
$[ ] , 20[ ]

FOR VALUE RECEIVED, the undersigned, **AVIDXCHANGE, INC.**, a Delaware corporation ("Holdings"), **AVIDXCHANGE FINANCIAL SERVICES, INC.**, a Delaware corporation ("AFS"), **PIRACLE, INC.**, a Utah corporation ("Piracle"), **STRONGROOM SOLUTIONS, INC.**, a Texas corporation ("Strongroom"), **ARIETT BUSINESS SOLUTIONS, INC**., a Massachusetts corporation ("Ariett"), **AFV HOLDINGS ONE, INC.**, a North Carolina corporation ("AFV"), and **BTS ALLIANCE, LLC**, a Delaware limited liability company ("BankTEL", and together with Holdings, Piracle, AFS, Strongroom, Ariett, and AFV, individually and collectively and jointly and severally, the "Company"), each hereby unconditionally promises to pay to the order of [ ] (together with its permitted successors and assigns, the "Holder") on or before the Final Maturity Date (as defined in the Credit Agreement), at the address set forth in that certain Credit and Guaranty Agreement (as amended, restated or otherwise modified from time to time, the "Credit Agreement"), dated as of October 1, 2019, by and among each Person composing the Company, **CERTAIN OTHER SUBSIDIARIES OF HOLDINGS PARTY THERETO FROM TIME TO TIME**, as borrowers or Guarantors, the Lenders party thereto from time to time, **SIXTH STREET SPECIALTY LENDING, INC.** ("TSL), as Administrative Agent (in such capacity, together with its successors and assigns in such capacity, "Administrative Agent") and Collateral Agent (in such capacity, together with its successors and assigns in such capacity, "Collateral Agent"), and TSL and **KEYBANK NATIONAL ASSOCIATION** ("KeyBank"), as joint lead arrangers (in such capacity, together with their successors and assigns in such capacity, the "Joint Lead Arrangers") and joint book runners (in such capacity, together with their successors and assigns in such capacity, the "Joint Book Runners"), the principal amount of [ ] DOLLARS ($[ ]) or, if less, the aggregate unpaid amount of the Additional Delayed Draw Term Loan made by the Holder to the undersigned, according to the terms of the Credit Agreement. Capitalized terms used herein but not otherwise defined shall have the meanings assigned by the Credit Agreement.

Each Person composing the Company further promises to pay interest at such address from the date hereof on the outstanding principal amount owing hereunder from time to time, at the applicable rate per annum set forth in Section 2.6 of the Credit Agreement (or Section 2.8 of the Credit Agreement, as applicable). Interest shall be payable in arrears as set forth in Section 2.6 of the Credit Agreement (or on demand as set forth in Section 2.8 of the Credit Agreement, as applicable). Interest shall be calculated on the basis of a year of three hundred sixty (360) days and the actual number of days elapsed. In no event shall interest hereunder exceed the maximum rate permitted under applicable law.

This note is one of the "Additional Delayed Draw Term Loan Notes" referred to in the Credit Agreement, and is subject to the terms and conditions set forth therein, which terms and conditions are incorporated herein by reference.

All payments of principal and interest shall be made in Dollars in immediately available funds as specified in the Credit Agreement. Amounts remaining unpaid on this Additional Delayed Draw Term Loan Note may be prepaid as provided in the Credit Agreement.

Upon the occurrence and during the continuation of any Event of Default, all amounts then remaining unpaid on this Additional Delayed Draw Term Loan Note may become, or may be declared to be, immediately due and payable as provided in the Credit Agreement.

Except as otherwise provided in the Credit Agreement, each Person composing the Company hereby waives presentment, demand, notice, protest and all other demands and notices in connection with the execution, delivery, acceptance, performance, default or enforcement of this Additional Delayed Draw Term Loan Note.

This Additional Delayed Draw Term Loan Note is secured by liens on and security interests in certain property of the Company and the other Credit Parties that has been granted to the Collateral Agent, for itself and the benefit of the Secured Parties pursuant to the Collateral Documents. Reference is hereby made to the Collateral Documents for a description of the Collateral securing this Additional Delayed Draw Term Loan Note and the terms and conditions upon which such liens and security interests were granted to the Collateral Agent for the benefit of the holder of this Additional Delayed Draw Term Loan Note in respect thereof.

THIS ADDITIONAL DELAYED DRAW TERM LOAN NOTE SHALL BE GOVERNED BY, AND INTERPRETED AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. THE COMPANY AND THE HOLDER MUTUALLY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY CLAIM BASED HEREON. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS ADDITIONAL DELAYED DRAW TERM LOAN NOTE, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THE COMPANY AND THE HOLDER ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THIS WAIVER IN EXECUTING THIS ADDITIONAL DELAYED DRAW TERM LOAN NOTE, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN ITS RELATED FUTURE DEALINGS. THE COMPANY AND THE HOLDER FURTHER WARRANT AND REPRESENT THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS PARAGRAPH AND EXECUTED BY THE COMPANY AND THE HOLDER), AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS HERETO OR ANY OF THE OTHER CREDIT DOCUMENTS OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THIS ADDITIONAL DELAYED DRAW TERM LOAN NOTE. THE COMPANY AND THE HOLDER HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF NEW YORK, COUNTY OF NEW YORK, OVER ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS ADDITIONAL DELAYED DRAW TERM LOAN NOTE, THE CREDIT AGREEMENT, OR ANY OTHER CREDIT DOCUMENT, AND THE COMPANY AND THE HOLDER HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED THEREIN.

THIS ADDITIONAL DELAYED DRAW TERM LOAN NOTE SHALL BE SUBJECT TO THE PROVISIONS REGARDING JOINT AND SEVERAL LIABILITY SET FORTH IN SECTIONS 10.25(a) THROUGH (e) OF THE CREDIT AGREEMENT, AND SUCH PROVISIONS ARE INCORPORATED HEREIN BY THIS REFERENCE, *MUTATIS MUTANDIS*.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each Person composing the Company has caused this Additional Delayed Draw Term Loan Note to be duly executed and delivered on the date set forth above by the duly authorized representative of such Person composing the Company.

AVIDXCHANGE, INC., a Delaware corporation
AVIDXCHANGE FINANCIAL SERVICES, INC., a Delaware corporation
PIRACLE, INC., a Utah corporation
STRONGROOM SOLUTIONS, INC., a Texas corporation
ARIETT BUSINESS SOLUTIONS, INC., a Massachusetts corporation
AFV HOLDINGS ONE, INC., a North Carolina corporation
BTS ALLIANCE, LLC, a Delaware limited liability company

By: _____
Name:
Title:

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form S-1 of AvidXchange, Inc. of our report dated June 4, 2021, except for the effects of the revision discussed in Note 2 to the consolidated financial statements, as to which the date is September 17, 2021, and except for the effects of the stock split discussed in Note 1 to the consolidated financial statements as to which the date is September 30, 2021, relating to the financial statements of AvidXchange, Inc., which appears in this Registration Statement. We also consent to the reference to us under the heading “Experts” in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Charlotte, North Carolina
October 4, 2021