As filed with the Securities and Exchange Commission on September 30, 2021.

No. 333-259632

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

Amendment No.1
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	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)
Common stock, par value $0.001 per share	$100,000,000	$10,910.00

(1) The proposed maximum aggregate offering price includes the offering price of additional shares that the underwriters have the option to purchase.
(2) Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(o) under the Securities Act.
(3) The Registrant previously paid a registration fee of $10,910.00 with the initial filing of this registration statement.

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 , 2021

Shares

Common Stock

This is an initial public offering of common stock of AvidXchange Holdings, Inc. We are offering 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 $ and $ 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 27.

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.

We have granted the underwriters the right to purchase up to an additional 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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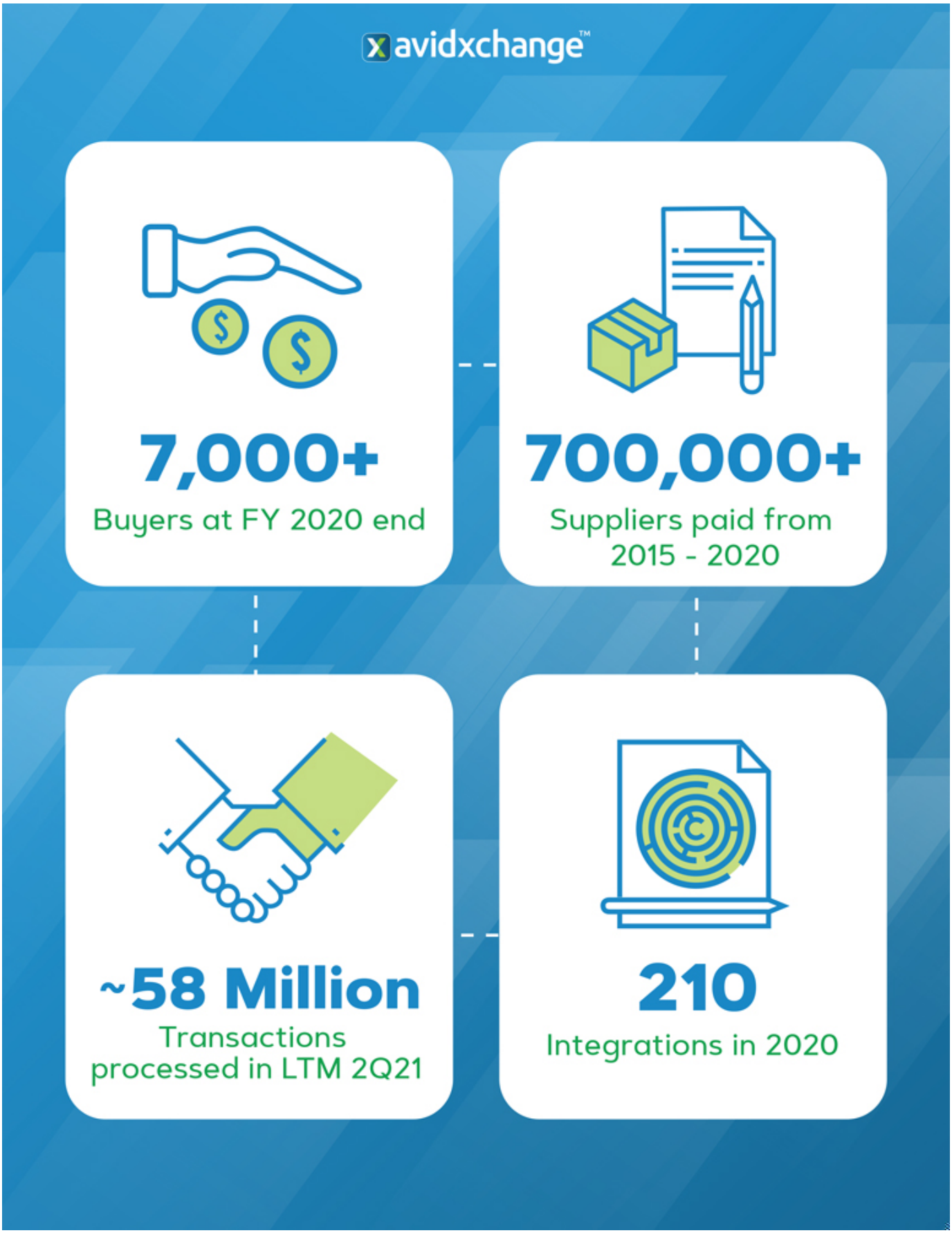

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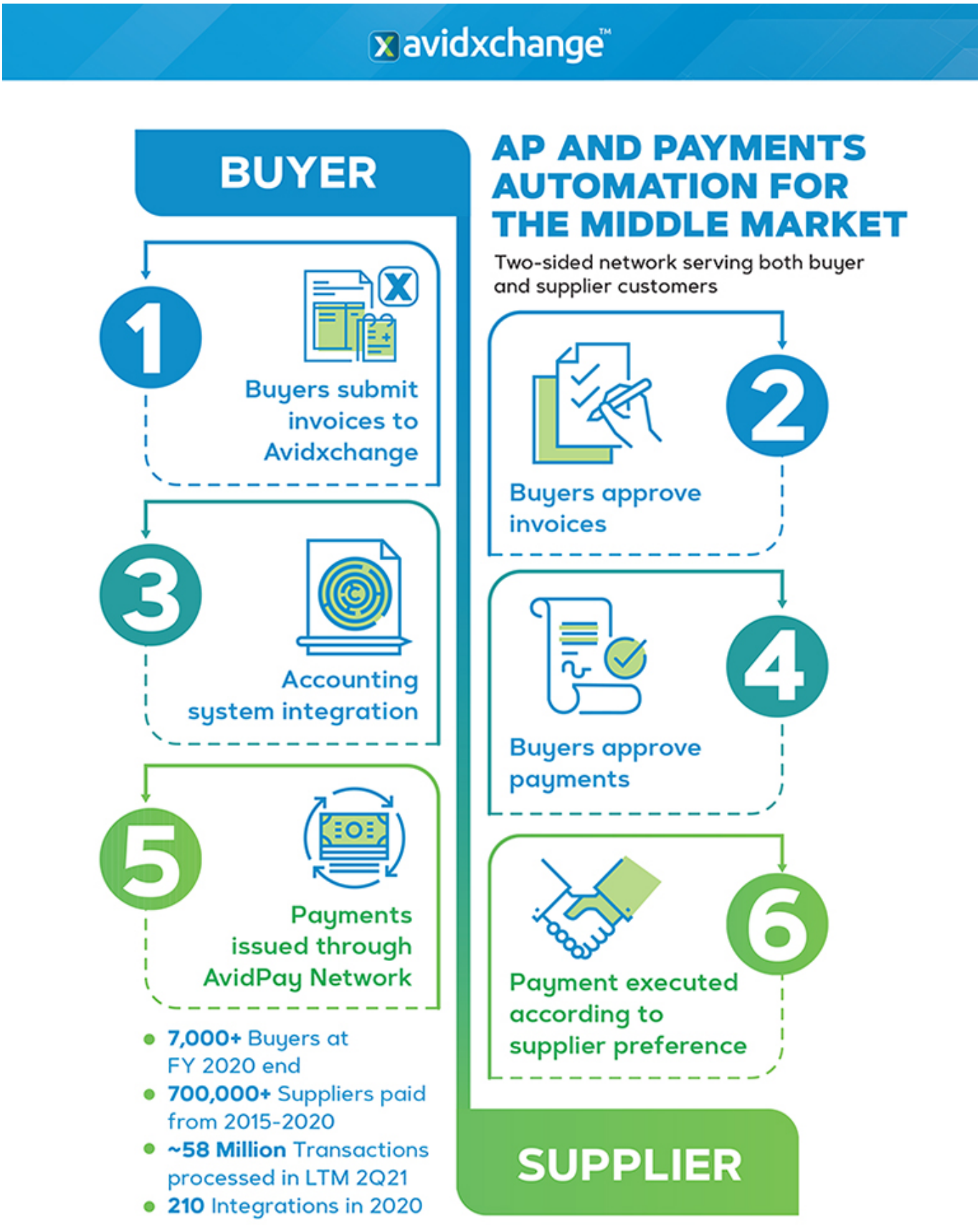

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avidxchange™

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.

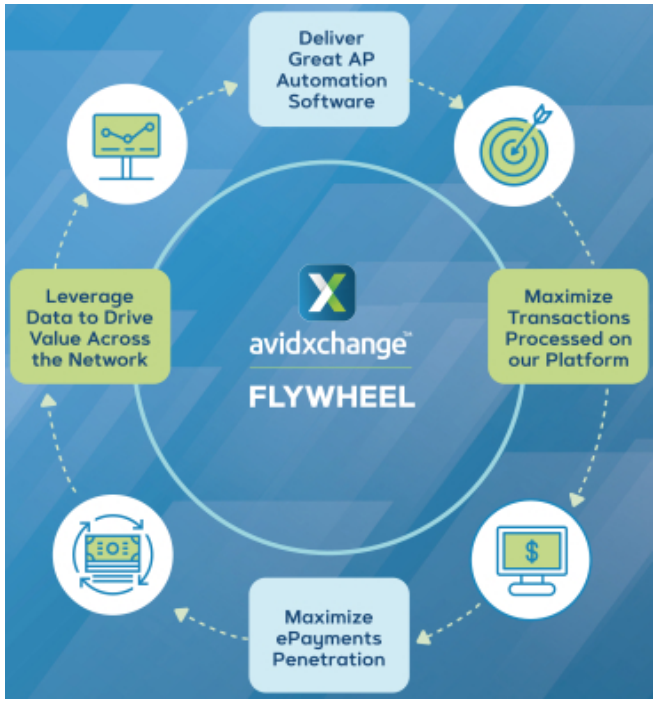
We built our business to solve this gap for the middle market and believe we have become a uniquely strategic platform for our customers' CFOs, treasurers and finance teams by digitally transforming how they receive, manage and pay their bills. Supported by deep integrations to our customers' middle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

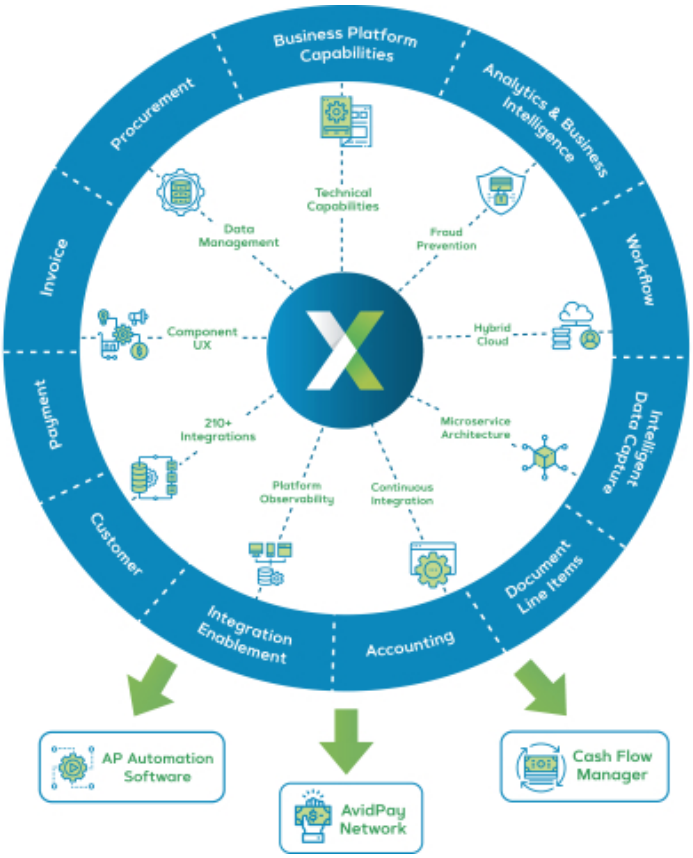
The B2B payments market is rapidly evolving and represents a significant opportunity for digital transformation. According to a 2018 Mastercard report, North American companies make approximately $25 trillion of B2B payments annually. Despite their intrinsic process inefficiencies and high costs, paper 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. 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.

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.

	Three Months Ended September 30,		
Selected Financial Data and Key Metrics:	**2021 Estimated**		**2020**
(in thousands, except transactions)	**Low**	**High**	**Actual**
Revenues	$	$	$
Cost of revenues (excluding depreciation and amortization)	$	$	$
Transactions Processed(1)			

(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 $ million and $ million, or % to %, for the three months ended September 30, 2021 compared to the three months ended September 30, 2020 as a result of .

We estimate cost of revenues will increase between $ million and $ million, or % to %, for the three months ended September 30, 2021 compared to the three months ended September 30, 2020 as a result of .

We estimate Transactions Processed will increase between million and million, or % to %, for the three months ended September 30, 2021 compared to the three months ended September 30, 2020 as a result of .

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 our net loss for the period ended September 30, 2021. While we will recognize amortization expense in connection with the acquisition, we do not believe that it will have a material impact on our depreciation and amortization expense for the three months ended September 30, 2021. Likewise, while we continued to incur certain transaction related expenses in connection with this offering, we do not anticipate that our general and administrative expenses for the three and nine months ended September 30, 2021 will materially deviate from our general and administrative expenses in recent quarters, including the comparable period in the prior year.

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:

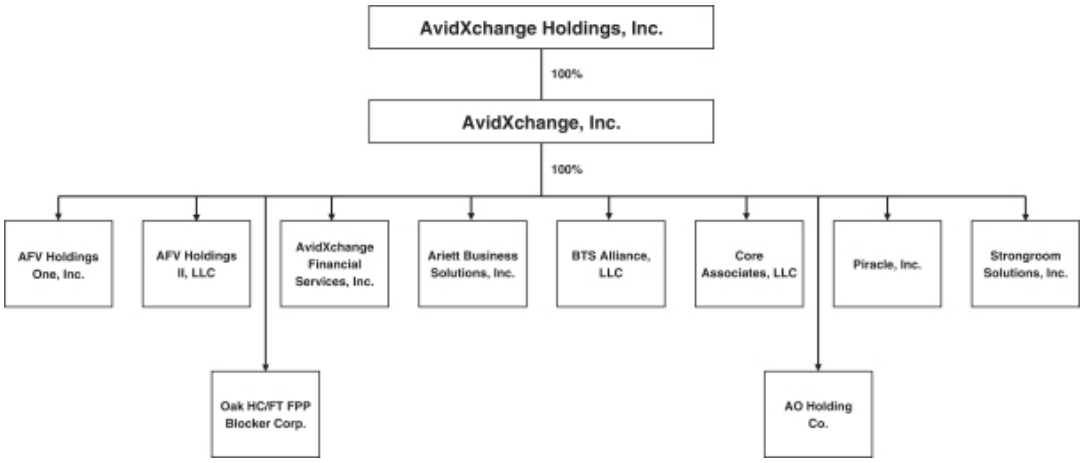
- We have a history of operating losses and we may not achieve or sustain profitability in the future.
- Our future revenue and operating results will be harmed if we are unable to acquire new customers, retain existing customers, expand sales to our existing customers, or develop new functionality for our platform that achieves 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, may adversely affect our industry, business and results of operations.
- 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	shares
Option to purchase additional shares of common stock	shares
Common stock to be outstanding after the offering	shares
Use of proceeds	We estimate that we will receive net proceeds from this offering of approximately $ million (or approximately $ 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 $ 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.

The number of shares of our common stock that will be outstanding after this offering is based on shares of our common stock (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, shares of common stock to be issued upon the automatic net exercise of warrants and shares of our common stock issued in connection with our acquisition of FastPay) outstanding as of June 30, 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";
- 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 (without any change in the par value per share) effected on September 30, 2021 and no change to then-outstanding preferred stock since the preferred stock was not split since the conversation rate of each share of preferred stock was adjusted to reflect the forward split;
- if shown on an as-converted basis, 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 shares of our common stock (based upon an assumed initial public offering price of $, 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;

- 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 $2.04 per share, immediately prior to the completion of this offering, based on an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover of this prospectus;
- shares of common stock issued in connection with our acquisition of FastPay, based on an assumed initial public offering price of $ 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 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."

Additional Shares of Common Stock Issuable Upon Conversion of Convertible Common Stock

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 can 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. The redemption price per share would be determined based upon the relative increase between the value of our common stock at initial issuance of the senior preferred stock and the initial public offering price per share of our common stock in this offering, or the IPO Price. If such requisite notice of election to redeem is not provided, all shares of convertible common stock issued upon conversion of the senior preferred stock will automatically convert into shares of our common stock upon completion of this offering, with the number of shares of common stock so issued similarly being determined based upon 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. If none of the 2,785,608 shares of convertible common stock are redeemed upon consummation of this offering, these shares of convertible common stock would convert into shares of our common stock, based upon an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, or the Midpoint Share Assumption.

For illustrative purposes only, the table below sets forth the number of shares of our common stock issuable upon conversion of each share of convertible common stock at a range of IPO Prices and the resulting increase (decrease) in the total number of outstanding shares of our common stock following this offering relative to the Midpoint Share Assumption, assuming the number of shares to be offered by us, as set forth on the cover page of this prospectus, remains the same.

IPO Price	Shares of Common Stock Issuable Per Share of Convertible Common	Aggregate Increase (Decrease) Relative to Midpoint Share Assumption
$		
$		
$		
$		

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]				
Pro forma net loss per share attributable to common shareholders, basic and diluted[1]	$		$	
Pro forma weighted-average shares used to compute net loss per share attributable to common shareholders, basic and diluted[1]				

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		
Total assets	726,511	1,222,373		
Total liabilities	404,991	939,715		
Total convertible preferred stock	832,625	842,030		
Total stockholders' deficit	(511,105)	(559,372)		

(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: 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	$ (114,323)	$ (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		
Pro forma adjustment to reflect net exercise of outstanding warrants		
Pro forma adjustment to reflect conversion of convertible common stock issued upon conversion of senior preferred stock		
Pro forma weighted-average shares used to compute pro forma net loss per share, basic and diluted		
Pro forma net loss per share, basic and diluted	$	$

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 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 shares of our common stock (based upon an assumed initial public offering price of $, 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) 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 $2.04 per share, immediately prior to the completion of the offering, based on an assumed initial public offering price of $ 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 shares of our common stock in connection with the acquisition of FastPay, based on an assumed initial public offering price of $ 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 shares of common stock in this offering at the assumed initial public offering price of $ 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 shares of common stock from us.

(4) Each $1.00 increase or decrease in the assumed initial public offering price of $ 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 $ 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 $ 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,**		**Six Months Ended June 30,**	
	2020	**2019**	**2021**	**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 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,**		**Six Months Ended June 30,**	
	2020	**2019**	**2021**	**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.

Reconciliation of Net Loss to Adjusted EBITDA *(in thousands)*	**Year Ended December 31,**		**Six Months Ended June 30,**	
	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 develop new functionality for our platform that achieves 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, may adversely affect our industry, business and results of operations.
- 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 develop new functionality for our platform that achieves 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.

If we are unable to provide enhancements, new features, or keep pace with current technological developments, our business could be adversely affected. If our new functionality and services initiatives do not continue to 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.

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 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, may adversely affect our industry, business and results of operations.

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, negatively impacting new sales and leading to longer sales cycles. These trends may make it more difficult for us to acquire new buyers and could lead to greater uncertainty around the timing and likelihood of closing new sales opportunities that we have already devoted meaningful time and resources to, which could adversely impact 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 $ per share as of . 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 $ per share, at the initial public offering price of $ 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 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 million (or approximately 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 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 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 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 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 shares of common stock in connection with this offering, assuming an offering price at the midpoint of the price range on the front cover of this prospectus; (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 will be effected prior to the completion of this offering; (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 shares of our common stock in connection with the acquisition of FastPay, assuming an offering price at the midpoint of the price range on the front cover of this prospectus; 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 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	$	$
Total debt, including current portion:			
Senior secured credit facility (1)	98,209		
Revolving credit facility	—		
Promissory note in land acquisition	3,000		
Total debt	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.			
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	—		
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, shares issued and outstanding, pro forma; 1,600,000,000 shares authorized and shares issued and outstanding, pro forma as adjusted	55		
Additional paid-in capital	204,870		
Accumulated deficit	(764,297)		
Total stockholders' (deficit) equity	(559,372)	—	—
Total capitalization	$ 383,867	$ —	$ —

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

The number of shares of common stock that will be outstanding after this offering is based on 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 — Additional Shares of Common Stock Issuable Upon Conversion of the Senior Preferred" 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 shares of our common stock in this offering, your investment will be immediately diluted to the extent of the difference between the initial public offering price per share of common stock and the pro forma net tangible book value per share of our common stock immediately following consummation of this offering. Net tangible book value per share represents the book value of our total tangible assets less the book value of our total liabilities divided by the number of shares of our common stock then issued and outstanding. Pro forma net tangible book value per share gives effect to (i) the sale by us of shares of common stock in this offering, at an assumed initial public offering price of $ per share, which is the midpoint of the 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, (ii) the cash used to redeem the shares of redeemable preferred stock issuable upon conversion of the senior preferred stock and (iii) the application of the estimated net proceeds from this offering as described under "Use of Proceeds."

Our net tangible book value as of June 30, 2021 was $, or $ per share. Our pro forma net tangible book value as of June 30, 2021 was $ million, or $ per share of our common stock. This represents an immediate decrease in pro forma, net tangible book value per share of our common stock of $ to our existing stockholders and an immediate dilution of $ per share of our common stock to new investors purchasing our common stock in this offering.

The following table illustrates this dilution on a per share basis to new investors:

Assumed initial public offering price per share of common stock		$
Net tangible book value (deficit) per share as of June 30, 2021	$	
Increase (decrease) in pro forma net tangible book value (deficit) per share attributable to new investors purchasing our common stock in this offering	$	
Pro forma net tangible book value (deficit) per share of common stock after this offering		$
Dilution per share to new investors purchasing our common stock in this offering		$

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma net tangible book value (deficit) after this offering by $ and $ per share and decrease (increase) the dilution to new investors by $ and $ 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 net tangible book value (deficit) after this offering by $ and $ per share and decrease (increase) the dilution in pro forma to investors participating in this offering by $ and $ per share, assuming the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover of this prospectus, remained the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriters were to fully exercise their option to purchase additional shares of our common stock, the pro forma net tangible book value (deficit) per share as June 30, 2021 would be $ per share, and the dilution in pro forma net tangible book value (deficit) per share to new investors purchasing our common stock in this offering would be $ per share.

The following table summarizes, as of June 30, 2021, on a pro forma basis as described above, the differences between the number of shares of common stock, the total consideration and the average price per share (i) paid to us by existing stockholders and (ii) to be paid by the new investors purchasing our common stock in this offering, at an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the front 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 Per Share
	Number	Percent	Amount	Percent	
	(in thousands)		(in thousands)		
Existing Stockholder		%	$	%	$
New investor					
Total		%	$	%	$

A $1.00 increase (decrease) in the assumed initial public offering price of $ 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 new investors by $ and increase (decrease) the percentage of total consideration paid by new investors by %, 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 new investors by $ and increase (decrease) the percentage of total consideration paid by new investors by %, assuming the assumed initial public offering price of $ 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 fully exercise their option to purchase additional shares of our common stock, the percentage of shares of our common stock held by existing stockholders will be reduced to % of the total number of shares of our common stock outstanding after this offering, and the number of shares held by new investors will increase to shares, or % of the total number of shares of our common stock outstanding after this offering.

The discussion and tables above are based on 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 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

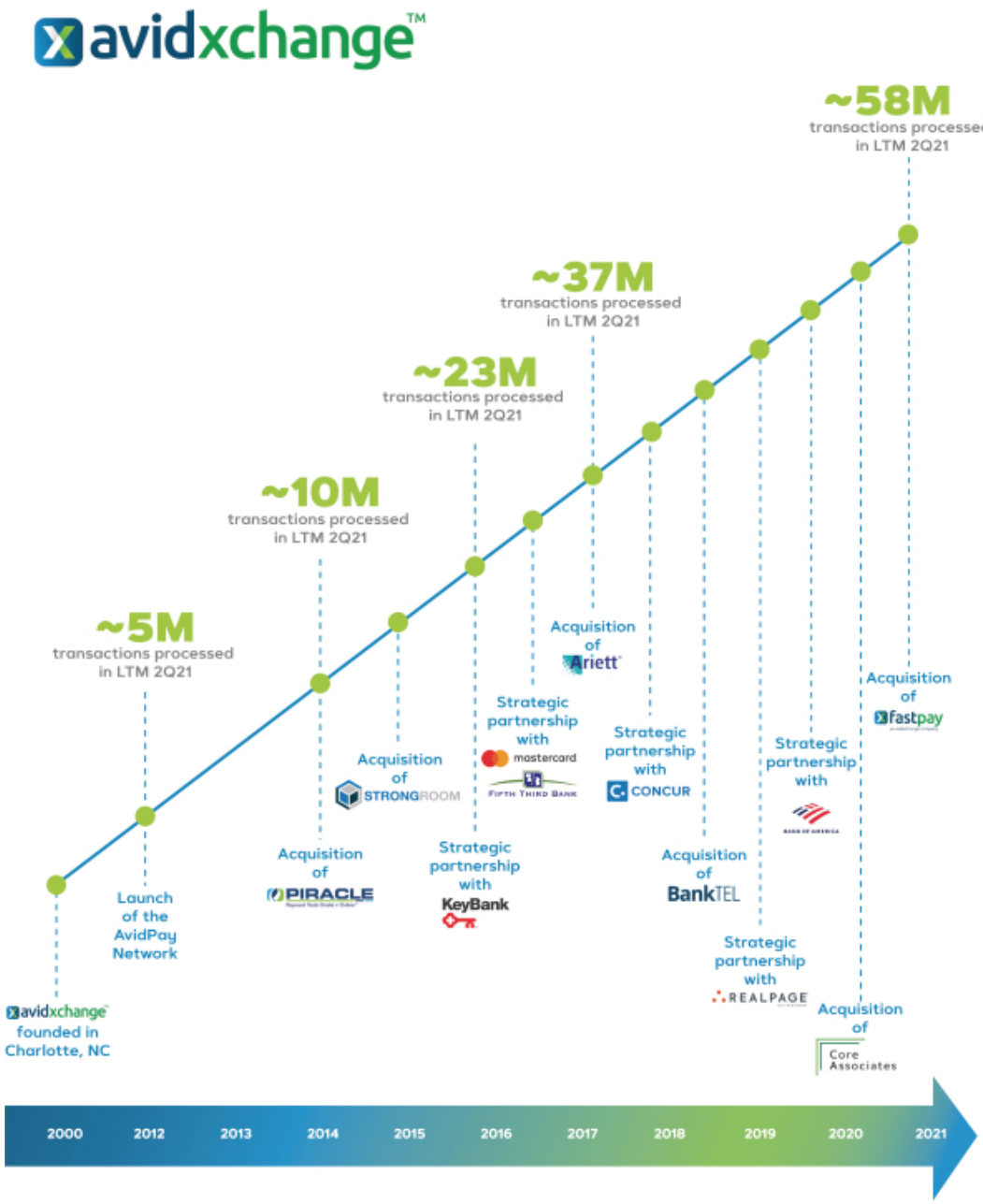
We are a leading provider of AP automation software and payment solutions for middle market businesses and their suppliers. Our SaaS-based, end-to-end software and payment platform digitizes and automates the AP workflows for more than 7,000 businesses (our buyers) and we have made payments to more than 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, negatively impacting new sales and leading to longer sales cycles. These trends, if they continue, will make it more difficult for us to acquire new buyers and could lead to greater uncertainty around closing new sales opportunities, which could adversely impact 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,		Percentage Change	Six Months Ended June 30,		Percentage Change
	2020	2019		2021	2020	
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 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:

Consolidated Statements of Operations	Year Ended December 31,		Six Months Ended June 30,	
	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

(in thousands, except percentages)	Six Months Ended June 30, 2021 Amount	2021 Percentage of Revenue	2020 Amount	2020 Percentage of Revenue	Period-to-Period Change Amount	Period-to-Period Change 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

(in thousands, except percentages)	Six Months Ended June 30, 2021 Amount	2021 Percentage of Revenue	2020 Amount	2020 Percentage of Revenue	Period-to-Period Change Amount	Period-to-Period Change 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,				Period-to-Period Change	
	2021		2020			
(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,				Period-to-Period Change	
	2021		2020			
(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,				Period-to-Period Change	
	2020		2019			
(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,				Period-to-Period Change	
	2020		2019			
(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,				Period-to-Period Change	
	2020		2019			
(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,				Period-to-Period Change	
	2020		2019			
(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,				Period-to-Period Change	
	2020		2019			
(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.

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
Interest payable 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 interest payable 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.

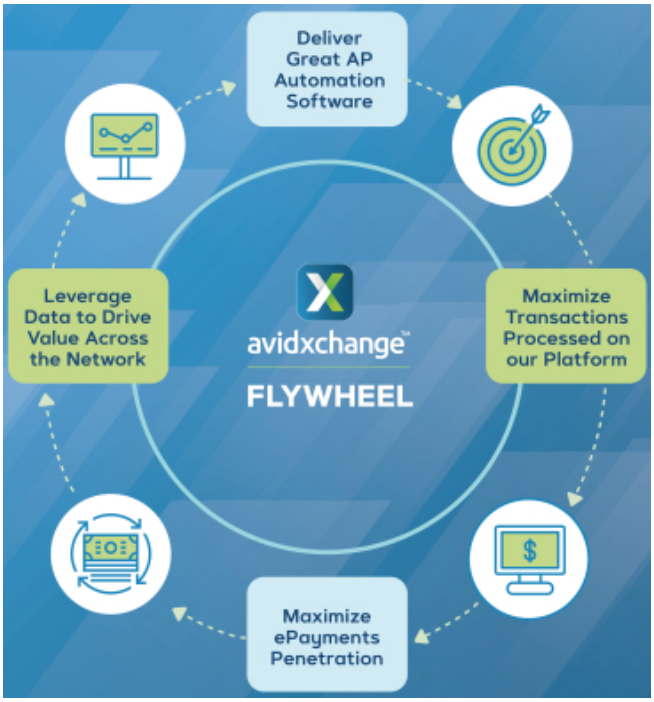
Our growing two-sided network of buyers and suppliers creates a powerful flywheel effect that allows us to leverage unique data insights to strengthen our value proposition to all constituents and serves as the foundation of our dynamic business. The four "gears" of our AvidXchange Business Flywheel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

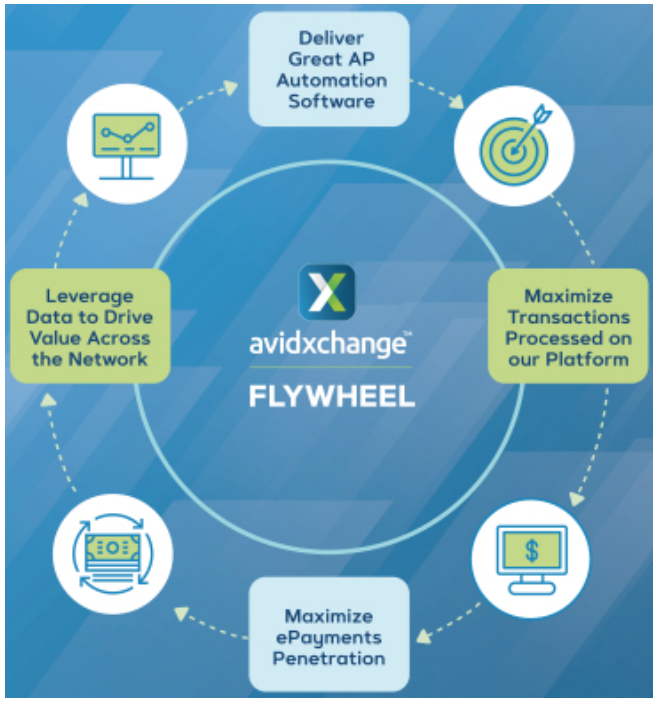
preferences and remittance data. We support a variety of payment methods depending on the supplier's preference, including VCC, enhanced ACH (our AvidPay Direct) and physical check, while delivering rich remittance data to streamline the reconciliation process.

- ***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.

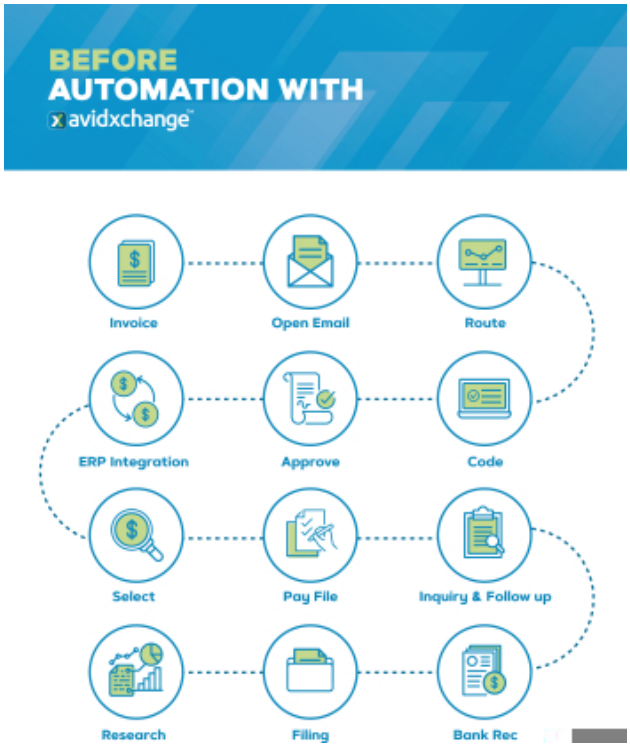
In addition to providing B2B payments, we believe we can become a strategic cornerstone of our suppliers' finance organizations to better manage expenses and cash flow. We believe that there is a large unmet need in supplier invoice finance, with close to half of the market underserved. Our solutions 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

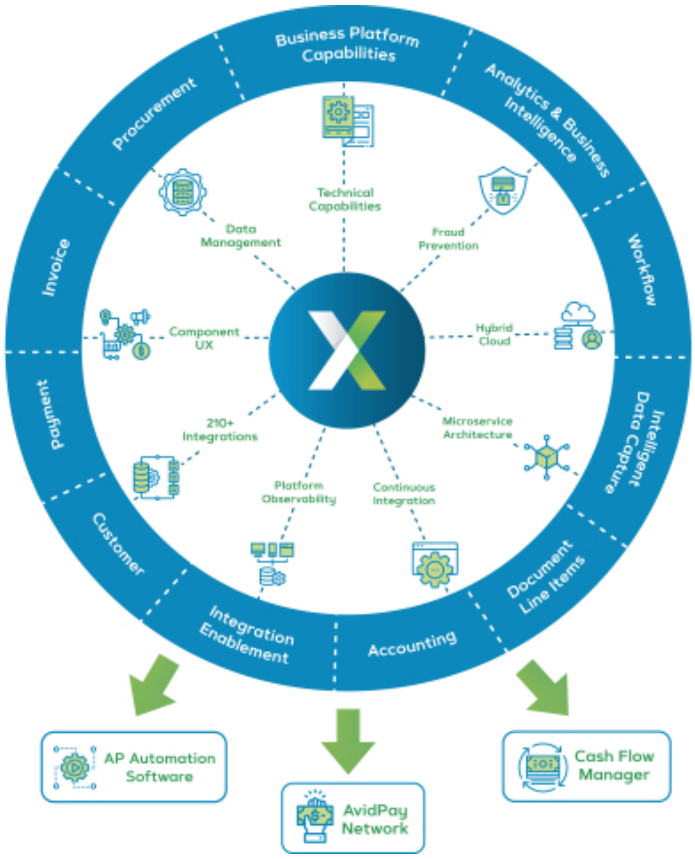
Typical Payment Execution Workflows Before AvidXchange

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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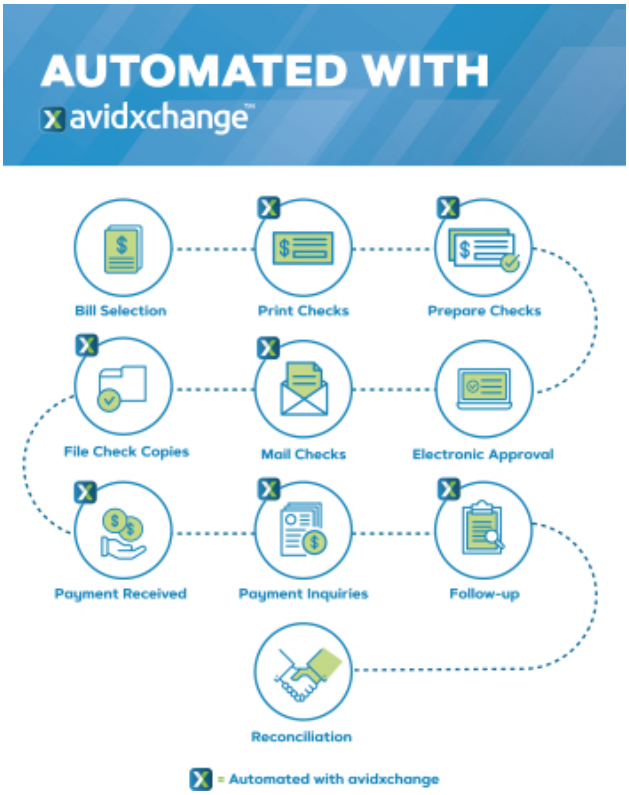
Typical AP Workflows After AvidXchange

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.

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. 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.

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	53	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 interest payable delayed draw term loan commitment, and a $30 million 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.

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 168,549,796 shares of common stock outstanding as of August 19, 2021, assuming (i) the automatic conversion of all outstanding shares of convertible preferred stock (other than our senior preferred stock) into shares of common stock upon completion of this offering, and (ii) assuming no conversion of the convertible common stock to common stock. Applicable percentage ownership after the offering is based on (i) shares of common stock and (ii) shares of common stock outstanding immediately after the completion of 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 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	8.36%	
Entities affiliated with Bain Capital Ventures(2)	23,383,240	13.87%	
Mastercard Investment Holdings, Inc.(3)	12,395,096	7.35%	
Caisse de dépôt et placement du Québec(4)	11,578,968	6.87%	
Ossa Investments Pte. Ltd.(5)	11,463,172	6.80%	
Entities advised by Capital Research and Management Company(6)	10,609,648	6.29%	
Entities affiliated with Steve McLaughlin(7)	9,559,156	5.67%	
Directors and Named Executive Officers:			
Michael Praeger(1)	14,114,241	8.36%	
Joel Wilhite(8)	349,788	*	
Dan Drees(9)	197,100	*	
Matthew Harris	—	—	
James Hausman(10)	2,811,528	1.67%	
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	2.99%	
Robert (Bo) Stanley	—	—	
All directors, director nominees and named executive officers as a group (11 persons)	24,798,097	14.58%	

* 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 shares of common stock, based on an assumed initial offering price of $ 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 into shares of our common stock and conversion of our convertible common stock and the net exercise of warrants into our common stock, in each case based on an assumed initial public offering price of $ per share, the midpoint of the price range set

forth on the cover of this prospectus, immediately prior to the closing of this offering into shares of our common stock, the holders of up to 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 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, on not more than three occasions, 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 convertible preferred stock, our convertible common stock and the net exercise of warrants into 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 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 shares of common stock outstanding (or 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 period described in "Underwriting" 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, will be immediately available for sale in the public market;
- beginning days after the date of this prospectus, additional shares of common stock, plus shares sold under our directed share program that are subject to a lock-up, may become eligible for sale in the public market upon the satisfaction of certain conditions as set forth in " — Lock-Up Agreements," of which 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, of the shares purchased in our directed share program in connection with our IPO are subject to the lock-up period for our IPO and will be eligible for sale in the public market beginning , 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 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.

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 shares immediately after this offering (or 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 shares as of June 30, 2021. Shares registered under the registration statement will generally be available for sale in the open market after the lock-up period immediately following the date of this prospectus (as such period may be extended in certain circumstances). See "Certain Relationships and Related-Party Transactions — Amended and Restated Investors' Rights Agreement."

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	

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 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 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 date days after 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 $. We have agreed to reimburse the underwriters for certain of their expenses incurred in connection with this offering in an amount up to $.

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.
Index to Consolidated Financial Statements

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
Interest payable 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 interest payable 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.

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.

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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.

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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.

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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

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	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

AvidXchange, Inc.
Notes to the Unaudited Consolidated Financial Statements

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.

AvidXchange, Inc.
Notes to the Unaudited Consolidated Financial Statements

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
Interest payable 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")

AvidXchange, Inc.
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- $18,500,000 interest payable 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.

AvidXchange, Inc.
Notes to the Unaudited Consolidated Financial Statements

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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Notes to the Unaudited Consolidated Financial Statements

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.
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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.
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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 September 30, 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.

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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™

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.

Estimated expenses, other than underwriting discounts and commissions, of the sale of our common stock, are as follows (in thousands):

SEC registration fee	$10,910
FINRA filing fee	13,500
Listing fees and expenses	*
Transfer agent and registrar fees and expenses	*
Printing fees and expenses	*
Legal fees and expenses	*
Accounting expenses	*
Miscellaneous expenses	*
Total	$ *

* To be filed by amendment.

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) 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.

(4) 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.

(5) 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.

(6) 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.

(7) 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.

(8) 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.

(9) 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.

(10) In October 2020, we issued an aggregate of 80,640 shares of common stock to 12 accredited investors as consideration pursuant to an acquisition.

(11) In December 2020, we issued an aggregate of 408,064 shares of common stock to 2 accredited investors as consideration pursuant to an acquisition.

(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

To be filed by amendment.
* 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 September 30, 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*)	September 30, 2021
/s/ Joel Wilhite Joel Wilhite	Chief Financial Officer (*Principal Financial and Accounting Officer*)	September 30, 2021
* Matthew Harris	Director	September 30, 2021
* James Hausman	Director	September 30, 2021
* John C. Morris	Director	September 30, 2021
* Nigel Morris	Director	September 30, 2021
* Wendy Murdock	Director	September 30, 2021

* Pursuant to power of attorney

By: /s/ Michael Praeger
Michael Praeger
Attorney-in-fact

SECOND AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF AVIDXCHANGE HOLDINGS, INC.

Pursuant to Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware

AvidXchange Holdings, Inc., a corporation duly organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify as follows:

1. The name of the Corporation is AvidXchange Holdings, Inc.

2. The Corporation's original certificate of incorporation was filed with the Secretary of State of the State of Delaware on January 27, 2021 under the name AvidXchange Holdings, Inc.

3. The following Second Amended and Restated Certificate of Incorporation (the "**Certificate of Incorporation**") restates and amends the provisions of the Certificate of Incorporation of this Corporation, as previously amended and restated, and has been duly adopted by the Board of Directors and stockholders of the Corporation in accordance with Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware.

* * * * * *

ARTICLE I

The name of the corporation is AvidXchange Holdings, Inc. (the "**Corporation**").

ARTICLE II

The address of the Corporation's registered office is 251 Little Falls Drive, Wilmington, County of New Castle, Delaware, 19808. The name of its registered agent at such address is Corporation Service Company.

ARTICLE III

The purpose for which the Corporation is organized is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

ARTICLE IV

The total number of shares of stock which the Corporation shall have authority to issue is Three Hundred Eighty-Four Million Four Hundred Seventy-Two Thousand One Hundred Sixty-Six (384,472,166) shares, of which Three Hundred Forty Million (340,000,000) shares shall be Common Stock, $0.001 par value per share (the "**Common**"), Four Million (4,000,000) shares shall be Convertible Common Stock, $0.001 par value per share (the "**Convertible Common**") and Forty Million Four Hundred Seventy-Two Thousand, One Hundred Sixty-Six (40,472,166) shares shall be Preferred Stock, $0.001 par value per share (the "**Preferred**").

Upon the filing and effectiveness (the "**Forward Stock Split Effective Time**") pursuant to the General Corporation Law of Delaware of this Second Amended and Restated Certificate of Incorporation of the Corporation, each share of Common Stock issued and outstanding immediately prior to the Forward Stock Split Effective Time shall, automatically and without any action on the part of the respective holders thereof, be subdivided into four (4) shares of Common Stock (the "**Forward Stock Split**"). No fractional shares shall be issued in connection with the Forward Stock Split. Each certificate ("**Old Certificate**") or book entry position ("**Old Book Entry Position**") that immediately prior to the Forward Stock Split Effective Time represented shares of Common Stock, shall thereafter represent that whole number of shares of Common Stock into which the shares of Common Stock represented by the Old Certificate or Old Book Entry Position, respectively, shall have been split.

Subject to paragraph IV.E(4)(c) and IV.E(4)(d), the Preferred may be issued from time to time in one or more series. Subject to paragraph IV.E(4)(c) and IV.E(4)(d), the Board of Directors of the Corporation (the "**Board of Directors**") is authorized from time to time to designate by resolution (a "**Series 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 designated in this Certificate of Incorporation, and the powers, preferences and rights, and relative participating, optional or other special rights, and qualifications, limitations or restrictions thereof as shall be permitted by Delaware law and this Certificate of Incorporation, and, subject to any requirements of this Certificate of Incorporation, to fix or alter the number of shares comprising any such series and the designation thereof.

The following is a statement of the designations and the powers, preferences and relative participating, optional or other special rights, and qualifications, limitations or restrictions thereof in respect of each class of capital stock of the Corporation:

A. Dividends.

Subject to any vote of the holders of one or more series of Preferred that may be required by the terms of this Certificate of Incorporation, the holders of the Preferred and the Common shall be entitled, when and if declared by the Board of Directors, consistent with Delaware law, to receive cash dividends and distributions out of funds of the Corporation legally available for that purpose. The Preferred and Convertible Common shall have such dividend rights as designated on the Series Resolution or as hereinafter provided for 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, Redeemable Preferred and Convertible Common.

Out of an abundance of caution, whenever in this Amended and Restated Certificate of Incorporation there is a reference to dividends, such reference shall only refer to dividends that were in fact declared and paid (or to be declared and paid) under Section 170 of the Delaware General Corporation Law or its successor, and shall not include some other event (such as a share redemption under Section 160 of the Delaware General Corporation Law or its successor) that is treated for tax purposes as receiving dividend treatment.

B. Voting.

The holders of each share of Common shall have the right to one vote for each such share, and shall be entitled to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation, and shall be entitled to vote upon such matters and in such manner as may be provided by law. The holders of each share of Series A Preferred, Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred and Series F Preferred shall be entitled to the number of votes equal to the number of shares of Common into which each share of Series A Preferred, Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred and Series F Preferred could be converted on the record date for the vote or written consent of stockholders and, except as otherwise required by law, shall have voting rights and powers equal to the voting rights and powers of the Common. The holders of each share of Junior Series-1 Preferred shall be entitled to the number of votes equal to 1/10th the number of shares of Common into which each share of Junior Series-1 Preferred could be converted on the record date for the vote or written consent of stockholders and otherwise, except as otherwise required by law, shall have voting rights and powers equal to the voting rights and powers of the Common. Except as required by law, the holders of the Senior Preferred, Redeemable Preferred and Convertible Common shall not be entitled to vote on any matter submitted to the stockholders of the Corporation for a vote, except for the approval and other rights set forth herein. The holders of Series A Preferred, Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred, Series F Preferred and Junior Series-1 Preferred shall be entitled to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation and shall vote with holders of the Common upon all other matters submitted to a vote of stockholders, except those matters required to be submitted to a class or series vote pursuant to paragraph IV.D(4), paragraph IV.E(4), paragraph IV.F(4), or by law. For informational purposes only, the holders of Senior Preferred, Redeemable Preferred and Convertible Common shall be entitled to notice of any stockholders' meeting or action by written consent in accordance with the Bylaws of the Corporation. Fractional votes shall not, however, be permitted and any fractional voting rights resulting from the above formula (after aggregating all shares of Common into which shares of Preferred held by each holder could be converted) shall be rounded to the nearest whole number (with one-half rounded upward to one). The number of authorized shares of Common may be increased or decreased (but not below the number of shares thereof then outstanding) by (in addition to any vote of the holders of one or more series of Preferred that may be required by the terms of this Certificate of Incorporation) the affirmative vote of the holders of shares of capital stock of the Corporation representing a majority of the votes represented by all outstanding shares of capital stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law of the State of Delaware.

C. Liquidation Preference.

1. Preference.

(a)In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the holders of Senior Preferred shall be entitled to receive in cash, prior and in preference to any distribution of any of the assets or surplus funds of the Corporation to the holders of the Common, Series A Preferred, Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred, Series F Preferred and Junior Series-1 Preferred, by reason of their ownership thereof, an amount per share equal to the sum of (A) the greater of (i) the Senior Original Issue Price plus an amount equal to any accrued, but unpaid Senior Dividend on such share of Senior Preferred (such amount to be adjusted appropriately for stock splits, dividends, combinations, recapitalizations and the like, but for the sake of clarity, not adjusted for the Forward Stock Split); or (ii) $62.08293 minus an amount equal to any Senior Dividends actually paid in respect of such Senior Preferred (such amount to be adjusted appropriately for stock splits, dividends, combinations, recapitalizations and the like, but for the sake of clarity, not adjusted for the Forward Stock Split) (such greater amount the "**Senior Accrued Preference Amount**") and (B) the Convertible Common Redemption Price (as defined below) for the shares of Convertible Common that would have been issuable upon conversion of such share of Senior Preferred (subject to all of the limitations in paragraph IV.I(2)(b)(iii) and assuming conversion and calculation as of the date of determination) (such amount to be adjusted appropriately for stock splits, dividends, combinations, recapitalizations and the like, but for the sake of clarity, not adjusted for the Forward Stock Split) (such sum, the "**Senior Preference Amount**"). In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the holders of Redeemable Preferred shall be entitled to receive in cash, prior and in preference to any distribution of any of the assets or surplus funds of the Corporation to the holders of the Common, Series A Preferred, Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred, Series F Preferred and Junior Series-1 Preferred, by reason of their ownership thereof, an amount per share equal to the greater of (the amount in (A) or (B), the "**Redeemable Preferred Preference Amount**"): (A) (i) the Redeemable Preferred Original Issue Price plus (ii) an amount equal to the Redeemable Accrued Dividends (such amount to be adjusted appropriately for stock splits, dividends, combinations, recapitalizations and the like, but for the sake of clarity, not adjusted for the Forward Stock Split); or (B) an amount equal to (i) the quotient of One Hundred and Sixty Nine Million ($169,000,000) divided by the aggregate number of shares of Redeemable Preferred immediately after a conversion to Redeemable Preferred pursuant to paragraph IV.G(2) minus (ii) an

amount equal to any dividends actually paid in respect of such Redeemable Preferred (such amount to be adjusted appropriately for stock splits, dividends, combinations, recapitalizations and the like, but for the sake of clarity, not adjusted for the Forward Stock Split). Under no event shall both the Senior Preference Amount and the Redeemable Preferred Preference Amount both be paid. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, after payment of the Senior Preference Amount or the Redeemable Preferred Preference Amount, as the case may be, and any Preferred having a liquidation preference in priority to that of Series F Preferred, the holders of Series F Preferred shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Corporation to the holders of the Common, Series A Preferred, Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred and Junior Series-1 Preferred, by reason of their ownership thereof, an amount per share equal to the greater of (1) (x) the consideration per share paid for such Series F Preferred (as set forth in the stock purchase agreement executed by the Corporation and the shareholder to whom such share was initially issued by the Corporation) (the "**Series F Price**"), minus (y) an amount equal to any dividends actually paid in respect of such Series F Preferred, or (2) the consideration that such holders would receive in the event that such holders converted the Series F Preferred into Common immediately prior to such liquidation, dissolution or winding up of the Corporation (such greater amount, in the aggregate, the "**Series F Liquidation Preference**"). In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, after payment of the Senior Preference Amount or the Redeemable Preferred Preference Amount, the Series F Liquidation Preference and any Preferred having a liquidation preference in priority to that of Series E Preferred, the holders of Series E Preferred shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Corporation to the holders of the Common, Series A Preferred, Series

B Preferred, Series C Preferred, Series D Preferred and Junior Series-1 Preferred, by reason of their ownership thereof, an amount per share equal to the greater of (1) (x) the consideration per share paid for such Series E Preferred (as set forth in the stock purchase agreement executed by the Corporation and the shareholder to whom such share was initially issued by the Corporation) (the "**Series E Price**"), minus (y) an amount equal to any dividends actually paid in respect of such Series E Preferred, or (2) the consideration that such holders would receive in the event that such holders converted the Series E Preferred into Common immediately prior to such liquidation, dissolution or winding up of the Corporation (such greater amount, in the aggregate, the "**Series E Liquidation Preference**"). In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, after payment of the Senior Preference Amount or the Redeemable Preferred Preference Amount, the Series F Liquidation Preference, the Series E Liquidation Preference and any Preferred having a liquidation preference in priority to that of Series D Preferred, the holders of Series D Preferred shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Corporation to the holders of the Common, Series A Preferred, Series B Preferred, Series C Preferred and Junior Series-1 Preferred, by reason of their ownership thereof, an amount per share equal to the greater of (1) (x) the consideration per share paid for such Series D Preferred ($6.82), minus (y) an amount equal to any dividends actually paid in respect of such Series D Preferred, or (2) the consideration that such holders would receive in the event that such holders converted the Series D Preferred into Common immediately prior to such liquidation, dissolution or winding up of the Corporation (such greater amount, in the aggregate, the "**Series D Liquidation Preference**"). In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, after payment of the Senior Preference Amount or the Redeemable Preferred Preference Amount, the Series F Liquidation Preference, the Series E Liquidation Preference, the Series D Liquidation Preference and any Preferred having a liquidation preference in priority to that of Series B Preferred or Series C Preferred, the holders of Series B Preferred and Series C Preferred, on a *pari passu* basis, shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Corporation to the holders of the Common, Series A Preferred and Junior Series-1 Preferred by reason of their ownership thereof, an amount per share equal to the greater of (1) (x) the consideration per share paid for such Series B Preferred ($0.5220) or Series C Preferred ($1.07549), as applicable, minus (y) an amount equal to any dividends actually paid in respect of such Series B Preferred or Series C Preferred, as the case may be, or (2) the consideration that such holders would receive in the event that such holders converted the Series B Preferred or Series C Preferred into Common immediately prior to such liquidation, dissolution or winding up of the Corporation (such greater amount, in the aggregate, the "**Series B/C Liquidation Preference**"). In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, after payment of the Senior Preference Amount or the Redeemable Preferred Preference Amount, the Series F Liquidation Preference, the Series E Liquidation Preference, Series D Liquidation Preference, the Series B/C Liquidation Preference and any Preferred having a liquidation preference in priority to that of Series A Preferred, the holders of Series A Preferred shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Corporation to the holders of the Common and Junior Series-1 Preferred by reason of their ownership thereof, an amount per share equal to the greater of (1) (x) the consideration per share paid for such Series A Preferred ($2.00) minus (y) an amount equal to any dividends actually paid in respect of such Series A Preferred, or (2) the consideration that such holders would receive in the event that such holders converted the Series A Preferred into Common immediately prior to such liquidation, dissolution or winding up of the Corporation (such greater amount, in the aggregate, the "**Series A Liquidation Preference**"). In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, after payment of the Senior Preference Amount or the Redeemable Preferred Preference Amount, the Series F Liquidation Preference, the Series E Liquidation Preference, the Series D Liquidation Preference, the Series B/C Liquidation Preference, the Series A Liquidation Preference and any Preferred having a liquidation preference in priority to that of Junior Series-1 Preferred, the

holders of Junior Series-1 Preferred shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Corporation to the holders of the Common by reason of their ownership thereof, an amount per share equal to the greater of (1) (x) the consideration per share paid for such Junior Series-1 Preferred ($12.02) minus (y) an amount equal to any dividends actually paid in respect of such Junior Series-1 Preferred, or (2) the consideration that such holders would receive in the event that such holders converted the Junior Series-1 Preferred into Common immediately prior to such liquidation, dissolution or winding up of the Corporation (such greater amount, in the aggregate, the "**Junior Series-1 Liquidation Preference**"). If, upon any such liquidation, dissolution or winding up of the Corporation, the assets of the Corporation are not sufficient to pay in full the amounts so payable to the holders of Senior Preferred, the holders of all shares of Senior Preferred shall participate in the distribution of all such assets in proportion to their respective liquidation preferences. If, upon any such liquidation, dissolution or winding up of the Corporation, the assets of the Corporation are not sufficient to pay in full the amounts so payable to the holders of Redeemable Preferred, the holders of all shares of Redeemable Preferred shall participate in the distribution of all such assets in proportion to their respective liquidation preferences. If, upon any such liquidation, dissolution or winding up of the Corporation and payment in full of the Senior Preference Amount or the Redeemable Preferred Preference Amount, the remaining assets of the Corporation are not sufficient to pay in full the amounts so payable to the holders of Series F Preferred, the holders of all shares of Series F Preferred shall participate in the distribution of all such remaining assets in proportion to their respective liquidation preferences. If, upon any such liquidation, dissolution or winding up of the Corporation and payment in full of the Senior Preference Amount or the Redeemable Preferred Preference Amount and the Series F Liquidation Preference, the remaining assets of the Corporation are not sufficient to pay in full the amounts so payable to the holders of Series E Preferred, the holders of all shares of Series E Preferred shall participate in the distribution of all such remaining assets in proportion to their respective liquidation preferences. If, upon any such liquidation, dissolution or winding up of the Corporation and payment in full of the Senior Preference Amount or the Redeemable Preferred Preference Amount, the Series F Liquidation Preference and the Series E Liquidation Preference, the remaining assets of the Corporation are not sufficient to pay in full the amounts so payable to the holders of Series D Preferred and any other series of Preferred having priority on liquidation *pari passu* to that of Series D Preferred, the holders of all shares of Series D Preferred and any other series of Preferred having priority on liquidation *pari passu* to that of Series D Preferred shall participate in the distribution of such assets in proportion to their respective liquidation preferences. If, upon any such liquidation, dissolution or winding up of the Corporation and payment in full of the Senior Preference Amount or the Redeemable Preferred Preference Amount, the Series F Liquidation Preference, the Series E Liquidation Preference and the Series D Liquidation Preference, the remaining assets of the Corporation are not sufficient to pay in full the amounts so payable to the holders of Series B Preferred, Series C Preferred and any other series of Preferred having priority on liquidation *pari passu*

to that of Series B Preferred and Series C Preferred, the holders of all shares of Series B Preferred, Series C Preferred and any other series of Preferred having priority on liquidation *pari passu* to that of Series B Preferred and Series C Preferred shall participate in the distribution of such assets in proportion to their respective liquidation preferences. If, upon any such liquidation, dissolution or winding up of the Corporation and payment in full of the Senior Preference Amount or the Redeemable Preferred Preference Amount, the Series F Liquidation Preference, the Series E Liquidation Preference, the Series D Liquidation Preference and the Series B/C Liquidation Preference, the remaining assets of the Corporation are not sufficient to pay in full the amounts so payable to the holders of Series A Preferred and any other series of Preferred having priority on liquidation *pari passu* to that of Series A Preferred, the holders of all shares of Series A Preferred and any other series of Preferred having priority on liquidation *pari passu* to that of Series A Preferred shall participate in the distribution of such assets in proportion to their respective liquidation preferences. If, upon any such liquidation, dissolution or winding up of the Corporation and payment in full of the Senior Preference Amount or the Redeemable Preferred Preference Amount, the Series F Liquidation Preference, the Series E Liquidation Preference, the Series D Liquidation Preference, the Series B/C Liquidation Preference and the Series A Liquidation Preference, the remaining assets of the Corporation are not sufficient to pay in full the amounts so payable to the holders of Junior Series-1 Preferred and any other series of Preferred having priority on liquidation *pari passu* to that of Junior Series-1 Preferred, the holders of all shares of Junior Series-1 Preferred and any other series of Preferred having priority on liquidation *pari passu* to that of Junior Series-1 Preferred shall participate in the distribution of such assets in proportion to their respective liquidation preferences.

(b) After the payment or the setting apart for payment to the holders of the Preferred of the preferential amounts so payable to them, if assets remain in the Corporation, the holders of the Common shall receive all of the remaining assets of the Corporation pro rata in accordance with the number of shares of Common held by them.

(c) All amounts per share set forth in this paragraph IV.C(1) (or incorporated herein from a stock purchase agreement of the Corporation) shall be appropriately adjusted for any stock splits, stock combinations, stock dividends or similar recapitalizations, but for the sake of clarity, not adjusted for the Forward Stock Split.

(d) The provisions of this paragraph IV.C(1) shall not in any way limit the right of a holders of Senior Preferred and Convertible Common, as applicable, to elect to convert shares of Senior Preferred into shares of Convertible Common and Redeemable Preferred pursuant to paragraph IV.G(2) or convert shares of Convertible Common into Common pursuant to paragraph IV.I(2)(c), including, without limitation, prior to or in connection with any Liquidation Event or Significant Transaction (each as defined below). For the avoidance of doubt, under no circumstances may the holders of the Senior Preferred receive the Senior Preference Amount and be able to convert shares into Convertible Common and Redeemable Preferred.

2. Noncash Distributions. Subject to the requirement that all payments relating to the Senior Preferred and Redeemable Preferred shall be in cash, if any of the assets of the Corporation are to be distributed other than in cash under this paragraph IV.C or for any purpose, then the Board of Directors shall promptly determine, in its reasonable business judgment and by a Qualified Board Approval (as defined below), the value of the assets to be distributed to the holders of Preferred or Common. The Corporation shall give prompt written notice to each holder of shares of the Preferred or Common of such valuation. If the assets of the Corporation to be distributed under this paragraph IV.C consist of cash and non-cash consideration, after payment of cash to the Senior Preferred and Redeemable Preferred, the remaining portion of such remaining assets consisting of cash consideration and the portion of such assets consisting of non-cash consideration, respectively, shall be allocated among the other holders of capital stock of the Corporation eligible to receive such assets on a pro rata basis. "**Qualified Board Approval**" shall mean the approval or consent of the Board of Directors, including, (i) a Series E Director (as defined in the Investor Rights Agreement (as defined below)) if such a director is still in office and (ii) a Series F Director (as defined in the Investor Rights Agreement) unless (x) such a director is not then still in office and (y) all Series F Director seats still subsisting under the terms of the Investor Rights Agreement have remained vacant for at least ten (10) days.

3. Significant Transaction. A consolidation or merger of the Corporation or its subsidiaries with or into any other entity or entities, a sale or transfer of shares of capital stock of the Corporation or its subsidiaries or its stockholders in a single transaction or a series of related transactions representing at least 50% of the voting power of the voting securities of the Corporation or its subsidiaries, a stock issuance or series of related stock issuances by the Corporation or its subsidiaries resulting in a change of ownership of more than 50% of the voting power of the voting securities of the Corporation (other than the issuance of Preferred in connection with a bona fide capital raising transaction approved in accordance with the terms hereof) or its subsidiaries, or a sale, lease, transfer, exclusive license or other disposition of all or substantially all of the assets of the Corporation or its subsidiaries, on a consolidated basis (a "**Significant Transaction**"), shall be deemed to be a liquidation, dissolution or winding up within the meaning of this paragraph IV.C; provided, however, that a "Significant Transaction" shall not include any consolidation, merger or stock issuance in which shares outstanding before such consolidation, merger or stock issuance (or shares received upon conversion or exchange thereof, if applicable) represent a majority of the capital stock of the resulting or surviving entity or the Corporation, as the case may be, based on voting power in the election of directors; provided, however, in the event a transaction occurs that would be deemed a Significant Transaction but for the exception "(other than the issuance of Preferred in connection with a bona fide capital raising transaction approved in accordance with the terms hereof)" then such event shall be deemed a liquidation, dissolution or winding up within the meaning of this paragraph IV.C for the Senior Preferred or Redeemable Preferred, whichever Security is outstanding at such time, but for no other Securities of the Corporation.

4. Effecting a Significant Transaction.

(a) Purchase Agreement. The Corporation shall not have the power to effect any Significant Transaction unless the applicable purchase agreement with respect to such transaction (the "**Purchase Agreement**") provides that the consideration payable to the stockholders of the Corporation shall be allocated among the holders of capital stock of the Corporation in accordance with this paragraph IV.C.

(b) Asset Sale. In the event of any Significant Transaction structured as an asset sale (including a sale of stock of any subsidiary of the Corporation that would constitute a Significant Transaction) (a "**Deemed Sale**"), if the Corporation does not effect a dissolution of the Corporation under the General Corporation Law of the State of Delaware within ninety (90) days after such Deemed Sale, then (i) the Corporation shall notify each holder of Preferred in writing of its rights under this paragraph IV.C(4)(b) and (ii) unless the holders of a majority of the then-outstanding shares of Preferred (which majority shall include the holders of a majority of the outstanding shares of Senior Preferred or the holders of a majority of the outstanding shares of Redeemable Preferred (whichever Security is outstanding at such time), the holders of a majority of the outstanding shares of Series E Preferred and the holders of a majority of the outstanding shares of Series F Preferred) elect otherwise by written notice sent to the Corporation not later than one hundred twenty (120) days after such Deemed Sale, the Corporation shall use the consideration received by the Corporation for such Deemed Sale**,** together with any other assets of the Corporation available for distribution to its stockholders, all to the extent permitted by Delaware law governing distributions to stockholders (the "**Available Proceeds**"), on the one hundred fiftieth (150th) day after such Deemed Sale, to redeem all outstanding shares of Preferred at a price per share equal to the Senior Preference Amount (with respect to the Senior Preferred) or the Redeemable Preferred Preference Amount (with respect to the Redeemable Preferred), the Series F Liquidation Preference (with respect to the Series F Preferred), Series E Liquidation Preference (with respect to the Series E Preferred), Series D Liquidation Preference (with respect to the Series D Preferred), Series B/C Liquidation Preference (with respect to the Series C Preferred or the Series B Preferred), Series A Liquidation Preference (with respect to the Series A Preferred) or the Junior Series-1 Liquidation Preference (with respect to the Junior Series-1 Preferred), as the case may be, with any amounts remaining to be provided to the holders of Common on a pro rata basis. Notwithstanding the foregoing, in the event of a redemption pursuant to the preceding sentence, if the Available Proceeds are not sufficient to redeem all outstanding shares of Senior Preferred or Redeemable Preferred, the Corporation shall ratably redeem each holder's shares of Senior Preferred or Redeemable Preferred to the fullest extent of such Available Proceeds, and shall redeem the remaining shares (once all shares of Senior Preferred or

Redeemable Preferred have been redeemed) as soon as it may lawfully do so under Delaware law governing distributions to stockholders. All shares of Preferred once redeemed pursuant to the provisions of this paragraph IV.C(4)(b) herein will be cancelled immediately upon such redemption with no further rights herein. Prior to the distribution or redemption provided for in this paragraph IV.C(4)(b), the Corporation shall not expend or dissipate the consideration received for such Deemed Sale, except to discharge expenses incurred in connection with such Deemed Sale.

(c) Allocation of Proceeds. In the event of a Significant Transaction, if any portion of the consideration payable to the stockholders of the Corporation is payable only upon satisfaction of contingencies (the "**Additional Consideration**"), the Purchase Agreement shall provide that (i) the portion of such consideration that is not Additional Consideration (such portion, the "**Initial Consideration**") shall be allocated among the holders of capital stock of the Corporation in accordance with paragraph IV.C(1) as if the Initial Consideration were the only consideration payable in connection with such Significant Transaction; and (ii) any Additional Consideration which becomes payable to the stockholders of the Corporation upon satisfaction of such contingencies shall be allocated among the holders of capital stock of the Corporation in accordance with paragraph IV.C(1) after taking into account the previous payment of the Initial Consideration and all previously paid Additional Consideration as part of the same transaction. For the purposes of this paragraph IV.C(4)(c), consideration placed into escrow or retained as holdback to be available for satisfaction of indemnification or similar obligations in connection with such Significant Transaction shall be deemed to be Additional Consideration.

D. Terms of Series A Preferred.

There is hereby created a series of Two Million (2,000,000) shares of Preferred designated "Series A Convertible Preferred" (the "**Series A Preferred**") having the following powers, preferences and relative participating, optional or other special rights and qualifications, limitations or restrictions thereof in addition to those otherwise specified in this Certificate of Incorporation.

1. Series A Dividends. Subject to paragraphs IV.E(1), IV.E(4)(c), IV.E(4)(d), IV.G(1) and IV.H(1), no dividend or distribution of cash, capital stock or otherwise shall be declared or paid on the Common unless prior to or simultaneously with such declaration, a dividend or distribution is declared and paid on each share of Series A Preferred in an amount equal to or greater than the amount that would have been received by the holders of the Series A Preferred had such holders, on the record date for the Common dividend or distribution, held the number of shares of Common into which the Series A Preferred would have been convertible upon conversion hereunder.

2. Series A Conversion. The Series A Preferred shall be convertible into Common, as follows:

(a) Right to Convert. Each share of Series A Preferred shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share, into the number of shares of Common which results from dividing the Series A Conversion Price (as defined below) per share in effect at the time of conversion into the "**Series A Conversion Value**" per share. The number of shares of Common into which a share of Series A Preferred is convertible is hereinafter referred to as the "**Series A Conversion Rate**." As of the Forward Stock Split Effective Time and taking into account the Forward Stock Split and the provisions of paragraph IV.D(2)(e)(i), the Series A Conversion Value is $2.00 per share, the Series A Conversion Price per share of Series A Preferred (the "**Series A Conversion Price**") is $0.2975, and the Series A Conversion Rate is 6.7227. The Series A Conversion Price shall be subject to adjustment as hereinafter provided.

(b) Automatic Conversion. Each share of Series A Preferred shall automatically be converted into shares of Common at the then effective Series A Conversion Rate immediately prior to the closing of a public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering a firm commitment underwritten offering of the Common with aggregate gross proceeds to the Corporation, at the public offering price, of at least $100,000,000, and a minimum equity valuation of the Corporation of at least the sum of (i) $1,800,000,000, plus (ii) the aggregate amount of proceeds received by the Corporation, between October 1, 2019 (the "**Effective Date**") and the date that is ninety days after the Effective Date from sales of shares of Common and Series F Preferred (not including (A) option or warrant exercises or (B) shares of Common and Series F Preferred issued pursuant to merger or acquisition transactions, including pursuant to the BankTEL Agreement), minus (ii) an amount equal to any dividends actually paid in respect to the Securities sold pursuant to (b)(ii) above minus (iii) any amounts actually paid to holders of Securities sold pursuant to (b)(ii) above (a "**Qualified Offering**").

(c) Mechanics of Conversion. Before any holder of Series A Preferred shall be entitled to convert the same into shares of Common as provided in paragraph IV.D(2)(a), he shall surrender the certificate or certificates therefor, duly endorsed (or, if the holder notifies the Corporation that such certificate(s) have been lost, stolen or destroyed, an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates), at the office of the Corporation and shall give written notice to the Corporation at such office that he elects to convert the same. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Series A Preferred a certificate or certificates, or at the Corporation's election, provide a statement that such shares are now held on the Corporation's stock records in a book entry position, for the number of shares of Common to which he shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Series A Preferred to be converted, and the person or persons entitled to receive the shares of Common issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common on such date.

In the event of an automatic conversion pursuant to paragraph IV.D(2)(b), the outstanding shares of Series A Preferred shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation; provided, however, that the Corporation shall not be obligated to issue certificates, or at the Corporation's election, a statement of book entry position, evidencing the shares of Common issuable upon such automatic conversion unless the certificates evidencing such shares of Series A Preferred are either delivered to the Corporation as provided above, or the holder notifies the Corporation that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates. The Corporation shall, as soon as practicable after such delivery, or such agreement and indemnification in the case of a lost certificate, issue and deliver at such office to such holder of Series A Preferred, a certificate or certificates, or at the Corporation's election, a statement of book entry position, for the number of shares of Common to which he shall be entitled as aforesaid and a check payable to the holder in the amount of any cash amounts payable as the result of a conversion into fractional shares of Common. Such conversion shall be deemed to have been made immediately prior to and shall be contingent upon the closing of a Qualified Offering, and the person or persons entitled to receive the shares of Common issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common on such date.

(d) Fractional Shares. No fractional shares of Common shall be issued upon conversion of the Series A Preferred. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the Series A Conversion Price.

(e) Adjustment of Series A Conversion Price. The Series A Conversion Price shall be subject to adjustment from time to time as follows:

(i) If the number of shares of Common outstanding at any time after the date hereof is increased by a stock dividend payable in shares of Common or by a subdivision or split-up of shares of Common, then, on the date such payment is made or such change is effective, the Series A Conversion Price shall be appropriately decreased so that the number of shares of Common issuable on conversion of the Series A Preferred shall be increased in proportion to such increase of outstanding shares. For the sake of clarity, the amendments made to paragraph IV.D(2)(a) in the Second Amended and Restated Certificate of Incorporation were made to satisfy the provisions of this paragraph IV.D(2)(e)(i) related to the Forward Stock Split and no further adjustments shall be made in connection with the Forward Stock Split.

(ii) If the number of shares of Common outstanding at any time after the date hereof is decreased by a combination of the outstanding shares of Common, then, on the effective date of such combination, the Series A Conversion Price shall be appropriately increased so that the number of shares of Common issuable on conversion of the Series A Preferred shall be decreased in proportion to such decrease in outstanding shares.

(iii) In case, at any time after the date hereof, of any capital reorganization, or any reclassification of the stock of the Corporation (other than a change in par value or as a result of a stock dividend or subdivision, split-up or combination of shares), or the consolidation or merger of the Corporation with or into another person (other than a consolidation or merger in which the Corporation is the continuing entity and which does not result in any change in the Common), or of the sale or other disposition of all or substantially all the properties and assets of the Corporation as an entirety to any other person, the shares of Series A Preferred shall, if such event is not a Significant Transaction, after such reorganization, reclassification, consolidation, merger, sale or other disposition, be convertible into the kind and number of shares of stock or other securities or property of the Corporation or of the entity resulting from such consolidation or surviving such merger or to which such properties and assets shall have been sold or otherwise disposed to which such holder would have been entitled if immediately prior to such reorganization, reclassification, consolidation, merger, sale or other disposition he had converted his shares of Series A Preferred into Common. The provisions of this paragraph IV.D(2)(e)(iii) shall similarly apply to successive reorganizations, reclassifications, consolidations, mergers, sales or other dispositions.

(iv) All calculations under this paragraph IV.D(2)(e) shall be made to the nearest cent or to the nearest one hundredth (1/100) of a share, as the case may be.

(f) Minimal Adjustments. No adjustment in a Series A Conversion Price need be made if such adjustment would result in a change in a Series A Conversion Price of less than $0.01. Any adjustment of less than $0.01 which is not made shall be carried forward and shall be made at the time of and together with any subsequent adjustment which, on a cumulative basis, amounts to an adjustment of $0.01 or more in a Series A Conversion Price.

(g) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of a Series A Conversion Price pursuant to paragraph IV.D(2)(e), the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Series A Preferred a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. Notwithstanding the foregoing, because the Corporation’s stockholders approved the Forward Stock Split and the adjustment of the Series A Conversion Price based on the Forward Stock Split is set forth in this Certificate of Incorporation, the requirements set forth in the preceding

sentence shall not be required for the Forward Stock Split. The Corporation shall, upon written request at any time of any holder of Series A Preferred, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and readjustments, (ii) the Series A Conversion Price at the time in effect for the Series A Preferred held, and (iii) the number of shares of Common and the amount if any, of other property which at the time would be received upon the conversion of the Series A Preferred.

(h) Notices of Record Date. In the event of any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, the Corporation shall mail to each holder of Series A Preferred at least twenty (20) days prior to the date specified herein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend or distribution.

(i) Reservation of Stock Issuable Upon Conversion. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common solely for the purpose of effecting the conversion of the shares of the Series A Preferred such number of its shares of Common as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series A Preferred; and if at any time the number of authorized but unissued shares of Common shall not be sufficient to effect the conversion of all then outstanding shares of the Series A Preferred, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common to such number of shares as shall be sufficient for such purpose.

(j) Notices. Any notice required by the provisions of this Certificate of Incorporation to be given to the holder of shares of the Series A Preferred shall be deemed given if (i) mailed, postage prepaid, and addressed to each holder of record at his latest address appearing on the books of the Corporation or (ii) given by email or other form of “electronic transmission” (as such term is defined in Section 232(c) of the Delaware General Corporation Law) in compliance with the provisions of the Delaware General Corporation Law and the Investor Rights Agreement (as defined below).

(k) Action. The Corporation will not, by amendment of its charter documents or through any reorganization, recapitalization, consolidation, merger, dissolution, issuance or sale of securities or taking of any other action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed under this paragraph IV.D(2) by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this paragraph IV.D(2) and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the holders of the Series A Preferred against impairment.

3.Redemption of Series A Preferred.

(a) On or after the date that is seven years from the Effective Date (the "**Redemption Date**"), any holder of Series A Preferred may provide a written request to the Corporation (a "**Series A Redemption Notice**") to redeem any or all of the Series A Preferred of such holder at an amount equal to (i) the consideration per share paid for such Series A Preferred, minus (ii) any amounts previously distributed to such holder for such shares from declared and paid dividends, redemptions (whether voluntary or mandatory) or otherwise. The Corporation shall, upon each of the six month, twelve-month and eighteen month anniversary of its receipt of a Series A Redemption Notice, redeem for cash 1/3 of the shares of Series A Preferred set forth in the Series A Redemption Notice. Notwithstanding the foregoing, if the Corporation is in receipt of a Redeemable Preferred Election, a Convertible Common Election, or a Series E/F Redemption Notice at any time or has made a Corporation Redemption Election or Corporation Common Convertible Redemption Election when it has unpaid amounts to a holder of Series A Preferred that has submitted a Series A Redemption Notice, the Corporation shall subordinate its payment obligations to the holders of Series A Preferred to its payment obligations to the holders of Redeemable Preferred, Convertible Common, Series E Preferred and/or Series F Preferred, as the case may be, until the Board of Directors makes a determination that adequate provision has been made to redeem the Redeemable Preferred, Convertible Common, Series E Preferred and/or Series F Preferred subject to the Redeemable Preferred Election, Corporation Redemption Election, Convertible Common Election, Corporation Common Convertible Election or Series E/F Redemption Notice on a full and timely basis. If the Corporation fails to timely redeem the Series A Preferred as set forth herein on any specified payment date, then the amount payable in respect of the Series A Preferred as set forth herein shall be increased at the rate of 5.0% per annum, compounding quarterly, for the first twelve months from such specified payment date, and afterwards at a rate of 8.0% per annum, compounding quarterly, until such amount (including interest) shall be paid in full; provided, however, that no such interest shall accrue while the Corporation's payment obligations to the holders of Series A Preferred are subordinated in accordance with the terms of this paragraph. Notwithstanding anything to the contrary herein, the holders of Series A Preferred shall not have the right to request a redemption if an election to redeem Redeemable Preferred has been made and such redemption of Redeemable Preferred has not yet been consummated and paid in full.

(b) Any Series A Redemption Notice shall be sent by first class certified mail, return receipt requested, postage prepaid, to the Corporation at its then current address, with a copy of any notice or other communication sent by electronic mail.

(c) Once redeemed pursuant to the provisions of this paragraph IV.D(3), shares of Series A Preferred shall be cancelled and not subject to reissuance.

4. Series A Protective Provisions.

So long as any of the Series A Preferred shall be outstanding, the Corporation shall not without obtaining the approval (by vote or written consent, as provided by law) of the holders of not less than a majority of the outstanding shares of Series A Preferred:

(a) Change of Rights. Materially and adversely alter or change the rights, preferences or privileges of the Series A Preferred or amend, alter or repeal any provision of this Certificate of Incorporation or any provision of the Bylaws of the Corporation in any manner that would favorably affect the rights, powers, preferences or privileges of, or restrictions, qualifications or limitations on, any other series of Preferred without similarly favorably affecting the rights, powers, preferences or privileges of, or restrictions, qualifications or limitations on, the Series A Preferred; provided however, that any Excluded Action (as defined below) shall not be deemed to materially and adversely alter or change the rights, preferences or privileges of the Series A Preferred and therefore shall not require the approval of the Series A Preferred voting as a class. "**Excluded Action**" shall mean, with respect to a series of Preferred, the Corporation: (i) increasing the number of authorized shares of such series of Preferred, (ii) (A) creating any new class or series of shares having preferences over any outstanding shares of Preferred as to dividends or assets, or (B) authorizing or issuing shares of stock of any class or series or any bonds, debentures, notes or other obligations convertible into or exchangeable for, or having option rights to purchase, any shares of stock of this Corporation (other than stock junior in preference and priority as to dividends and assets with respect to shares of such series), (iii) merging or consolidating with, or permitting any of its subsidiaries to merge or consolidate with, any entity, or (iv) selling, leasing, licensing or otherwise disposing of, or permitting any such subsidiary to sell, lease, license or otherwise dispose of, all or substantially all of the consolidated assets of the Corporation in any twelve-month period; or

(b) Reclassification. Reclassify any class or series of any Securities into shares having any preference or priority as to liquidation preference, redemption, dividends or assets or as to any other rights, powers, preferences or privileges senior to or on a parity with any such preference or priority of the Series A Preferred.

5. Future Financings.

(a) Preemptive Right. The Corporation grants to each holder of at least 50,000 shares of Series A Preferred (each, a "**Major Series A Holder**") a preemptive right to purchase such Major Series A Holder's pro-rata share, as defined below, of any Securities (as defined below). Such Major Series A Holder's "**pro-rata share**" shall be that portion of the Securities proposed to be issued which bears the same relation to all of the Securities proposed to be issued as the shares of Series A Preferred held by such Major Series A Holder (on an as-converted basis) bear to all outstanding shares of the Common and the Convertible Common, on an as converted to Common basis, combined (assuming for the purposes of such

calculation the conversion of all outstanding securities which are convertible into Common without payment of additional consideration and, if the Senior Preferred are still outstanding, the total number of shares of Convertible Common that would be issuable assuming a conversion of the Senior Preferred on such date pursuant to paragraph IV.G(2), including those held by the Major Series A Holder), all determined immediately prior to the offering of the Securities. The preemptive right in this paragraph IV.D(5)(a) shall be combined, if applicable, with those preemptive rights set forth in paragraphs IV.E(5)(a), IV.G(4) and IV.I(2)(g) if such Major Series A Holder also is a Series B/C/D/E/F Holder, Senior Preferred Holder and/or Convertible Common Holder such that, (i) pursuant to this paragraph IV.D(5)(a), the Major Series A Holder will receive a preemptive right for its pro rata share based on its Series A Preferred ownership, (ii) pursuant to paragraph IV.E(5)(a), its pro rata share based on its ownership of Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred and/or Series F Preferred, (iii) pursuant to paragraph IV.G(4), its pro rata share based on its ownership of Senior Preferred, and (iv) pursuant to paragraph IV.I(2)(g), its pro rata share based on its ownership of Convertible Common (to the extent applicable).

(b) Notice. In the event that the Corporation proposes to undertake an issue of Securities, it shall deliver to each Major Series A Holder written notice of its intention, describing such Securities, specifying each Major Series A Holder's pro-rata share and stating the purchase price and other terms upon which it proposes to issue the same (the "**Series A Option Notice**"). For a period of twenty (20) days following the receipt of the Series A Option Notice, each Major Series A Holder shall have the right to elect, by written notice to the Corporation, to purchase all or any portion of such Major Series A Holder's pro-rata share of the Securities described in the Series A Option Notice. The closing of any sale pursuant to this paragraph IV.D(5)(b) shall occur within ninety (90) days of the date that the Series A Option Notice is given.

(c) Sale by the Corporation. In the event any Major Series A Holder fails to exercise its preemptive rights within the specified period, or any Major Series A Holder elects to acquire less than its aggregate pro-rata shares pursuant to the exercise of such right, then, during the 90 day period following the expiration of the periods set forth in paragraph IV.D(5)(b), the Corporation may sell, free of any preemptive right on such Major Series A Holder's part, the portion of such Major Series A Holder's pro-rata shares not purchased pursuant to such preemptive right, upon the same terms specified in the Series A Option Notice. If the Corporation does not enter into an agreement for the sale of the Securities within such period, or if such agreement is not consummated within thirty (30) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such Securities shall not be offered unless first reoffered to the Major Series A Holders in accordance with this paragraph IV.D(5).

(d) Exceptions. The preemptive right granted under this Paragraph IV.D(5) shall not apply to (i) the Excluded Stock (as defined below) or (ii) Securities issued for non-cash consideration, or as a so-called "equity feature" (such as a warrant) of a transaction primarily involving debt securities or indebtedness for borrowed money, or pursuant to a merger or acquisition transaction, in each case, approved by the Board of Directors with a Qualified Board Approval.

E. Terms of Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred and Series F Preferred.

There is hereby created (a) a series of Five Million (5,000,000) shares of Preferred designated "Series B Convertible Preferred" (the "**Series B Preferred**"), (b) a series of Four Million Two Hundred Thousand (4,200,000) shares of Preferred designated "Series C Convertible Preferred" (the "**Series C Preferred**"), (c) a series of One Million Five Hundred Thousand (1,500,000) shares of Preferred designated "Series D Convertible Preferred" (the "**Series D Preferred**"), (d) a series of Nine Million Eight Hundred Thousand (9,800,000) shares of Preferred designated "Series E Convertible Preferred" (the "**Series E Preferred**"), and (e) a series of Fourteen Million Five Hundred Thousand (14,500,000) shares of Preferred designated "Series F Convertible Preferred" (the "**Series F Preferred**"), each having the following powers, preferences and relative participating, optional or other special rights and qualifications, limitations or restrictions thereof in addition to those otherwise specified in this Certificate of Incorporation.

1. Series B, Series C, Series D, Series E and Series F Dividends.

(a) Subject to paragraph IV.G(1) and IV.H(1), no dividend or distribution of cash, capital stock or otherwise shall be declared or paid on any shares of capital stock of the Corporation (other than Senior Preferred or Redeemable Preferred) unless prior to or simultaneously with such declaration, a dividend or distribution is declared and paid on each share of Series F Preferred in an amount equal to or greater than the greatest amount per share that any other holder of capital stock of the Corporation would receive in such dividend or distribution, in each case, on an as-converted basis as of the record date for the such dividend or distribution.

(b) Subject to paragraphs IV.G(1), IVH(1) and IV.E(1)(a), no dividend or distribution of cash, capital stock or otherwise shall be declared or paid on any shares of capital stock of the Corporation (other than Senior Preferred, Redeemable Preferred or Series F Preferred) unless prior to or simultaneously with such declaration, a dividend or distribution is declared and paid on each share of Series E Preferred in an amount equal to or greater than the amount that would have been received by the holders of the Series E Preferred had such holders, on the record date for the such dividend or distribution, held the number of shares of Common into which the Series E Preferred would have been convertible upon conversion hereunder.

(c) Subject to paragraphs IV.G(1), IV.H(1), IV.E(1)(a) and (b), no dividend or distribution of cash, capital stock or otherwise shall be declared or paid on the Common or Series A Preferred unless prior to or simultaneously with such declaration, a dividend or distribution is declared and paid on each share of Series B Preferred, Series C Preferred, and Series D Preferred in an amount equal to or greater than the amount that would have been received by the holders of the Series B Preferred, the holders of the Series C Preferred, and the holders of Series D Preferred had such holders, on the record date for the Common dividend or distribution, held the number of shares of Common into which the Series B Preferred, Series C Preferred, and Series D Preferred would have been convertible upon conversion hereunder.

2. Series B, Series C, Series D, Series E and Series F Conversion.

The Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred and Series F Preferred shall be convertible into Common, as follows:

(a) Right to Convert. Each share of Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred and Series F Preferred shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share at the office of the Corporation.

(i) Each share of Series B Preferred shall be convertible into the number of shares of Common which results from dividing the Series B Conversion Price (as defined below) per share in effect at the time of conversion into the "**Series B Conversion Value**" per share. The number of shares of Common into which a share of Series B Preferred is convertible is hereinafter referred to as the "**Series B Conversion Rate**." As of the Forward Stock Split Effective Time and taking into account the Forward Stock Split and the provisions of paragraph IV.E(2)(e)(iii), the Series B Conversion Value is $0.5220, the Series B Conversion Price per share of Series B Preferred (the "**Series B Conversion Price**") is $0.1305 and the Series B Conversion Rate is 4. The Series B Conversion Price shall be subject to adjustment as hereinafter provided.

(ii) Each share of Series C Preferred shall be convertible into the number of shares of Common which results from dividing the Series C Conversion Price (as defined below) per share in effect at the time of conversion into the "**Series C Conversion Value**" per share. The number of shares of Common into which a share of Series C Preferred is convertible is hereinafter referred to as the "**Series C Conversion Rate**." As of the Forward Stock Split Effective Time and taking into account the Forward Stock Split and the provisions of paragraph IV.E(2)(e)(iii), the Series C Conversion Value is $1.07549, the Series C Conversion Price per share of Series C Preferred (the "**Series C Conversion Price**") is $0.2688725 and the Series C Conversion Rate is 4. The Series C Conversion Price shall be subject to adjustment as hereinafter provided.

(iii) Each share of Series D Preferred shall be convertible into the number of shares of Common which results from dividing the Series D Conversion Price (as defined below) per share in effect at the time of conversion into the "**Series D Conversion Value**" per share. The number of shares of Common into which a share of Series D Preferred is convertible is hereinafter referred to as the "**Series D Conversion Rate**." As of the Forward Stock Split Effective Time and taking into account the Forward Stock Split and the provisions of paragraph IV.E(2)(e)(iii), the Series D Conversion Value is $6.82, the Series D Conversion Price per share of Series D Preferred (the "**Series D Conversion Price**") is $1.705 and the Series D Conversion Rate is 4. The Series D Conversion Price shall be subject to adjustment as hereinafter provided.

(iv) Each share of Series E Preferred shall be convertible into the number of shares of Common which results from dividing the Series E Conversion Price (as defined below) per share in effect at the time of conversion into the "**Series E Conversion Value**" per share. The number of shares of Common into which a share of Series E Preferred is convertible is hereinafter referred to as the "**Series E Conversion Rate**." As of the Forward Stock Split Effective Time and taking into account the Forward Stock Split and the provisions of paragraph IV.E(2)(e)(iii), the Series E Conversion Value is $17.96, the Series E Conversion Price per share of Series E Preferred (the "**Series E Conversion Price**") is $4.49 and the Series E Conversion Rate is 4. The Series E Conversion Price shall be subject to adjustment as hereinafter provided.

(v) Each share of Series F Preferred shall be convertible into the number of shares of Common which results from dividing the Series F Conversion Price (as defined below) per share applicable to such share in effect at the time of conversion into the "**Series F Conversion Value**" per share applicable to such share. The number of shares of Common into which a share of Series F Preferred is convertible is hereinafter referred to as the "**Series F Conversion Rate**." As of the Forward Stock Split Effective Time and taking into account the Forward Stock Split and the provisions of paragraph IV.E(2)(e)(iii), for the shares of Series F Preferred deemed to be originally issued prior to 2019, the Series F Conversion Value is $34.5454, the Series F Conversion Price per share of Series F Preferred (the "**Earlier Series F Conversion Price**") is $8.63635 and the Series F Conversion Rate is 4. As of the Forward Stock Split Effective Time and taking into account the Forward Stock Split and the provisions of paragraph IV.E(2)(e)(iii), for shares of Series F Preferred deemed to be originally issued in 2019 or thereafter, the Series F Conversion Value is $49.0120, the Series F Conversion Price per share of Series F Preferred (the "**Later Series F Conversion Price**") is $12.253 and the Series F Conversion Rate is 4. The term "**Series F Conversion Price**" as used herein shall be either the Earlier Series F Conversion Price or the Later Series F Conversion Price, whichever is applicable to such share of Series F Preferred and shall be subject to adjustment as hereinafter provided.

(b) Automatic Conversion. Each share of Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred and Series F Preferred shall automatically be converted into shares of Common at the then effective Series B Conversion Rate, Series C Conversion Rate, Series D Conversion Rate, Series E Conversion Rate or Series F Conversion Rate, as applicable, immediately prior to the closing of a Qualified Offering.

(c) Mechanics of Conversion. Before any holder of Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred or Series F Preferred shall be entitled to convert the same into shares of Common as provided in paragraph IV.E(2)(a), he shall surrender the certificate or certificates therefor, duly endorsed (or, if the holder notifies the Corporation that such certificate(s) have been lost, stolen or destroyed, an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates), at the office of the Corporation and shall give written notice to the Corporation at such office that he elects to convert the same. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred or Series F Preferred a certificate or certificates, or at the Corporation's election, provide a statement that such shares are now held on the Corporation's stock records in a book entry position, for the number of shares of Common to which he shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred or Series F Preferred to be converted, and the person or persons entitled to receive the shares of Common issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common on such date.

In the event of an automatic conversion pursuant to paragraph IV.E(2)(b), the outstanding shares of Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred and Series F Preferred shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation; provided, however, that the Corporation shall not be obligated to issue certificates, or at the Corporation's election, a statement of book entry position, evidencing the shares of Common issuable upon such automatic conversion unless the certificates evidencing such shares of Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred or Series F Preferred are either delivered to the Corporation as provided above, or the holder notifies the Corporation that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates. The Corporation shall, as soon as practicable after such delivery, or such agreement and indemnification in the case of a lost certificate, issue and deliver at such office to such holder of Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred or Series F Preferred, a certificate or certificates, or at the Corporation's election, a statement of book entry position, for the number of shares of Common to which he shall be entitled as aforesaid and a check payable to the holder in the amount of any cash amounts payable as the result of a conversion into fractional shares of Common. Such conversion shall be deemed to have been made immediately prior to and shall be contingent upon the closing of a Qualified Offering, and the person or persons entitled to receive the shares of Common issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common on such date.

(d) Fractional Shares. No fractional shares of Common shall be issued upon conversion of the Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred or Series F Preferred. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series F Conversion Price, as applicable.

(e) Adjustment of Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price and Series F Conversion Price. The Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, Series E Conversion Price and Series F Conversion Price shall be subject to adjustment from time to time as follows:

(i) If the Corporation shall issue any Common (other than Excluded Stock) ("**Additional Common Shares**") or other securities of the Corporation directly or indirectly convertible into or exchangeable for Common (other than Excluded Stock) and (A) if the consideration price per share, on an as-converted basis, is less than the Series B Conversion Price as in effect immediately prior to the issuance of such Additional Common Shares (including other securities directly or indirectly convertible into or exchangeable for Common (other than Excluded Stock)), then and in such event, such Series B Conversion Price shall be decreased to such purchase price per share; (B) if the consideration price per share, on an as-converted basis, is less than the Series C Conversion Price as in effect immediately prior to the issuance of such Additional Common Shares (including other securities directly or indirectly convertible into or exchangeable for Common (other than Excluded Stock)), then and in such event, such Series C Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula; (C) if the consideration price per share, on an as-converted basis, is less than the Series D Conversion Price as in effect immediately prior to the issuance of such Additional Common Shares (including other securities directly or indirectly convertible into or exchangeable for Common (other than Excluded Stock)), then and in such event, such Series D Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula; (D) if the consideration price per share, on an as-converted basis, is less than the Series E Conversion Price as in effect immediately prior to the issuance of such Additional Common Shares (including other securities directly or indirectly convertible into or exchangeable for Common (other than Excluded Stock)), then and in such event, such Series E Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula; and (E) if the consideration price per share, on an as-

converted basis, is less than the Series F Conversion Price as in effect immediately prior to the issuance of such Additional Common Shares (including other securities directly or indirectly convertible into or exchangeable for Common (other than Excluded Stock)), then and in such event, such Series F Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

CP2 = CP1 * (A + B) / (A + C)

For purposes of the foregoing formula, the following definitions shall apply:

"**CP2**" shall mean the Series C Conversion Price (with respect to Series C Preferred), Series D Conversion Price (with respect to Series D Preferred), Series E Conversion Price (with respect to Series E Preferred) or Series F Conversion Price (with respect to Series F Preferred) in effect immediately after such issue of Additional Common Shares (or other securities of the Corporation directly or indirectly convertible into or exchangeable for Common);

"**CP1**" shall mean the Series C Conversion Price (with respect to Series C Preferred), Series D Conversion Price (with respect to Series D Preferred), Series E Conversion Price (with respect to Series E Preferred) or Series F Conversion Price (with respect to Series F Preferred) in effect immediately prior to such issue of Additional Common Shares (or other securities of the Corporation directly or indirectly convertible into or exchangeable for Common);

"**A**" shall mean the number of shares of Common outstanding and deemed outstanding immediately prior to such issue of Additional Common Shares (treating for this purpose as outstanding all shares of Common issuable upon exercise or conversion of securities directly or indirectly convertible into or exchangeable for Common outstanding immediately prior to such issue);

"**B**" shall mean the number of shares of Common that would have been issued if such Additional Common Shares (or other securities of the Corporation directly or indirectly convertible into or exchangeable for Common) had been issued at a price per share equal to CP1 (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by CP1); and

"**C**" shall mean the number of such Additional Common Shares (or other securities of the Corporation directly or indirectly convertible into or exchangeable for Common) issued in such transaction.

For the purposes of this paragraph IV.E(2)(e), the following provisions shall also be applicable:

(1) In the case of the issuance of Common for cash, the consideration received therefor shall be deemed to be the amount of cash paid therefor without deducting any discounts or commissions paid or incurred by the Corporation in connection with the issuance and sale thereof;

(2) In the case of the issuance of Common for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair value thereof as determined in good faith by the Board of Directors;

(3) In the case of the issuance of (i) options to purchase or rights to subscribe for Common (other than Excluded Stock), (ii) securities by their terms convertible or exchangeable for Common (other than Excluded Stock), or (iii) options to purchase or rights to subscribe for such convertible or exchangeable securities:

(v) the aggregate maximum number of shares of Common deliverable upon exercise of such options to purchase or rights to subscribe for Common shall be deemed to be issuable for a consideration equal to the consideration (determined in the manner provided in subdivisions (1) and (2) above), if any, received by the Corporation upon the issuance of such options or rights plus the minimum purchase price provided in such options or rights for the Common covered thereby;

(w) the aggregate maximum number of shares of Common deliverable upon conversion of or in exchange for any such convertible or exchangeable securities, or upon the exercise of options to purchase or rights to subscribe for such convertible or exchangeable securities and subsequent conversion or exchange thereof, shall be deemed to be issuable for a consideration equal to the consideration received by the Corporation for any such securities and related options or rights, plus the additional consideration, if any, to be received by the Corporation upon the conversion or exchange of such securities or the exercise of any related options or rights (the consideration in each case to be determined in the manner provided in subdivisions (1) and (2) above);

(x) the aggregate maximum number of shares of Common deliverable upon exercise of such options or rights or upon conversion of or in exchange for such convertible or exchangeable securities upon the exercise of options to purchase or rights to subscribe for such convertible or exchangeable securities and subsequent conversion or exchange thereof, shall be deemed to have been issued at the time such options or rights or securities were issued;

(y) any change in the number of shares of Common deliverable upon exercise of any such options or rights or conversion of or exchange for such convertible or exchangeable securities, or on any change in the minimum purchase price of such options, rights or securities, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price and/or the Series F Conversion Price, as applicable, shall forthwith be readjusted to such Series B Conversion Price, Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price and/or the Series F Conversion Price, as applicable, as would have obtained had the adjustment (and any subsequent adjustments) made upon (x) the issuance of such options, rights or securities not exercised, converted or exchanged prior to such change, as the case may be, been made upon the basis of such change or (y) the options or rights related to such securities not converted or exchanged prior to such change, as the case may be, been made upon the basis of such change; and

(z) on the expiration of any such options or rights, the termination of any such rights to convert or exchange or the expiration of any options or rights related to such convertible or exchangeable securities, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, Series E Conversion Price and/or the Series F Conversion Price, as applicable, shall forthwith be readjusted to such Series B Conversion Price, Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price and/or the Series F Conversion Price, as applicable, as would have obtained had the adjustment (and any subsequent adjustments) made upon the issuance of such options, rights, convertible or exchangeable securities or options or rights related to such convertible or exchangeable securities, as the case may be, been made upon the basis of the issuance of only the number of shares of Common actually issued upon the exercise of such options or rights, upon the conversion or exchange of such convertible or exchangeable securities or upon the exercise of the options or rights related to such convertible or exchangeable securities, as the case may be.

(ii) "**Excluded Stock**" shall mean:

(1) all shares of Common issued (i) upon the conversion of the shares of the Series A Preferred, Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred, Series F Preferred, Junior Series-1 Preferred or Convertible Common, or (ii) upon any stock dividends, subdivisions, split-ups, combinations, dividends or other events, which such events are covered by paragraph IV.E(2)(e)(iii) through paragraph IV.E(2)(e)(v);

(2) up to 14,215,116 shares of Common issued or issuable upon exercise of options or other purchase rights granted under the Corporation's 2000 Stock Option Plan, 2010 Stock Option Plan, the 2017 Amendment and Restatement of the 2010 Stock Option Plan, as amended, or the Corporation's Equity Incentive Plan, as it may be amended from time to time, to employees, officers, directors, or consultants of the Corporation and approved by the Board of Directors or a committee of the Board of Directors;

(3) all shares of Common or other securities (including options, warrants and other purchase rights) issued or to be issued to employees, officers, directors, consultants, affiliates or lenders of the Corporation (i) after receipt of written consent to such issuance from the holders of more than 60% of the then-outstanding Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred and Series F Preferred, voting together as a single class, and (ii) approved by a Qualified Board Approval;

(4) Securities issued upon conversion or exercise of warrants issued by the Corporation outstanding as of the Effective Date and disclosed under the Senior Preferred Stock Purchase Agreement (as defined herein);

(5) Shares of common stock or other securities issued pursuant to warrant agreements to advisors, consultants, or existing stockholders to the extent such advisors, consultants or stockholders are providing advisory, consulting or other similar services to the Corporation at the time of such issuance; provided, however, that such issuance shall not exceed 200,000 shares of Securities per year;

(6) up to 5,786,828 additional shares of Series F Preferred to be issued in the aggregate from time to time with a Qualified Board Approval and at a price equal to or greater than $47.7561 per share (with it being understood that if any such shares of Series F Preferred that are issued for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair value thereof as determined in good faith by the Board of Directors);

(7) up to 462,946 additional shares of Common to be issued pursuant to the Securities Purchase Agreement by and among the sellers party thereto, John Bowen, as the seller representative and the Corporation, dated August 23, 2019 (the "**BankTEL Agreement**");

(8) up to 5,675,000 additional shares of Common to be issued in the aggregate from time-to-time with a Qualified Board Approval and at a price equal to or greater than $43.00 per share (with it being understand that if any such shares of Common that are issued for consideration in whole or in part other than cash, the consideration shall be deemed to be the fair value thereof as determined in good faith by the Board of Directors);

(9) up to 2,722,166 shares of Senior Preferred issued pursuant to the Senior Preferred Stock Purchase Agreement by and among the Corporation and the Purchasers listed in Exhibit A thereto dated as of the Effective Date (the "**Senior Preferred Stock Purchase Agreement**"), along with such shares of Redeemable Preferred and Convertible Common as may be issued pursuant to the terms of this Certificate of Incorporation upon conversion of the Senior Preferred;

(10) Securities issued pursuant to those certain letter agreements by and between the Corporation and Neuberger Berman Investment Advisers LLC dated March 6, 2020 and the Corporation and Lone Pine Capital LLC dated March 6, 2020 and those certain letter agreements (which will be substantially in the same form as determined by the Board as the two letter agreements dated March 6, 2020 described above in this subsection (10)) to be executed by and between the Corporation and SMALLCAP World Fund, Inc. and American Funds Insurance Series Global Small Capitalization Fund (or an affiliate or affiliates of such entities) and by and between the Corporation and CPP Investment Board PMI-2 Inc. (or an affiliate or affiliates of such entity) following Qualified Board Approval and execution of such letters by the Corporation;

(11) up to 1,657,296 shares of Common to be issued from time to time in fulfillment of the Corporation's "Pledge 1% Shares" as such term is defined in the June 24, 2021 resolutions of the Board of Directors of the Corporation; and

(12) for the abundance of clarity, the shares of Common to be issued in a Qualified Offering at a price equal to or greater than $12.253 per share.

Shares of Excluded Stock described in subdivision (2) of paragraph IV.E(2)(e)(ii) shall not be deemed to be outstanding for purposes of the computations of paragraph IV.E(2) above until actually issued."

(iii) If the number of shares of Common outstanding at any time after the date hereof is increased by a stock dividend payable in shares of Common or by a subdivision or split-up of shares of Common, then, on the date such payment is made or such change is effective, the Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price and Series F Conversion Price shall each be appropriately decreased so that the number of shares of Common issuable on conversion of the Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred and Series F Preferred shall be increased in proportion to such increase of outstanding shares. For the sake of clarity, the amendments made to paragraph IV.E(2)(a) in the Second Amended and Restated Certificate of Incorporation were made to satisfy the provisions of this paragraph IV.E(2)(e)(iii) related to the Forward Stock Split and the Forward Stock Split is covered by this paragraph IV.E(2)(e)(iii) for the purposes of paragraph IV.E(2)(e)(ii)(1) and no further adjustments shall be made in connection with the Forward Stock Split.

(iv) If the number of shares of Common outstanding at any time after the date hereof is decreased by a combination of the outstanding shares of Common, then, on the effective date of such combination, the Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price and Series F Conversion Price shall each be appropriately increased so that the number of shares of Common issuable on conversion of the Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred or Series F Preferred shall be decreased in proportion to such decrease in outstanding shares.

(v) In case, at any time after the date hereof, of any capital reorganization, or any reclassification of the stock of the Corporation (other than a change in par value or as a result of a stock dividend or subdivision, split-up or combination of shares), or the consolidation or merger of the Corporation with or into another person (other than a consolidation or merger in which the Corporation is the continuing entity and which does not result in any change in the Common), or of the sale or other disposition of all or substantially all the properties and assets of the Corporation as an entirety to any other person, the shares of Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred and Series F Preferred shall, if such event is not a Significant Transaction, after such reorganization, reclassification, consolidation, merger, sale or other disposition, be convertible into the kind and number of shares of stock or other securities or property of the Corporation or of the entity resulting from such consolidation or surviving such merger or to which such properties and assets shall have been sold or otherwise disposed to which such holder would have been entitled if immediately prior to such reorganization, reclassification, consolidation, merger, sale or other disposition he had converted his shares of Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred or Series F Preferred into Common. The provisions of this paragraph IV.E(2)(e) (v) shall similarly apply to successive reorganizations, reclassifications, consolidations, mergers, sales or other dispositions.

(vi) All calculations under this paragraph IV.E(2)(e) shall be made to the nearest cent or to the nearest one hundredth (1/100) of a share, as the case may be.

(f) Minimal Adjustments. No adjustment in a Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series F Conversion Price need be made if such adjustment would result in a change of less than $0.01. Any adjustment of less than $0.01 which is not made shall be carried forward and shall be made at the time of and together with any subsequent adjustment which, on a cumulative basis, amounts to an adjustment of $0.01 or more in a Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series F Conversion Price.

(g) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of a Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series F Conversion Price pursuant to paragraph IV.E(2)(e), the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Series B Preferred, Series C

Preferred, Series D Preferred, Series E Preferred or Series F Preferred a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. Notwithstanding the foregoing, because the Corporation's stockholders approved the Forward Stock Split and the adjustments of the Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price and Series F Conversion Price based on the Forward Stock Split are set forth in this Certificate of Incorporation, the requirements set forth in the preceding sentence shall not be required for the Forward Stock Split. The Corporation shall, upon written request at any time of any holder of Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred or Series F Preferred furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and readjustments, (ii) the Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series F Conversion Price, as applicable, at the time in effect for the Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred or Series F Preferred held, and (iii) the number of shares of Common and the amount if any, of other property which at the time would be received upon the conversion of the Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred or Series F Preferred.

(h) Notices of Record Date. In the event of any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, the Corporation shall mail to each holder of Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred and Series F Preferred at least twenty (20) days prior to the date specified herein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend or distribution.

(i) Reservation of Stock Issuable Upon Conversion. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common solely for the purpose of effecting the conversion of the shares of the Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred and Series F Preferred such number of its shares of Common as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred and Series F Preferred; and if at any time the number of authorized but unissued shares of Common shall not be sufficient to effect the conversion of all then outstanding shares of the Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred and Series F Preferred, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common to such number of shares as shall be sufficient for such purpose.

(j) Notices. Any notice required by the provisions of this Certificate of Incorporation to be given to the holder of shares of the Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred or Series F Preferred shall be deemed given if (i) mailed, postage prepaid, and addressed to each holder of record at his latest address appearing on the books of the Corporation or (ii) given by email or other form of "electronic transmission" (as such term is defined in Section 232(c) of the Delaware General Corporation Law) in compliance with the provisions of the Delaware General Corporation Law and the Investor Rights Agreement (as defined below).

(k) Action. The Corporation will not, by amendment of its charter documents or through any reorganization, recapitalization, consolidation, merger, dissolution, issuance or sale of securities or taking of any other action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this paragraph IV.E(2) and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the holders of the Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred and Series F Preferred against impairment.

3. Redemption of Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred and Series F Preferred.

(a) On or after the Redemption Date, any holder of Series E Preferred or Series F Preferred may provide a written request to the Corporation (a "**Series E/F Redemption Notice**") to redeem any or all of the Series E Preferred or Series F Preferred, as applicable of such holder, at an amount equal to (i) for Series E Preferred (A) the Series E Price, minus (B) any dividends previously declared and paid to such holder in respect of such shares or (ii) for Series F Preferred (A) the Series F Price, minus (B) any dividends previously declared and paid to such holder in respect of such shares. Notwithstanding the foregoing, if the Corporation is in receipt of a Redeemable Preferred Election or Convertible Common Election at any time or has made a Corporation Redemption Election or Corporation Convertible Common Redemption Election when it has unpaid amounts to a holder of Series E Preferred or Series F Preferred that has submitted a Series E/F Redemption Notice, the Corporation shall subordinate its payment obligations to the holders of Series E Preferred or Series F Preferred to its payment obligations to the holders of Redeemable Preferred and/or Convertible Common, as the case may be, until the Board of Directors makes a determination that adequate provision has been made to redeem the Redeemable Preferred and/or Convertible Common, as the case may be, subject to the Redeemable Preferred Election, Convertible Common Election, Corporation Redemption Election or Corporation Convertible Common Redemption Election on a full and timely basis. The Corporation shall, upon each of the six month, twelve-month and eighteen month anniversary of its receipt of a Series E/F Redemption Notice, redeem for cash 1/3 of the shares of Series E Preferred or Series F Preferred, as the case may be, set forth in the Series E/F Redemption Notice; *provided*, that if a Series E/F Redemption Notice has been delivered in respect of shares of Series E Preferred and Series F Preferred, the Corporation shall first redeem all such shares of Series F Preferred before it

redeems any shares of Series E Preferred. If the Corporation fails to timely redeem the Series E Preferred or Series F Preferred (as applicable) as set forth herein on any specified payment date, then the amount payable in respect of the Series E Preferred or Series F Preferred, as the case may be, as set forth herein shall be increased at the rate of 5.0% per annum, compounding quarterly, for the first twelve months from such specified payment date, and afterwards at a rate of 8.0% per annum, compounding quarterly, until such amount (including interest) shall be paid in full. Notwithstanding anything to the contrary herein, the holders of Series E Preferred and Series F Preferred shall not have the right to request a redemption if an election to redeem Redeemable Preferred has been made and such redemption of Redeemable Preferred has not yet been consummated and paid in full.

(b) On or after the Redemption Date, any holder of Series B Preferred, Series C Preferred, or Series D Preferred may provide a written request to the Corporation (a "**Series B/C/D Redemption Notice**") to redeem any or all of the Series B Preferred, Series C Preferred or Series D Preferred, as applicable, of such holder, at an amount equal to (i) (A) $0.5220 per share of Series B Preferred, minus (B) any amounts previously distributed to such holder for such shares from declared and paid dividends, redemptions (whether voluntary or mandatory) or otherwise, (ii) (A) $1.07549 per share of Series C Preferred, minus (B) any amounts previously distributed to such holder for such shares from declared and paid dividends, redemptions (whether voluntary or mandatory) or otherwise, or (iii) (A) $6.82 per share of Series D Preferred, minus (B) any amounts previously distributed to such holder for such shares from declared and paid dividends, redemptions (whether voluntary or mandatory) or otherwise. The Corporation shall, upon each of the six month, twelve-month and eighteen month anniversary of its receipt of a Series B/C/D Redemption Notice, redeem for cash 1/3 of the shares of Series B Preferred, Series C Preferred or Series D Preferred, as applicable, set forth in the Series B/C/D Redemption Notice. Notwithstanding the foregoing, if the Corporation is in receipt of a Redeemable Preferred Election, Convertible Common Election, or Series E/F Redemption Notice at any time or has made a Corporation Redemption Election or Corporation Convertible Common Redemption Election when it has unpaid amounts to a holder of Series B Preferred, Series C Preferred or Series D Preferred that has submitted a Series B/C/D Redemption Notice, the Corporation shall subordinate its payment obligations to the holders of Series B Preferred, Series C Preferred or Series D Preferred to its payment obligations to the holders of Redeemable Preferred, Convertible Common, Series E Preferred and/or Series F Preferred, as the case may be, until the Board of Directors makes a determination that adequate provision has been made to redeem the Redeemable Preferred, Convertible Common, Series E Preferred and/or Series F Preferred, as the case may be, subject to the Redeemable Preferred Election, Convertible Common Election, Corporation Redemption Election, Corporation Convertible Common Redemption Election or Series E/F Redemption Notice on a full and timely basis. If the Corporation fails to timely redeem the Series B Preferred, Series C Preferred or Series D Preferred, as the case may be, as set forth herein on any specified payment date, then the amount payable in respect of the Series B Preferred, Series C

Preferred or Series D Preferred, as the case may be, as set forth herein shall be increased at the rate of 5.0% per annum, compounding quarterly, for the first twelve months from such specified payment date, and afterwards at a rate of 8.0% per annum, compounding quarterly, until such amount (including interest) shall be paid in full; provided, however, that no such interest shall accrue while the Corporation's payment obligations to the holders of Series B Preferred, Series C Preferred or Series D Preferred are subordinated in accordance with the terms of this paragraph. Notwithstanding anything to the contrary herein, the holders of Series B Preferred, Series C Preferred and Series D Preferred shall not have the right to request a redemption if an election to redeem Redeemable Preferred has been made and such redemption of Redeemable Preferred has not yet been consummated and paid in full.

(c) Any Series E/F Redemption Notice or Series B/C/D Redemption Notice shall be sent by first class certified mail, return receipt requested, postage prepaid, to the Corporation at its then current address, with a copy of any notice or other communication sent by electronic mail.

(d) Once redeemed pursuant to the provisions of this paragraph IV.E(3), shares of Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred and Series F Preferred shall be cancelled and not subject to reissuance.

(e) If, after giving effect to the redemptions set forth in all then unfulfilled Redemption Notices (as defined below) received by the Corporation, such redemptions would cause the voting power of a stockholder of the Corporation to be 10% or more of the voting power of the Corporation (other than a stockholder where, in each Applicable Jurisdiction where, the applicable MTL Authority, as required by applicable law, has consented to (or duly received notice of) such stockholder (together with its affiliates) obtaining control of the Corporation within the meaning of applicable law or determined that consent is not necessary), the Corporation shall deliver to such stockholder written notice thereof (describing the requested redemptions, classes and/or series of shares, amounts and applicable redemption dates) at least sixty (60) days prior to consummating the redemption that causes such voting power threshold to be met. "**Redemption Notice**" shall mean each of a Series A Redemption Notice, Series B/C Redemption Notice, Series D/E Redemption Notice, Junior Series-1 Redemption Notice, Redeemable Preferred Election, Corporation Redemption Election, Convertible Common Election or Corporation Convertible Common Redemption Election.

4. Series B, Series C, Series D, Series E and Series F Protective Provisions and Covenants.

(a) Approval of Series D Preferred. So long as any of the Series D Preferred shall be outstanding, the Corporation shall not without obtaining the approval (by vote or written consent, as provided by law) of the holders of not less than a majority of the outstanding shares of Series D Preferred:

(i) Preferred Terms. Adversely alter, modify or change the terms, rights, preferences or privileges of the shares of the Series D Preferred or amend, alter or repeal any provision of this Certificate of Incorporation or any provision of the Bylaws of the Corporation in any manner that would favorably affect the rights, powers, preferences or privileges of, or restrictions, qualifications or limitations on, any other series of Preferred without similarly favorably affecting the rights, powers, preferences or privileges of, or restrictions, qualifications or limitations on, the Series D Preferred; provided however, that any Excluded Action shall not be deemed to adversely alter or change the rights, preferences or privileges of the Series D Preferred and therefore shall not require the approval of the Series D Preferred voting as a class; or

(ii) Reclassification. Reclassify any class or series of any Securities into shares having any preference or priority as to liquidation preference, redemption, dividends or assets or as to any other rights, powers, preferences or privileges senior to or on a parity with any such preference or priority of the Series D Preferred.

(b) Approval of Series B Preferred and Series C Preferred. So long as any of the Series B Preferred or Series C Preferred shall be outstanding, the Corporation shall not without obtaining the approval (by vote or written consent, as provided by law) of the holders of not less than a majority of the outstanding shares of Series B Preferred and Series C Preferred, voting together as a single class:

(i) Preferred Terms. Adversely alter, modify or change the terms, rights, preferences or privileges of the shares of the Series B Preferred or Series C Preferred or amend, alter or repeal any provision of this Certificate of Incorporation or any provision of the Bylaws of the Corporation in any manner that would favorably affect the rights, powers, preferences or privileges of, or restrictions, qualifications or limitations on, any other series of Preferred without similarly favorably affecting the rights, powers, preferences or privileges of, or restrictions, qualifications or limitations on, the Series B Preferred or Series C Preferred; provided however, that any Excluded Action shall not be deemed to adversely alter or change the rights, preferences or privileges of the Series B Preferred or Series C Preferred and therefore shall not require the approval of the Series B Preferred and Series C Preferred voting as a class; or

(ii) Reclassification. Reclassify any class or series of any Securities into shares having any preference or priority as to liquidation preference, redemption, dividends or assets or as to any other rights, powers, preferences or privileges senior to or on a parity with any such preference or priority of the Series B or C Preferred.

(c) Approval of Series E Preferred. So long as the Series E Preferred shall be outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, without obtaining the prior approval (by vote or written consent, as provided by law) of the holders of not less than a majority of the outstanding shares of Series E Preferred:

(i) Preferred Terms. Adversely alter, modify or change the terms, rights, preferences or privileges of the shares of the Series E Preferred (other than an Excluded Action), or increase the number of Series E Preferred authorized or amend, alter or repeal any provision of this Certificate of Incorporation or any provision of the Bylaws of the Corporation in any manner that would favorably affect the rights, powers, preferences or privileges of, or restrictions, qualifications or limitations on, any other series of Preferred without similarly favorably affecting the rights, powers, preferences or privileges of, or restrictions, qualifications or limitations on, the Series E Preferred; or

(ii) Adverse Amendments. Amend any provision of that certain Eighth Amended and Restated Investor Rights Agreement of the Corporation (the "**Investor Rights Agreement**") in a manner which adversely affects the rights of the Series E Preferred or the holders thereof; or

(iii) Create a New Class. (A) Adopt any Series Resolution or create any new class or series of Securities having preferences senior to or *pari passu* with the Series E Preferred as to liquidation preference, redemption, dividends or assets or as to any other rights, powers, preferences or privileges, or (B) authorize or issue any Securities of any class or series or any bonds, debentures, notes or other obligations convertible into or exchangeable for, or having option rights to purchase, any Securities other than, in the case of all of the above actions, stock junior to the Series E Preferred in preference and priority as to liquidation preference, redemption, dividends or assets and as to any other rights, powers, preferences or privileges; or

(iv) Reclassification. Reclassify any class or series of any Securities into shares having any preference or priority as to liquidation preference, redemption, dividends, or assets or as to any other rights, powers, preferences or privileges senior to or on a parity with any such preference or priority of the Series E Preferred; or

(v) Merger, Consolidation, Sale of Assets. Other than with respect to any transaction arising in connection with a redemption request pursuant to paragraph IV.H(2), enter into or agree to any (A) sale or purchase of assets outside the ordinary course of the Corporation in one or more series of related transactions involving payments to or from the Corporation in excess of the greater of (i) $100,000,000 in the aggregate or (ii) 30% of the Corporation's Available Cash (as defined below) as of the date of such transaction or series of related

transactions or (B) Significant Transaction, except to the extent that in connection with such transaction each outstanding share of Series E Preferred receives in cash at least an amount equal to (i) $31.43 per share, minus (ii) an amount equal to any dividends actually paid in respect of such share of Series E Preferred. As used herein, "**Available Cash**", means, as of any date of determination, cash on hand of the Corporation or available under the Corporation's loan agreements or lines of credit as of such date, less (i) the amount of cash necessary or advisable (as determined in good faith by the Board of Directors) to provide for the proper conduct of the Corporation's business (including the payment of operating expenses and taxes), (ii) reserves established by the Board of Directors to fund the foregoing amounts and for future capital expenditures and anticipated credit needs for the next twelve months (as determined in good faith by the Board of Directors), excluding for the purposes of this (ii) all capitalized leases and (y) the amount of cash necessary or advisable (as determined in good faith by the Board of Directors) for the Corporation to comply with applicable law and any of Corporation's debt instruments or other agreements; or

(vi) Payment of Dividends. Purchase or redeem, or pay any dividend with respect to, or make any distributions on, any shares of capital stock of the Corporation, other than (A) dividends payable pursuant to paragraphs IV.G(1) and IV.H(1), (B) dividends payable solely in shares of Common, (C) the redemption of Preferred as expressly set forth herein, or (D) repurchases of stock from former employees, officers, directors, consultants or other persons who performed services for the Corporation or any subsidiary in connection with the cessation of such employment or service at a price not to exceed the then-current fair market value thereof as approved by the Board of Directors (not to exceed 80,000 shares in any given calendar year); or

(vii) Indebtedness. Pledge any assets or directly or indirectly, create, incur, assume, have outstanding or be or remain liable with respect to any indebtedness or obligation in excess of, as of any date of determination, an amount equal to, in the aggregate, 4.0 multiplied by the last twelve months of EBITDA of the Corporation, if any, preceding such date of determination, in any single transaction or series of related transactions, excluding, for purposes of the foregoing calculation, indebtedness or obligations existing under, available (whether committed or uncommitted) under or permitted by the financing contemplated by (collectively, the "**New Permitted Debt**") that certain Credit and Guaranty Agreement dated as of the Effective Date (as amended, restated, amended and restated, supplemented, replaced, or otherwise modified from time to time, the "**New Credit Agreement**") among the 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, and AFV Holdings One, Inc., a North Carolina corporation, certain other subsidiaries of the Corporation as borrowers or Guarantors thereunder from time to time, certain financial institutions as Lenders thereunder, the collateral agent and administrative agent thereunder, the joint lead

arrangers thereunder, and the joint book runners thereunder, or (ii) in the event the Corporation enters into a debt facility in replacement of the New Credit Agreement in compliance with this subsection (b)(ii) (the "**Replacement Credit Facility**"), any amounts existing under, available (whether committed or uncommitted) under, or permitted by such Replacement Credit Facility (the "**Replacement Permitted Debt**") provided that the Replacement Credit Facility (including the debt negative covenant thereunder) shall, in the aggregate (other than in respect of customary fees and changes in interest rates), be materially consistent with the New Credit Agreement; provided, that this subsection (b) shall not prohibit the Corporation from entering into the Replacement Credit Facility provided that such facility does not increase the aggregate principal amount of the loans available by more than $25,000,000 in the aggregate more than the original aggregate principal amount available (whether committed or uncommitted) as of the Effective Date under the New Credit Agreement; provided, further the Corporation will not increase the principal amounts of the loans available under the New Permitted Debt by more than $100,000,000 in the aggregate from the amounts that are available (whether committed or uncommitted) or permitted by the New Permitted Debt as of the Effective Date without the approval of the holders of a majority of the Series E Preferred as provided herein; or

(viii) Related Parties. Except for employment related arrangements in the ordinary course of business, enter into any material transaction or agreement, including without limitation any lease or other rental or purchase agreement or any agreement providing for loans or extensions of credit by or to the Corporation, or any modification of any of the foregoing ("**contract**"), with any person or entity which is a shareholder, officer or director of the Corporation, a relative by blood or marriage of, a trust or estate for the benefit of, or a person or entity which directly or indirectly controls, is controlled by, or is under common control with, any such person or entity (hereinafter referred to as a "**Related Party**") or with respect to which any Related Party has or is to have a direct or indirect material interest, unless such contract is on terms no less favorable to the Corporation than would be obtained in a transaction with a person that is not a Related Party and has been approved by no less than a majority of the number of directors constituting the whole Board of Directors or the Audit Committee of the Board of Directors (excluding for both the Board or the Committee, as the case may be, any member having a direct or indirect interest in the contract in question), excluding, in each case, contracts in effect on July 21, 2015 and disclosed to the holders of Series E Preferred; or

(ix) Corporate Existence. Liquidate, dissolve or wind up the Corporation; or

(x) Non-Wholly Owned Subsidiary. Create or cause or permit any subsidiary of the Corporation to become, a non-wholly owned subsidiary of the Corporation.

(d) Approval of Series F Preferred. So long as any shares of Series F Preferred shall be outstanding, and subject to paragraph IV.E(4)(e), the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, without obtaining the prior approval (by vote or written consent, as provided by law) of the holders of not less than a majority of the outstanding shares of Series F Preferred:

(i) Preferred Terms. Adversely alter, modify or change the terms, rights, preferences or privileges of the shares of the Series F Preferred (other than an Excluded Action), or increase the number of Series F Preferred authorized, or amend, alter or repeal any provision of this Certificate of Incorporation or any provision of the Bylaws of the Corporation in any manner that would favorably affect the rights, powers, preferences or privileges of, or restrictions, qualifications or limitations on, any other series of Preferred without similarly favorably affecting the rights, powers, preferences or privileges of, or restrictions, qualifications or limitations on, the Series F Preferred; or

(ii) Adverse Amendments. Amend any provision of the Investor Rights Agreement in a manner which adversely affects the rights of the Series F Preferred or the holders thereof; or

(iii) Create a New Senior Class. (A) Adopt any Series Resolution or create any new class or series of Securities having preferences senior to the Series F Preferred as to liquidation preference, redemption, dividends or assets or as to any other rights, powers, preferences or privileges, or (B) authorize or issue any Securities of any class or series or any bonds, debentures, notes or other obligations convertible into or exchangeable for, or having option rights to purchase, any Securities other than, in the case of all of the above actions, stock junior to or *pari passu* with the Series F Preferred in preference and priority as to liquidation preference, redemption, dividends or assets and as to any other rights, powers, preferences or privileges; or

(iv) Reclassification to Senior. Reclassify any class or series of any Securities into shares having any preference or priority as to liquidation preference, redemption, dividends, or assets or as to any other rights, powers, preferences or privileges senior to any such preference or priority of the Series F Preferred; or

(v) Corporate Existence. Liquidate, dissolve or wind up the Corporation; or

(vi) Create a New Pari Passu Class. (A) Adopt any Series Resolution or create any new class or series of Securities having preferences *pari passu* with the Series F Preferred as to liquidation preference, redemption, dividends or assets or as to any other rights, powers, preferences or privileges, or (B) authorize or issue any Securities of any class or series or any bonds, debentures, notes or other obligations convertible into or exchangeable for, or having option rights to purchase, any Securities other than, in the case of all of the above actions, stock junior to the Series F Preferred in preference and priority as to liquidation preference, redemption, dividends or assets and as to any other rights, powers, preferences or privileges; or

(vii) Reclassification to Pari Passu. Reclassify any class or series of any Securities into shares having any preference or priority as to liquidation preference, redemption, dividends, or assets or as to any other rights, powers, preferences or privileges on a parity with any such preference or priority of the Series F Preferred; or

(viii) Merger, Consolidation, Sale of Assets. Other than with respect to any transaction arising in connection with a redemption request pursuant to paragraph IV.H(2), enter into or agree to any (A) sale or purchase of assets outside the ordinary course of the Corporation in one or more series of related transactions involving payments to or from the Corporation in excess of the greater of (i) $100,000,000 in the aggregate or (ii) 30% of the Corporation's Available Cash as of the date of such transaction or series of related transactions or (B) Significant Transaction, except to the extent that in connection with such transaction each outstanding share of Series F Preferred receives in cash at least an amount equal to (i) $60.4545 per share, minus (ii) an amount equal to any dividends actually paid in respect of such share of Series F Preferred; or

(ix) Payment of Dividends. Purchase or redeem, or pay any dividend with respect to, or make any distributions on, any shares of capital stock of the Corporation, other than (A) dividends payable pursuant to paragraphs IV.G(1) and IV.H(1), (B) dividends payable solely in shares of Common, (C) the redemption of Preferred as expressly set forth herein, or (D) repurchases of stock from former employees, officers, directors, consultants or other persons who performed services for the Corporation or any subsidiary in connection with the cessation of such employment or service at a price not to exceed the then-current fair market value thereof as approved by the Board of Directors (not to exceed 80,000 shares in any given calendar year); or

(x) Indebtedness. Pledge any assets or directly or indirectly, create, incur, assume, have outstanding or be or remain liable with respect to any indebtedness or obligation in excess of, as of any date of determination, an amount equal to, in the aggregate, 4.0 multiplied by the last twelve months of EBITDA of the Corporation, if any, preceding such date of determination, in any single transaction or series of related transactions, excluding, for purposes of the foregoing calculation, indebtedness or obligations existing under, available (whether committed or uncommitted) under or permitted by the New Permitted Debt and the Replacement Permitted Debt; provided, that the Replacement Credit Facility (including the debt negative covenant thereunder) shall, in the aggregate (other than in respect of customary fees and changes in interest rates), be materially consistent with the New Credit Agreement; provided, that the foregoing shall not prohibit the

Corporation from entering into a Replacement Credit Facility provided that such facility does not increase the aggregate principal amount of the loans available by more than $25,000,000 in the aggregate more than the original aggregate principal amount available (whether committed or uncommitted) as of the Effective Date under the New Credit Agreement; provided, further the Corporation will not increase the principal amounts of the loans available under the New Permitted Debt by more than $100,000,000 in the aggregate from the amounts that are available (whether committed or uncommitted) or permitted by the New Permitted Debt as of the Effective Date without the approval of the holders of a majority of the Series F Preferred as provided herein; or

(xi) Related Parties. Except for employment related arrangements in the ordinary course of business, enter into any material transaction or agreement, including without limitation any lease or other rental or purchase agreement or any agreement providing for loans or extensions of credit by or to the Corporation, or any modification of any of the foregoing ("**contract**"), with any person or entity which is a shareholder, officer or director of the Corporation, a relative by blood or marriage of, a trust or estate for the benefit of, or a person or entity which directly or indirectly controls, is controlled by, or is under common control with, any such person or entity (hereinafter referred to as a "**Related Party**") or with respect to which any Related Party has or is to have a direct or indirect material interest, unless such contract is on terms no less favorable to the Corporation than would be obtained in a transaction with a person that is not a Related Party and has been approved by no less than a majority of the number of directors constituting the whole Board of Directors or the Audit Committee of the Board of Directors (excluding for both the Board or the Committee, as the case may be, any member having a direct or indirect interest in the contract in question), excluding, in each case, contracts in effect on the Effective Date and disclosed to the holders of Series F Preferred; or

(xii) Non-Wholly Owned Subsidiary. Create or cause or permit any subsidiary of the Corporation to become, a non-wholly owned subsidiary of the Corporation.

The matters referred to in clauses (vi) through (xii) this paragraph IV.E(4)(d) are each referred to herein as a "**Series F Qualified Voting Matter**").

(e) Adjustment of Series F Voting with respect to Series F Qualified Voting Matters.

(i) Certain Definitions. For the purposes of this paragraph IV.E(4)(e), the following definitions shall apply:

(1) "**Applicable Jurisdiction**" means each legal jurisdiction (whether state, federal, foreign or otherwise) in (A) which the Corporation has either, as of the most recent date the Series F Holder has acquired shares of Series F Preferred (x) been licensed or approved as a money transmitter by the governmental regulatory authority overseeing such matters (with respect to such jurisdiction, the "**MTL Authority**") or (y) submitted an application requesting licensing or approval from the MTL Authority as of such date (unless such license or approval has not been obtained as of thirty (30) days after such date) and (B) which "control" of a licensed money transmitter is defined by (x) a percentage of a "class of voting securities" (or similar terminology) (a "**Voting Securities Jurisdiction**") or (y) a "controlling influence" (or similar terminology) (a "**Controlling Influence Jurisdiction**"), and, in each case, consent or notice relating to a change of "control" is required.

(2) "**Applicable Limit**" means, with respect to a Series F Holder, (A) the lowest percentage of ownership of a "class of voting securities" (or similar terminology) that constitutes control of a money transmitter in any Voting Securities Jurisdiction or (B) twenty-five percent (25%) in any Controlling Influence Jurisdiction that does not also define control as a percentage of a "class of voting securities" (or similar terminology) of less than twenty-five percent (25%), excluding in each case any Applicable Jurisdiction where the applicable MTL Authority, as required by applicable law, has consented to (or duly received notice of) such Series F Holder (together with its affiliates) obtaining control of the Corporation within the meaning of applicable law or determined that consent is not necessary or the Corporation and such Series F Holder have determined that consent is not necessary.

(3) "**Applicable Share Limit**" means, with respect to a Series F Holder, the product of (x) such Series F Holder's Applicable Limit and (y) the number of outstanding shares of Series F Preferred, minus one share of Series F Preferred.

(4) "**Control Restricted Holder**" means each Series F Holder for which there exists an Applicable Jurisdiction in which (i) the applicable MTL Authority has not, as required by applicable law, consented to (or duly received notice of) such Series F Holder (together with its affiliates) obtaining control of the Corporation within the meaning of applicable law, or the Corporation or the applicable MTL Authority has determined that consent is not necessary and (ii) the number of votes such Series F Holder would be entitled to cast in respect of its shares of Series F Preferred, as compared to the total number of votes all Series F Holders would be entitled to in respect of their shares of Series F Preferred, in each case, absent operation of this paragraph IV.E(4)(e), would meet or exceed (x) in a Voting Securities Jurisdiction, the percentage of ownership of a "class of voting securities" (or similar terminology) sufficient for obtaining control of the Corporation in such Voting Securities Jurisdiction or (y) in a Controlling Influence Jurisdiction that does not also define control as a percentage of a "class of voting securities" (or similar terminology) of less than twenty-five percent (25%), twenty-five percent (25%).

(5) "**Series F Holder**" means each holder of record of shares of Series F Preferred.

(6) "**Unrestricted Holder**" means each holder of record of shares of Series F Preferred that is not a Control Restricted Holder.

(ii) Adjustment of Votes. Notwithstanding paragraph IV.E(4)(d), with respect to any Series F Qualified Voting Matter, the number of votes each Series F Holder shall be entitled to cast with respect to a request for approval (by vote or written consent, as provided by law) of the holders of the outstanding shares of Series F Preferred pursuant to such paragraph shall be adjusted as follows:

(1) If, as of the time such approval is requested, there is at least one Unrestricted Holder, (x) each Series F Holder that is then a Control Restricted Holder shall be entitled to the number of votes equal to the lesser of (A) the number of votes such holder would ordinarily be entitled to in respect of its shares of Series F Preferred and (B) such Control Restricted Holder's Applicable Share Limit and (y) the aggregate votes that the Control Restricted Holders would be entitled to cast, in the aggregate, under clause (A) but for the limits of clause (B), if any, shall be reallocated proportionally among the Unrestricted Holders (with the largest Unrestricted Holder in terms of shares of Series F Preferred held entitled to any fractional votes resulting from such allocation). In no event shall an Unrestricted Holder receive an allocation that would make it a Control Restricted Holder. If any votes remain, such votes shall be allocated to a designee of the Board of Directors to vote in accordance with the manner determined by the Board of Directors with respect to such Series F Qualified Voting Matter but not to any Series F Holder that already holds its Applicable Share Limit. By way of illustration:

	Votes	Vote%	Applicable Limit	Vote Reduction	Vote Rellocation	Adj. Votes	Adj. Vote %
Unrestricted Holder A	300	30%	N/A	N/A	190	490	49.0%
Unrestricted Holder B	100	10%	N/A	N/A	63	163	16.3%
Control Restricted Holder A	200	20%	10%	101		99	9.9%
Control Restricted Holder B	200	20%	10%	101		99	9.9%
Control Restricted Holder C	200	20%	15%	51		149	14.9%
Totals:	1,000	100%		253	253	1000	100%

(2) If, as of the time such approval is requested, there is no Unrestricted Holder, (x) each Series F Holder shall be entitled to the number of votes equal to the lesser of (A) the number of votes such holder would ordinarily be entitled to in respect of its shares of Series F Preferred and (B) such Series F Holder's Applicable Share Limit, (y) the aggregate votes that the Series F Holders would be entitled to cast under clause (A) but for the limits of clause (B), shall be allocated among each Series F Holder that holds fewer shares than its Applicable Share Limit (a "**Below Limit Series F Holder**"), sequentially in order of Below Limit Series F Holders by the greatest to least number of shares of Series F held, until each successive Below Limit Series F Holder is entitled to the number of votes equal to such Below Limit Series F Holder's Applicable Shares Limit and (z) if any votes remain, such votes shall be allocated to a designee of the Board of Directors to vote in accordance with the manner determined by the Board of Directors with respect to such Series F Qualified Voting Matter but not to any Series F Holder that already holds its Applicable Share Limit. By way of illustration:

	Votes	Percent	Applicable Limit	Vote Reduction	Max Add. Votes	Vote Rellocation	Adj. Votes	Adj. Vote %
Control Restricted Holder A*	225	19%	30%	-	134	134	359	29.9%
Control Restricted Holder B*	175	15%	30%	-	184	70	245	20.4%
Control Restricted Holder C	200	17%	15%	21			179	14.9%
Control Restricted Holder D	200	17%	15%	21			179	14.9%
Control Restricted Holder E	200	17%	10%	81			119	9.9%
Control Restricted Holder F	200	17%	10%	81			119	9.9%
Totals:	1,200	100%		204		204	1200	100%

* Below Limit Series F Holder for purposes of this illustration

(3) For the avoidance of doubt, (x) if, at the time a request for approval (by vote or written consent, as provided by law) of the holders of the outstanding shares of Series F Preferred is requested for a Series F Qualified Voting Matter, there are no Control Restricted Holders, then this paragraph IV.E(4)(e) shall not apply and (y) a Series F Holder may become a Control Restricted Holder as a result of the redemption or repurchase by the Corporation of shares of its capital stock from other stockholders and thereafter this paragraph IV.E(4)(e) shall apply.

(f) Covenants. So long as any of the Series E Preferred shall be outstanding, the Corporation shall make available the following reports to holders of the Series E Preferred and so long as any of the Series F Preferred shall be outstanding, the Corporation shall make available the following reports to holders of the Series F Preferred:

(i) Annual Financial Statements. As soon as practicable, but in any event within 120 days after the end of each fiscal year of the Corporation, a consolidated statement of earnings for such fiscal year, a consolidated balance sheet of the Corporation as of the end of such year, and a consolidated statement of cash flows for such year, such year-end financial reports to be in reasonable detail, prepared in accordance with generally accepted accounting principles, and audited and certified by an independent public accounting firm selected by the Audit Committee of the Board of Directors.

(ii) Quarterly Financial Statements. Within 60 days of the end of each calendar quarter, an unaudited statement of earnings, balance sheet and statement of cash flow for or as of the end of such quarter, in reasonable detail.

(iii) Budgets. As soon as practicable, but in any event within 30 days after the beginning of each relevant fiscal year of the Corporation, a budget for such fiscal year as approved by the Corporation's Board of Directors.

(iv) Other Information. Copies of all information and reports delivered to the Corporation's lenders simultaneous with or immediately following the delivery of such information or reports to the Corporation's lenders.

The Corporation shall permit each holder of Series F Preferred, Series E Preferred, Series D Preferred, Series C Preferred, and Series B Preferred, at such holder's expense, to visit and inspect the Corporation's properties; examine its books of account and records; and discuss the Corporation's affairs, finances, and accounts with its officers, during normal business hours of the Corporation as may be reasonably requested by such holder.

5. Future Financings.

(a) Preemptive Right. The Corporation grants to each holder of shares of Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred and/or Series F Preferred (each, a "**Series B/C/D/E/F Holder**") a preemptive right to purchase such Series B/C/D/E/F Holder's pro-rata share, as defined below, of any equity securities of the Corporation or any of its subsidiaries, including shares of Common and/or Preferred and/or securities of any type convertible into, or entitling the holder thereof to purchase shares of, Common or Preferred (collectively, the "**Securities**"), proposed to be issued by the Corporation subsequent to the date hereof. Such Series B/C/D/E/F Holder's "**pro-rata share**" shall be that portion of the Securities proposed to be issued which bears the same relation to all of the Securities proposed to be issued as the Securities held by such Series B/C/D/E/F Holder (on an as-converted basis) bear to all outstanding shares of the Common and the Convertible Common, on an as converted to Common basis, combined (assuming for the purposes of such calculation the conversion of all outstanding securities which are convertible into Common without payment of additional consideration, and, if the Senior Preferred are still outstanding, the total number of shares of Convertible Common that would be issuable assuming a conversion of the Senior Preferred on such date pursuant to paragraph IV.G(2), including those held by the Series B/C/D/E/F Holder), all determined immediately prior to the offering of the Securities. For the avoidance of doubt, the preemptive right in this paragraph IV.E(5)(a) shall be combined, if applicable, with those preemptive rights set forth in paragraphs IV.D(5)(a), IV.G(4) and IV.I(2)(g) if such Series B/C/D/E/F Holder also is a Major Series A Holder, Senior Preferred Holder and/or Convertible Common Holder such that, (i) pursuant to this paragraph IV.E(5)(a), the Series B/C/D/E/F Holder will receive a preemptive right for its pro rata share based on its ownership of Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred and/or Series F Preferred, (ii) pursuant to paragraph IV.D(5)(a), its pro rata share based on its ownership of Series A Preferred, (iii) pursuant to paragraph IV.G(4), its pro rata share based on its ownership of Senior Preferred, and (iv) pursuant to paragraph IV.I(2)(g), its pro rata share based on its ownership of Convertible Common (to the extent applicable).

(b) Notice. In the event that the Corporation proposes to undertake an issue of Securities, it shall deliver to each Series B/C/D/E/F Holder written notice of its intention, describing such Securities, specifying each Series B/C/D/E/F Holder's pro-rata share and stating the purchase price and other terms upon which it proposes to issue the same (the "**Option Notice**"). For a period of twenty (20) days following the receipt of the Option Notice, each Series B/C/D/E/F Holder shall have the right to elect, by written notice to the Corporation, to purchase all or any portion of such Series B/C/D/E/F Holder's pro rata share of the Securities described in the Option Notice. The closing of any sale pursuant to this paragraph IV.E(5)(b) shall occur within ninety (90) days of the date that the Option Notice is given.

(c) Sale by the Corporation. If all of the Securities are not elected to be purchased or acquired as provide in paragraph IV.E(5)(b) then, during the 90 day period following the expiration of the periods set forth in paragraph IV.E(5)(b), the Corporation may sell, free of any preemptive right on such Series B/C/D/E/F Holder's part, the portion of such Series B/C/D/E/F Holder's pro-rata shares not purchased pursuant to such preemptive right, upon the same terms specified in the Option Notice. If the Corporation does not enter into an agreement for the sale of the Securities within such period, or if such agreement is not consummated within thirty (30) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such Securities shall not be offered unless first reoffered to the Series B/C/D/E/F Holders in accordance with this paragraph IV.E(5).

(d) Exceptions. The preemptive right granted under this Paragraph IV.E(5) shall not apply to (i) the Excluded Stock or (ii) Securities issued for non-cash consideration, or as a so-called "equity feature" (such as a warrant) of a transaction primarily involving debt securities or indebtedness for borrowed money, or pursuant to a merger or acquisition transaction, in each case, approved by a Qualified Board Approval.

F. Terms of Junior Series-1 Preferred.

There is hereby created a series of Four Hundred Thousand (400,000) shares of Preferred designated "Junior Series-1 Convertible Preferred" (the "**Junior Series-1 Preferred**") having the following powers, preferences and relative participating, optional or other special rights and qualifications, limitations or restrictions thereof in addition to those otherwise specified in this Certificate of Incorporation.

1. Junior Series-1 Dividends.

Subject to paragraphs IV.E(1), IV.E(4)(c), IV.E(4)(d), IV.G(1) and IV.H(1), no dividend or distribution of cash, capital stock or otherwise shall be declared or paid on the Common unless prior to or simultaneously with such declaration, a dividend or distribution is declared and paid on each share of Junior Series-1 Preferred in an amount equal to or greater than the amount that would have been received by the holders of the Junior Series-1 Preferred had such holders, on the record date for the Common dividend or distribution, held the number of shares of Common into which the Junior Series-1 Preferred would have been convertible upon conversion hereunder.

2. Junior Series-1 Conversion.

The Junior Series-1 Preferred shall be convertible into Common, as follows:

(a) Right to Convert. Each share of Junior Series-1 Preferred shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share, into the number of shares of Common which results from dividing the Junior Series-1 Conversion Price (as defined below) per share in effect at the time of conversion into the "**Junior Series-1 Conversion Value**" per share. The number of shares of Common into which a share of Junior Series-1 Preferred is convertible is hereinafter referred to as the "**Junior Series-1 Conversion Rate**." As of the Forward Stock Split Effective Time and taking into account the Forward Stock Split and the provisions of paragraph IV.F(2)(e)(ii), the Junior Series-1 Conversion Value is $12.02, the Junior Series-1 Conversion Price per share of Junior Series-1 Preferred (the "**Junior Series-1 Conversion Price**") is $3.005 and the Junior Series-1 Conversion Rate is 4. The Junior Series-1 Conversion Price shall be subject to adjustment as hereinafter provided.

(b) Automatic Conversion. Each share of Junior Series-1 Preferred shall automatically be converted into shares of Common at the then effective Junior Series-1 Conversion Rate immediately prior to the closing of a Qualified Offering.

(c) Mechanics of Conversion. Before any holder of Junior Series-1 Preferred shall be entitled to convert the same into shares of Common as provided in paragraph IV.F(2)(a), he shall surrender the certificate or certificates therefor, duly endorsed (or, if the holder notifies the Corporation that such certificate(s) have been lost, stolen or destroyed, an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates), at the office of the Corporation and shall give written notice to the Corporation at such office that he elects to convert the same. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Junior Series-1 Preferred a certificate or certificates, or at the Corporation's election, provide a statement that such shares are now held on the Corporation's stock records in a book entry position, for the number of shares of Common to which he shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Junior Series-1 Preferred to be converted, and the person or persons entitled to receive the shares of Common issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common on such date.

In the event of an automatic conversion pursuant to paragraph IV.F(2)(b), the outstanding shares of Junior Series-1 Preferred shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation; provided, however, that the Corporation shall not be obligated to issue certificates, or at the Corporation's election, a statement of book entry position, evidencing the shares of Common issuable upon such automatic conversion unless the certificates evidencing such shares of Junior Series-1

Preferred are either delivered to the Corporation as provided above, or the holder notifies the Corporation that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates. The Corporation shall, as soon as practicable after such delivery, or such agreement and indemnification in the case of a lost certificate, issue and deliver at such office to such holder of Junior Series-1 Preferred, a certificate or certificates, or at the Corporation's election, a statement of book entry position, for the number of shares of Common to which he shall be entitled as aforesaid and a check payable to the holder in the amount of any cash amounts payable as the result of a conversion into fractional shares of Common. Such conversion shall be deemed to have been made immediately prior to and shall be contingent upon the closing of a Qualified Offering, and the person or persons entitled to receive the shares of Common issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common on such date.

(d) Fractional Shares. No fractional shares of Common shall be issued upon conversion of the Junior Series-1 Preferred. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the Junior Series-1 Conversion Price.

(e) Adjustment of Junior Series-1 Conversion Price. The Junior Series-1 Conversion Price shall be subject to adjustment from time to time as follows:

(i) [Reserved]

(ii) If the number of shares of Common outstanding at any time after the date hereof is increased by a stock dividend payable in shares of Common or by a subdivision or split-up of shares of Common, then, on the date such payment is made or such change is effective, the Junior Series-1 Conversion Price shall be appropriately decreased so that the number of shares of Common issuable on conversion of the Junior Series-1 Preferred shall be increased in proportion to such increase of outstanding shares. For the sake of clarity, the amendments made to paragraph IV.F(2)(a) in the Second Amended and Restated Certificate of Incorporation were made to satisfy the provisions of this paragraph IV.F(2)(e)(ii) related to the Forward Stock Split and no further adjustments shall be made in connection with the Forward Stock Split.

(iii) If the number of shares of Common outstanding at any time after the date hereof is decreased by a combination of the outstanding shares of Common, then, on the effective date of such combination, the Junior Series-1 Conversion Price shall be appropriately increased so that the number of shares of Common issuable on conversion of the Junior Series-1 Preferred shall be decreased in proportion to such decrease in outstanding shares.

(iv) In case, at any time after the date hereof, of any capital reorganization, or any reclassification of the stock of the Corporation (other than a change in par value or as a result of a stock dividend or subdivision, split-up or combination of shares), or the consolidation or merger of the Corporation with or into another person (other than a consolidation or merger in which the Corporation is the continuing entity and which does not result in any change in the Common), or of the sale or other disposition of all or substantially all the properties and assets of the Corporation as an entirety to any other person, the shares of Junior Series-1 Preferred shall, if such event is not a Significant Transaction, after such reorganization, reclassification, consolidation, merger, sale or other disposition, be convertible into the kind and number of shares of stock or other securities or property of the Corporation or of the entity resulting from such consolidation or surviving such merger or to which such properties and assets shall have been sold or otherwise disposed to which such holder would have been entitled if immediately prior to such reorganization, reclassification, consolidation, merger, sale or other disposition he had converted his shares of Junior Series-1 Preferred into Common. The provisions of this paragraph IV.F(2)(e)(iv) shall similarly apply to successive reorganizations, reclassifications, consolidations, mergers, sales or other dispositions.

(v) All calculations under this paragraph IV.F(2)(e) shall be made to the nearest cent or to the nearest one hundredth (1/100) of a share, as the case may be.

(f) Minimal Adjustments. No adjustment in a Junior Series-1 Conversion Price need be made if such adjustment would result in a change in a Junior Series-1 Conversion Price of less than $0.01. Any adjustment of less than $0.01 which is not made shall be carried forward and shall be made at the time of and together with any subsequent adjustment which, on a cumulative basis, amounts to an adjustment of $0.01 or more in a Junior Series-1 Conversion Price.

(g) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of a Junior Series-1 Conversion Price pursuant to paragraph IV.F(2)(e), the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Junior Series-1 Preferred a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. Notwithstanding the foregoing, because the Corporation’s stockholders approved the Forward Stock Split and the adjustment of the Junior Series-1 Conversion Price based on the Forward Stock Split is set forth in this Certificate of Incorporation, the requirements set forth in the preceding sentence shall not be required for the Forward Stock Split. The Corporation shall, upon written request at any time of any holder of Junior Series-1 Preferred, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and readjustments, (ii) the Junior Series-1 Conversion Price at the time in effect for the Junior Series-1 Preferred held, and (iii) the number of shares of Common and the amount if any, of other property which at the time would be received upon the conversion of the Junior Series-1 Preferred.

(h) Notices of Record Date. In the event of any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, the Corporation shall mail to each holder of Junior Series-1 Preferred at least twenty (20) days prior to the date specified herein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend or distribution.

(i) Reservation of Stock Issuable Upon Conversion. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common solely for the purpose of effecting the conversion of the shares of the Junior Series-1 Preferred such number of its shares of Common as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Junior Series-1 Preferred; and if at any time the number of authorized but unissued shares of Common shall not be sufficient to effect the conversion of all then outstanding shares of the Junior Series-1 Preferred, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common to such number of shares as shall be sufficient for such purpose.

(j) Notices. Any notice required by the provisions of this Certificate of Incorporation to be given to the holder of shares of the Junior Series-1 Preferred shall be deemed given if (i) mailed, postage prepaid, and addressed to each holder of record at his latest address appearing on the books of the Corporation or (ii) given by email or other form of "electronic transmission" (as such term is defined in Section 232(c) of the Delaware General Corporation Law) in compliance with the provisions of the Delaware General Corporation Law and the Investor Rights Agreement.

(k) Action. The Corporation will not, by amendment of its charter documents or through any reorganization, recapitalization, consolidation, merger, dissolution, issuance or sale of securities or taking of any other action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this paragraph IV.F(2) and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the holders of the Junior Series-1 Preferred against impairment.

3. Redemption of Junior Series-1 Preferred.

(a) On or after the Redemption Date, any holder of Junior Series-1 Preferred may provide a written request to the Corporation (a "**Junior Series-1 Redemption Notice**") to redeem any or all of the Junior Series-1 of such holder at an amount equal to (i) $12.02 per share, minus (ii) any amounts previously distributed to such holder for such shares from declared and paid dividends, redemptions (whether voluntary or mandatory) or otherwise. The Corporation

shall, upon each of the six month, twelve-month and eighteen month anniversary of its receipt of a Junior Series-1 Redemption Notice, redeem for cash 1/3 of the shares of Junior Series-1 set forth in the Junior Series-1 Redemption Notice. Notwithstanding the foregoing, if the Corporation is in receipt of a Redeemable Preferred Election, Convertible Common Election, or Series E/F Redemption Notice at any time or has made a Corporation Redemption Election or Corporation Convertible Common Redemption Election when it has unpaid amounts to a holder of Junior Series-1 Preferred that has submitted a Junior Series-1 Redemption Notice, the Corporation shall subordinate its payment obligations to the holders of Junior Series-1 Preferred to its payment obligations to the holders of Redeemable Preferred, Convertible Common, Series E Preferred and/or Series F Preferred, as the case may be, until the Board of Directors makes a determination that adequate provision has been made to redeem the Redeemable Preferred, Convertible Common, Series E Preferred and/or Series F Preferred, as the case may be, subject to the Redeemable Preferred Election, Convertible Common Election, Corporation Redemption Election, Corporation Convertible Common Redemption Election or Series E/F Redemption Notice on a full and timely basis. If the Corporation fails to timely redeem the Junior Series-1 Preferred as set forth herein on any specified payment date, then the amount payable in respect of the Junior Series-1 Preferred as set forth herein shall be increased at the rate of 5.0% per annum, compounding quarterly, for the first twelve months from such specified payment date, and afterwards at a rate of 8.0% per annum, compounding quarterly, until such amount (including interest) shall be paid in full; provided, however, that no such interest shall accrue while the Corporation's payment obligations to the holders of Junior Series-1 Preferred are subordinated in accordance with the terms of this paragraph. Notwithstanding anything to the contrary herein, the holders of Junior Series-1 Preferred shall not have the right to request a redemption if an election to redeem Redeemable Preferred has been made and such redemption of Redeemable Preferred has not yet been consummated and paid in full.

(b) Any Junior Series-1 Redemption Notice shall be sent by first class certified mail, return receipt requested, postage prepaid, to the Corporation at its then current address, with a copy of any notice or other communication sent by electronic mail.

(c) Once redeemed pursuant to the provisions of this paragraph IV.F(3), shares of Junior Series-1 Preferred shall be cancelled and not subject to reissuance.

4. Junior Series-1 Protective Provisions.

So long as any of the Junior Series-1 Preferred shall be outstanding, the Corporation shall not without obtaining the approval (by vote or written consent, as provided by law) of the holders of not less than a majority of the outstanding shares of Junior Series-1 Preferred:

(a) Change of Rights. Materially and adversely alter or change the rights, preferences or privileges of the Junior Series-1 Preferred; provided however, that any Excluded Action shall not be deemed to materially and adversely alter or change the rights, preferences or privileges of the Junior Series-1 Preferred and therefore shall not require the approval of the Junior Series-1 Preferred voting as a class; or

(b) Reclassification. Reclassify any class or series of any Common into shares having any preference or priority as to dividends or assets superior to or on a parity with any such preference or priority of the Junior Series-1 Preferred.

G. Terms of Senior Preferred.

There is hereby created a series of Two million seven hundred and twenty two thousand one hundred and sixty six (2,722,166) shares of Preferred designated "Senior Convertible Preferred" (the "**Senior Preferred**") having the following powers, preferences and relative participating, optional or other special rights and qualifications, limitations or restrictions thereof in addition to those otherwise specified in this Certificate of Incorporation.

1. Senior Preferred Dividends. The holders of Senior Preferred shall be entitled to receive cumulative dividends at the rate of 12% of the applicable Senior Base Amount (as defined below) per share per annum (appropriately adjusted for any stock splits, dividends, combinations, recapitalization and the like, but for the sake of clarity, not adjusted for the Forward Stock Split) on each outstanding share of Senior Preferred payable in cash out of funds legally available therefore (the "**Senior Dividend**"), which dividends shall accrue and accumulate daily and be compounded quarterly, whether or not such dividends are declared by the Board of Directors or paid. The Board of Directors shall have the right to pay any portion of the accrued Senior Dividend at any time and the Senior Dividend shall be payable only when, as and if declared by the Board of Directors, but the Senior Dividend shall be payable in preference to any declaration or payment of any dividend on the Series A Preferred, the Series B Preferred, the Series C Preferred, the Series D Preferred, the Series E Preferred, the Series F Preferred, the Junior Series-1 Preferred, the Convertible Common and the Common (collectively, the "Other Junior Stock"). The "**Senior Base Amount**" equals $47.7561 per share (appropriately adjusted for any stock splits, dividends, combinations, recapitalization and the like, but for the sake of clarity, not adjusted for the Forward Stock Split) (the "**Senior Original Issue Price**") plus all accrued, but unpaid dividends as of the applicable date of determination. After the foregoing dividends on the Senior Preferred shall have been paid, then the Corporation may (when, as and if declared by the Board of Directors) declare and distribute dividends among the holders of Senior Preferred, the holders of the other series of Preferred and the holders of Common pro rata based on the number of shares of Common held by each, determined on an as-if-converted basis (assuming full conversion of all such Senior Preferred and Convertible Common) as of the record date with respect to the declaration of such dividends.

2. Senior Preferred Conversion. Shares of Senior Preferred shall be converted into Convertible Common and Redeemable Preferred in accordance with the following:

(a) Voluntary Conversion. Upon the written election of at least a majority of the outstanding shares of Senior Preferred (a "**Senior Majority**"), and without payment of any additional consideration, all of the outstanding shares of Senior Preferred shall be converted into fully paid and nonassessable shares of Redeemable Preferred and Convertible Common as follows: (i) that number of shares of Senior Preferred equal to the quotient of (A) the Senior Accrued Preference Amount (but for the purposes of this calculation, ignoring subsection (A)(ii) in the definition of Senior Accrued Preference Amount) for all such shares of Senior Preferred, divided by (B) $1,000, shall convert at a one-to-one ratio (each such amount appropriately adjusted for any stock splits, dividends, combinations, recapitalization and the like, but for the sake of clarity, not adjusted for the Forward Stock Split) into fully paid and nonassessable shares of Redeemable Preferred (the "**Redeemable Conversion Rate**"), and (ii) each remaining share of Senior Preferred after the conversion set forth in (i) above is complete (collectively, such shares, the "**Remaining Senior Preferred**") shall be converted into a number of shares of Convertible Common equal to the quotient of (A) Convertible Common Number, divided by and (B) the number of shares of Remaining Senior Preferred (the "**Common Conversion Rate**"). The "**Convertible Common Number**" equaled 696,402 prior to the Forward Stock Split Effective Time and as of the Forward Stock Split Effective Time and taking into account the Forward Stock Split equals 2,785,608 (appropriately adjusted for any stock splits, dividends, combinations, recapitalization and the like); Any election by a Senior Majority pursuant to this Section G.2(a) shall be made by written notice to the Corporation and the other holders of Senior Preferred, and such notice may be given at any time after the first issuance of Senior Preferred (the "**Senior Closing Date**") through and including the time which is immediately prior to the closing of any Liquidation Event or Significant Transaction. Upon such election, all holders of the Senior Preferred shall be deemed to have elected to voluntarily convert all outstanding shares of Senior Preferred into shares of Redeemable Preferred and Convertible Common pursuant to this paragraph IV.G(2)(a) and such election shall bind all holders of Senior Preferred.

(b) Automatic Conversion. Upon the occurrence of an Auto Conversion Event (as defined below), all shares of Senior Preferred shall automatically be converted, without the payment of any additional consideration, into fully paid and nonassessable shares of Redeemable Preferred and Convertible Common as follows: (i) that number of shares of Senior Preferred equal to the quotient of (A) the Senior Accrued Preference Amount (but for the purposes of this calculation ignoring subsection (A)(ii) in the definition of Senior Accrued Preference Amount) for all such shares of Senior Preferred, divided by (B) $1,000, shall convert at the Redeemable Conversion Rate, and (b) each share of Remaining Senior Preferred shall be converted into shares of Convertible Common at the Common Conversion Rate. An "**Auto Conversion Event**" shall mean the earliest of the following events: (i) the written request by a Senior Majority to redeem Redeemable Preferred or Convertible Common, only to the extent such Securities if outstanding would be subject to redemption pursuant to paragraph IV.H(2) and IV.I(2)(b), such conversion to be conditioned on the consummation of such redemption immediately after such conversion, (ii) the written request of the Corporation provided it is delivered simultaneously with an irrevocable redemption request with respect to Redeemable Preferred (that shall be subject to the terms of paragraph IV.H(2)), such conversion to be conditioned on the consummation of such redemption immediately after such conversion, and (iii) as of immediately prior, and in all cases subject to, the closing of (each an "**Offering**") a direct listing of the Corporation's securities or the Corporation's first underwritten public offering on a firm commitment basis by a nationally recognized investment banking organization or organizations pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale of Common.

(c) Procedure for Conversion.

(i) Voluntary Conversion. Upon election to convert pursuant to paragraph IV.G(2)(a), the relevant holder or holders of Senior Preferred shall surrender the certificate or certificates therefor, duly endorsed (or, if the holder notifies the Corporation that such certificate(s) have been lost, stolen or destroyed, an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates) at the Corporation's principal executive office. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Senior Preferred a certificate or certificates, or at the Corporation's election, provide a statement that such shares are now held on the Corporation's stock records in a book entry position, for the number of shares of Redeemable Preferred and Convertible Common to which he shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Senior Preferred to be converted, and the person or persons entitled to receive the shares of Redeemable Preferred and Convertible Common issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Redeemable Preferred and Convertible Common on such date.

(ii) Automatic Conversion. As of the date of automatic conversion pursuant to paragraph IV.G(2)(b) (the "**Automatic Conversion Date**"), all applicable shares of Senior Preferred shall be converted automatically into shares of Convertible Common and Redeemable Preferred without any further action by the holders of such shares and whether or not the certificates representing such shares of Senior Preferred are surrendered to the Corporation. On the Automatic Conversion Date, all rights with respect to the Senior Preferred so converted shall terminate, except (A) any of the rights of the holders thereof upon surrender of their certificate or certificates therefor or delivery of an affidavit of loss thereof to receive certificates, or at the Corporation's election, a statement of book entry position, for the number of shares of Convertible Common and Redeemable Preferred into which such shares of Senior Preferred have been converted and (B) for the avoidance of doubt, such termination shall not impact or otherwise limit or terminate any of the rights of the holders of Redeemable Preferred and Convertible Common issuable upon conversion of such Senior Preferred (including any right to elect redemption which may have been made prior to any such conversion). The Corporation shall not be obligated to issue certificates, or at the Corporation's election, a statement of book entry position, evidencing the shares of Convertible Common and Redeemable Preferred issuable upon such automatic conversion unless the certificates evidencing such shares of Senior Preferred are either delivered to the Corporation as provided above, or the holder notifies the Corporation that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates. The Corporation shall, as soon as practicable after such delivery, or such agreement and indemnification in the case of a lost certificate, issue and deliver at such office to such holder of Senior Preferred, a certificate or certificates, or at the Corporation's election, a statement of book entry position, for the number of shares of Convertible Common or Redeemable Preferred to which he shall be entitled as aforesaid and a check payable to the holder in the amount of any cash amounts payable as the result of a conversion into fractional shares of Convertible Common or Redeemable Preferred. If the Auto Conversion Event was due to an Offering, such conversion shall be deemed to have been made immediately prior to and shall be contingent upon the closing of the Offering, and the person or persons entitled to receive the shares of Redeemable Preferred and Convertible Common issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Redeemable Preferred and Convertible Common on such date.

(iii) Fractional Shares. No fractional shares of Convertible Common or Redeemable Preferred shall be issued upon conversion of the Senior Preferred. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the Board of Directors good faith business judgment of the fair market value of a share of Redeemable Preferred or Convertible Common, as applicable.

(iv) Reservation of Stock Issuable Upon Conversion. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common, Convertible Common and Redeemable Preferred, solely for the purpose of effecting the conversion of the shares of Senior Preferred, such number of its shares of Common, Convertible Common and Redeemable Preferred as shall from time to time be sufficient to effect the conversion of all outstanding shares of Senior Preferred; and if at any time the number of authorized but unissued shares of Common, Convertible Common and Redeemable Preferred shall not be sufficient to effect the conversion of all outstanding shares of Senior Preferred, the Corporation will take such corporate action as may, in the opinion of counsel, be necessary to increase its authorized but unissued shares of Common, Convertible Common and Redeemable Preferred to such number of shares as shall be sufficient for such purpose, and to reserve the appropriate number of shares of Common, Convertible Common and Redeemable Preferred for issuance upon such conversion.

(v) No Closing of Transfer Books. The Corporation shall not close its books against the transfer of shares of Senior Preferred in any manner that would interfere with the timely conversion of any shares of Senior Preferred.

(d) Action. The Corporation will not, by amendment of its charter documents or through any reorganization, recapitalization, consolidation, merger, dissolution, issuance or sale of securities or taking of any other action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this paragraph IV.G(2) and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the holders of the Senior Preferred against impairment.

3. Approval of Senior Preferred. So long as any shares of Senior Preferred shall be outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, without obtaining the prior approval (by vote or written consent, as provided by law) of the Senior Majority:

(a) Preferred Terms. Amend, alter or repeal any provision of this Certificate of Incorporation or any provision of the Bylaws of the Corporation in any manner that would adversely affect the rights, powers, preferences or privileges of the holders of Senior Preferred or Redeemable Preferred (including, without limitation, increasing the total number of shares of Senior Preferred and Redeemable Preferred that the Corporation shall have the authority to issue); provided, however, that for the avoidance of doubt, any such amendments or

alterations that adversely affect only the rights of the Convertible Common or Common without regard to the rights of the Senior Preferred or Redeemable Preferred shall not require the separate consent of the holders of the Senior Preferred; provided further however, that (i) increasing the number of authorized shares of Common or of any series of Preferred junior in dividend, liquidation and redemption rights to the Senior Preferred and Redeemable Preferred or (ii) creating a new series of Preferred junior in dividend, liquidation and redemption rights to the Senior Preferred and Redeemable Preferred, shall in either case not be deemed to adversely alter, modify, change or affect the terms, rights, powers, preferences or privileges of the holders of Senior Preferred or Redeemable Preferred and therefore shall not require the approval of the Senior Preferred voting as a class;

(b) Create a New Senior Class. (A) Adopt any Series Resolution or create any new class or series of Securities having preferences senior or *pari passu* to the Senior Preferred or Redeemable Preferred as to liquidation preference, redemption, dividends or assets or as to any other rights, powers, preferences or privileges (other than voting, approval and conversion rights), (B) authorize or issue any Securities of any class or series or any bonds, debentures, notes or other obligations convertible into or exchangeable for, or having option rights to purchase, any Securities other than, in the case of all of the above actions, stock junior to the Senior Preferred and Redeemable Preferred in preference and priority as to liquidation preference, redemption, dividends or assets and as to any other rights, powers, preferences or privileges (other than voting, approval and conversion rights) or (C) permit any subsidiary of the Corporation to issue any capital stock, or securities convertible into or exercisable or exchangeable for capital stock or other securities of such subsidiary, to any person or entity other than the Corporation; or

(c) Payment of Dividends. Purchase or redeem, or pay any dividend with respect to, or make any distributions on, any shares of capital stock of the Corporation, other than (A) dividends payable to the Senior Preferred as required pursuant to Section IV.G.1, (B) dividends payable solely in shares of Common, (C) the redemption of Preferred as expressly set forth herein, provided that the holders of any series of stock other than the Senior Preferred and Redeemable Preferred shall not have the right to request a redemption if an election to redeem Redeemable Preferred has been made and such redemption of Redeemable Preferred has not yet been consummated and paid in full, or (D) repurchases of stock from former employees, officers, directors, consultants or other persons who performed services for the Corporation or any subsidiary in connection with the cessation of such employment or service at a price not to exceed the then-current fair market value thereof as approved by the Board of Directors (not to exceed 20,000 shares in any given calendar year, including in such total any shares redeemed from any subsidiary of the Corporation).

4. Future Financings.

(a) Preemptive Right. The Corporation grants to each holder of shares of Senior Preferred (each, a "**Senior Preferred Holder**") a preemptive right to purchase such Senior Preferred Holder's pro-rata share, as defined below, of any Securities proposed to be issued by the Corporation subsequent to the date hereof. Such Senior Preferred Holder's "**pro-rata share**" shall be that portion of the Securities proposed to be issued which bears the same relation to all of the Securities proposed to be issued as the number of shares of Convertible Common, on an as converted to Common basis, held by such Senior Preferred Holder (assuming a conversion of the Senior Preferred on such date pursuant to paragraph IV.G(2)) bear to all outstanding shares of the Common (assuming for the purposes of such calculation the conversion of all outstanding securities which are convertible into Common without payment of additional consideration, and the total number of shares of Convertible Common that would be issuable assuming a conversion of Senior Preferred on such date pursuant to paragraph IV.G(2), including those held by the Senior Preferred Holder), all determined immediately prior to the offering of the Securities. For the avoidance of doubt, the preemptive right in this paragraph IV.G(4) shall be combined, if applicable, with those preemptive rights set forth in paragraphs IV.D(5)(a) and IV.E(5)(a) if such Senior Preferred Holder also is a Major Series A Holder or Series B/C/D/E/F Holder such that, (i) pursuant to this paragraph IV.G(4), the Senior Preferred Holder will receive a preemptive right for its pro rata share based on its ownership of Senior Preferred, (ii) pursuant to paragraph IV.D(5)(a), its pro rata share based on its ownership of Series A Preferred, and (iii) pursuant to paragraph IV.E(5)(a), its pro rata share based on its ownership of Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred or Series F Preferred.

(b) Notice. In the event that the Corporation proposes to undertake an issue of Securities, it shall deliver to each Senior Preferred Holder written notice of its intention, describing such Securities, specifying each Senior Preferred Holder's pro-rata share and stating the purchase price and other terms upon which it proposes to issue the same (the "**Senior Preferred Option Notice**"). For a period of twenty (20) days following the receipt of the Senior Preferred Option Notice, each Senior Preferred Holder shall have the right to elect, by written notice to the Corporation, to purchase all or any portion of such Senior Preferred Holder's pro rata share of the Securities described in the Senior Preferred Option Notice. The closing of any sale pursuant to this paragraph IV.G(4)(b) shall occur within ninety (90) days of the date that the Senior Preferred Option Notice is given.

(c) Sale by the Corporation. If all of the Securities are not elected to be purchased or acquired as provided in paragraph IV.G(4)(b) then, during the 90 day period following the expiration of the periods set forth in paragraph IV.G(4)(b), the Corporation may sell, free of any preemptive right on such Senior Preferred Holder's part, the portion of such Senior Preferred Holder's pro-rata shares not purchased pursuant to such preemptive right, upon the same terms specified in the Senior Preferred Option Notice. If the Corporation does not enter into an agreement for the sale of the Securities within such period, or if such agreement is not consummated within thirty (30) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such Securities shall not be offered unless first reoffered to the Senior Preferred Holders in accordance with this paragraph IV.G(4).

(d) Exceptions. The preemptive right granted under this Paragraph IV.G(4) shall not apply to (i) the Excluded Stock or (ii) Securities issued for non-cash consideration, or as a so-called "equity feature" (such as a warrant) of a transaction primarily involving debt securities or indebtedness for borrowed money, or pursuant to a merger or acquisition transaction, in each case, approved by a Qualified Board Approval.

5. Notice; Adjustments; Waivers.

(a) Liquidation Events, Etc. In the event (i) the Corporation establishes a record date to determine the holders of any class of securities who are entitled to receive any dividend or other distribution (other than pursuant to IV.G(1) or IV.H(1)) or who are entitled to vote at a meeting (or by written consent) in connection with any of the transactions identified in clause (ii) hereof, or (ii) any Liquidation Event, Significant Transaction or Offering becomes reasonably likely to occur, the Corporation shall use commercially reasonable efforts to provide written notice to each holder of Senior Preferred at least ten (10) days prior to such record date specified therein or the expected effective date of any such transaction, whichever is earlier, a notice specifying (A) the date of such record date for the purpose of such dividend or distribution or meeting or consent and a description of such dividend or distribution or the action to be taken at such meeting or by such consent, (B) the date on which any such Liquidation Event, Significant Transaction or Offering is expected to become effective, and (C) the date on which the books of the Corporation shall close or a record shall be taken with respect to any such event. Such notice shall be accompanied by a certificate prepared by the chief financial officer of the Corporation describing in reasonable detail (1) the facts of such transaction, (2) the amount(s) per share of Senior Preferred, Redeemable Preferred or Common each holder of Senior Preferred would receive pursuant to the applicable provisions of this Certificate of Incorporation (or if such amounts are unknown, a reasonable estimate or range of such amounts), and (3) the facts upon which such amounts were determined.

(b) Adjustments; Calculations. Upon the occurrence of each adjustment or readjustment of the Common Conversion Rate or the Redeemable Conversion Rate, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Senior Preferred a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. Notwithstanding the foregoing, because the Corporation's stockholders approved the Forward Stock Split, the requirements set forth in the preceding sentence shall not be required for the Forward Stock Split. All such calculations shall be made to the nearest cent or to the nearest one hundredth (1/100) of a share as the case may be.

(c) Waiver of Notice. The holders of a Senior Majority may, at any time upon written notice to the Corporation, waive any notice or certificate delivery provisions specified herein for the benefit of such holders, and any such waiver shall be binding upon all holders of such securities.

(d) Other Waivers. The holders of a Senior Majority may, at any time upon written notice to the Corporation, waive compliance by the Corporation with any term or provision herein, provided that any such waiver does not affect any holder of outstanding shares of Senior Preferred in a manner materially different than any other holder, and any such waiver shall be binding upon all holders of Senior Preferred and their respective transferees.

(e) Notices. Any notice required by the provisions of this Certificate of Incorporation to be given to the holder of shares of the Senior Preferred shall be deemed given if (i) mailed, postage prepaid, and addressed to each holder of record at his latest address appearing on the books of the Corporation or (ii) given by email or other form of "electronic transmission" (as such term is defined in Section 232(c) of the Delaware General Corporation Law) in compliance with the provisions of the Delaware General Corporation Law and the Investor Rights Agreement (as defined below).

6. No Reissuance of Senior Preferred. No share or shares of Senior Preferred acquired by the Corporation by reason of redemption, purchase, conversion or otherwise shall be reissued, and all such shares shall be canceled, retired and eliminated from the shares which the Corporation shall be authorized to issue.

H. Terms of Redeemable Preferred.

There is hereby created a series of Three Hundred and Fifty Thousand (350,000) shares of Preferred designated "Redeemable Preferred" (the "**Redeemable Preferred**") having the following powers, preferences and relative participating, optional or other special rights and qualifications, limitations or restrictions thereof in addition to those otherwise specified in this Certificate of Incorporation.

1. Redeemable Preferred Dividends. The holders of Redeemable Preferred shall be entitled to receive cumulative dividends at the rate of 12% of the applicable Redeemable Preferred Base Amount (as defined below) per share per annum (appropriately adjusted for any stock splits, dividends, combinations, recapitalization and the like, but for the sake of clarity, not adjusted for the Forward Stock Split) on each outstanding share of Redeemable Preferred payable in cash out of funds legally available therefore (the "**Redeemable Preferred Dividend**"), which dividends shall accrue and accumulate daily and be compounded quarterly, whether or not such dividends are

declared by the Board of Directors or paid. The Board of Directors shall have the right to pay any portion of the accrued Redeemable Preferred Dividend at any time and the Redeemable Preferred Dividend shall be payable only when, as and if declared by the Board of Directors, but the Redeemable Preferred Dividend shall be payable in preference to any declaration or payment of any dividend on the Other Junior Stock. The "**Redeemable Preferred Base Amount**" initially equals $1,000 per share (appropriately adjusted for any stock splits, dividends, combinations, recapitalization and the like, but for the sake of clarity, not adjusted for the Forward Stock Split) (the "**Redeemable Preferred Original Issue Price**") but will include all accrued, but unpaid dividends on the Redeemable Preferred (collectively, "**Redeemable Accrued Dividends**") as of the applicable date of determination on the Redeemable Preferred. After the foregoing dividends on the Redeemable Preferred shall have been paid, then the Corporation may (when, as and if declared by the Board of Directors) declare and distribute dividends among the holders of the other series of Preferred and the holders of Common pro rata based on the number of shares of Common held by each, determined on an as-if-converted basis (assuming full conversion of all such Convertible Common) as of the record date with respect to the declaration of such dividends.

2. Redemption of Redeemable Preferred.

(a) Optional Redemption by Holders; Redemption Date. On or after the date that is six years from the Effective Date, the holders of at least a majority of the outstanding shares of Redeemable Preferred (a "**Redeemable Preferred Majority**") (or, to the extent that the Redeemable Preferred has not been converted as of a Redeemable Preferred Redemption Date (as defined below), a Senior Majority) may elect to have all of the then (or the to-be) outstanding shares of Redeemable Preferred redeemed (a "**Redeemable Preferred Election**"). In such event, the Corporation shall, to the extent not prohibited by applicable law, redeem that number of shares of Redeemable Preferred as requested by the Redeemable Preferred Majority (or Senior Majority, as applicable) for an amount in cash per share equal to the Redeemable Preferred Redemption Price (as defined below). Without limiting the provisions of paragraph IV.H(2)(d) and also the Corporation's election below to make payments in 1/2 or 1/3 tranches, upon such event, the Corporation shall apply its assets to any such redemption, except to the extent prohibited by applicable law. Any elections by the Redeemable Preferred Majority (or Senior Majority, as applicable) pursuant to this IV.H(2)(a) shall be made by written notice to the Corporation and the other then or potential future holders of Redeemable Preferred (which may be delivered beginning at any time from and after the five and a half year (5 ½) year anniversary of the Effective Date) and at least one hundred eighty (180) days prior to the elected redemption date (such elected date, a "**Redeemable Preferred Redemption Date**"). Such election shall bind all holders of Redeemable Preferred. Notwithstanding the foregoing, upon receipt of any Redeemable Preferred Election, the Corporation may elect (via notice sent within thirty (30) days after such receipt): (i) to redeem for cash on the original Redeemable Preferred Redemption Date no less than one-half (1/2) of the shares of Redeemable Preferred, and to redeem for cash on the

date that is six (6) months after the original Redeemable Preferred Redemption Date the remainder of the shares of Redeemable Preferred (and each such date of payment shall be deemed a "Redeemable Preferred Redemption Date" with respect to such shares); or (ii) to redeem for cash on the original Redeemable Preferred Redemption Date no less than one-third (1/3) of the shares of Redeemable Preferred, to redeem for cash on the date that is six (6) months after the original Redeemable Preferred Redemption Date one-third (1/3) of the shares of Redeemable Preferred, and to redeem for cash on the date that is twelve (12) months after the original Redeemable Preferred Redemption Date the remainder of the shares of Redeemable Preferred (and each such date of payment shall be deemed a "**Redeemable Preferred Redemption Date**" with respect to such shares); provided, in each of (i) and (ii), that dividends will continue to accrue on any outstanding shares of Redeemable Preferred in accordance with paragraph IV.H(1) until fully paid.

(b) Optional Redemption by Corporation; Redemption Date. Subject to paragraph IV.H(2)(a), at any time, the Corporation may irrevocably elect to redeem all of the then-outstanding shares of Redeemable Preferred (a "**Corporation Redemption Election**"). In such event, the Corporation shall, to the extent not prohibited by applicable law, redeem such shares of Redeemable Preferred for an amount in cash per share equal to the Redeemable Preferred Redemption Price. Without limiting the provisions of paragraph IV.H(2)(d) and also the Corporation's election below to make payments in 1/2 or 1/3 tranches, upon such event, the Corporation shall apply its assets to any such redemption, except to the extent prohibited by applicable law. Any election by the Corporation pursuant to this paragraph IV.H(2)(b) shall be made by written notice to the holders of Redeemable Preferred at least thirty (30) days prior (but no more than ninety (90) days prior) to the elected redemption date (such elected date, a "**Redeemable Preferred Redemption Date**"). Such election shall bind all holders of Redeemable Preferred. Notwithstanding the foregoing, the Corporation may elect in its Corporation Redemption Election: (i) to redeem for cash one-half (1/2) of the shares on the original Redeemable Preferred Redemption Date, and to redeem for cash on the date that is six (6) months after the original Redeemable Preferred Redemption Date the remainder of the shares of Redeemable Preferred (and each such date of payment shall be deemed a "Redeemable Preferred Redemption Date" with respect to such shares); or (ii) to redeem for cash on an original Redeemable Preferred Redemption Date no less than one-third (1/3) of the shares of Redeemable Preferred, to redeem for cash on the date that is six (6) months after the original Redeemable Preferred Redemption Date one-third (1/3) of the shares of Redeemable Preferred, and to redeem for cash on the date that is twelve (12) months after the original Redeemable Preferred Redemption Date the remainder of the shares of Redeemable Preferred (and each such date of payment shall be deemed a "Redeemable Preferred Redemption Date" with respect to such shares); provided, in each of (i) and (ii), that dividends will continue to accrue on any outstanding shares of Redeemable Preferred in accordance with paragraph IV.H(1) until fully paid.

(c) Redemption Price. The price for each share of Redeemable Preferred (the "**Redeemable Preferred Redemption Price**") shall be an amount equal to the Redeemable Preferred Preference Amount. The aggregate Redeemable Preferred Redemption Price shall be payable in cash in immediately available funds to the respective holders of Redeemable Preferred on the Redeemable Preferred Redemption Date.

(d) Insufficient Funds. Except to the extent prohibited by applicable law, the Corporation shall use its best efforts to effect the redemption of the applicable shares of Redeemable Preferred on the Redeemable Preferred Redemption Date, including, without limitation, (i) take any action necessary or appropriate, to the extent lawful and reasonably within its control, to remove promptly any impediments to its ability to redeem the total number of shares of Redeemable Preferred required to be so redeemed, including, without limitation, (A) to the extent permissible under applicable law, reducing the stated capital of the Corporation or causing a revaluation of the assets of the Corporation under Section 154 of the General Corporation Law to create sufficient surplus to make such redemption, (B) raising equity financing necessary to make such redemption and (C) modifying any existing indebtedness of the Corporation or incurring any indebtedness necessary to make such redemption, and (ii) in any event, use any funds that are legally available to redeem the maximum possible number of such shares from the holders of such shares to be redeemed in proportion to the respective number of such shares that otherwise would have been redeemed if all such shares had been redeemed in full. In the event that all such shares are not redeemed on the applicable Redeemable Preferred Redemption Date, the Corporation shall continue to use such best efforts and at any time thereafter when additional funds of the Corporation are legally available to redeem such shares of Redeemable Preferred, the Corporation shall immediately use such funds to redeem the balance of the shares that the Corporation became obligated to redeem on the Redeemable Preferred Redemption Date (but which it has not yet redeemed).

(e) Interest. If any shares of Redeemable Preferred are not redeemed on the Redeemable Preferred Redemption Date for any reason for six (6) months, all such unredeemed shares shall remain outstanding and entitled to all the rights, powers and preferences provided herein, and the Corporation shall pay interest on the Redeemable Preferred Redemption Price applicable to such unredeemed shares (retroactive to the Redeemable Preferred Redemption Date) at an aggregate per annum rate equal to 1 percent (1%) (increased by 1% at the end of each six (6) month period thereafter until the Redeemable Preferred Redemption Price, and any interest thereon, is paid in full), with such interest to accrue daily in arrears and to be compounded quarterly; provided, however, that in no event shall such interest exceed the lower of (x) ten percent (10%) and (y) the maximum permitted rate of interest under applicable law provided that the Corporation shall take all actions as may be necessary, including without limitation, making any applicable governmental filings, to cause the Maximum Permitted Rate to be the highest possible rate (the lower of (x) and (y), "Maximum Permitted Rate"). In the event

that fulfillment of any provision hereof results in such rate of interest being in excess of the Maximum Permitted Rate, the amount of interest required to be paid hereunder shall automatically be reduced to eliminate such excess; provided, however, that any subsequent increase in the maximum permitted rate of interest under applicable law (provided that such increase does not cause the interest rate to be greater than ten percent (10%)) shall be retroactively effective to the applicable Redeemable Preferred Redemption Date to the extent permitted by law. In no event shall the interest rate provided in this paragraph IV.H(2) exceed twenty-two percent (22%).

(f) Rights After Redemption Date. Without limitation of paragraph IV.H(2)(e), in the event that shares of Redeemable Preferred are not redeemed on the Redeemable Preferred Redemption Date for any reason and continue to be outstanding, such shares shall continue to be entitled to all the powers, preferences and rights of the Redeemable Preferred until the date on which the Corporation actually redeems such shares and the applicable Redeemable Preferred Redemption Price shall be adjusted upward as applicable with respect to accruing and accumulating dividends.

(g) Surrender of Certificates. Each holder of shares of Redeemable Preferred to be redeemed shall surrender the certificate or certificates, or if such shares are held on the Corporation's stock records in a book entry position, a notice of surrender and a stock power, representing such shares to the Corporation, duly endorsed for transfer to the Corporation (or accompanied by duly executed stock powers relating thereto), or, if the holder notifies the Corporation that such certificate(s) have been lost, stolen or destroyed, an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates, at the principal executive office of the Corporation. Each surrendered certificate (or book entry position) shall be canceled and retired and the Corporation shall thereafter make payment of the applicable Redeemable Preferred Redemption Price by certified check or wire transfer and, in the event that less than all of the shares of Redeemable Preferred represented by a certificate (or book entry position) are redeemed, the Corporation shall issue a new certificate (or statement of book entry position) evidencing the unredeemed shares of Redeemable Preferred. In furtherance of the foregoing, in the event that all shares of Redeemable Preferred are not redeemed on the Redeemable Preferred Redemption Date for any reason, each such holder shall, in addition to receiving the payment of the portion of the aggregate Redeemable Preferred Redemption Price applicable to the shares of Redeemable Preferred so redeemed, receive a new stock certificate (or statement of book entry position) for those shares of Redeemable Preferred not so redeemed.

(h) Redemption Request Prior to Conversion. A written redemption request made by the Corporation to the holders of Senior Preferred, or by a Senior Majority to the Corporation, proposing to convert the Senior Preferred in order to effect a redemption of the Redeemable Preferred received upon such conversion, shall apply to the as-converted number of shares of Redeemable Preferred if the Senior Preferred is converted into Redeemable Preferred and Convertible Common after such request has been made and immediately prior to such redemption (including via automatic conversion), with references to Redeemable Preferred Majority in this paragraph IV.H(2) to refer to the Senior Majority prior to such conversion.

(i) Certain Approvals. In the event leading up to or after a Redeemable Preferred Redemption Date, the Corporation would need to seek an approval from the Senior Preferred or Redeemable Preferred for any action pursuant to IV.G(3) or IV.H(3) that will directly enable the Corporation to raise the funds for the complete redemption pursuant to this IV.H(2), such Senior Preferred or Redeemable Preferred approval will not be necessary provided that any such action requiring consent shall be conditioned on payment in full of the Redeemable Preferred Redemption Price in cash on the effective date of such action and such payment is made on such date and holders of Redeemable Preferred have no ongoing exposure or liability with respect to the payment of the Redeemable Preferred Redemption Price.

3. Approval of Redeemable Preferred. So long as any shares of Redeemable Preferred shall be outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, without obtaining the prior approval (by vote or written consent, as provided by law) of the holders of not less than a majority of the outstanding shares of Redeemable Preferred:

(a) Preferred Terms. Amend, alter or repeal any provision of this Certificate of Incorporation or any provision of the Bylaws of the Corporation in any manner that would adversely affect the rights, powers, preferences or privileges of the holders of Redeemable Preferred (including, without limitation, increasing the total number of shares of Redeemable Preferred that the Corporation shall have the authority to issue); provided, however, that for the avoidance of doubt, any such amendments or alterations that adversely affect only the rights of the Convertible Common or Common without regard to the rights of the Redeemable Preferred shall not require the separate consent of the holders of the Redeemable Preferred; provided further however, that (i) increasing the number of authorized shares of Common or of any series of Preferred junior in dividend, liquidation and redemption rights to the Redeemable Preferred or (ii) creating a new series of Preferred junior in dividend, liquidation and redemption rights to the Redeemable Preferred, shall, in either case, not be deemed to adversely alter, modify, change or affect the terms, rights, powers, preferences or privileges of the holders of Redeemable Preferred and therefore shall not require the approval of the Redeemable Preferred voting as a class;

(b) Create a New Senior Class. (A) Adopt any Series Resolution or create any new class or series of Securities having preferences senior or *pari passu* to the Redeemable Preferred as to liquidation preference, redemption, dividends or assets or as to any other rights, powers, preferences or privileges (other than voting, approval and conversion rights), (B) authorize or issue any Securities of any class or series or any bonds, debentures, notes or other obligations convertible into or exchangeable for, or having option rights to purchase, any Securities other than, in the case of all of the above actions, stock junior to the Redeemable Preferred in preference and priority as to liquidation preference, redemption, dividends or assets and as to any other rights, powers, preferences or privileges (other than voting, approval and conversion rights) or (C) permit any subsidiary of the Corporation to issue any capital stock, or securities convertible into or exercisable or exchangeable for capital stock or other securities of such subsidiary, to any person or entity other than the Corporation; or

(c) Payment of Dividends. Purchase or redeem, or pay any dividend with respect to, or make any distributions on, any shares of capital stock of the Corporation, other than (A) dividends payable to the Redeemable Preferred as required pursuant to Section IV.H.1, (B) dividends payable solely in shares of Common, (C) the redemption of Preferred as expressly set forth herein, provided that the holders of any series of stock other than the Senior Preferred and Redeemable Preferred shall not have the right to request a redemption if an election

to redeem Redeemable Preferred has been made and such redemption of Redeemable Preferred has not yet been consummated and paid in full, or (D) repurchases of stock from former employees, officers, directors, consultants or other persons who performed services for the Corporation or any subsidiary in connection with the cessation of such employment or service at a price not to exceed the then-current fair market value thereof as approved by the Board of Directors (not to exceed 20,000 shares in any given calendar year, including in such total any shares redeemed from any subsidiary of the Corporation).

4. [Reserved.]

5. Notice; Waivers.

(a) Liquidation Events Etc. In the event (i) the Corporation establishes a record date to determine the holders of any class of securities who are entitled to receive any dividend or other distribution (other than pursuant to IV.G(1) or IV.H(1)) or who are entitled to vote at a meeting (or by written consent) in connection with any of the transactions identified in clause (ii) hereof, or (ii) any Liquidation Event, Significant Transaction or Offering becomes reasonably likely to occur, the Corporation shall use commercially reasonable efforts to provide written notice to each holder of Redeemable Preferred at least ten (10) days prior to such record date specified therein or the expected effective date of any such transaction, whichever is earlier, a notice specifying (A) the date of such record date for the purpose of such dividend or distribution or meeting or consent and a description of such dividend or distribution or the action to be taken at such meeting or by such consent, (B) the date on which any such Liquidation Event, Significant Transaction or Offering is expected to become effective, and (C) the date on which the books of the Corporation shall close or a record shall be taken with respect to any such event. Such notice shall be accompanied by a certificate prepared by the chief financial officer of the Corporation describing in reasonable detail (1) the facts of such transaction, (2) the amount(s) per share of Redeemable Preferred or Common each holder of Redeemable Preferred would receive pursuant to the applicable provisions of this Certificate of Incorporation (or, if such amounts are unknown, a reasonable estimate or range of such amounts), and (3) the facts upon which such amounts were determined.

(b) Waiver of Notice. A Redeemable Preferred Majority may, at any time upon written notice to the Corporation, waive any notice or certificate delivery provisions specified herein for the benefit of such holders, and any such waiver shall be binding upon all holders of such securities.

(c) Other Waivers. A Redeemable Preferred Majority may, at any time upon written notice to the Corporation, waive compliance by the Corporation with any term or provision herein, provided that any such waiver does not affect any holder of outstanding shares of Redeemable Preferred in a manner materially different than any other holder, and any such waiver shall be binding upon all holders of Redeemable Preferred and their respective transferees.

(d) Notices. Any notice required by the provisions of this Certificate of Incorporation to be given to the holder of shares of the Redeemable Preferred shall be deemed given if (i) mailed, postage prepaid, and addressed to each holder of record at his latest address appearing on the books of the Corporation or (ii) given by email or other form of "electronic transmission" (as such term is defined in Section 232(c) of the Delaware General Corporation Law) in compliance with the provisions of the Delaware General Corporation Law and the Investor Rights Agreement (as defined below).

6. No Reissuance of Redeemable Preferred. No share or shares of Redeemable Preferred acquired by the Corporation by reason of redemption, purchase, conversion, exchange or otherwise shall be reissued, and all such shares shall be canceled, retired and eliminated from the shares which the Corporation is authorized to issue.

I. **Convertible Common**

1. [Reserved.]

2. **Terms of Convertible Common**.

The shares designated as Convertible Common shall have the following powers, special rights and qualifications, limitations or restrictions thereof in addition to those otherwise specified in this Certificate of Incorporation.

(a) Dividends. Subject to the payment in full of all preferential dividends to which the holders of Senior Preferred, Redeemable Preferred, Series A Preferred, Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred, Series F Preferred and Junior Series-1 Preferred are entitled and the other restrictions hereunder, if the Board of Directors issues dividends to the holders of Common, the holders of Convertible Common shall be entitled to participate on a pari passu basis in any such dividends with the holders of Common on an as-if converted to Common basis.

(b) Redemption of Convertible Common.

(i) Optional Redemption by Holders; Redemption Date. At any time (x) immediately prior to and from and after a Significant Transaction (unless the Senior Preferred is paid the full Senior Preference Amount), (y) on or after the date that is six years from the Effective Date, or (z) immediately prior to an Offering, the holders of at least a majority of the outstanding shares of Convertible Common, voting together as a separate class (a "**Convertible Common Majority**") (or, to the extent that the Convertible Common has not been converted as of a Convertible Common Redemption Date (as defined below), a Senior Majority) may elect to have all of the then (or the to-be) outstanding shares of Convertible Common redeemed (each a "**Convertible Common Election**"). In connection with any Convertible Common Election, the Corporation shall, to the extent not

prohibited by applicable law, redeem that number of shares of Convertible Common as requested by the Convertible Common Majority (or Senior Majority, as applicable) for an amount in cash per share equal to the Convertible Common Redemption Price (as defined below). Without limiting the provisions of paragraph IV.I(2)(b)(iv) and also the Corporation's election below to make payments in 1/2 or 1/3 tranches, upon such event, the Corporation shall apply its assets to any such redemption, except to the extent prohibited by applicable law. Any elections by the Convertible Common Majority (or Senior Majority, as applicable) pursuant to this paragraph IV.I(2)(b)(i) shall be made by written notice to the Corporation and the other then or potential future holders of Convertible Common, which may be delivered (A) at any time immediately prior to or after a Significant Transaction, (B) five (5) days prior to the expected Offering or (C) at any time from and after the five and a half (5 ½) year anniversary of the Effective Date (a "**Time Based Election**") and, with respect only to a Time Based Election, at least one hundred eighty (180) days prior to the elected redemption date (each such elected date, a "**Convertible Common Redemption Date**"). Such election shall bind all current and future holders of Convertible Common. Notwithstanding the foregoing, upon receipt of any Convertible Common Election pursuant to clause (y) above, the Corporation may elect (via notice sent within twenty (20) days after such receipt): (i) to redeem for cash on the original Convertible Common Redemption Date no less than one-half (1/2) of the shares of Convertible Common, and to redeem for cash on the date that is six (6) months after the original Convertible Common Redemption Date the remainder of the shares of Convertible Common (and each such date of payment shall be deemed a "**Convertible** Common Redemption Date" with respect to such shares); or (ii) to redeem for cash on the original Convertible Common Redemption Date no less than one-third (1/3) of the shares of Convertible Common, to redeem for cash on the date that is six (6) months after the original Convertible Common Redemption Date one-third (1/3) of the shares of Convertible Common, and to redeem for cash on the date that is twelve (12) months after the original Convertible Common Redemption Date the remainder of the shares of Convertible Common (and each such date of payment shall be deemed a "**Convertible Common Redemption Date**" with respect to such shares).

(ii) Optional Redemption by Corporation; Redemption Date. Subject to paragraph IV.I(2)(b)(i), conditioned upon and coterminous with the occurrence of a Significant Transaction, the Corporation may irrevocably elect to redeem all of the then-outstanding shares of Convertible Common (a "**Corporation Convertible Common Redemption Election**"). In such event, the Corporation shall redeem such shares of Convertible Common for an amount in cash per share equal to the Convertible Common Redemption Price on the date of the consummation of such Significant Transaction (such elected date, the "**Convertible Common Redemption Date**").

(iii) Redemption Price Calculations.

(A) Redemption Price. The price for each share of Convertible Common (the "**Convertible Common Redemption Price**") shall be an amount equal to the product of (A) the Common Stock Adjustment Rate (as defined below), and (B) the difference between (i) the Equity Value Per Share (as defined below) as of the Convertible Common Redemption Date and (ii) as of the Forward Stock Split Effective Time and taking into account the Forward Stock Split, $11.939025 (appropriately adjusted for any stock splits, dividends, combinations, recapitalizations and the like) (the "**Convertible Common Issue Price**").

The "**Common Stock Adjustment Rate**" is equal to the quotient of (A) the Convertible Common Issue Price, divided by (B) the Convertible Common Conversion Price in effect as of the date of conversion. The "**Convertible Common Conversion Price**" per share for shares of Convertible Common as of the Forward Stock Split Effective Time and taking into account the Forward Stock Split and the provisions of paragraph IV.I(2)(f)(ii), shall be $11.939025, subject to adjustment as set forth in paragraph IV.I(2)(f).

(B) The term "**Equity Value Per Share**" means a good faith calculation of the consideration to be received per share of Common in the event of a Liquidation Event or Significant Transaction or, in the event of an Offering, the consideration to be received by the Corporation per share of Common in the Offering, provided that if a redemption is not in connection with such an event or no such value is otherwise reasonably determinable, then it shall mean the quotient of (i) the Equity Valuation (as defined below), divided by (ii) the Fully Diluted Capital Stock Number (as defined below), in each case as of the Convertible Common Redemption Date.

(C) The term "**Equity Valuation**" means: (i) the Enterprise Valuation (as defined below), less (ii) total indebtedness for borrowed money (excluding the capital lease obligations, if any), less (iii) the total aggregate Redeemable Preferred Preference Amount (to the extent not paid prior to the date of determination), plus (iv) cash and cash equivalents (net of related transaction expenses, including advisory fees), such amount to also include the exercise price of all outstanding warrants and stock options.

(D) The term "**Fully Diluted Capital Stock**" means the fully-diluted number of outstanding shares as of the Convertible Common Redemption Date (using the treasury method and including, without limitation, any stock options, warrants or other securities convertible into or exercisable for shares of the Corporation's capital stock).

(E) The term "**Agreed Method**" shall mean the valuation as mutually agreed upon by the Corporation and the Convertible Common Majority provided that if the Corporation and the Convertible Common Majority fail to reach agreement within a 5-day period, the calculation shall be determined by appraisal as set forth as follows. The Corporation and the Convertible Common Majority shall select a mutually agreeable appraiser to determine the valuation, with such determination to be binding on all concerned. If the Corporation and the Convertible Common Majority shall fail to agree on the selection of such appraiser within five (5) days following the expiration of the 5-day period specified above, then the Corporation shall select one independent appraiser and the Convertible Common Majority shall select another independent appraiser and such appraisers shall promptly designate a third independent appraiser which shall determine calculation. The calculation under such circumstances shall be the calculation arrived at by the third appraiser within twenty (20) days following its appointment. The calculation determination shall be conclusive, final and binding on all parties hereto and shall be enforceable in any court having any jurisdiction over a proceeding brought to seek enforcement. All fees and expenses incurred in connection with an appraisal under this definition shall be borne fifty percent (50%) by the Corporation and fifty percent (50%) by the holders of the Convertible Common.

(F) The term "**Enterprise Valuation**" shall mean the enterprise valuation of the Corporation as calculated via the Agreed Method. The calculation shall be determined on the basis of the following assumptions: (i) "fully diluted" basis (such dilution to be determined in accordance with generally accepted accounting principles consistently applied) shall be calculated as if the Senior Preferred (or, if applicable, the Redeemable Preferred) was paid off via liquidation and the Common (on an as-converted basis) was sold as part of an arms-length sale of all of the capital stock of the Corporation; (ii) as though all outstanding securities which are then convertible into, exercisable for or exchangeable into shares of Common (including, without limitation, vested options and warrants) had been converted into, exercised for or exchanged into Common and any amounts payable upon such conversion, exercise or exchange paid to the Corporation, including for these purposes an amount per share of Convertible Common equal immediately after the Forward Stock Split Effective Time to $11.939025 per share (such amount to be adjusted appropriately for stock splits, dividends, combinations, recapitalizations and the like) and that

such Convertible Common were converted to Common at the Common Stock Adjustment Rate, (iii) without any reduction in value for lack of control or the inherent lack of liquidity of non-public minority interests; (iv) giving full effect to the revenue and, if applicable, earnings history and prospects of the Corporation; and (v) otherwise on a basis which values all Common at the same per share price.

(G) Notwithstanding the foregoing, in the event that the sum of the Convertible Common Redemption Price and any Redeemable Preferred Preference Amount paid to the holders of Redeemable Preferred as of the date of the Convertible Common Redemption Date (or in the event the Redeemable Preferred Preference Amount that has not been paid to holders of Redeemable Preferred as of such date, the amount equal to the Redeemable Preferred Preference Amount that would be payable to holders of Redeemable Preferred if such amount was payable on the Convertible Common Redemption Date) (such sum, the "**Aggregate Value**") is more than the Threshold Amount (as defined below), then the Convertible Common Redemption Price shall be reduced (but in no event below zero) by an amount equal to sixty percent (60.0%) of the Aggregate Value in excess of the Threshold Amount. The term "**Threshold Amount**" shall mean, as of a given date, the greater of: (i) $95.5122 (such amount to be adjusted appropriately for stock splits, dividends, combinations, recapitalizations and the like, but for the sake of clarity, not adjusted for the Forward Stock Split) and (ii) an amount equal to a cumulative internal rate of return (IRR) equal to fifteen percent (15%) per annum (accrued daily and compounded quarterly from October 1, 2019) on the Senior Original Issue Price (such amount to be adjusted appropriately for stock splits, dividends, combinations, recapitalizations and the like), calculated as of the Convertible Common Redemption Date.

(iv) Insufficient Funds. Except to the extent prohibited by applicable law, the Corporation shall use its best efforts to effect the redemption of the applicable shares of Convertible Common on the Convertible Common Redemption Date, including, without limitation, (i) take any action necessary or appropriate, to the extent lawful and reasonably within its control, to remove promptly any impediments to its ability to redeem the total number of shares of Convertible Common required to be so redeemed, including, without limitation, (A) to the extent permissible under applicable law, reducing the stated capital of the Corporation or causing a revaluation of the assets of the Corporation under Section 154 of the Delaware General Corporation Law to create sufficient surplus to make such redemption, (B) raising equity financing necessary to make such redemption and (C) modifying any existing indebtedness of the Corporation

or incurring any indebtedness necessary to make such redemption, and (ii) in any event, use any funds that are legally available to redeem the maximum possible number of such shares from the holders of such shares to be redeemed in proportion to the respective number of such shares that otherwise would have been redeemed if all such shares had been redeemed in full. In the event that all such shares are not redeemed on the applicable Convertible Common Redemption Date, the Corporation shall continue to use such best efforts and at any time thereafter when additional funds of the Corporation are legally available to redeem such shares of Convertible Common, the Corporation shall immediately use such funds to redeem the balance of the shares that the Corporation became obligated to redeem on the Convertible Common Redemption Date (but which it has not yet redeemed).

(v) Interest. If any shares of Convertible Common are not redeemed on the Convertible Common Redemption Date for any reason for six (6) months, all such unredeemed shares shall remain outstanding and entitled to all the rights, powers and preferences provided herein, and the Corporation shall pay interest on the Convertible Common Redemption Price applicable to such unredeemed shares (retroactive to the Convertible Common Redemption Date) at an aggregate per annum rate equal to 1 percent (1%) (increased by 1% at the end of each six (6) month period thereafter until the Convertible Common Redemption Price, and any interest thereon, is paid in full), with such interest to accrue daily in arrears and to be compounded quarterly; provided, however, that in no event shall such interest exceed the lower of (x) ten percent (10%) and (y) the maximum permitted rate of interest under applicable law provided that the Corporation shall take all actions as may be necessary, including without limitation, making any applicable governmental filings, to cause the Maximum Permitted Rate to be the highest possible rate (the lower of (x) and (y), "**Maximum Permitted Rate**"). In the event that fulfillment of any provision hereof results in such rate of interest being in excess of the Maximum Permitted Rate, the amount of interest required to be paid hereunder shall automatically be reduced to eliminate such excess; provided, however, that any subsequent increase in the maximum permitted rate of interest under applicable law (provided that such increase does not cause the interest rate to be greater than ten percent (10%)) shall be retroactively effective to the applicable Convertible Common Redemption Date to the extent permitted by law. In no event shall the interest rate provided in this paragraph IV.I(2)(b) exceed twenty-two percent (22%).

(vi) Rights After Redemption Date. Without limitation of paragraph IV.I(2)(b)(v), in the event that shares of Convertible Common are not redeemed on the Convertible Common Redemption Date for any reason and continue to be outstanding, such shares shall continue to be entitled to all the powers, preferences and rights of the Convertible Common until the date on which the Corporation actually redeems such shares and the applicable Convertible Common Redemption Price shall be adjusted upward as applicable with respect to accruing and accumulating dividends, if any.

(vii) Surrender of Certificates. Each holder of shares of Convertible Common to be redeemed shall surrender the certificate or certificates, or if such shares are held on the Corporation's stock records in a book entry position, a notice of surrender and a stock power, representing such shares to the Corporation, duly endorsed for transfer to the Corporation (or accompanied by duly executed stock powers relating thereto), or, if the holder notifies the Corporation that such certificate(s) are lost, stolen or destroyed, an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates, at the principal executive office of the Corporation. Each surrendered certificate (or book entry position) shall be canceled and retired and the Corporation shall thereafter make payment of the applicable Convertible Common Redemption Price by certified check or wire transfer and, in the event that less than all of the shares of Convertible Common represented by a certificate (or book entry position) are redeemed, the Corporation shall issue a new certificate (or statement of book entry position) evidencing the unredeemed shares of Convertible Common. In furtherance of the foregoing, in the event that all shares of Convertible Common are not redeemed on the Convertible Common Redemption Date for any reason, each such holder shall, in addition to receiving the payment of the portion of the aggregate Convertible Common Redemption Price applicable to the shares of Convertible Common so redeemed, receive a new stock certificate (or statement of book entry position) for those shares of Convertible Common not so redeemed.

(viii) Redemption Request Prior to Conversion. A written redemption request made by the Corporation to the holders of Senior Preferred, or by a Senior Majority to the Corporation, proposing to convert the Senior Preferred in order to effect a redemption of the Convertible Common received upon such conversion, shall apply to the as-converted number of shares of Convertible Common as if the Senior Preferred is converted into Redeemable Preferred and Convertible Common after such request has been made and immediately prior to such redemption (including via automatic conversion), with references to Convertible Common Majority in this paragraph IV.I(2)(b) to refer to the Senior Majority prior to such conversion.

(ix) Certain Approvals. In the event leading up to or after a Convertible Common Redemption Date, the Corporation would need to seek an approval from the Senior Preferred or Convertible Common for any action pursuant to IV.G(3) or IV.I(2)(e) that will directly enable the Corporation to raise the funds for the complete redemption pursuant to this IV.I(2)(b), such Senior Preferred or Convertible Common approval shall

not be necessary provided that any such action requiring consent shall be conditioned on payment in full of the Convertible Common Redemption Price in cash on the effective date of such action and such payment is made on such date and holders of Convertible Common have no ongoing exposure or liability with respect to the payment of the Convertible Common Redemption Price.

(c) Conversion. Shares of Convertible Common shall be convertible into Common in accordance with the following:

(i) Automatic Conversion. Immediately prior to any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, (the "**Liquidation Event**"), Significant Transaction or Offering, if the shares of Convertible Common are not redeemed in connection with such events, then each outstanding share of Convertible Common shall be converted into, without payment of any additional consideration, the number of fully paid and nonassessable shares (or that portion of a share) of Common equal to the product of (x) the Common Stock Adjustment Rate and (y) the quotient of (1) the Convertible Common Redemption Price (for the avoidance of doubt, as calculated pursuant to paragraph IV.I(2)(b), including the application of paragraph IV.I(2)(b)(iii)(G), but in both instances using the date of conversion for such calculations as there will not be a Convertible Common Redemption Date in this circumstance), divided by (2) the Equity Value Per Share (using the date of conversion for such calculation instead of the Convertible Common Redemption Date).

(ii) Procedure for Conversion. Upon any conversion pursuant to paragraph IV.I(2)(c)(i) surrender the certificate or certificates therefor, duly endorsed (or, if the holder notifies the Corporation that such certificate(s) have been lost, stolen or destroyed, an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates) at the Corporation's principal executive office. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Convertible Common a certificate or certificates, or at the Corporation's election, a statement of book entry position, for the number of shares of Common to which he shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Convertible Common to be converted, and the person or persons entitled to receive the shares of Common issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common on such date.

(iii) Fractional Shares. No fractional shares of Common shall be issued upon conversion of the Convertible Common. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the Board of Directors good faith business judgment of the fair market value of a share of Common.

(iv) Reservation of Stock Issuable Upon Conversion. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common, solely for the purpose of effecting the conversion of the shares of Convertible Common, such number of its shares of Common as shall, in the reasonable view of the Board of Directors, from time to time be sufficient to effect the conversion of all outstanding shares of Convertible Common; and if at any time the number of authorized but unissued shares of Common shall not be sufficient to effect the conversion of all outstanding shares of Convertible Common, the Corporation will take such corporate action as may, in the opinion of counsel, be necessary to increase the number of its authorized but unissued shares of Common to such number of shares as shall be sufficient for such purpose, and to reserve the appropriate number of shares of Common for issuance upon such conversion.

(v) No Closing of Transfer Books. The Corporation shall not close its books against the transfer of shares of Convertible Common in any manner that would interfere with the timely conversion of any shares of Convertible Common.

(vi) Action. The Corporation will not, by amendment of its charter documents or through any reorganization, recapitalization, consolidation, merger, dissolution, issuance or sale of securities or taking of any other action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this paragraph IV.I(2)(c) and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the holders of the Convertible Common against impairment.

(vii) Expiration. If there are outstanding shares of Convertible Common as of the date that is the fifteenth (15th) anniversary of the Effective Date, such shares shall automatically convert to Common pursuant to the conversion mechanics in paragraph IV.I(2)(c)(i).

(d) [Reserved.]

(e) Covenants. So long as any shares of Convertible Common shall be outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, without obtaining the prior approval (by vote or written consent, as provided by law) of the Convertible Common Majority, amend, alter or repeal any provision of this paragraph IV.I(2) of the Certificate of Incorporation;

(f) Adjustments. The Convertible Common Conversion Price shall be subject to adjustment from time to time as follows:

(i) If the Corporation shall issue any Common (other than Excluded Stock) ("**Additional Common Stock Shares**") or other securities of the Corporation directly or indirectly convertible into or exchangeable for Common (other than Excluded Stock) and if the consideration price per share, on an as-converted basis, is less than the Convertible Common Conversion Price as in effect immediately prior to the issuance of such Additional Common Stock Shares (including other securities directly or indirectly convertible into or exchangeable for Common (other than Excluded Stock)), then and in such event, such Convertible Common Conversion Price shall be decreased, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

CP2 = CP1 * (A + B) / (A + C)

For purposes of the foregoing formula, the following definitions shall apply:

"CP2" shall mean the Convertible Common Conversion Price in effect immediately after such issue of Additional Common Stock Shares (or other securities of the Corporation directly or indirectly convertible into or exchangeable for Common);

"CP1" shall mean the Convertible Common Conversion Price in effect immediately prior to such issue of Additional Common Stock Shares (or other securities of the Corporation directly or indirectly convertible into or exchangeable for Common);

"A" shall mean the number of shares of Common outstanding and deemed outstanding immediately prior to such issue of Additional Common Stock Shares (treating for this purpose as outstanding all shares of Common issuable upon exercise or conversion of securities directly or indirectly convertible into or exchangeable for Common outstanding immediately prior to such issue);

"B" shall mean the number of shares of Common that would have been issued if such Additional Common Stock Shares (or other securities of the Corporation directly or indirectly convertible into or exchangeable for Common) had been issued at a price per share equal to CP1 (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by CP1); and

"C" shall mean the number of such Additional Common Stock Shares (or other securities of the Corporation directly or indirectly convertible into or exchangeable for Common) issued in such transaction.

For the purposes of this paragraph IV.I(2)(f), the following provisions shall also be applicable:

(1) In the case of the issuance of Common for cash, the consideration received therefor shall be deemed to be the amount of cash paid therefor without deducting any discounts or commissions paid or incurred by the Corporation in connection with the issuance and sale thereof;

(2) In the case of the issuance of Common for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair value thereof as determined in good faith by the Board of Directors;

(3) In the case of the issuance of (i) options to purchase or rights to subscribe for Common (other than Excluded Stock), (ii) securities by their terms convertible or exchangeable for Common (other than Excluded Stock), or (iii) options to purchase or rights to subscribe for such convertible or exchangeable securities:

(v) the aggregate maximum number of shares of Common deliverable upon exercise of such options to purchase or rights to subscribe for Common shall be deemed to be issuable for a consideration equal to the consideration (determined in the manner provided in subdivisions (1) and (2) above), if any, received by the Corporation upon the issuance of such options or rights plus the minimum purchase price provided in such options or rights for the Common covered thereby;

(w) the aggregate maximum number of shares of Common deliverable upon conversion of or in exchange for any such convertible or exchangeable securities, or upon the exercise of options to purchase or rights to subscribe for such convertible or exchangeable securities and subsequent conversion or exchange thereof, shall be deemed to be issuable for a consideration equal to the consideration received by the Corporation for any such securities and related options or rights, plus the additional consideration, if any, to be received by the Corporation upon the conversion or exchange of such securities or the exercise of any related options or rights (the consideration in each case to be determined in the manner provided in subdivisions (1) and (2) above);

(x) the aggregate maximum number of shares of Common deliverable upon exercise of such options or rights or upon conversion of or in exchange for such convertible or exchangeable securities upon the exercise of options to purchase or rights to subscribe for such convertible or exchangeable securities and subsequent conversion or exchange thereof, shall be deemed to have been issued at the time such options or rights or securities were issued;

(y) any change in the number of shares of Common deliverable upon exercise of any such options or rights or conversion of or exchange for such convertible or exchangeable securities, or on any change in the minimum purchase price of such options, rights or securities and/or the Convertible Common Conversion Price shall forthwith be readjusted to such Convertible Common Conversion Price, as would have obtained had the adjustment (and any subsequent adjustments) made upon (A) the issuance of such options, rights or securities not exercised, converted or exchanged prior to such change, as the case may be, been made upon the basis of such change or (B) the options or rights related to such securities not converted or exchanged prior to such change, as the case may be, been made upon the basis of such change; and

(z) on the expiration of any such options or rights, the termination of any such rights to convert or exchange or the expiration of any options or rights related to such convertible or exchangeable securities, the Convertible Common Conversion Price shall forthwith be readjusted to such Convertible Common Conversion Price as would have obtained had the adjustment (and any subsequent adjustments) made upon the issuance of such options, rights, convertible or exchangeable securities or options or rights related to such convertible or exchangeable securities, as the case may be, been made upon the basis of the issuance of only the number of shares of Common actually issued upon the exercise of such options or rights, upon the conversion or exchange of such convertible or exchangeable securities or upon the exercise of the options or rights related to such convertible or exchangeable securities, as the case may be.

(ii) If the number of shares of Common outstanding at any time after the date hereof is increased by a stock dividend payable in shares of Common or by a subdivision or split-up of shares of Common, then, on the date such payment is made or such change is effective, the Convertible Common Conversion Price shall be appropriately decreased so that the number of shares of Common issuable on conversion of the Convertible Common shall be increased in proportion to such increase of outstanding shares. For the sake of clarity, the amendments made to paragraph

IV.I(2)(b)(iii) in the Second Amended and Restated Certificate of Incorporation were made to satisfy the provisions of this paragraph IV.I(2)(f)(ii) related to the Forward Stock Split and no further adjustments shall be made in connection with the Forward Stock Split and no further adjustments shall be made in connection with the Forward Stock Split.

(iii) If the number of shares of Common outstanding at any time after the date hereof is decreased by a combination of the outstanding shares of Common, then, on the effective date of such combination, the Convertible Common Conversion Price shall be appropriately increased so that the number of shares of Common issuable on conversion of the Convertible Common shall be decreased in proportion to such decrease in outstanding shares.

(iv) In case, at any time after the date hereof, of any capital reorganization, or any reclassification of the stock of the Corporation (other than a change in par value or as a result of a stock dividend or subdivision, split-up or combination of shares), or the consolidation or merger of the Corporation with or into another person (other than a consolidation or merger in which the Corporation is the continuing entity and which does not result in any change in the Common), or of the sale or other disposition of all or substantially all the properties and assets of the Corporation as an entirety to any other person, the shares of Convertible Common, if such event is not a Significant Transaction, after such reorganization, reclassification, consolidation, merger, sale or other disposition, be convertible into the kind and number of shares of stock or other securities or property of the Corporation or of the entity resulting from such consolidation or surviving such merger or to which such properties and assets shall have been sold or otherwise disposed to which such holder would have been entitled if immediately prior to such reorganization, reclassification, consolidation, merger, sale or other disposition he had converted his shares of Convertible Common into Common. The provisions of this paragraph IV.I(2)(f)(iv) shall similarly apply to successive reorganizations, reclassifications, consolidations, mergers, sales or other dispositions.

(v) All calculations under this paragraph IV.I(2)(f) shall be made to the nearest cent or to the nearest one hundredth (1/100) of a share, as the case may be.

(vi) Minimal Adjustments. No adjustment in a Convertible Common Conversion Price need be made if such adjustment would result in a change in a Convertible Common Conversion Price of less than $0.01. Any adjustment of less than $0.01 which is not made shall be carried forward and shall be made at the time of and together with any subsequent adjustment which, on a cumulative basis, amounts to an adjustment of $0.01 or more in a Convertible Common Conversion Price.

(g) Future Financings.

(i) Preemptive Right. The Corporation grants to each holder of shares of Convertible Common (each, a "**Convertible Common Holder**") a preemptive right to purchase such Convertible Common Holder's pro-rata share, as defined below, of any Securities proposed to be issued by the Corporation subsequent to the date hereof. Such Convertible Common Holder's "**pro-rata share**" shall be that portion of the Securities proposed to be issued which bears the same relation to all of the Securities proposed to be issued as the shares of Convertible Common held by such Convertible Common Holder bear to all outstanding shares of the Common and Convertible Common, on an as converted to Common basis, combined (assuming for the purposes of such calculation the conversion of all outstanding securities which are convertible into Common without payment of additional consideration), all determined immediately prior to the offering of the Securities. For the avoidance of doubt, the preemptive right in this paragraph IV.I(2)(g) shall be combined, if applicable, with those preemptive rights set forth in paragraphs IV.D(5)(a) and IV.E(5)(a) if such Convertible Common Holder also is a Major Series A Holder or Series B/C/D/E/F Holder such that, (i) pursuant to this paragraph IV.I(2)(g), the Convertible Common Holder will receive a preemptive right for its pro rata share based on its ownership of Convertible Common, (ii) pursuant to paragraph IV.D(5)(a), its pro rata share based on its ownership of Series A Preferred and (iii) pursuant to paragraph IV.E(5)(a), its pro rata share based on its ownership of Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred or Series F Preferred (to the extent applicable).

(ii) Notice. In the event that the Corporation proposes to undertake an issue of Securities, it shall deliver to each Convertible Common Holder written notice of its intention, describing such Securities, specifying each Convertible Common Holder's pro-rata share and stating the purchase price and other terms upon which it proposes to issue the same (the "**Convertible Common Option Notice**"). For a period of twenty (20) days following the receipt of the Convertible Common Option Notice, each Convertible Common Holder shall have the right to elect, by written notice to the Corporation, to purchase all or any portion of such Convertible Common Holder's pro rata share of the Securities described in the Convertible Common Option Notice. The closing of any sale pursuant to this paragraph IV.I(2)(g)(ii) shall occur within ninety (90) days of the date that the Convertible Common Option Notice is given.

(iii) Sale by the Corporation. If all of the Securities are not elected to be purchased or acquired as provide in paragraph IV. I(2)(g)(ii) then, during the 90 day period following the expiration of the periods set forth in paragraph IV. I(2)(g)(ii), the Corporation may sell, free of any preemptive right on such Convertible Common Holder's part, the portion of such Convertible Common Holder's pro-rata shares not purchased pursuant to such preemptive right, upon the same terms specified in the Convertible Common Option Notice. If the Corporation does not enter into an agreement for the sale of the Securities within such period, or if such agreement is not consummated within thirty (30) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such Securities shall not be offered unless first reoffered to the Convertible Common Holders in accordance with this paragraph IV.I(2)(g).

(iv) Exceptions. The preemptive right granted under this Paragraph IV.I(2)(g) shall not apply to (i) the Excluded Stock or (ii) Securities issued for non-cash consideration, or as a so-called "equity feature" (such as a warrant) of a transaction primarily involving debt securities or indebtedness for borrowed money, or pursuant to a merger or acquisition transaction, in each case, approved by a Qualified Board Approval.

(h) Notice; Adjustments; Waivers.

(i) Liquidation Events, Etc. In the event (i) the Corporation establishes a record date to determine the holders of any class of securities who are entitled to vote at a meeting (or by written consent) in connection with any of the transactions identified in clause (ii) hereof, or (ii) any Liquidation Event, Significant Transaction or Offering becomes reasonably likely to occur, the Corporation shall use commercially reasonable efforts to provide written notice to each holder of Convertible Common at least ten (10) days prior to such record date specified therein or the expected effective date of any such transaction, whichever is earlier, a notice specifying (A) the date of such record date for the purpose of such meeting or consent and a description of such action to be taken at such meeting or by such consent, (B) the date on which any such Liquidation Event, Significant Transaction or Offering is expected to become effective, and (C) the date on which the books of the Corporation shall close or a record shall be taken with respect to any such event. Such notice shall be accompanied by a certificate prepared by the chief financial officer of the Corporation describing in reasonable detail (1) the facts of such transaction, (2) the amount(s) per share of Convertible Common or Common each holder of Convertible Common or Common would receive pursuant to the applicable provisions of this Amended and Restated Certificate of Incorporation (or, if such amounts are unknown, a reasonable estimate or range of such amounts), and (3) the facts upon which such amounts were determined.

(ii) Adjustments; Calculations. Upon the occurrence of each adjustment or readjustment of the Common Stock Adjustment Rate, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Convertible Common a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. Notwithstanding the foregoing, because the Corporation's stockholders approved the Forward Stock Split, the requirements set forth in the preceding sentence shall not be required for the Forward Stock Split. All such calculations shall be made to the nearest cent or to the nearest one hundredth (1/100) of a share as the case may be.

(iii) Waiver of Notice. The holder or a Convertible Common Majority may, at any time upon written notice to the Corporation, waive any notice or certificate delivery provisions specified herein for the benefit of such holders, and any such waiver shall be binding upon all holders of such securities.

(iv) Other Waivers. The holder or a Convertible Common Majority may, at any time upon written notice to the Corporation, waive compliance by the Corporation with any term or provision herein, provided that any such waiver does not affect any holder of outstanding shares of Convertible Common in a manner materially different than any other holder, and any such waiver shall be binding upon all holders of Convertible Common and their respective transferees.

(v) Notices. Any notice required by the provisions of this Certificate of Incorporation to be given to the holder of shares of the Convertible Common shall be deemed given if (i) mailed, postage prepaid, and addressed to each holder of record at his latest address appearing on the books of the Corporation or (ii) given by email or other form of "electronic transmission" (as such term is defined in Section 232(c) of the Delaware General Corporation Law) in compliance with the provisions of the Delaware General Corporation Law and the Investor Rights Agreement (as defined below).

(i) No Reissuance of Convertible Common. No share or shares of Convertible Common acquired by the Corporation by reason of redemption, purchase, conversion or otherwise shall be reissued, and all such shares shall be canceled, retired and eliminated from the shares which the Corporation shall be authorized to issue.

ARTICLE V

In furtherance and not in limitation of the powers conferred by statute and subject to the rights of any series of Preferred herein, the Board of Directors shall have the power, both before and after receipt of any payment for any of the Corporation's capital stock, to adopt, amend, repeal or otherwise alter the Bylaws of the Corporation without any action on the part of the stockholders; provided, however, that the grant of such power to the Board of Directors shall not divest the stockholders of nor limit their power to adopt, amend, repeal or otherwise alter the Bylaws of the Corporation.

ARTICLE VI

Elections of directors need not be by written ballot unless otherwise provided in the Bylaws of the Corporation.

ARTICLE VII

(A) To the fullest extent permitted by the Delaware General Corporation Law, as the same exists or as may hereafter be amended, 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.

(B) The Corporation shall indemnify to the fullest extent permitted by law any person made or threatened to be made a party to an action or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that he, his testator or intestate is or was a director or officer of the Corporation or any predecessor of the Corporation, or serves or served at any other enterprise as a director or officer at the request of the Corporation or any predecessor to the Corporation.

(C) Neither any amendment nor repeal of this Article VII, nor the adoption of any provision of the Corporation's Certificate of Incorporation inconsistent with this Article VII, shall eliminate or reduce the effect of this Article VII in respect of any matter occurring, or any action or proceeding accruing or arising or that, but for this Article VII, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

ARTICLE VIII

The Corporation renounces, to the fullest extent permitted by law, any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, any Excluded Opportunity. An "**Excluded Opportunity**" is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of (i) any director of the Corporation who is not an employee of the Corporation or any of its subsidiaries, or (ii) any holder of Series E Preferred, holder of Series F Preferred, holder of Senior Preferred, Redeemable Preferred or Convertible Common or any partner, member, director, stockholder, employee or agent of any such holder, other than someone who is an employee of the Corporation or any of its subsidiaries (collectively, "**Covered Persons**"), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person's capacity as a director of the Corporation.

ARTICLE IX

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for (1) any derivative action or proceeding brought on behalf of the Corporation, (2) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, other employee or stockholder of the Corporation to the Corporation or the Corporation's stockholders, (3) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, this Certificate of Incorporation or the Bylaws or as to which the Delaware General Corporation Law confers jurisdiction on the Court of Chancery of the State of Delaware, or (4) any action asserting a claim governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article IX.

IN WITNESS WHEREOF, AvidXchange Holdings, Inc. has caused this Second Amended and Restated Certificate of Incorporation to be signed by Ryan Stahl, a duly authorized officer of the Corporation, on this 30th day of September, 2021.

AVIDXCHANGE HOLDINGS, INC.

By: /s/ Ryan Stahl
Name: Ryan Stahl
Title: General Counsel and Secretary

RESTATED CERTIFICATE OF INCORPORATION OF AVIDXCHANGE HOLDINGS, INC.

AvidXchange Holdings, Inc., a corporation organized and existing under the laws of the State of Delaware, does hereby certify as follows:

A. The name of this corporation is AvidXchange Holdings, Inc. Its original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on January 27, 2021.

B. This Restated Certificate of Incorporation (this "***Restated Certificate of Incorporation***") which restates and integrates and also further amends the provisions of this corporation's Certificate of Incorporation, as amended and/or restated, was duly adopted by the Board of Directors of this corporation and by the stockholders in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware, with the approval of the stockholders of this corporation having been given by written consent without a meeting in accordance with Section 228 of the General Corporation Law of the State of Delaware.

C. The text of the Certificate of Incorporation, as amended and/or restated, is hereby amended and restated in its entirety to read as follows:

ARTICLE I

The name of this corporation is AvidXchange Holdings, Inc. (the "***Corporation***").

ARTICLE II

The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street, Wilmington, County of New Castle, Delaware, 19801. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE III

The nature of the business or purposes to be conducted or promoted by the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the "***General Corporation Law***").

ARTICLE IV

Section 1. The total number of shares of all classes of stock that the Corporation has authority to issue is 1,650,000,000 shares, consisting of two classes as follows: 1,600,000,000 shares of Common Stock, $0.001 par value per share ("***Common Stock***"), and 50,000,000 shares of Preferred Stock, $0.001 par value per share ("***Preferred Stock***"). Subject to the rights of the holders of any outstanding shares of Preferred Stock, the number of authorized shares of Common Stock and Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of all the then-outstanding shares of capital stock of the Corporation entitled to vote thereon, without a separate vote of the holders of the Common Stock or Preferred Stock, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law.

Section 2. The Corporation's Board of Directors (the "***Board***") is authorized, by resolution or resolutions adopted from time to time, to provide for the issuance of shares of Preferred Stock in one or more series, and, by filing a certificate of designation pursuant to the applicable law of the State of Delaware (the "***Certificate of Designation***"), to establish from time to time the number of shares to be included in each such series, to fix the designation, powers (including voting powers), preferences and relative, participating, optional or other rights (and the qualifications, limitations or restrictions thereof) of the shares of each such series and to increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares of such series then outstanding) the number of shares of any such series.

Section 3. Each outstanding share of Common Stock shall entitle the holder thereof to one vote on each matter properly submitted to the stockholders of the Corporation for their vote; provided, however, that, except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Restated Certificate of Incorporation (including any Certificate of Designation relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon pursuant to this Restated Certificate of Incorporation (including any Certificate of Designation relating to any series of Preferred Stock) or pursuant to the General Corporation Law.

Section 4. Subject to applicable law and the rights, if any, of the holders of any outstanding series of Preferred Stock or any class or series of stock having a preference over or the right to participate with the Common Stock with respect to the payment of dividends, dividends may be declared and paid ratably on the Common Stock out of the assets of the Corporation which are legally available for this purpose at such times and in such amounts as the Board in its discretion shall determine.

Section 5. Upon the dissolution, liquidation or winding up of the Corporation, after payment or provision for payment of the debts and other liabilities of the Corporation and subject to the rights, if any, of the holders of any outstanding series of Preferred Stock or any class or series of stock having a preference over or the right to participate with the Common Stock with respect to the distribution of assets of the Corporation upon such dissolution, liquidation or winding up of the Corporation, the holders of Common Stock shall be entitled to receive the remaining assets of the Corporation available for distribution to its stockholders ratably in proportion to the number of shares held by them.

ARTICLE V

Section 1. Except as otherwise provided for in this Restated Certificate of Incorporation or the General Corporation Law, the business and affairs of the Corporation shall be managed by or under the direction of the Board. In addition to the powers and authority expressly conferred upon them by statute or by this Restated Certificate of Incorporation, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

Section 2. Subject to the rights of the holders of any outstanding series of Preferred Stock to elect additional directors under specified circumstances, the total number of directors constituting the Whole Board shall be fixed from time to time exclusively by resolution adopted by the Board. For purposes of this Restated Certificate of Incorporation, the term "***Whole Board***" shall mean the total number of authorized directors whether or not there exist any vacancies or newly created directorships.

Section 3. Other than any director elected by the holders of any outstanding series of Preferred Stock, the directors shall be divided, with respect to the time for which they severally hold office, into three classes designated as Class I, Class II and Class III, respectively (the "***Classified Board***"). The Board is authorized to assign members of the Board already in office to such classes of the Classified Board. Directors shall be assigned to each class in accordance with a resolution or resolutions adopted by the Board, with the number of directors in each class to be divided as nearly equal as reasonably possible. The initial term of office of the Class I directors shall expire at the Corporation's first annual meeting of stockholders following the closing of the Corporation's initial public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "***Securities Act***"), relating to the offer and sale of Common Stock to the public (the "***Initial Public Offering Closing***"), the initial term of office of the Class II directors shall expire at the Corporation's second annual meeting of stockholders following the Initial Public Offering Closing and the initial term of office of the Class III directors shall expire at the Corporation's third annual meeting of stockholders following the Initial Public Offering Closing. At each annual meeting of stockholders following the Initial Public Offering Closing, directors elected to succeed those directors of the class whose terms then expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election. If the number of such directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible. In no case shall a decrease in the number of directors remove or shorten the term of any incumbent director.

Section 4. Each director shall hold office until the annual meeting at which such director's term expires and until such director's successor is elected and qualified, or until such director's earlier death, resignation, disqualification or removal. Any director may resign at any time upon notice to the Corporation given in writing or by any electronic transmission permitted by the Bylaws of the Corporation (the "***Bylaws***"). Subject to the rights of the holders of any outstanding series of Preferred Stock, no director may be removed from the Board except for cause and only by the affirmative vote of the holders of at least two-thirds (2/3) of the voting power of the then-outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors voting together as a single class.

Section 5. Subject to the rights of the holders of any outstanding series of Preferred Stock to elect directors, any vacancy occurring in the Board for any cause, and any newly created directorship resulting from any increase in the authorized number of directors, shall, unless (a) the Board determines by resolution that any such vacancies or newly created directorships shall be filled by the stockholders or (b) as otherwise provided by law, be filled only by the affirmative vote of a majority of the directors then in office, even if less than a quorum, or by a sole remaining director, and not by the stockholders. Any director elected in accordance with the preceding sentence shall hold office for a term expiring at the annual meeting of stockholders at which the term of office of the class to which the director has been assigned expires or until such director's successor shall have been duly elected and qualified, or until such director's earlier death, resignation, disqualification or removal.

Section 6. During any period when the holders of any outstanding series of Preferred Stock, voting separately as a series or together with one or more other such series, have the right to elect additional directors, then upon commencement and for the duration of the period during which such right continues: (i) the then otherwise total authorized number of directors of the Corporation shall automatically be increased by such specified number of directors, and the holders of such Preferred Stock shall be entitled to elect the additional directors so provided for or fixed pursuant to said provisions, and (ii) each such additional director shall serve until such director's successor shall have been duly elected and qualified, or until such director's right to hold such office terminates pursuant to said provisions, whichever occurs earlier, subject to his or her earlier death, resignation, retirement, disqualification or removal. Except as otherwise provided by the Board in the resolution or resolutions establishing such series, whenever the holders of any series of Preferred Stock having such right to elect additional directors are divested of such right pursuant to the provisions of such stock, the terms of office of all such additional directors elected by the holders of such stock, or elected to fill any vacancies resulting from the death, resignation, disqualification or removal of such additional directors, shall forthwith terminate (in which case each such director thereupon shall cease to be qualified as, and shall cease to be, a director) and the total authorized number of directors of the Corporation shall automatically be reduced accordingly.

Section 7. Election of directors need not be by written ballot unless the Bylaws shall so provide.

ARTICLE VI

Section 1. To the fullest extent permitted by law, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. Without limiting the effect of the preceding sentence, if the General Corporation Law is hereafter amended to authorize the further elimination or limitation of the liability of a director, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law, as so amended.

Section 2. Neither any amendment nor repeal of this Article VI, nor the adoption of any provision of this Restated Certificate of Incorporation inconsistent with this Article VI, shall eliminate, reduce or otherwise adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such amendment, repeal or adoption of such an inconsistent provision.

ARTICLE VII

The Board shall have the power to adopt, amend or repeal the Bylaws pursuant to a resolution adopted by the Board. The stockholders shall also have the power to adopt, amend or repeal the Bylaws; provided, however, that, in addition to any vote of the holders of any class or series of stock of the Corporation required by applicable law or by this Restated Certificate of Incorporation (including any Preferred Stock issued pursuant to any Certificate of Designation), the affirmative vote of the holders of at least two-thirds (2/3) of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required for the stockholders to adopt, amend or repeal any provision of the Bylaws.

ARTICLE VIII

Section 1. Subject to the rights of any outstanding series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

Section 2. Special meetings of stockholders of the Corporation may be called only by the Chairperson of the Board, the Chief Executive Officer, the Lead Independent Director (as defined in the Bylaws) or the Board acting pursuant to a resolution adopted by the Board, and may not be called by any other person or persons. Only such business shall be considered at a special meeting of stockholders as shall have been stated in the notice for such meeting.

Section 3. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner and to the extent provided in the Bylaws.

ARTICLE IX

Section 1. Unless the Corporation consents in writing to the selection of an alternative forum, 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), to the fullest extent permitted by law, shall be the sole and exclusive forum for: (a) any derivative action, suit or proceeding brought on behalf of the Corporation; (b) any action, suit or proceeding asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, or other employee or stockholder of the Corporation to the Corporation or the Corporation's stockholders; (c) any action, suit or proceeding asserting a claim arising out of or pursuant to, or seeking to enforce any right, obligation or remedy under, or to interpret, apply, or determine the validity of, any provision of the General Corporation Law, this Restated Certificate of Incorporation or the Bylaws; (d) any action, suit, or proceeding as to which the General Corporation Law confers jurisdiction on the Court of Chancery of the State of Delaware; and (e) any action, suit or proceeding asserting a claim against the Corporation or any current or former director, officer, or other employee or stockholder of the Corporation governed by the internal affairs doctrine, in all cases subject to the court having personal jurisdiction over the indispensable parties named as defendants. This Article IX shall not apply to actions, suits or proceedings brought to enforce a duty or liability created by the Securities Exchange Act of 1934, as amended, or any other claim for which the federal courts have exclusive jurisdiction.

Section 2. Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, including all causes of action asserted against any defendant to such complaint.

Section 3. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article IX.

ARTICLE X

If any provision of this Restated Certificate of Incorporation shall be held to be invalid, illegal or unenforceable, then such provision shall nonetheless be enforced to the maximum extent possible consistent with such holding and the remaining provisions of this Restated Certificate of Incorporation (including without limitation, all portions of any section of this Restated Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall remain in full force and effect.

ARTICLE XI

The Corporation reserves the right to amend or repeal any provision contained in this Restated Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware and all rights conferred upon stockholders are granted subject to this reservation; provided, however, that, in addition to any vote of the holders of any class or series of the stock of the Corporation required by law or by this Restated Certificate of Incorporation (including any Certificate of Designation), the affirmative vote of the holders of at least two-thirds (2/3) of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend or repeal or adopt any provision inconsistent with this Article XI, or Article V, Article VI, Article VII, Article VIII, Article IX or Article X (the "***Specified Provisions***"); provided, further, that if two-thirds (2/3) of the Whole Board has approved such amendment or repeal of, or any provision inconsistent with, the Specified Provisions, then only the affirmative vote of the holders of at least a majority of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend or repeal, or adopt any provision inconsistent with, the Specified Provisions.

[Signature Page Follows]

IN WITNESS WHEREOF, AvidXchange, Inc. has caused this Restated Certificate of Incorporation to be signed by [•], a duly authorized officer of the Corporation, on this [___]th day of [___], 2021.

[•]

[•]

Exhibit 3.4

AVIDXCHANGE HOLDINGS, INC.

a Delaware Corporation

AMENDED AND RESTATED BYLAWS

As adopted on [_____]
(Effective as of [_____])

AVIDXCHANGE HOLDINGS, INC.

a Delaware Corporation

AMENDED AND RESTATED BYLAWS

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AVIDXCHANGE HOLDINGS, INC.

a Delaware Corporation

AMENDED AND RESTATED BYLAWS

As adopted on [___]
(Effective as of [___])

ARTICLE I: STOCKHOLDERS

Section 1.1: Annual Meetings. If required by law, an annual meeting of stockholders shall be held for the election of directors at such date and time as the Board of Directors of the Corporation (the "***Board***") shall fix. The meeting may be held either at a place, within or without the State of Delaware as permitted by the Delaware General Corporation Law (the "***DGCL***"), or by means of remote communication as the Board in its sole discretion may determine. Any proper business may be transacted at the annual meeting.

Section 1.2: Special Meetings. Special meetings of stockholders for any purpose or purposes shall be called in the manner set forth in the Restated Certificate of Incorporation of the Corporation (as the same may be amended and/or restated from time to time, the "***Certificate of Incorporation***"). The special meeting may be held either at a place, within or without the State of Delaware, or by means of remote communication as the Board in its sole discretion may determine. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of the meeting.

Section 1.3: Notice of Meetings. Notice of all meetings of stockholders shall be given in writing or by electronic transmission in the manner provided by applicable law and these Bylaws (including, without limitation, as set forth in Section 7.1.1 of these Bylaws) stating the date, time and place, if any, of the meeting, the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and the record date for determining the stockholders entitled to vote at the meeting (if such date is different from the record date for stockholders entitled to notice of the meeting). In the case of a special meeting, such notice shall also set forth the purpose or purposes for which the meeting is called. Unless otherwise required by applicable law or the Certificate of Incorporation, notice of any meeting of stockholders shall be given not less than ten (10), nor more than sixty (60), days before the date of the meeting to each stockholder of record entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting.

Section 1.4: Adjournments. . Notwithstanding Section 1.5 of these Bylaws, the chairperson of the meeting shall have the power to adjourn the meeting to another time, date and place (if any) regardless of whether a quorum is present, at any time and for any reason. Any meeting of stockholders, annual or special, may be adjourned from time to time, and notice need not be given of any such adjourned meeting if the time, date and place (if any) thereof and the means of remote communication (if any) by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. If the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for determination of stockholders entitled to vote is fixed for the adjourned meeting, the Board shall fix as the record date for determining stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting, and shall give notice of the adjourned meeting to each stockholder of record entitled to vote at such adjourned meeting as of the record date so fixed for notice of such adjourned meeting. At the adjourned meeting the Corporation may transact any business that might have been transacted at the original meeting. To the fullest extent permitted by law, the Board may postpone, reschedule or cancel at any time and for any reason any previously scheduled special or annual meeting of the stockholders before it is to be held.

Section 1.5: Quorum. Except as otherwise provided by applicable law, the Certificate of Incorporation or these Bylaws, at each meeting of stockholders the holders of a majority of the voting power of the shares of stock issued and outstanding and entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business; provided, however, that where a separate vote by a class or classes or series of stock is required by applicable law or the Certificate of Incorporation, the holders of a majority of the voting power of the shares of such class or classes or series of the stock issued and outstanding and entitled to vote on such matter, present in person or represented by proxy at the meeting, shall constitute a quorum entitled to take action with respect to the vote on such matter. If a quorum shall fail to attend any meeting, the chairperson of the meeting or, if directed to be voted on by the chairperson of the meeting, the holders of a majority of the voting power of the shares entitled to vote on the matter who are present in person or represented by proxy at the meeting may adjourn the meeting. Shares of the Corporation's capital stock shall neither be entitled to vote nor counted for quorum purposes if such shares belong to (i) the Corporation, (ii) another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation or (iii) any other entity, if a majority of the voting power of such other entity is otherwise controlled, directly or indirectly, by the Corporation; provided, however, that the foregoing shall not limit the right of the Corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity. A quorum, once established at a meeting, shall not be broken by the withdrawal of enough votes to leave less than a quorum.

Section 1.6: Organization. Meetings of stockholders shall be presided over by (a) such person as the Board may designate, or (b) in such person's absence, the Chairperson of the Board, or (c) in the absence of such person, the Lead Independent Director, or (d) in such person's absence, the Chief Executive Officer of the Corporation or (e) in such person's absence, the President of the Corporation, or (f) in the absence of such person, by a Vice President. Such person shall be chairperson of the meeting and, subject to Section 1.10 of these Bylaws, shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seems to such person to be in order. The Secretary of the Corporation shall act as secretary of the meeting, but in such person's absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 1.7: Voting; Proxies. Each stockholder of record entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy. Such a proxy may be prepared, transmitted and delivered in any manner permitted by applicable law. Except as may be required in the Certificate of Incorporation, directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. At all meetings of stockholders at which a quorum is present, unless a different or minimum vote is required by applicable law, rule or regulation applicable to the Corporation or its securities, the rules or regulations of any stock exchange applicable to the Corporation, the Certificate of Incorporation or these Bylaws, in which case such different or minimum vote shall be the applicable vote on the matter, every matter other than the election of directors shall be decided by the majority of the votes cast (or if there are two or more classes or series of stock entitled to vote as separate classes, then in the case of each class or series, by a majority of the votes cast by the holders of shares of stock of that class or series).

Section 1.8: Fixing Date for Determination of Stockholders of Record. In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall, unless otherwise required by law, not be more than sixty (60), nor less than ten (10), days before the date of such meeting. If the Board so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of and to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for determination of stockholders entitled to notice of or to vote at the adjourned meeting and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned meeting.

In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the Board and which shall not be more than sixty (60) days prior to such action. If no such record date is fixed by the Board, then the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

Section 1.9: List of Stockholders Entitled to Vote. The Corporation shall prepare, at least ten (10) days before every meeting of stockholders, a complete list of stockholders entitled to vote at the meeting (provided, however, if the record date for determining the stockholders entitled to vote is less than ten (10) days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the tenth (10th) day before the meeting date), arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least ten (10) days prior to the meeting, (a) on a reasonably accessible electronic network as permitted by applicable law (provided, that the information required to gain access to the list is provided with the notice of the meeting), or (b) during ordinary business hours, at the principal place of business of the Corporation. If the meeting is held at a location where stockholders may attend in person, the list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present at the meeting. If the meeting is held solely by means of remote communication, then the list shall be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access the list shall be provided with the notice of the meeting. Except as otherwise provided by law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 1.9 or to vote in person or by proxy at any meeting of stockholders. The Corporation shall not be required to include electronic mail addresses or other electronic contact information on such list.

The Board may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board, the person presiding over any meeting of stockholders shall have the right and authority to convene and (for any or no reason) to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such presiding person, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the presiding person of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting by stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as the presiding person of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; (v) limitations on the time allotted to questions or comments by participants; (vi) restricting the use of audio/video recording devices and cell phones; and (vii) complying with any state and local laws and regulations concerning safety and security. The presiding person at any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding person should so determine, such presiding person shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board or the person presiding over the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 1.10: Inspectors of Election.

1.10.1 Applicability. Unless otherwise required by the Certificate of Incorporation or by applicable law, the following provisions of this Section 1.10 shall apply only if and when the Corporation has a class of voting stock that is: (a) listed on a national securities exchange; (b) authorized for quotation on an interdealer quotation system of a registered national securities association; or (c) held of record by more than two thousand (2,000) stockholders. In all other cases, observance of the provisions of this Section 1.10 shall be optional, and at the discretion of the Board.

1.10.2 Appointment. The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors of election to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting.

1.10.3 Inspector's Oath. Each inspector of election, before entering upon the discharge of such inspector's duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability.

1.10.4 Duties of Inspectors. At a meeting of stockholders, the inspectors of election shall (a) ascertain the number of shares outstanding and the voting power of each share, (b) determine the shares represented at a meeting and the validity of proxies and ballots, (c) count all votes and ballots, (d) determine and retain for a reasonable period of time a record of the disposition of any challenges made to any determination by the inspectors, and (e) certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

1.10.5 Opening and Closing of Polls. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced by the chairperson of the meeting at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors after the closing of the polls unless the Court of Chancery of the State of Delaware, upon application by a stockholder, shall determine otherwise.

1.10.6 Determinations. In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted with those proxies, any information provided in connection with proxies pursuant to Section 211(a)(2)b.(i) of the DGCL, or in accordance with Sections 211(e) or 212(c)(2) of the DGCL, ballots and the regular books and records of the Corporation, except that the inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspectors consider other reliable information for the limited purpose permitted herein, the inspectors at the time they make their certification of their determinations pursuant to this Section 1.10 shall specify the precise information considered by them, including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors' belief that such information is accurate and reliable.

Section 1.11: Notice of Stockholder Business; Nominations.

1.11.1 Annual Meeting of Stockholders.

(a) Nominations of persons for election to the Board and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders only: (i) pursuant to the Corporation's notice of such meeting (or any supplement thereto), (ii) by or at the direction of the Board or any duly authorized committee thereof or (iii) by any stockholder of the Corporation who was a stockholder of record at the time of giving of the notice provided for in this Section 1.11 (the "***Record Stockholder***"), who is entitled to vote at such meeting and who complies with the notice and other procedures set forth in this Section 1.11 in all applicable respects. For the avoidance of doubt, the foregoing clause (iii) shall be the exclusive means for a stockholder to make nominations or propose business (other than business included in the Corporation's proxy materials pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (such act, and the rules and regulations promulgated thereunder, the ***"Exchange Act"***), at an annual meeting of stockholders, and such stockholder must fully comply with the notice and other procedures set forth in this Section 1.11 to make such nominations or propose business before an annual meeting.

(b) For nominations or other business to be properly brought before an annual meeting by a Record Stockholder pursuant to Section 1.11.1(a) of these Bylaws:

(i) the Record Stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and provide any updates or supplements to such notice at the times and in the forms required by this Section 1.11;

(ii) such other business (other than the nomination of persons for election to the Board) must otherwise be a proper matter for stockholder action;

(iii) if the Proposing Person (as defined below) has provided the Corporation with a Solicitation Notice (as defined below), such Proposing Person must, in the case of a proposal other than the nomination of persons for election to the Board, have delivered a proxy statement and form of proxy to holders of at least the percentage of the Corporation's voting shares required under applicable law to carry any such proposal, or, in the case of a nomination or nominations, have delivered a proxy statement and form of proxy to holders of a percentage of the Corporation's voting shares reasonably believed by such Proposing Person to be sufficient to elect the nominee or nominees proposed to be nominated by such Record Stockholder, and must, in either case, have included in such materials the Solicitation Notice; and

(iv) if no Solicitation Notice relating thereto has been timely provided pursuant to this Section 1.11, the Proposing Person proposing such business or nomination must not have solicited a number of proxies sufficient to have required the delivery of such a Solicitation Notice under this Section 1.11.

To be timely, a Record Stockholder's notice must be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the ninetieth (90th) day nor earlier than the open of business on the one hundred and twentieth (120th) day prior to the first anniversary of the preceding year's annual meeting (except in the case of the Corporation's first annual meeting following its initial public offering, for which such notice shall be timely if delivered in the same time period as if such meeting were a special meeting governed by Section 1.11.2 of these Bylaws); provided, however, that in the event that the date of the annual meeting is more than thirty (30) days before, or more than sixty (60) days after, such anniversary date, notice by the Record Stockholder to be timely must be so delivered (A) no earlier than the open of business on the one hundred and twentieth (120th) day prior to such annual meeting and (B) no later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the close of business on the tenth (10th) day following the day on which Public Announcement (as defined below) of the date of such meeting is first made by the Corporation. In no event shall an adjournment or postponement of an annual meeting for which notice has been given commence a new time period (or extend any time period) for providing the Record Stockholder's notice. Such Record Stockholder's notice shall set forth:

(X) as to each person whom the Record Stockholder proposes to nominate for election or reelection as a director, in addition to the matters set forth in paragraph (Z) below,:

(i) the name, age, business address and residence address of such person;

(ii) the principal occupation or employment of such nominee;

(iii) the class, series and number of any shares of stock of the Corporation that are beneficially owned or owned of record by such person or any Associated Person (as defined in Section 1.11.3(c));

(iv) the date or dates such shares were acquired and the investment intent of such acquisition;

(v) all other information relating to such person that would be required to be disclosed in solicitations of proxies for the election of directors in an election contest (even if an election contest is not involved), or would be otherwise required, in each case pursuant to and in accordance with Section 14(a) (or any successor provision) under the Exchange Act and the rules and regulations thereunder (including such person's written consent to being named in the proxy statement as a nominee, to the public disclosure of information regarding or related to such person provided to the Corporation by such person or otherwise pursuant to this Section 1.11 and to serving as a director if elected);

(vi) whether such person meets the independence requirements of the stock exchange upon which the Corporation's Common Stock is primarily traded;

(vii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three (3) years, and any other material relationships, between or among such Proposing Person or any of its respective affiliates and associates or others Acting in Concert (as defined below) therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates or others Acting in Concert therewith, on the other hand, including all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the Proposing Person or any of its respective affiliates and associates or person Acting in Concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant; and

(viii) a completed and signed questionnaire, representation and agreement required by Section 1.11.1(e) of these Bylaws. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of the proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of the nominee.

The number of nominees a Record Stockholder may nominate for election at the annual meeting (or in the case of a Record Stockholder giving the notice on behalf of a beneficial owner, the number of nominees a stockholder may nominate for election at the annual meeting on behalf of such beneficial owner) shall not exceed the number of directors to be elected at such annual meeting.

(Y) as to any other business other than the nomination of a director or directors that the Record Stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the Bylaws, the text of the proposed amendment), the

reasons for conducting such business at the meeting and any material direct or indirect interest in such business of such Proposing Person, including any anticipated benefit to any Proposing Person therefrom; and a description of all agreements, arrangements and understandings between or among any such Proposing Person and any of its respective affiliates or associates, on the one hand, and any other person or persons, on the other hand, (including their names) in connection with the proposal of such business by such Proposing Person; and

(Z) as to the Proposing Person giving the notice:

(i) the current name and address of such Proposing Person, including, if applicable, their name and address as they appear on the Corporation's stock ledger, if different;

(ii) the class or series and number of shares of stock of the Corporation that are directly or indirectly owned of record or beneficially owned by such Proposing Person, including any shares of any class or series of the Corporation as to which such Proposing Person has a right to acquire beneficial ownership at any time in the future;

(iii) whether and the extent to which any derivative interest in the Corporation's equity securities (including without limitation any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of shares of the Corporation or otherwise, and any cash-settled equity swap, total return swap, synthetic equity position or similar derivative arrangement (any of the foregoing, a ***"Derivative Instrument"***), as well as any rights to dividends on the shares of any class or series of shares of the Corporation that are separated or separable from the underlying shares of the Corporation) or any short interest in any security of the Corporation (for purposes of this Bylaw a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any increase or decrease in the value of the subject security, including through performance-related fees) is held directly or indirectly by or for the benefit of such Proposing Person, including without limitation whether and the extent to which any ongoing hedging or other transaction or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including without limitation any short position or any borrowing or lending of shares) has been made, the effect or intent of which is to mitigate loss to or manage risk or benefit of share price changes for, or to increase or decrease the voting power of, such Proposing Person with respect to any share of stock of the Corporation (any of the foregoing, a ***"Short Interest"***);

(iv) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such Proposing Person or any of its respective affiliates or associates is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership;

(v) any significant equity interests or any Derivative Instruments or Short Interests in any principal competitor of the Corporation held by such Proposing Person and/or any of its respective affiliates or associates;

(vi) all information that would be required to be set forth in a Schedule 13D filed pursuant to Rule 13d-1(a) or an amendment pursuant to Rule 13d-2(a) if such a statement were required to be filed under the Exchange Act and the rules and regulations promulgated thereunder by such Proposing Person and/or any of its respective affiliates or associates;

(vii) any other material relationship between such Proposing Person, on the one hand, and the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation, on the other hand;

(viii) any direct or indirect material interest in any material contract or agreement with the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement);

(ix) any other information relating to such Proposing Person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies or consents by such Proposing Person in support of the business proposed to be brought before the meeting pursuant to Section 14(a) (or any successor provision) under the Exchange Act and the rules and regulations thereunder (the disclosures to be made pursuant to the foregoing clauses (vii) through (ix) are referred to as "***Disclosable Interests***"). For purposes hereof "Disclosable Interests" shall not include any information with respect to the ordinary course business activities of any broker, dealer, commercial bank, trust company or other nominee who is a Proposing Person solely as a result of being the stockholder directed to prepare and submit the notice required by these Bylaws on behalf of a beneficial owner;

(x) such Proposing Person's written consent to the public disclosure of information provided to the Corporation pursuant to this Section 1.11;

(xi) a complete written description of any agreement, arrangement or understanding (whether oral or in writing) (including any knowledge that another person or entity is Acting in Concert (as defined in Section 1.11.3(c)) with such Proposing Person) between or among such Proposing Person, any of its respective affiliates or associates and any other person Acting in Concert with any of the foregoing persons;

(xii) as to each person whom such Proposing Person proposes to nominate for election or re-election as a director, any agreement, arrangement or understanding of such person with any other person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director known to such Proposing Person after reasonable inquiry;

(xiii) a representation that the Record Stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination;

(xiv) a representation whether such Proposing Person intends (or is part of a group that intends) to deliver a proxy statement or form of proxy to holders of, in the case of a proposal, at least the percentage of the Corporation's voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of the Corporation's voting shares to elect such nominee or nominees (an affirmative statement of such intent being a "***Solicitation Notice***");

(xv) any proxy, contract, arrangement, or relationship pursuant to which the Proposing Person has a right to vote, directly or indirectly, any shares of any security of the Corporation; and

(xvi) any other information reasonably requested by the Corporation.

A stockholder providing written notice required by this Section 1.11 will update and supplement such notice in writing, if necessary, so that the information provided or required to be provided in such notice is true and correct in all material respects as of (i) the record date for the meeting and (ii) the close of business on the fifth (5th) business day prior to the meeting and, in the event of any adjournment or postponement thereof, the close of business on the fifth (5th) business day prior to such adjourned or postponed meeting. In the case of an update and supplement pursuant to clause (i) of the foregoing sentence, such update and supplement will be received by the Secretary of the Corporation at the principal executive office of the Corporation not later than five (5) business days after the record date for the meeting, and in the case of an update and supplement pursuant to clause (ii) of the foregoing sentence, such update and supplement will be received by the Secretary of the Corporation at the principal executive office of the Corporation not later than two (2) business days prior to the date for the meeting, and, in the event of any adjournment or postponement thereof, two (2) business days prior to such adjourned or postponed meeting.

(c) Notwithstanding anything in the second sentence of Section 1.11.1(b) of these Bylaws to the contrary, in the event that the number of directors to be elected to the Board is increased and there is no Public Announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting (or, if the annual meeting is held more than thirty (30) days before or sixty (60) days after such anniversary date, at least one hundred (100) days prior to such annual meeting), a stockholder's notice required by this Section 1.11 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary of the Corporation at the principal executive office of the Corporation no later than the close of business on the tenth (10th) day following the day on which such Public Announcement is first made by the Corporation.

(d) Notwithstanding anything in Section 1.11 or any other provision of the Bylaws to the contrary, any person who has been determined by a majority of the Whole Board to have violated Section 2.11 of these Bylaws or a Board Confidentiality Policy (as defined below) while serving as a director of the Corporation in the preceding five (5) years shall be ineligible to be nominated or serve as a member of the Board, absent a prior waiver for such nomination or service approved by two-thirds of the Whole Board.

(e) To be eligible to be a nominee of any stockholder for election or reelection as a director of the Corporation, the person proposed to be nominated must deliver (in accordance with the time periods prescribed for delivery of notice under Section 1.11 of these Bylaws) to the Secretary at the principal executive offices of the Corporation a completed and signed questionnaire in the form required by the Corporation (which form the stockholder shall request in writing from the Secretary of the Corporation and which the Secretary shall provide to such stockholder within ten (10) days of receiving such request) with respect to the background and qualification of such person to serve as a director of the Corporation and the background of any other person or entity on whose behalf, directly or indirectly, the nomination is being made and a signed representation and agreement (in the form available from the Secretary upon written request) that such person: (a) is not and will not become a party to (i) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a ***"Voting Commitment"***) that has not been disclosed to the Corporation or (ii) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (b) is not and will not become a party to any Compensation Arrangement (as defined below) that has not been disclosed to the Corporation, (c) if elected as a director of the Corporation, will comply with all informational and similar requirements of applicable insurance policies and laws and regulations in connection with service or action as a director of the Corporation, (d) if elected as a director of the Corporation, will comply with all corporate governance, conflict of interest, stock ownership requirements, confidentiality and trading policies and guidelines of the Corporation publicly disclosed from time to time, and (e) intends to serve as a director for the full term of the class for which such individual is to stand for election, or if such person does not intend to serve for the full term of such class the period of time such person intends to serve as a director.

1.11.2 Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of such meeting. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of such meeting (a) by or at the direction of the Board or any duly authorized committee thereof or (b) provided that the Board has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice of the special meeting, who shall be entitled to vote at the meeting and who

complies with the notice and other procedures set forth in this Section 1.11 in all applicable respects. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board, any such stockholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by Section 1.11.1(b) of these Bylaws shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation (i) no earlier than the open of business on the one hundred twentieth (120th) day prior to such special meeting and (ii) no later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which Public Announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting. The number of nominees a stockholder may nominate for election at a special meeting (or in the case of a stockholder giving the notice on behalf of a beneficial owner, the number of nominees a stockholder may nominate for election at the special meeting on behalf of such beneficial owner) shall not exceed the number of directors to be elected at such special meeting. In no event shall an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for providing such notice.

1.11.3 General.

(a) Except as otherwise expressly provided in any applicable rule or regulation promulgated under the Exchange Act, only such persons who are nominated in accordance with the procedures set forth in this Section 1.11 shall be eligible to be elected at a meeting of stockholders and serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.11. Except as otherwise provided by law or these Bylaws, the chairperson of the meeting shall have the power and duty to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 1.11 and, if any proposed nomination or business is not in compliance herewith, to declare that such defective proposal or nomination shall be disregarded. Notwithstanding the foregoing provisions of this Section 1.11, unless otherwise required by law, if the stockholder (or a Qualified Representative of the stockholder (as defined below)) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or proposed business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation.

(b) Notwithstanding the foregoing provisions of this Section 1.11, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth herein. Nothing in this Section 1.11 shall be deemed to affect any rights of (i) stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) the holders of any series of Preferred Stock to elect directors pursuant to any applicable provisions of the Certificate of Incorporation.

(c) For purposes of this Section 1.11 the following definitions shall apply:

(i) a person shall be deemed to be "***Acting in Concert***" with another person if such person knowingly acts (whether or not pursuant to an express agreement, arrangement or understanding) in concert with, or toward a common goal relating to the management, governance or control of the Corporation in substantial parallel with, such other person where (1) each person is conscious of the other person's conduct or intent and this awareness is an element in their

decision-making processes and (2) at least one additional factor suggests that such persons intend to act in concert or in substantial parallel, which such additional factors may include, without limitation, exchanging information (whether publicly or privately), attending meetings, conducting discussions or making or soliciting invitations to act in concert or in substantial parallel; provided, that a person shall not be deemed to be Acting in Concert with any other person solely as a result of the solicitation or receipt of revocable proxies or consents from such other person in response to a solicitation made pursuant to, and in accordance with, Section 14(a) (or any successor provision) of the Exchange Act by way of a proxy or consent solicitation statement filed on Schedule 14A. A person Acting in Concert with another person shall be deemed to be Acting in Concert with any third party who is also Acting in Concert with such other person;

(ii) ***"affiliate"*** and ***"associate"*** shall have the meanings ascribed thereto in Rule 405 under the Securities Act of 1933, as amended (the "***Securities Act***"); provided, however, that the term "partner" as used in the definition of "associate" shall not include any limited partner that is not involved in the management of the relevant partnership;

(iii) "***Associated Person***" shall mean with respect to any subject stockholder or other person (including any proposed nominee) (1) any person directly or indirectly controlling, controlled by or under common control with such stockholder or other person, (2) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder or other person, (3) any associate (as defined in Rule 405 under the Securities Act, of such stockholder or other person, and (4) any person directly or indirectly controlling, controlled by or under common control or Acting in Concert with any such Associated Person;

(iv) ***"Compensation Arrangement"*** shall mean any direct or indirect compensatory payment or other financial agreement, arrangement or understanding with any person or entity other than the Corporation, including any agreement, arrangement or understanding with respect to any direct or indirect compensation, reimbursement or indemnification in connection with candidacy, nomination, service or action as a nominee or as a director of the Corporation;

(v) "***Proposing Person***" shall mean (1) the Record Stockholder providing the notice of business proposed to be brought before an annual meeting or nomination of persons for election to the Board at a stockholder meeting, (2) the beneficial owner or beneficial owners, if different, on whose behalf the notice of business proposed to be brought before the annual meeting or nomination of persons for election to the Board at a stockholder meeting is made, and (3) any Associated Person on whose behalf the notice of business proposed to be brought before the annual meeting or nomination of persons for election to the Board at a stockholder meeting is made;

(vi) "***Public Announcement***" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act; and

(vii) to be considered a "***Qualified Representative***" of a stockholder, a person must be a duly authorized officer, manager, trustee or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as a proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction thereof, at the annual meeting; provided, however, that if the stockholder is (1) a general or limited partnership, any general partner or person who functions as a general partner of the general or

limited partnership or who controls the general or limited partnership shall be deemed a Qualified Representative, (2) a corporation or a limited liability company, any officer or person who functions as the substantial equivalent of an officer of the corporation or limited liability company or any officer, director, general partner or person who functions as an officer, director or general partner of any entity ultimately in control of the corporation or limited liability company shall be deemed a Qualified Representative or (z) a trust, any trustee of such trust shall be deemed a Qualified Representative. The Secretary of the Corporation, or any other person who shall be appointed to serve as secretary of the meeting, may require, on behalf of the Corporation, reasonable and appropriate documentation to verify the status of a person purporting to be a "Qualified Representative" for purposes hereof.

ARTICLE II: BOARD OF DIRECTORS

Section 2.1: Number; Qualifications. The total number of directors constituting the Board (the "Whole Board") shall be fixed from time to time in the manner set forth in the Certificate of Incorporation. No decrease in the authorized number of directors constituting the Whole Board shall shorten the term of any incumbent director. Directors need not be stockholders of the Corporation.

Section 2.2: Election; Resignation; Removal; Vacancies. Election of directors need not be by written ballot. Unless otherwise provided by the Certificate of Incorporation and subject to the special rights of holders of any series of Preferred Stock to elect directors, the Board shall be divided into three classes, designated as Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the Whole Board. Each director shall hold office until the annual meeting at which such director's term expires and until such director's successor is duly elected and qualified or until such director's earlier death, resignation, disqualification or removal. Any director may resign by delivering a resignation in writing or by electronic transmission to the Corporation at its principal office or to the Chairperson of the Board, the Chief Executive Officer, or the Secretary. Such resignation shall be effective upon delivery unless it is specified to be effective at a later time or upon the happening of an event. Subject to the special rights of holders of any series of Preferred Stock to elect directors, directors may be removed only as provided by the Certificate of Incorporation and applicable law. All vacancies occurring on the Board and any newly created directorships resulting from any increase in the authorized number of directors shall be filled in the manner set forth in the Certificate of Incorporation.

Section 2.3: Regular Meetings. Regular meetings of the Board may be held at such places, within or without the State of Delaware, and at such times as the Board may from time to time determine. Notice of regular meetings need not be given if the date, times and places thereof are fixed by resolution of the Board.

Section 2.4: Special Meetings. Special meetings of the Board may be called by or at the direction of the Chairperson of the Board, the Chief Executive Officer, the Lead Independent Director or a majority of the members of the Board then in office and may be held at any time, date or place, within or without the State of Delaware, as the person or persons calling the meeting shall fix. Notice of the time, date and place of such meeting shall be given, orally, in writing or by electronic transmission (including electronic mail), by the person or persons calling the meeting to all directors at least four (4) days before the meeting if the notice is mailed, or at least twenty-four (24) hours before the meeting if such notice is given by telephone, hand delivery, facsimile, electronic mail or other means of electronic transmission. Unless otherwise indicated in the notice, any and all business may be transacted at a special meeting.

Section 2.5: Remote Meetings Permitted. Members of the Board, or any committee of the Board, may participate in a meeting of the Board or such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to conference telephone or other communications equipment shall constitute presence in person at such meeting.

Section 2.6: Quorum; Vote Required for Action. Except as otherwise provided herein or in the Certificate of Incorporation or required by law, at all meetings of the Board, a majority of the Whole Board shall constitute a quorum for the transaction of business. If a quorum shall fail to attend any meeting, a majority of those present may adjourn the meeting to another place, date or time. Except as otherwise provided herein or in the Certificate of Incorporation, or required by law, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board.

Section 2.7: Organization. Meetings of the Board shall be presided over by (a) the Chairperson of the Board, or (b) in the absence of such person, the Lead Independent Director, or (c) in such person's absence, the Chief Executive Officer, or (d) in such person's absence, by a chairperson chosen by the Board at the meeting. The Secretary shall act as secretary of the meeting, but in such person's absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 2.8: Unanimous Action by Directors in Lieu of a Meeting. Any action required or permitted to be taken at any meeting of the Board, or of any committee thereof, may be taken without a meeting if all members of the Board or such committee, as the case may be, consent thereto in writing or by electronic transmission. After the action is taken, the writing or writings or electronic transmission or transmissions shall be filed with the minutes of proceedings of the Board or committee, as applicable. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 2.9: Powers. Except as otherwise provided by the Certificate of Incorporation or the DGCL, the business and affairs of the Corporation shall be managed by or under the direction of the Board.

Section 2.10: Compensation of Directors. Members of the Board, as such, may receive, pursuant to a resolution of the Board, fees and other compensation for their services as directors, including without limitation their services as members of committees of the Board.

Section 2.11: Confidentiality. Each director shall maintain the confidentiality of, and shall not share with any third party person or entity (including third parties that originally sponsored, nominated or designated such director (the "***Sponsoring Party***")), any non-public information learned in their capacities as directors, including communications among Board members in their capacities as directors. The Board may adopt a board confidentiality policy further implementing and interpreting this bylaw (a "***Board Confidentiality Policy***"). All directors are required to comply with this bylaw and any such Board Confidentiality Policy unless such director or Sponsoring Party for such director has entered into a specific written agreement with the Corporation, in either case as approved by the Board, providing otherwise with respect to such confidential information.

ARTICLE III: COMMITTEES

Section 3.1: Committees. The Board may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting of such committee who are not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent provided in a resolution of the Board and subject to any limitations imposed by applicable law, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority in reference to the following matters: (a) approving, adopting or recommending to the stockholders any action or matter (other than the election or removal of members of the Board) expressly required by the DGCL to be submitted to stockholders for approval or (b) adopting, amending or repealing any bylaw of the Corporation.

Section 3.2: Committee Rules. Each committee shall keep records of its proceedings and make such reports as the Board may from time to time request. Unless the Board otherwise provides, each committee designated by the Board may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board conducts its business pursuant to Article II of these Bylaws. Except as otherwise provided in the Certificate of Incorporation, these Bylaws or the resolution of the Board designating the committee, any committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and may delegate to any such subcommittee any or all of the powers and authority of the committee.

ARTICLE IV: OFFICERS; CHAIRPERSON; LEAD INDEPENDENT DIRECTOR

Section 4.1: Generally. The officers of the Corporation shall consist of a Chief Executive Officer (who may be the Chairperson of the Board or the President), a President, a Secretary and a Treasurer and may consist of such other officers, including, without limitation, a Chief Financial Officer and one or more Vice Presidents, as may from time to time be appointed by the Board. All officers shall be elected by the Board; provided, however, that the Board may empower the Chief Executive Officer of the Corporation to appoint any officer other than the Chief Executive Officer, the President, the Chief Financial Officer or the Treasurer. Except as otherwise provided by law, by the Certificate of Incorporation or these Bylaws, each officer shall hold office until such officer's successor is duly elected and qualified or until such officer's earlier resignation, death, disqualification or removal. Any number of offices may be held by the same person. The officers of the Corporation shall have such authority and shall exercise such powers and perform such duties as may be specified in these Bylaws or pursuant to authorization of the Board, and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board of Directors. Any officer may resign by delivering a resignation in writing or by electronic transmission to the Corporation at its principal office or to the Chairperson of the Board, the Chief Executive Officer or the Secretary. Such resignation shall be effective upon delivery unless it is specified to be effective at some later time or upon the happening of some later event. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise may be filled by the Board and the Board may, in its discretion, leave unfilled, for such period as it may determine, any offices. Each such successor shall hold office for the unexpired term of such officer's predecessor and until a successor is duly elected and qualified or until such officer's earlier resignation, death, disqualification or removal.

Section 4.2: Chief Executive Officer. Subject to the control of the Board and such supervisory powers, if any, as may be given by the Board, the powers and duties of the Chief Executive Officer of the Corporation are:

(a) to act as the general manager and, subject to the control of the Board, to have general supervision, direction and control of the business and affairs of the Corporation;

(b) subject to Article I, Section 1.6 of these Bylaws, to preside at all meetings of the stockholders;

(c) subject to Article I, Section 1.2 of these Bylaws, to call special meetings of the stockholders to be held at such times and, subject to the limitations prescribed by applicable law or by these Bylaws, at such places as the Chief Executive Officer shall deem proper;

(d) to affix the signature of the Corporation to all deeds, conveyances, mortgages, guarantees, leases, obligations, bonds, certificates and other papers and instruments in writing which have been authorized by the Board or which, in the judgment of the Chief Executive Officer, should be executed on behalf of the Corporation;

(e) to sign certificates for shares of stock of the Corporation (if any);

(f) subject to the direction of the Board, to have general charge of the property of the Corporation and to supervise and control all officers, agents and employees of the Corporation; and

(g) to possess such other powers and perform such other duties as may be assigned by these Bylaws, as may from time to time be assigned by the Board and as may be incident to the office of Chief Executive Officer.

Section 4.3: Chairperson of the Board. Subject to the provisions of Section 2.7 of these Bylaws, the Chairperson of the Board shall have the power to preside at all meetings of the Board and shall have such other powers and duties as provided in these Bylaws and as the Board may from time to time prescribe. The Chairperson may or may not be an officer of the Corporation, as determined by the Board.

Section 4.4: Lead Independent Director. The Board may, in its discretion, elect a lead independent director from among its members that are Independent Directors (as defined below) (such director, the "***Lead Independent Director***"). He or she shall preside at all meetings at which the Chairperson of the Board is not present and shall exercise such other powers and duties as may from time to time be assigned to him or her by the Board or as prescribed by these Bylaws. For purposes of these Bylaws, "***Independent Director***" has the meaning ascribed to such term under the rules of the exchange upon which the Corporation's Common Stock is primarily traded.

Section 4.5: President. The person holding the office of Chief Executive Officer shall be the President of the Corporation unless the Board shall have designated one individual as the President and a different individual as the Chief Executive Officer of the Corporation. Subject to the provisions of these Bylaws and to the direction of the Board, and subject to the supervisory powers of the Chief Executive Officer (if the Chief Executive Officer is an officer other than the President), and subject to such supervisory powers and authority as may be given by the Board to the Chairperson of the Board, and/or to any other officer, the President shall have the responsibility for the general management and control of the business and affairs of the Corporation and the general supervision and direction of all of the officers, employees and agents of the Corporation (other than the Chief Executive Officer, if the Chief Executive Officer is an officer other than the President) and shall perform all duties and have all powers that are commonly incident to the office of President or that are delegated to the President by the Board.

Section 4.6: Vice President. Each Vice President shall have all such powers and duties as are commonly incident to the office of Vice President or that are delegated to him or her by the Board or the Chief Executive Officer. A Vice President may be designated by the Board to perform the duties and exercise the powers of the Chief Executive Officer or President in the event of the Chief Executive Officer's or President's absence or disability.

Section 4.7: Chief Financial Officer. The person holding the office of Chief Financial Officer shall be the Treasurer of the Corporation unless the Board shall have designated another officer as the Treasurer of the Corporation. Subject to the direction of the Board and the Chief Executive Officer, the Chief Financial Officer shall perform all duties and have all powers that are commonly incident to the office of Chief Financial Officer, or as the Board may from time to time prescribe.

Section 4.8: Treasurer. The person holding the office of Treasurer shall have custody of all monies and securities of the Corporation. The Treasurer shall make such disbursements of the funds of the Corporation as are authorized and shall render from time to time an account of all such transactions. The Treasurer shall also perform such other duties and have such other powers as are commonly incident to the office of Treasurer, or as the Board or the Chief Executive Officer may from time to time prescribe.

Section 4.9: Secretary. The Secretary shall issue or cause to be issued all authorized notices for, and shall keep, or cause to be kept, minutes of all meetings of the stockholders and the Board. The Secretary shall have charge of the corporate minute books and similar records and shall perform such other duties and have such other powers as are commonly incident to the office of Secretary, or as the Board or the Chief Executive Officer may from time to time prescribe.

Section 4.10: Delegation of Authority. The Board may from time to time delegate the powers or duties of any officer of the Corporation to any other officers or agents of the Corporation, notwithstanding any provision hereof.

Section 4.11: Removal. Any officer of the Corporation shall serve at the pleasure of the Board and may be removed at any time, with or without cause, by the Board; provided that if the Board has empowered the Chief Executive Officer to appoint any officer of the Corporation, then such officer may also be removed by the Chief Executive Officer. Such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation.

ARTICLE V: STOCK

Section 5.1: Certificates; Uncertificated Shares. The shares of capital stock of the Corporation shall be uncertificated shares; provided, however, that this Section 5.1 shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation (or the transfer agent or registrar, as the case may be). Notwithstanding the foregoing, the Board may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be certificated shares. Every holder of stock represented by certificates shall be entitled to have a certificate signed by, or in the name of the Corporation, by any two authorized officers of the Corporation, with each of the Chairperson or Vice-Chairperson of the Board, the Chief Executive Officer, the President, any Vice President, the Treasurer, any Assistant Treasurer, the Secretary and any Assistant Secretary being such an authorized officer of the Corporation, representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were an officer, transfer agent or registrar at the date of issue.

Section 5.2: Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates or Uncertificated Shares. The Corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate previously issued by it, alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to agree to indemnify the Corporation and/or to give the Corporation a bond sufficient to indemnify it, against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

Section 5.3: Other Regulations. Subject to applicable law, the Certificate of Incorporation and these Bylaws, the issue, transfer, conversion and registration of shares represented by certificates and of uncertificated shares shall be governed by such other regulations as the Board may establish.

ARTICLE VI: INDEMNIFICATION

Section 6.1: Indemnification of Officers and Directors. Each person who was or is made a party to, or is threatened to be made a party to, or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, legislative or any other type whatsoever (a "***Proceeding***"), by reason of the fact that such person (or a person of whom such person is the legal representative), is or was a director or officer of the Corporation or, while serving as a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee, agent or trustee of another corporation, or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans (for purposes of this Article VI, an "***Indemnitee***"), shall be indemnified and held harmless by the Corporation to the fullest extent permitted by the DGCL as the same exists or may hereafter be amended , against all expenses, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes and penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith, provided such Indemnitee acted in good faith and in a manner that the Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal Proceeding, had no reasonable cause to believe the Indemnitee's conduct was unlawful. Such indemnification shall continue as to an Indemnitee who has ceased to be a director or officer of the Corporation and shall inure to the benefit of such Indemnitees' heirs, executors and administrators. Notwithstanding the foregoing, subject to Section 6.5 of these Bylaws, the Corporation shall indemnify any such Indemnitee seeking indemnity in connection with a Proceeding (or part thereof) initiated by such Indemnitee only if such Proceeding (or part thereof) was authorized by the Board or such indemnification is authorized by an agreement approved by the Board.

Section 6.2: Advance of Expenses. The Corporation shall pay all expenses (including attorneys' fees) incurred by an Indemnitee in defending any Proceeding in advance of its final disposition; provided, however, that if the DGCL then so requires, the advancement of such expenses shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such Indemnitee, to repay such amounts if it shall ultimately be determined that such Indemnitee is not entitled to be indemnified under this Article VI or otherwise.

Section 6.3: Non-Exclusivity of Rights. The rights conferred on any person in this Article VI shall not be exclusive of any other right that such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote or consent of stockholders or disinterested directors, or otherwise. Additionally, nothing in this Article VI shall limit the ability of the Corporation, in its discretion, to indemnify or advance expenses to persons whom the Corporation is not obligated to indemnify or advance expenses pursuant to this Article VI.

Section 6.4: Indemnification Contracts. The Board is authorized to cause the Corporation to enter into indemnification contracts with any director, officer, employee or agent of the Corporation, or any person serving at the request of the Corporation as a director, officer, employee, agent or trustee of another corporation, partnership, joint venture, trust or other enterprise, including employee benefit plans, providing indemnification or advancement rights to such person. Such rights may be greater than those provided in this Article VI.

Section 6.5: Right of Indemnitee to Bring Suit. The following shall apply:

6.5.1 Right to Bring Suit. If a claim under Section 6.1 or 6.2 of these Bylaws is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be thirty (30) days, the Indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Indemnitee shall be entitled to be paid, to the fullest extent permitted by law, the expense of prosecuting or defending such suit. In any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the Indemnitee to enforce a right to an advancement of expenses) it shall be a defense that the Indemnitee has not met any applicable standard of conduct which makes it permissible under the DGCL (or other applicable law) for the Corporation to indemnify the Indemnitee for the amount claimed.

6.5.2 Effect of Determination. Neither the absence of a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in applicable law, nor an actual determination that the Indemnitee has not met such applicable standard of conduct, shall create a presumption that the Indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the Indemnitee, be a defense to such suit.

6.5.3 Burden of Proof. In any suit brought by the Indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VI, or otherwise, shall be on the Corporation.

Section 6.6: Nature of Rights. The rights conferred upon Indemnitees in this Article VI shall be contract rights and such rights shall continue as to an Indemnitee who has ceased to be a director, officer or trustee and shall inure to the benefit of the Indemnitee's heirs, executors and administrators. Any amendment, repeal or modification of any provision of this Article VI that adversely affects any right of an Indemnitee or an Indemnitee's successors shall be prospective only, and shall not adversely affect any right or protection conferred on a person pursuant to this Article VI with respect to any Proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment, repeal or modification.

Section 6.7: Insurance. The Corporation may purchase and maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

ARTICLE VII: NOTICES

Section 7.1: Notice.

7.1.1 Form and Delivery. Except as otherwise specifically required in these Bylaws (including, without limitation, Section 7.1.2 of these Bylaws) or by applicable law, all notices required to be given pursuant to these Bylaws may (a) in every instance in connection with any delivery to a member of the Board, be effectively given by hand delivery (including use of a delivery service), by depositing such notice in the mail, postage prepaid, or by sending such notice by overnight express courier, facsimile, electronic mail or other form of electronic transmission and (b) be effectively delivered to a stockholder when given by hand delivery, by depositing such notice in the mail, postage prepaid, by email, unless the stockholder has notified the Corporation that such stockholder objects to receiving notice by email, or, if specifically consented to by the stockholder as described in Section 7.1.2 of these Bylaws, by sending such notice by other form of electronic transmission. Any such notice shall be addressed to the person to whom notice is to be given at such person's address as it appears on the records of the Corporation. Notice shall be given (i) if mailed, when deposited in the United States mail, postage prepaid, (ii) if delivered by courier service, the earlier of when the notice is received or left at the stockholder's address, or (iii) if given by electronic mail, when directed to such stockholder's electronic mail address. A notice by electronic mail must include a prominent legend that the communication is an important notice regarding the corporation. A notice by electronic mail will include any files attached thereto and any information hyperlinked to a website if such electronic mail includes the contact information of an officer or agent of the corporation who is available to assist with accessing such files or information. In the case of delivery by electronic transmission (other than email), notice shall be deemed given at the time provided in Section 7.1.2 of these Bylaws.

7.1.2 Electronic Transmission. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under any provision of the DGCL, the Certificate of Incorporation, or these Bylaws shall be effective if given by a form of electronic transmission (other than email) consented to by the stockholder to whom the notice is given in accordance with Section 232 of the DGCL. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Notwithstanding anything in this Article VII to the contrary, notice may not be given by form of

electronic transmission (including email), from and after the time(a) the Corporation is unable to deliver by electronic transmission two consecutive notices given by the Corporation and (b) such inability becomes known to the Secretary or an Assistant Secretary of the Corporation or to the transfer agent, or other person responsible for the giving of notice; provided, however, the inadvertent failure to discover such inability shall not invalidate any meeting or other action. Notice given pursuant to this Section 7.1.2 shall be deemed given: (i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (ii) if by posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of such posting and the giving of such separate notice; and (iii) if by any other form of electronic transmission, when directed to the stockholder.

7.1.3 Affidavit of Giving Notice. An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of the Corporation that the notice has been given in writing or by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Section 7.2: Waiver of Notice. Whenever notice is required to be given under any provision of the DGCL, the Certificate of Incorporation or these Bylaws, a written waiver of notice, signed by the person entitled to notice, or waiver by electronic transmission by such person, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any waiver of notice.

ARTICLE VIII: INTERESTED DIRECTORS

Section 8.1: Interested Directors. No contract or transaction between the Corporation and one or more of its members of the Board or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are members of the board of directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee thereof that authorizes the contract or transaction, or solely because such director's or officer's votes are counted for such purpose, if: (a) the material facts as to such director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; (b) the material facts as to such director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (c) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board, a committee thereof, or the stockholders.

Section 8.2: Quorum. Interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes the contract or transaction.

ARTICLE IX: MISCELLANEOUS

Section 9.1: Fiscal Year. The fiscal year of the Corporation shall be determined by resolution of the Board.

Section 9.2: Seal. The Board may provide for a corporate seal, which may have the name of the Corporation inscribed thereon and shall otherwise be in such form as may be approved from time to time by the Board.

Section 9.3: Form of Records. Any records administered by or on behalf of the Corporation in the regular course of its business, including its stock ledger, books of account and minute books, may be kept on or by means of, or be in the form of any other information storage device, method, or one or more electronic networks or databases (including one or more distributed electronic networks or databases) electronic or otherwise, provided, that the records so kept can be converted into clearly legible paper form within a reasonable time and otherwise comply with the DGCL. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect such records pursuant to any provision of the DGCL.

Section 9.4: Reliance Upon Books and Records. A member of the Board, or a member of any committee designated by the Board shall, in the performance of such person's duties, be fully protected in relying in good faith upon the books and records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees of the Board, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 9.5: Certificate of Incorporation Governs. In the event of any conflict between the provisions of the Certificate of Incorporation and Bylaws, the provisions of the Certificate of Incorporation shall govern.

Section 9.6: Severability. If any provision of these Bylaws shall be held to be invalid, illegal, unenforceable or in conflict with the provisions of the Certificate of Incorporation, then such provision shall nonetheless be enforced to the maximum extent possible consistent with such holding and the remaining provisions of these Bylaws (including without limitation, all portions of any section of these Bylaws containing any such provision held to be invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation, that are not themselves invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation) shall remain in full force and effect.

ARTICLE X: AMENDMENT

These Bylaws may be amended as provided in the Certificate of Incorporation.

SPECIMEN SPECIMEN

NUMBER

SHARES

avidxchange™

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

SEE REVERSE FOR CERTAIN DEFINITIONS

COMMON STOCK

CUSIP 05368X 10 2

THIS CERTIFIES THAT:

SPECIMEN - NOT NEGOTIABLE

IS THE OWNER OF

FULLY PAID AND NON-ASSESSABLE SHARES OF COMMON STOCK OF $0.001 PAR VALUE EACH OF

AVIDXCHANGE HOLDINGS, INC.

transferable on the books of the Corporation by the holder thereof in person or by duly authorized attorney upon surrender of this certificate duly endorsed or assigned. This certificate and the shares represented hereby are subject to the laws of the State of Delaware, and to the Certificate of Incorporation and Bylaws of the Corporation, as now or hereafter amended.

This certificate is not valid until countersigned by the Transfer Agent.

WITNESS the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

DATED:

COUNTERSIGNED:

BROADRIDGE CORPORATE ISSUER SOLUTIONS, INC.
TRANSFER AGENT

BY:

AUTHORIZED SIGNATURE

AVIDXCHANGE HOLDINGS, INC. CORPORATE SEAL 2021 DELAWARE

SPECIMEN
NOT NEGOTIABLE

GENERAL COUNSEL, SENIOR VICE PRESIDENT

CHIEF EXECUTIVE OFFICER

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT - .....Custodian.....
(Cust) (Minor)
under Uniform Gifts to Minors Act .....
(State)

Additional abbreviations may also be used though not in the above list.

For Value Received,_____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

_____
(PLEASE PRINT OR TYPE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

_____

_____

_____ *Shares of the stock represented by the within Certificate, and do hereby irrevocably constitute and appoint*

_____ *Attorney to transfer the said stock on the books of the within named Corporation with full power of substitution in the premises.*

Dated _____

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

Signature(s) Guaranteed

By _____
The Signature(s) must be guaranteed by an eligible guarantor institution (Banks, Stockbrokers, Savings and Loan Associations and Credit Unions with membership in an approved Signature Guarantee Medallion Program), pursuant to SEC Rule 17Ad-15.

THE CORPORATION WILL FURNISH TO ANY STOCKHOLDER, UPON REQUEST AND WITHOUT CHARGE, A FULL STATEMENT OF THE DESIGNATIONS, RELATIVE RIGHTS, PREFERENCES AND LIMITATIONS OF THE SHARES OF EACH CLASS AND SERIES AUTHORIZED TO BE ISSUED, SO FAR AS THE SAME HAVE BEEN DETERMINED, AND OF THE AUTHORITY, IF ANY, OF THE BOARD TO DIVIDE THE SHARES INTO CLASSES OR SERIES AND TO DETERMINE AND CHANGE THE RELATIVE RIGHTS, PREFERENCES AND LIMITATIONS OF ANY CLASS OR SERIES. SUCH REQUEST MAY BE MADE TO THE SECRETARY OF THE CORPORATION OR TO THE TRANSFER AGENT NAMED ON THIS CERTIFICATE.

Exhibit 10.2

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (the ***"Agreement"***) is made and entered into as of _____, 2021 between AvidXchange Holdings, Inc., a Delaware corporation (the ***"Company"***), and _____ (***"Indemnitee"***).

WITNESSETH THAT:

WHEREAS, highly competent persons have become more reluctant to serve corporations as directors or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board of Directors of the Company (the ***"Board"***) has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The bylaws (the ***"Bylaws"***) and certificate of incorporation (the ***"Certificate of Incorporation"***) of the Company, each as may be amended or restated from time to time, contain provisions requiring indemnification of the officers and directors of the Company and limiting the liability of members of the Board. Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware (***"DGCL"***). The Bylaws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that agreements may be entered into between the Company and members of the Board, officers and other persons with respect to indemnification;

WHEREAS, the uncertainties relating to such insurance and to indemnification have increased the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company's stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the Bylaws and Certificate of Incorporation of the Company and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder; and

WHEREAS, Indemnitee does not regard the protection available under the Company's Bylaws and Certificate of Incorporation and insurance as adequate in the present circumstances, and may not be willing to serve as an officer or director without adequate protection, and the Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that he be so indemnified.

NOW, THEREFORE, in consideration of Indemnitee's agreement to serve as a director from and after the date hereof, the parties hereto agree as follows:

1. **Indemnity of Indemnitee**. The Company hereby agrees to hold harmless and indemnify Indemnitee to the fullest extent permitted by law, as such may be amended from time to time. In furtherance of the foregoing indemnification, and without limiting the generality thereof:

(a) **Proceedings Other Than Proceedings by or in the Right of the Company**. Indemnitee shall be entitled to the rights of indemnification provided in this Section l(a) if, by reason of his Corporate Status (as hereinafter defined), the Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding (as hereinafter defined) other than a Proceeding by or in the right of the Company. Pursuant to this Section 1(a), Indemnitee shall be indemnified against all Expenses (as hereinafter defined), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him, or on his behalf, in connection with such Proceeding or any claim, issue or matter therein, if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal Proceeding, had no reasonable cause to believe the Indemnitee's conduct was unlawful.

(b) **Proceedings by or in the Right of the Company**. Indemnitee shall be entitled to the rights of indemnification provided in this Section 1(b) if, by reason of his Corporate Status, the Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding brought by or in the right of the Company. Pursuant to this Section 1(b), Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by the Indemnitee, or on the Indemnitee's behalf, in connection with such Proceeding if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company; provided, however, if applicable law so provides, no indemnification against such Expenses shall be made in respect of any claim, issue or matter in such Proceeding as to which Indemnitee shall have been adjudged to be liable to the Company unless and to the extent that the Court of Chancery of the State of Delaware shall determine that such indemnification may be made.

(c) **Indemnification for Expenses of a Party Who is Wholly or Partly Successful**. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his Corporate Status, a party to and is successful, on the merits or otherwise, in any Proceeding, he shall be indemnified to the maximum extent permitted by law, as such may be amended from time to time, against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith. If Indemnitee is not wholly successful

in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

2. **Additional Indemnity**. In addition to, and without regard to any limitations on, the indemnification provided for in Section 1 of this Agreement, to the fullest extent permitted by law, the Company shall and hereby does indemnify and hold harmless Indemnitee against all Expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him or on his behalf if, by reason of his Corporate Status, he is, or is threatened to be made, a party to or participant in any Proceeding (including a Proceeding by or in the right of the Company), including, without limitation, all liability arising out of the negligence or active or passive wrongdoing of Indemnitee. The only limitation that shall exist upon the Company's obligations pursuant to this Agreement shall be that the Company shall not be obligated to make any payment to Indemnitee that is finally determined (under the procedures, and subject to the presumptions, set forth in Sections 7 and 8 hereof) to be unlawful.

3. **Contribution**.

(a) Whether or not the indemnification provided in Sections 1 and 2 hereof is available, in respect of any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), to the fullest extent permitted by law, the Company shall pay, in the first instance, the entire amount of any judgment or settlement of such action, suit or proceeding without requiring Indemnitee to contribute to such payment and the Company hereby waives and relinquishes any right of contribution it may have against Indemnitee. The Company shall not enter into any settlement of any action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee.

(b) Without diminishing or impairing the obligations of the Company set forth in the preceding subparagraph, if, for any reason, Indemnitee shall elect or be required to pay all or any portion of any judgment or settlement in any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), to the fullest extent permitted by law, the Company shall contribute to the amount of Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by Indemnitee in proportion to the relative benefits received by the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, from the transaction or events from which such action, suit or proceeding arose; provided, however, that the proportion determined on the basis of relative benefit may, to the extent necessary to conform to law, be further adjusted by reference to the relative fault of the Company and all officers, directors or employees of the Company other than Indemnitee who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, in connection with the transaction or events that resulted in such expenses,

judgments, fines or settlement amounts, as well as any other equitable considerations which applicable law may require to be considered. The relative fault of the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, shall be determined by reference to, among other things, the degree to which their actions were motivated by intent to gain personal profit or advantage, the degree to which their liability is primary or secondary and the degree to which their conduct is active or passive.

(c) The Company hereby agrees to fully indemnify and hold Indemnitee harmless from any claims of contribution that may be brought by officers, directors or employees of the Company, other than Indemnitee, who may be jointly liable with Indemnitee.

(d) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

4. **Indemnification for Expenses of a Witness**. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his Corporate Status, a witness, or is made (or asked) to respond to discovery requests, in any Proceeding to which Indemnitee is not a party, he shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith.

5. **Advancement of Expenses**. Notwithstanding any other provision of this Agreement, the Company shall advance all Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding by reason of Indemnitee's Corporate Status within thirty (30) days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether received prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee. Indemnitee shall qualify for advances upon the execution and delivery to the Company of this Agreement which shall constitute an undertaking providing that Indemnitee undertakes to the fullest extent required by law to repay the advance if and to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that Indemnitee is not entitled to be indemnified by the Company. No other form of undertaking shall be required. Any advances and undertakings to repay pursuant to this Section 5 shall be unsecured and interest free.

6. **Defense of Claim**. With respect to any such Proceeding as to which Indemnitee requests indemnification or advancement from the Company:

(a) The Company may participate therein at its own expense;

(b) The Company, jointly with any other indemnifying party similarly notified, may assume the defense thereof, with counsel satisfactory to Indemnitee. After notice from the Company to Indemnitee of its election to assume the defense thereof, the Company shall not be liable to Indemnitee under this Agreement for any legal or other expenses (other than reasonable costs of investigation) subsequently incurred by Indemnitee in connection with the defense thereof unless (i) the employment of counsel by Indemnitee has been authorized by the Company, (ii) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company (or any other person or persons included in the joint defense) and Indemnitee in the conduct of the defense of such action, or (iii) the Company shall not, in fact, have employed counsel to assume the defense of such action, in each of which cases the fees and expenses of counsel shall be at the Company's expense. The Company shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Company or as to which Indemnitee shall have reasonably made the conclusion provided for in (ii) above;

(c) Notwithstanding any other provision of this Agreement, the Company shall not be liable to Indemnitee under this Agreement for any amounts paid in settlement of any Proceeding effected without the Company's written consent;

(d) The Company shall not settle any action or claim in any manner that would impose any penalty or limitation on Indemnitee without Indemnitee's written consent; and

(e) Neither the Company nor Indemnitee shall unreasonably withhold its consent to any proposed settlement, provided that Indemnitee may withhold consent to any settlement that does not provide a complete release of Indemnitee.

7. **Procedures and Presumptions for Determination of Entitlement to Indemnification**. It is the intent of this Agreement to secure for Indemnitee rights of indemnity that are as favorable as may be permitted under federal law and the DGCL and the public policy of the U.S. and the State of Delaware. Accordingly, the parties agree that the following procedures and presumptions shall apply in the event of any question as to whether Indemnitee is entitled to indemnification under this Agreement:

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification. Notwithstanding the foregoing, any failure of Indemnitee to provide such a request to the Company, or to provide such a request in a timely fashion, shall not relieve the Company of any liability that it may have to Indemnitee unless, and to the extent that, such failure actually and materially prejudices the interests of the Company.

Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 7(a) hereof, a determination with respect to Indemnitee's entitlement thereto shall be made in the specific case by one of the following four methods, which shall be at the election of the Board: (1) by a majority vote of the Disinterested Directors (as defined below), even though less than a quorum, (2) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum, (3) if there are no Disinterested Directors or if the Disinterested Directors so direct, by Independent Counsel (as defined below) in a written opinion to the Board, a copy of which shall be delivered to the Indemnitee, or (4) if so directed by the Board, by the stockholders of the Company. Notwithstanding the foregoing, if there has been such a Change in Control (as defined below) (other than a Change in Control which has been approved by a majority of the Board who were directors immediately prior to such Change in Control), any reviewing party with respect to all matters thereafter arising concerning the Indemnitee's indemnification, exoneration or hold harmless rights for Expenses under this Agreement or any other agreement or under the Certificate of Incorporation or Bylaws as now or hereafter in effect, or under any other applicable law, if desired by the Indemnitee, shall be Independent Counsel. Such counsel, among other things, shall render its written opinion to the Company and the Indemnitee as to whether and to what extent the Indemnitee would be entitled to be indemnified, exonerated or held harmless hereunder and under applicable law and the Company agrees to abide by such opinion.

(b) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 7(b)(3) hereof, the Independent Counsel shall be selected as provided in this Section 7(c). The Independent Counsel shall be selected by the Board. Indemnitee may, within ten (10) days after such written notice of selection shall have been given, deliver to the Company a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of Independent Counsel, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If a written objection is made and substantiated, the Independent Counsel selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within twenty (20) days after submission by Indemnitee of a written request for indemnification pursuant to Section 7(a) hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition the Court of Chancery of the State of Delaware or other court of competent jurisdiction for resolution of any objection which shall have been made by the Indemnitee to the Company's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 7(b) hereof.

(c) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence. Neither the failure of the Company (including by its directors or independent legal counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or independent legal counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(d) Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise (as hereinafter defined), including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise. In addition, the knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement. Whether or not the foregoing provisions of this Section 7(e) are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(e) If the person, persons or entity empowered or selected under Section 7 to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such sixty (60) day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making such determination with respect to entitlement to indemnification in good faith requires such additional time to obtain or evaluate documentation and/or information relating thereto; and provided, further, that the foregoing provisions of this Section 7(f) shall not apply if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 7(b) of this Agreement and if (A) within fifteen (15) days after receipt by the Company of the request for such determination, the Board or the Disinterested Directors, if appropriate, resolve to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within seventy-five (75) days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within fifteen (15) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat.

(f) Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Independent Counsel, member of the Board or stockholder of the Company shall act reasonably and in good faith in making a determination regarding the Indemnitee's entitlement to indemnification under this Agreement. Any costs or expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(g) The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any action, claim or Proceeding (as defined below) to which Indemnitee is a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such action, claim or Proceeding with or without payment of money or other consideration) it shall be presumed that Indemnitee has been successful on the merits or otherwise in such action, suit or Proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(h) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his conduct was unlawful.

8. **Remedies of Indemnitee**.

(a) In the event that (i) a determination is made pursuant to Section 7 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 5 of this Agreement, (iii) no determination of entitlement to indemnification is made pursuant to Section 7(b) of this Agreement within ninety (90) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to this Agreement within ten (10) days after receipt by the Company of a written request therefor or (v) payment of indemnification is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification or such determination is deemed to have been made pursuant to Section 7 of this Agreement, Indemnitee shall be entitled to an adjudication in an appropriate court of the State of Delaware of Indemnitee's entitlement to such indemnification. Indemnitee shall commence such proceeding seeking an adjudication within one hundred eighty (180) days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 8(a). The Company shall not oppose Indemnitee's right to seek any such adjudication.

(b) In the event that a determination shall have been made pursuant to Section 7(b) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 8 shall be conducted in all respects as a de novo trial on the merits, and Indemnitee shall not be prejudiced by reason of the adverse determination under Section 7(b).

(c) If a determination shall have been made pursuant to Section 7(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 8, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's misstatement not materially misleading in connection with the application for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) In the event that Indemnitee, pursuant to this Section 8, seeks a judicial adjudication of his rights under, or to recover damages for breach of, this Agreement, or to recover under any directors' and officers' liability insurance policies maintained by the Company, the Company shall pay on his behalf, in advance, any and all expenses (of the types described in the definition of Expenses in Section 14 of this Agreement) actually and reasonably incurred by him in such judicial adjudication, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of expenses or insurance recovery.

(e) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 8 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement. The Company shall indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Company of a written request therefore) advance, to the extent not prohibited by law, such Expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advance of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of Expenses or insurance recovery, as the case may be.

(f) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

9. **Non-Exclusivity; Survival of Rights; Insurance; Primacy of Indemnification; Subrogation**.

(a) The rights of indemnification as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders, a resolution of directors of the Company, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his Corporate Status (as defined below) prior to such amendment, alteration or repeal. To the extent that a change in the DGCL, whether by statute or judicial decision, permits greater indemnification than would be afforded currently under the Certificate of Incorporation, Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents or fiduciaries of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any director, officer, employee, agent or fiduciary under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has directors' and officers' liability insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(e) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

10. Exception to Right of Indemnification. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended (the ***"Exchange Act"***), or similar provisions of state statutory law or common law; or

(c) in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding), (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law, (iii) otherwise authorized by Section 8(d) hereof, or (iv) otherwise required by applicable law.

11. **Duration of Agreement**. All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is an officer or director of the Company (or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise) and shall continue thereafter so long as Indemnitee shall be subject to any Proceeding (or any proceeding commenced under Section 8 hereof) by reason of his Corporate Status, whether or not he is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), assigns, spouses, heirs, executors and personal and legal representatives.

12. **Security**. To the extent requested by Indemnitee and approved by the Board, the Company may at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of the Indemnitee.

13. **Enforcement**.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumes the obligations imposed on it hereby in order to induce Indemnitee to serve as an officer or director of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as an officer or director of the Company.

(b) This Agreement, together with the applicable provisions of the Certificate of Incorporation and Bylaws, constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

(c) The Company shall not seek from a court, or agree to, a "bar order" which would have the effect of prohibiting or limiting the Indemnitee's rights to receive advancement of Expenses under this Agreement.

14. Definitions. For purposes of this Agreement:

(a) A ***"Change in Control"*** shall be deemed to have occurred if, on or after the date of this Agreement, (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company acting in such capacity or a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the total voting power represented by the Company's then outstanding voting securities, (ii) during any period of two (2) consecutive years, individuals who at the beginning of such period constitute the Board and any new director whose election by

the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least eighty percent (80%) of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or (iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of (in one transaction or a series of related transactions) all or substantially all of the Company's assets.

(b) ***"Corporate Status"*** describes the status of a person who (i) is or was an officer or director of the Company, or (ii) while serving as an officer or director of the Company, is or was an officer or director of any subsidiary of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving at the express written request of the Company.

(c) ***"Disinterested Director"*** means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(d) ***"Enterprise"*** shall mean the Company, any subsidiary of the company and any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that Indemnitee is or was serving at the express written request of the Company as a director, officer, employee, agent or fiduciary.

(e) ***"Expenses"*** shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, including, without limitation, the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(f) ***"Independent Counsel"*** means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding

the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement. The Company agrees to pay the reasonable fees of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(g) ***“Proceeding”*** includes any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought by or in the right of the Company or otherwise and whether civil, criminal, administrative or investigative, in which Indemnitee was, is or will be involved as a party or otherwise, by reason of his Corporate Status, by reason of any action taken by him or of any inaction on his part while acting in his Corporate Status; in each case whether or not he is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement; including one pending on or before the date of this Agreement.

15. **Severability**. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision. Without limiting the generality of the foregoing, this Agreement is intended to confer upon Indemnitee indemnification rights to the fullest extent permitted by applicable laws. In the event any provision hereof conflicts with any applicable law, such provision shall be deemed modified, consistent with the aforementioned intent, to the extent necessary to resolve such conflict.

16. **Modification and Waiver**. No supplement, modification, termination or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

17. **Notice By Indemnitee**. Indemnitee agrees promptly to notify the Company in writing upon being served with or otherwise receiving any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification covered hereunder. The failure to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise unless and only to the extent that such failure or delay materially prejudices the Company.

18. **Notices**. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail if sent during normal business hours of the recipient, and if not so confirmed, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent:

(a) To Indemnitee at the address set forth below Indemnitee signature hereto.

(b) To the Company at:

AvidXchange Holdings, Inc.
1210 AvidXchange Lane
Charlotte, North Carolina 28206
Attention: Ryan Stahl, General Counsel
Email: rstahl@avidxchange.com

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

19. **Counterparts**. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. This Agreement may also be executed and delivered by facsimile signature and in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

20. **Headings**. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

21. **Governing Law and Consent to Jurisdiction**. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. The Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Chancery Court of the State of Delaware (the ***"Delaware Court"***), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (iv) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Indemnification Agreement on and as of the day and year first above written.

AVIDXCHANGE HOLDINGS, INC.

By: _____
Name: Michael Praeger
Title: Chief Executive Officer

INDEMNITEE

_____
Name:

Address:

[Signature Page to Indemnification Agreement]

Exhibit 10.3

LEASE AGREEMENT

Dated as of October __, 2015

By and Between

LEX CHARLOTTE AXC L.P.

and

AVIDXCHANGE, INC.

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LEASE AGREEMENT

THIS LEASE AGREEMENT (this "**Lease**") is dated as of October 27, 2015 ("**Effective Date**"), by and between **LEX CHARLOTTE AXC L.P**. ("**Landlord**"), and **AVIDXCHANGE, INC**. ("**Tenant**"; Landlord and Tenant are together, the "**Parties**" and individually a "**Party**").

ARTICLE I

DEFINITIONS

In addition to terms defined elsewhere in this Lease, the terms set forth below have the following meanings when used in this Lease:

1.1 Additional Rent. Additional Rent is defined in Section 4.3.

1.2 Affiliate. Any person or entity that (a) directly or indirectly (i) controls, (ii) is controlled by, or (iii) is under common control with, Landlord or Tenant, as applicable, or (b) holds direct or indirect beneficial ownership (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended) of (i) voting securities or other voting interests representing at least five percent (5%) of the outstanding voting power of an entity or (ii) equity securities or other equity interests representing at least five percent (5%) of the outstanding equity securities or interests in any entity.

1.3 Base Rent. Base Rent is defined in Section 4.1 and shall be escalated during the Lease Term in accordance with Section 4.2.

1.4 Business Day. Any day that is not a Saturday, Sunday or federal holiday.

1.5 Commencement Date. The Commencement Date shall be the date of the first to occur of (i) the first business day Tenant's personnel first occupy or take possession of all or a portion of the Premises and commence any business operations therein (as opposed to Tenant's entry into the Premises for the purpose of completing the Tenant Improvements or otherwise making the Premises ready for Tenant's occupancy thereof) or (ii) the later of (a) the Delivery Date or (b) the Target Delivery Date.

1.6 Construction Term. The Construction Term shall be that period of approximately nineteen and one-half (19 1/2) months extending from the Effective Date until the Delivery Date. No Base Rent shall be payable by Tenant to Landlord during the Construction Term.

1.7 Delivery Date. The Delivery Date shall be the date Landlord has substantially completed the Building (as hereinafter defined), has received a temporary certificate of occupancy or such other permit or approval from all local jurisdictions allowing Tenant's use of the Building for its intended purpose and delivered possession of the Premises to Tenant in accordance with Article II and Exhibit B hereof. In the event that a temporary certificate of occupancy is issued for the Premises, and such temporary certificate of occupancy lapses or expires prior to the issuance of permanent certificate of occupancy for the Premises due proximately to Landlord's failure to timely complete the Building required to be completed by

Landlord, and Tenant is dispossessed of the Premises and forced by law or otherwise to move its business operations from the Premises or any material portion thereof through no fault of Tenant, (1) Landlord shall use commercially reasonable efforts to promptly obtain a permanent certificate of occupancy for the Premises, (2) the Commencement Date shall not be deemed to have occurred until the issuance of a permanent certificate of occupancy, (3) Landlord shall refund to Tenant any Base Rent paid by Tenant for any periods prior to the occurrence of the Commencement Date (as adjusted pursuant to item (2) above) and (4) Landlord shall reimburse Tenant for any moving and/or storage expenses actually incurred by Tenant as a result of being dispossessed or forced to move its business operations.

1.8 Developer. The Developer is Red Rock Developments, LLC, a South Carolina limited liability company.

1.9 General Contractor. Brasfield & Gorrie.

1.10 Infrastructure Improvements. Any and all roads, utilities, and other infrastructure, on the Property, so as to enable Tenant to conduct normal business operations in the Premises, as such infrastructure is described on plans and specifications approved by Landlord and Tenant in writing.

1.11 Landlord Notice Address. c/o Lexington Realty Advisors, Inc., One Penn Plaza, Suite 4015, New York, New York 10119; Attn: Lease Administrator (notices), with a copy to Lexington Realty Advisors, Inc., One Penn Plaza, Suite 4015, New York, New York 10119; Attn: Joseph Bonventre, Esq. and a copy of default notices only to Eiseman Levine Lehrhaupt & Kakoyiannis, P.C., 805 Third Avenue, 10th Floor, New York, New York 10022; Attn: Jonathan Eiseman, Esq.

1.12 Leasehold Mortgage. The term Leasehold Mortgage shall include a mortgage, a deed of trust, a deed to secure debt, or other security instrument by which Tenant's leasehold estate is mortgaged or otherwise pledged or transferred, to secure a debt (current and/or future).

1.13 Lease Term. That period of time commencing on the Commencement Date and expiring on the last day of the month that includes the date that is the fifteenth (15th) anniversary of the Commencement Date (the "**Expiration Date**"). The Lease Term shall also include any properly exercised Renewal Terms as described in Article XXII below and the Expiration Date shall be the last day of any properly exercised Renewal Term.

1.14 Lease Year. A period of twelve (12) consecutive months commencing on the first day of the month in which the Commencement Date occurs, and each successive twelve (12) month period during the Lease Term; provided, however, that if the Commencement Date does not occur on the first (1st) day of a calendar month, then the first (1st) Lease Year shall commence on the Commencement Date and shall end on the last day of the twelfth (12th) full calendar month after the Commencement Date.

1.15 Lender. Any holder of any Mortgage (not including a Leasehold Mortgage).

1.16 Mortgage. All mortgages, deeds of trust, ground leases, or other security instruments that may now or hereafter encumber Landlord's ownership interest in the Premises.

1.17 Permitted Exceptions. All easements, covenants, conditions, restrictions and other agreements and other matters of record existing as of the date Commencement Date including, without limitation, the (i) Memorandum of Ground Lease between Landlord and Hamilton Street Properties, LLC dated the date hereof (to be recorded), (ii) Easements (Utility, Storm Water, Patio, Access and Construction) between Landlord and Hamilton Street Properties, LLC dated the date hereof (to be recorded), (iii) Amended and Restated Parking Easement Agreement among Hamilton Street Properties, LLC, Fiber Mills, LLC and Music Factory Condominiums, LLC dated October 25, 2012, recorded on November 2, 2012 in the Register of Deeds, Mecklenburg County, North Carolina ("**Register of Deeds**") as Instrument Number 2012156077, as amended by that certain (1) Second Amendment of Parking Easement dated May 19, 2015, recorded in the Register of Deeds on July 8, 2015 in Book 30114, page 287 and (2) Amendment to Parking Easements among Hamilton Street Properties, LLC, Fiber Mills, LLC and Music Factory Condominiums, LLC dated the date hereof (to be recorded) and (iv) Parking Easement Agreement among Hamilton Street Properties, LLC, Fiber Mills, LLC and Music Factory Condominiums, LLC dated October 25, 2012, recorded on November 2, 2012 in the Register of Deeds as Instrument 2012156076, as amended by that certain (1) Amendment of Parking Easement dated May 19, 2015, recorded in the Register of Deeds on July 8, 2015 in Book 30114, page 276 and (2) Amendment to Parking Easements among Hamilton Street Properties, LLC, Fiber Mills, LLC and Music Factory Condominiums, LLC dated the date hereof (to be recorded) (collectively, the "**Parking Easements**"), (iv) Amendment to Reciprocal Easements Agreement dated the date hereof (to be recorded), (v) Tri-Party Agreement between Landlord, Tenant and Hamilton Street Properties, LLC dated the date hereof, (vi) any matter shown on Tenant's "as-built" survey of the Premises issued prior to the Commencement Date, (vii) easements or other agreements entered into by Landlord in its capacity as owner of the Premises at the request of Tenant following the Effective Date and (viii) any other exceptions to title created by or on behalf of Tenant, its agents, employees, contractors and invitees and as the same are listed in **Exhibit C** attached hereto. The Tri-Party Agreement lists Tenant's rights, responsibilities, and obligations to act as Landlord's designee under the Parking Easements, as more fully delineated in the Tri-Party Agreement. During the Term, Tenant agrees to comply with any operational requirements that would otherwise be required of Landlord under the other Permitted Exceptions (other than the Tri-Party Agreement); provided that (i) Landlord shall be solely responsible for enforcing any of its rights under its title insurance policy for the Land and the Improvements (as hereinafter defined); and (ii) Landlord shall reasonably cooperate with Tenant to the extent required by its status as owner of the Land and/or Improvements, with any reasonable associated costs passed through in accordance with the "net lease" principles of Section 5 of this Lease.

1.18 Premises. That certain parcel of land located in the City of Charlotte, Mecklenburg County, North Carolina, as more fully described on **Exhibit A** attached hereto (the "**Land**"), together with all improvements, fixtures and other items of real property to be constructed and installed and thereafter located thereon (collectively, the "**Improvements**"), including, but not limited to, an office building containing approximately 201,450 gross square feet of space (the "**Building**") and all appurtenances, rights, privileges, easements and other property interests benefiting, belonging or pertaining thereto, subject, however, to all Mortgages (current and future) (subject to Article XIX below) and all liens, encumbrances, restrictions, agreements, and other matters of record on the Effective Date or thereafter imposed thereon as further expressly permitted herein. The parties acknowledge that all square footage

measurements are approximate and agree that the square footage set forth above shall be conclusive for all purposes with respect to this Lease.

1.19 Project. The Project shall mean the construction and installation of all of the Improvements and on-site Infrastructure Improvements including, but not limited, to planning, designing, approvals and permitting.

1.20 Renewal Options. Four (4) options for five (5) years each, as more particularly described in Article XXII below.

1.21 Rent. Rent shall be collectively the Base Rent and the Additional Rent.

1.22 Rent Commencement Date. The Rent Commencement Date shall be the Commencement Date, provided, however, that Tenant's obligations to pay rent for the Premises to Landlord shall be subject to the provisions of Article IV hereof.

1.23 Substantially Complete or Substantial Completion. "Substantially Complete" or "Substantial Completion" shall mean the condition occurring when the applicable construction project described herein has been completed, excepting only minor punch list items which will not impair the use of the same, a temporary or permanent certificate of occupancy (or an equivalent permit or approval entitling Tenant to occupy the Building and Premises for Tenant's intended general office purposes) has been issued and a substantial completion certificate in the form of AIA G704 or comparable form signed by the architect engaged for such project has been delivered to the Parties to this Lease.

1.24 Target Delivery Date. The Target Delivery Date is March 14, 2017. To the extent that the Target Delivery Date is delayed by Force Majeure, the Target Delivery Date may, at the option of Landlord and upon delivery of written notice to Tenant, be extended by the identical number of days that the Delivery Date is delayed by Force Majeure.

1.25 Tenant Notice Address. Tenant's notice address shall be as follows:

1111 Metropolitan Avenue
Suite 600
Charlotte, North Carolina 28204
Attention: Office of General Counsel
(after Commencement Date, change to the Premises)

with a copy to:
Smith, Anderson, Blount, Dorsett,
Mitchell & Jernigan, L.L.P.
Post Office Box 2611
Raleigh, North Carolina 27602-2611
Attention: Brad J. Daves, Esq.

1.26 Zoning. MUDD-O.

ARTICLE II

PREMISES; CONSTRUCTION TERM AND LANDLORD'S WORK

2.1 Lease of Premises. Tenant leases from Landlord and Landlord leases to Tenant the Premises for the Lease Term on the terms in this Lease. During the Construction Term, Landlord shall cause the Building and the Improvements as set forth in this Lease and the work letter (the "**Work Letter**") attached hereto as **Exhibit B** and incorporated herein to be constructed by Developer.

2.2 Condition of Premises. Landlord and Developer have entered into a Development Agreement (the "**Development Agreement**") for the construction of the Building and the Improvements as set forth in this Lease and the Work Letter. Landlord shall cause Developer to construct and complete the Building, including, without limitation, the Base Building Work (as defined in the Work Letter). Landlord shall cause Developer to cooperate with Tenant to complete the Premises as promptly as possible.

2.3 Tenant's Acceptance of the Premises. Upon delivery of possession of the Premises to Tenant as required hereunder, Landlord and Tenant shall execute an "Acceptance Letter" furnished by Landlord acknowledging (i) the Commencement Date and Expiration Date of this Lease, (ii) that, subject to latent defects and any identified punch list items, all work to be performed by Landlord prior to the Commencement Date has been completed in accordance with the terms of this Lease and (iii) that Tenant has accepted the Premises for occupancy and that the condition of the Premises and the Building was at the time satisfactory and in conformity with the provisions of this Lease in all respects; provided, however, that execution of such Acceptance Letter shall not be a condition to the commencement of Base Rent hereunder. Such Acceptance Letter shall become a part of this Lease.

ARTICLE III

LEASE TERM

3.1 Lease Term. All of the provisions of this Lease shall be in full force and effect on and after the Effective Date, and the Lease Term shall commence on the Commencement Date.

ARTICLE IV

BASE RENT

4.1 Base Rent. On and after the Rent Commencement Date, subject to the provisions of Exhibit B, Section 10, Tenant shall pay the base rent (the "**Base Rent**") in equal monthly installments in advance on or before the first calendar day of each month during each Lease Year. If the Rent Commencement Date is not the first day of a month, then the Base Rent from the Rent Commencement Date until the first day of the following month shall be prorated per diem at one-thirtieth (1/30th) of the monthly installment of the Base Rent payable during the first Lease Year, and Tenant shall pay such prorated installment of the Base Rent on the Rent

Commencement Date. The initial Base Rent for the first Lease Year shall be the aggregate of the following amounts:

(i) The costs to construct the Project up to the amount of $53,875,169.00 (the "**Allowed Development Costs**") multiplied by a rent constant of 8.60%; plus

(ii) Any costs in excess of the Allowed Development Costs up to and including the Cost Increase Cap (as defined in Exhibit B), if any, multiplied by a rent constant of 10.75%.

All other costs to construct the Project in excess of the Cost Increase Cap shall be paid directly to Landlord in cash by Tenant in accordance with the Work Letter. Landlord and Tenant agree that the amount and determination of Allowed Development Costs and Cost Increase Cap are subject to Tenant's audit rights set forth in Section 10 of the Work Letter.

4.2 Base Rent Escalation. The Base Rent shall be increased each Lease Year to 102.00% of the Base Rent for the prior year.

4.3 Additional Rent. Any amount owed by Tenant to Landlord under this Lease other than Base Rent, and any cost, expense, damage or liability incurred by Landlord for which Tenant is liable, shall be considered "**Additional Rent**", and shall be paid by Tenant no later than thirty (30) days after the date Landlord notifies Tenant (in writing which may be delivered by electronic mail) of the amount of such Additional Rent.

4.4 Payment of Base Rent and Other Sums Due. All sums payable by Tenant under this Lease, including, but not limited to, Base Rent and Additional Rent, shall be paid to Landlord in legal tender of the United States, without notice, setoff, deduction, counterclaim, abatement, suspension, defense or demand, except as otherwise expressly set forth in this Lease, to the following address, or to such other party or address as Landlord may designate in writing:

c/o Lexington Realty Advisors, Inc.
One Penn Plaza, Suite 4015
New York, New York 10119

Landlord's acceptance of any such sum after the due date shall not excuse a delay in any future payment or constitute a waiver of any of Landlord's rights hereunder.

4.5 Late Payment. If any amount of Rent is not received by Landlord on or before its due date and such payment failure is an Event of Default under Section 17.1(a) of this Lease, then, in addition to paying the amount past due, Tenant shall promptly pay to Landlord, without notice or demand, a late charge ("**Late Charge**") equal to five percent (5%) of the amount past due. In addition, if such payment failure is an Event of Default under Section 17.1(a) of this Lease, the past due amount of Base Rent and/or Additional Rent shall bear interest at the Default Rate (as defined in Section 17.6 of this Lease) from the due date to the date paid; provided, however, that nothing contained herein shall be construed as permitting Landlord to charge or receive interest in excess of the maximum rate then allowed by law. Payment of the Late Charge will not excuse the untimely payment of Base Rent. Any Late Charge shall constitute Additional Rent.

ARTICLE V

NET LEASE; IMPOSITIONS; UTILITIES AND SERVICES

5.1 Net Lease. Notwithstanding any provision or possible implication of this Lease to the contrary herein, this Lease shall be an absolute net lease, so that this Lease shall yield all Base Rent payable hereunder as an absolutely net return to Landlord. Accordingly, with the sole exceptions of Landlord's Income Taxes and Landlord's obligations under Section 14.5, Tenant shall pay all taxes, insurance, assessments, and other costs, expenses and obligations of every kind and nature whatsoever relating to the ownership and operation of the Premises, such as taxes, assessments, insurance premiums and maintenance, repair and compliance costs, which accrue with respect to the Premises on and after the Rent Commencement Date and prior to the expiration of the Lease Term, and Tenant's payment of the costs of utilities and services which shall commence on the Delivery Date as provided in Section 5.6. Tenant's obligation to pay all amounts described in this Section 5.1 shall survive the expiration or earlier termination of this Lease. The parties intend that the obligations of Tenant under this Lease shall be separate and independent covenants and agreements from the covenants and agreements of Landlord under this Lease.

5.2 Payment of Impositions. During the Lease Term, Tenant shall pay all Impositions at least ten (10) business days prior to the date they become delinquent as Additional Rent hereunder and shall cause all invoices and notices related to Impositions to be sent to Tenant unless legally prohibited from doing so. If Tenant is legally prohibited from receiving invoices and notices related to Impositions, Landlord shall promptly deliver to Tenant a copy of all invoices and notices related to Impositions which Landlord shall receive and for which Tenant is responsible under this Section 5.2. Notwithstanding anything to the contrary contained herein, Tenant shall not be in default hereunder for its failure to timely pay any Imposition for which it is responsible hereunder if Landlord fails to promptly forward any such invoice or notice therefor actually received by Landlord provided Tenant has not otherwise received notice of the amount of the Imposition then due. Upon Landlord's request, Tenant shall deliver to Landlord written evidence of each such payment. To the extent that any such Impositions are imposed upon Landlord, at Landlord's option, Tenant shall either pay such Impositions directly to the taxing authority or reimburse Landlord for such Impositions paid by Landlord. If the Lease Term expires on a day other than the last day of a calendar year, then Tenant's liability for Impositions for such calendar year shall be apportioned by multiplying the amount of Impositions for the full calendar year by a fraction, the numerator of which is the number of days during such calendar year falling within the Lease Term, and the denominator of which is three hundred sixty-five (365). Notwithstanding the foregoing, upon the occurrence and continuation of an Event of Default and written demand by Landlord, Tenant shall pay Impositions in escrow to Landlord in monthly installments as Additional Rent simultaneously with Base Rent in an amount calculated by Landlord to pay in full Impositions which will become due and payable for the applicable current period over the number of months remaining between the date of such demand and the date payment of such Impositions is due. The provisions of this Section 5.2 shall survive the Expiration Date or earlier termination of this Lease.

5.3 Definition of Impositions. The term "**Impositions**" shall mean, collectively, taxes, including without limitation, any present or future real estate taxes, all taxes or other impositions that are in the nature of or in substitution for real estate taxes, business district or arena taxes, business or occupation, single business, transaction, rent, privilege, excise or franchise taxes, as well as special user fees, license fees, permits, improvement bonds, levies, improvement district charges, governmental charges, rates, and assessments, general, special, ordinary or extraordinary, foreseen and unforeseen, that are related to the Premises or Tenant's use thereof. Impositions shall not include any federal, state, or local tax imposed on Landlord that is based upon Landlord's income or profits ("**Landlord's Income Taxes**"), except to the extent levied expressly in lieu of a tax described in the first sentence of this Section 5.3.

5.4 Contest of Impositions. Tenant, at its sole expense, upon at least ten (10) days' prior written notice to Landlord but without Landlord's consent, and using legal counsel or other service reasonably acceptable to Landlord, shall have the right to contest the amount or validity of any Imposition by diligently conducting in good faith an appropriate legal or administrative proceeding, provided that the following conditions are met: (a) the Impositions are paid in full or the postponement of payment of Impositions, without penalty, as part of such proceeding is permitted by applicable law, (b) the Premises shall not, by reason of such postponement of payment, or the initiation of such proceeding, be subject to forfeiture, sale, or loss, (c) such proceedings shall not impact or interfere with the use or occupancy of the Premises, (d) such proceedings shall not affect or interfere with Tenant's continued payment of Base Rent or Additional Rent; and (e) pursuing the contest of Impositions shall not in any way expose Landlord, or Lenders to any criminal or civil liability, penalty or sanction. Tenant further agrees that each such contest shall be promptly and diligently prosecuted to a final conclusion, and Tenant shall pay all judgments, decrees and costs (including any costs reasonably incurred by Landlord) in connection with any such contest and shall, promptly after the final determination of such contest, fully pay and discharge the amounts which shall be levied. Tenant shall be entitled to any refund received with respect to Impositions paid by Tenant.

5.5 Assessments on Tenant's Business and Personalty. Tenant shall pay before delinquency any business, rent, sales, franchise or other taxes or fees that are now or hereafter levied, assessed or imposed upon Tenant's use, operation, or occupancy of the Premises, the conduct of Tenant's business at the Premises, or the equipment, fixtures, furnishings, inventory or personal property owned or leased by Tenant. If any such tax or fee is enacted or altered so that such tax or fee is levied against Landlord or so that Landlord is responsible for collection or payment thereof, then Tenant shall pay to Landlord as Additional Rent the amount of such tax or fee.

5.6 Utilities and Services. Tenant, at its own expense and risk, shall arrange with the appropriate utility companies and service providers for the provision to the Premises of water, sewer, trash collection, electricity, oil, telephone, window washing, landscaping, snow removal, and all other utilities and services desired by Tenant. Landlord shall allow Tenant to contract with any utility service providers that it desires. On or before the Delivery Date, Tenant shall notify the appropriate utility and service providers to deliver directly to Tenant all statements and invoices for the amounts for which Tenant is responsible pursuant to this Section 5.6, effective as of the Delivery Date. Tenant shall pay directly to the appropriate utility companies and service providers all charges for all utilities consumed in and services performed for the Premises, as and

when such charges become due and payable. To the extent the invoices for any such utilities and services are received by Landlord, at Landlord's option, Tenant shall either pay the charge for such utilities and services directly to the utility or service provider or reimburse Landlord for such charges paid by Landlord.

5.7 Impermissible Tenant Services. Notwithstanding any provisions to the contrary, Landlord shall not be required to provide any services to Tenant or Tenant's employees, guests or visitors that, if performed by Landlord, would constitute "impermissible tenant services" within the meaning of Section 856(d)(7) of the Internal Revenue Code of 1986, as amended, or any successor thereto. Any such services shall be performed at Tenant's sole expense by an individual or entity that qualifies as an "independent contractor" within the meaning of Section 856(d)(7) of the Internal Revenue Code of 1986, as amended, or any successor thereto. Tenant shall pay the cost of any such services directly to the independent contractor. The Parties acknowledge that Landlord's obligations to correct punchlist items and structural defects pursuant to the provisions of the Work Letter, Landlord's remediation and indemnification obligations under Section 6.3 and Landlord's indemnification obligations under Section 14.5 shall not be deemed to be "impermissible tenant services."

ARTICLE VI

USE OF PREMISES

6.1 Acceptance of Premises In As-Is Condition. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED TO THE CONTRARY IN THIS LEASE, INCLUDING, WITHOUT LIMITATION, IN **EXHIBIT B** TO THIS LEASE, TENANT ACCEPTS POSSESSION OF THE PREMISES IN ITS "AS IS" CONDITION AS OF THE DELIVERY DATE. EXCEPT AS EXPRESSLY PROVIDED HEREIN, LANDLORD MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, WITH RESPECT TO THE PREMISES, EITHER AS TO ITS FITNESS FOR USE, ITS DESIGN OR CONDITION, OR ANY PARTICULAR USE OR PURPOSE TO WHICH THE PREMISES MAY BE PUT, OR OTHERWISE, OR AS TO THE QUALITY OF THE MATERIALS OR WORKMANSHIP THEREIN, OR THE EXISTENCE OF ANY DEFECTS, LATENT OR PATENT, IT BEING AGREED THAT ALL SUCH RISKS ARE BORNE BY TENANT. NOTWITHSTANDING TENANT'S ACCEPTANCE OF THE PREMISES IN ITS "AS IS" CONDITION AS SET FORTH IN THIS SECTION 6.1, LANDLORD ACKNOWLEDGES AND AGREES THAT (A) IT IS OBLIGATED TO CORRECT PUNCHLIST ITEMS AND LATENT DEFECTS PURSUANT TO THE PROVISIONS OF **EXHIBIT B** TO THIS LEASE, [(B) IT IS OBLIGATED, IN ACCORDANCE WITH THE TERMS OF SECTION 6.3 HEREOF, TO INDEMNIFY TENANT FOR CERTAIN HAZARDOUS MATERIALS PRESENT ON, UNDER OR ABOUT THE PREMISES.]

6.2 Use of Premises. Tenant shall use and occupy the Premises as an office facility and all other lawful purposes. Tenant shall not use or occupy the Premises for any unlawful purpose, or in any manner that will violate the Permitted Exceptions (as hereinafter defined and as listed on **Exhibit C**), the certificate of occupancy for the Premises or that will constitute waste or nuisance. Tenant shall, at Tenant's expense, comply with all present and future laws (including, without limitation, the Americans with Disabilities Act), ordinances (including

without limitation, zoning ordinances and land use requirements), regulations, orders, recommendations, decisions, and decrees now or hereafter promulgated (including, without limitation, those made by any public or private agency), as any of the same may be amended from time to time (collectively, "**Laws**", and individually, "**Law**") concerning Tenant, the use and occupancy of the Premises and the business being conducted thereon, and all machinery, equipment, furnishings, fixtures and Improvements owned by Tenant and on or used in connection with the Premises. If any Law requires any occupancy or use permit or license for the Premises or the operation of the business conducted therein, then Tenant shall obtain and keep current all such permits or licenses at Tenant's expense. Tenant shall deliver to Landlord, promptly upon written request, copies of all such licenses and permits. If any Law requires any modification to the Premises after the Effective Date, Tenant shall perform such alterations, at its sole cost and expense, in accordance with the applicable terms and conditions of Article IX below. In addition, if any Law requires any modification to the Premises before the Effective Date, Landlord shall perform such alterations, at its sole cost and expense. Use of the Premises is subject to all covenants, conditions, easements and restrictions of record, and Tenant shall comply with the same. Tenant shall, as soon as reasonably practical but in no event later than one hundred eighty (180) days after the Delivery Date, commence its business operations in the Premises. Thereafter, however, Tenant shall have no obligation to operate its or any business from the Premises and shall have the right at any time and from time to time to cease operating its or any business at the Premises; provided, however, that during the time that Tenant, or its permitted subtenants or assigns, are not conducting its or their operations at the Premises, Tenant agrees to inform all applicable insurance carriers providing insurance covering the Premises of Tenant's discontinued use and pay the increased cost of any such insurance caused by such vacancy. Tenant acknowledges and agrees that its right to cease operating its business at the Premises shall in no way discharge Tenant from its obligations hereunder, including its obligation to pay rent as set forth in Article IV and its maintenance obligations as set forth in Article VIII. As of the Commencement Date, Landlord warrants that applicable Laws, zoning, and restrictive covenants will permit the Premises to be used for the permitted use.

6.3 Hazardous Materials.

(a) Tenant shall not permit or suffer to exist any Hazardous Materials (as hereinafter defined) to be generated, used, stored, disposed, manufactured, produced, handled, stored, released (or threatened to be released), discharged or transported on, in or about the Premises other than Hazardous Materials and other substances commonly used in or associated with the nature of its operations on the Premises, including without limitation the installation and use by Tenant on the Premises of above-ground fuel storage tanks, provided that Tenant's use of such Hazardous Materials is in compliance with all applicable Environmental Laws. At the expiration or earlier termination of this Lease, Tenant shall surrender the Premises to Landlord in compliance with all Environmental Laws, except for any violation(s) of Environmental Laws which is (are) (i) in existence as of the Commencement Date; (ii) caused by the acts or omissions to act of any of the Landlord Parties (as hereinafter defined) and/or any of the Developer Parties (as hereinafter defined) and/or are the result of (iii) migration of Hazardous Material from other property on, in or under the Premises occurring during the Term and not caused by the acts or omissions to act of Tenant or any Tenant Parties (as hereinafter defined) (a "**Migration Event**"). "**Hazardous Materials**" means (i) asbestos and any asbestos containing materials, (ii) any substance that is then defined or listed in, or otherwise classified pursuant to, any Environmental

Law or any other applicable Law as a "hazardous substance," "hazardous material," "hazardous waste," "infectious waste," "toxic substance," "toxic pollutant" or any other formulation intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, or Toxicity Characteristic Leaching Procedure (TCLP) toxicity, and (iii) any petroleum product, cleaning solvents, polychlorinated biphenyls, urea formaldehyde, radon gas, radioactive material (including any source, special nuclear, or by-product material), medical waste, chlorofluorocarbon, lead or lead-based product, mold, and any other substance the presence of which is regulated by Environmental Law. "**Environmental Law**" means any present and future Laws, permits and other requirements or guidelines of governmental authorities applicable to the Premises and relating to the environment and environmental conditions, industrial hygiene, public health or safety, or to any hazardous material, substance or waste (including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 *et seq.*, the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901 *et seq.*, the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 *et seq.*, the Federal Water Pollution Control Act, 33 U.S.C. § 1251 *et seq.*, the Clean Air Act, 33 U.S.C. § 7401 *et seq.*, the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*, the Safe Drinking Water Act, 42 U.S.C. § 300f *et seq.*, the Emergency Planning and Community Right-To-Know Act, 42 U.S.C. § 1101 *et seq.*, the Occupational Safety and Health Act, 29 U.S.C. § 651 *et seq.*, and any so-called "**Super Fund**" or "**Super Lien**" law, any Law requiring the filing of reports and notices relating to Hazardous Materials, environmental laws administered by the Environmental Protection Agency, and any similar state and local Laws. Tenant shall give Landlord notice of any actual or overtly threatened Migration Event within two (2) Business Days after Tenant has actual knowledge of such Migration Event. If such notice is oral or telephonic, Tenant shall follow such notice with written notice within three (3) Business Days after Tenant has actual knowledge of such Migration Event. Tenant shall keep Landlord apprised of the status of all matters related to the Migration Event and shall provide Landlord with copies of all documentation in Tenant's possession regarding such Migration Event.

(b) Tenant shall give Landlord notice of any actual or overtly threatened Environmental Default within two (2) Business Days after Tenant has actual knowledge of such Environmental Default. If such notice is oral or telephonic, Tenant shall follow such notice with written notice within three (3) Business Days after Tenant has actual knowledge of such Environmental Default. An "**Environmental Default**" means any of the following: a violation of an Environmental Law on or from the Premises; a release, spill, discharge or detection of a Hazardous Material on or from the Premises in violation of Environmental Law or an environmental condition on or from the Premises requiring responsive action under Environmental Law, other than (i) a condition in existence as of the Commencement Date (specifically including, but not limited to, any recognized environmental conditions or other matters listed in the Phase I Environmental Site Assessment Report by ECS Carolinas, LLP dated May 22, 2015); and/or (ii) a Migration Event. Upon any Environmental Default, in addition to all other rights available to Landlord under this Lease, at law or in equity, Landlord shall have the right, but not the obligation, at its option, (i) to require Tenant, at Tenant's sole cost and expense, to cure such Environmental Default in accordance with Environmental Law, in which event Tenant shall commence such cure promptly, but in no event later than twenty (20) days after written demand by Landlord, and Tenant shall complete such cure within one hundred twenty (120) days after commencement, provided that such 120-day period (x) may be reduced

by Landlord to a lesser period than one hundred twenty (120) days if such lesser period is reasonably sufficient to cure such Environmental Default and such 120-day period raises a life/safety issue with respect to the Premises or its occupants or visitors, including but not limited to, a threat of personal injury or continuing physical injury to the Premises, or (y) shall be extended if reasonably necessary to complete such cure, and provided that Tenant shall keep Landlord reasonably informed of the actions being planned and taken by Tenant to address the Environmental Default, or (ii) upon concurrent written notice thereof to Tenant, to perform, at Tenant's sole cost and expense, any lawful action necessary to address the same (provided, however, that Tenant must be given the opportunity to review and comment upon the proposed scope of work to address the same), in which event Tenant shall pay the reasonable costs thereof to Landlord as Additional Rent within thirty (30) days after presentation of an invoice therefor.

(c) If required by any governmental agency or authority or by any Lender at any time or from time to time during the Lease Term, or if Landlord has a reasonable basis to believe an Environmental Default has occurred, Landlord shall have the right, but not the obligation upon each such request, to conduct an audit of the Premises (including, without limitation, the air, soil, surface water and/or groundwater at or near the Premises) and Tenant's compliance with Environmental Laws with respect thereto. If such audit reveals that an Environmental Default has occurred, Landlord shall have the right, but not the obligation, (i) to require Tenant, at Tenant's expense, to cure the same or (ii) upon concurrent written notice thereof to Tenant, to cure the same, at Tenant's sole cost and expense, in which event Tenant shall pay the reasonable costs thereof to Landlord as Additional Rent within thirty (30) days after presentation of an invoice therefor (provided, however, that Tenant must be given the opportunity to review and comment upon the proposed scope of work to address the same). Landlord shall ensure that any audit conducted pursuant to this Section 6.3(c) does not unreasonably interfere with Tenant's operations at the Premises, shall restore the Premises to substantially its condition immediately preceding the audit or as close thereto as reasonably practicable, and shall perform the audit in material compliance with all applicable laws and regulations (including without limitation obtaining all required permits and properly handling and disposing of all waste materials generated during the audit). If any governmental agency or authority shall require testing at or near the Premises and Landlord incurs expenses in complying with such requirement, then to the extent that such testing is required as a result of an Environmental Default, Tenant shall pay to Landlord the actual costs therefor as Additional Rent.

(d) As a material consideration for Landlord's entering into this Lease, Tenant hereby waives, and releases Landlord, and its Affiliates, partners, officers, directors, members, trustees, employees, agents (collectively, including Landlord, the "**Landlord Parties**") and Lenders from any and all claims for damage, injury or loss (including without limitation, claims for the interruption of or loss to business) which relate to any Environmental Default to the extent caused by or resulting from the acts or omissions to act of any persons other than any Landlord Parties and Lenders whether arising prior to or during the Term. The release set forth herein shall not apply to any Environmental Default that first occurs after the expiration or earlier termination of this Lease provided Tenant has vacated the Premises and is not holding over. Promptly upon request, Tenant shall execute from time to time reasonable certificates concerning Tenant's knowledge and belief regarding the presence of Hazardous Materials at the Premises. For purposes of clarification, Developer shall not be considered one of the Landlord Parties and Tenant's waiver and release set forth herein shall not be deemed to run in favor of Developer, its

affiliates, successors and assigns (collectively, including Developer, the "**Developer Parties**)", nor shall Tenant indemnify and hold harmless Landlord from and against the acts or omissions to act of any of the Developer Parties on the Premises.

(e) Tenant's obligations pursuant to this Section 6.3 shall survive the expiration or earlier termination of this Lease. If any required remedial actions by Tenant pursuant to this Section 6.3 are continuing on the Premises beyond the expiration or earlier termination of this Lease, and such remedial actions render the Premises reasonably unrentable to a third party, this Lease may be extended for the necessary period, not to exceed one extension of up to twelve (12) months, for purposes of completing the same to a point of rendering the Premises reasonably rentable, and Tenant shall pay to Landlord rents equal to 102% of the most recently payable Base Rent and Additional Rent hereunder for such extension period until the earlier of the date on which such remediation has been completed to such point or such extended term expires.

(f) Landlord shall indemnify and defend Tenant, with counsel reasonably acceptable to Tenant, from and against any and all claims, damages, fines, penalties, losses, and judgments related to Hazardous Materials which are transported to or used, stored or disposed of on, under or about the Premises by any of the Landlord Parties.

(g) Landlord shall give Tenant notice of any actual or overtly threatened Environmental Default caused by or resulting from the acts or omissions to act of any of the Landlord Parties occurring prior to the Delivery Date within two (2) Business Days after Landlord has actual knowledge of such Environmental Default. If such notice is oral or telephonic, Landlord shall follow such notice with written notice within three (3) Business Days after Landlord has actual knowledge of such Environmental Default. Upon any Environmental Default caused by or resulting from the acts or omissions to act of any of the Landlord Parties prior to the Delivery Date, and Landlord shall promptly commence and diligently pursue the cure of the same thereafter. Notwithstanding anything to the contrary contained herein, Tenant shall have the right, but not the obligation, as its sole and exclusive remedy, following a second notice to Landlord (which notice shall have a heading in at least 12-point type, bold and all caps **"FAILURE TO RESPOND SHALL RESULT IN TENANT EXERCISING SELF-HELP RIGHTS"**) and Landlord's failure to commence Landlord's Environmental Default cure within five (5) days after receipt of such second notice, to perform at Landlord's sole cost and expense, any action which is required by any Law in order to address the Environmental Default of any of the Landlord Parties, in which event Landlord shall pay the reasonable costs thereof to Tenant within thirty (30) days after presentation of an invoice therefor. If Landlord shall fail to pay the reasonable costs thereof to Tenant within said thirty (30) day period, then such outstanding amount shall bear interest at the Default Rate (as defined in Section 17.6 below) from the date of Tenant's invoice to Landlord until paid or recovered by Tenant, and Tenant shall be permitted to offset up to thirty percent (30%) of the outstanding amount, plus interest thereon, from its monthly payment of Base Rent due and payable to Landlord hereunder (and concurrently with its payment of the first month of such abated Base Rent, Tenant shall send written notice to Landlord detailing the total amount of such abatement, which notice shall also contain a copy of each invoice evidencing such costs) until such time as such reasonable costs (and interest thereon) have been recouped by Tenant, and in the event that the number of calendar months remaining in the Lease Term multiplied by thirty percent (30%) of Tenant's monthly payment of Base Rent does not equal or exceed the amount of such reasonable costs expended by Tenant to

perform such Landlord Environmental Default cure, then Landlord shall pay any remaining balance of such reasonable costs thereof (and interest thereon) to Tenant on or before the expiration of the Lease Term.

(h) Tenant shall indemnify, defend and hold harmless the Landlord Parties from and against any and all actual or threatened (and whether direct or indirect) claim, loss, damage, cost, expense, liability, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind (including, without limitation, attorneys' fees and disbursements) directly or indirectly arising out of or attributable to, in whole or in part, the breach of any of the covenants, obligations, representations and warranties of this Section 6.3 and, with respect to matters for which Tenant is responsible under this Section 6.3, for (a) the costs of any required or necessary repair, cleanup or detoxification of the Premises and the preparation and implementation of any closure, remedial or other required plans including, without limitation, (i) the costs of removal or remedial action incurred by the United States government or the state in which the Premises is located, or response costs incurred by any other person, or damages from injury to, destruction of, or loss of natural resources, including the costs of assessing such injury, destruction on loss, incurred pursuant to any Environmental Law; (ii) the clean-up costs, fines, damages or penalties incurred pursuant to the provisions of applicable state law; and (iii) the cost and expenses of abatement, correction or clean-up, fines, damages, response costs or penalties which arise from the provisions of any other statute, state or federal; and (b) liability for personal injury or property damage, including damages assessed for the maintenance of the public or private nuisance, response costs or for the carrying on of an abnormally dangerous activity.

ARTICLE VII

ASSIGNMENT AND SUBLETTING

7.1 Landlord's Consent Required. Tenant shall have no right to, voluntarily or by operation of law, (a) assign, transfer, mortgage or otherwise encumber (collectively, to "**Assign**" or an "**Assignment**") all or any part of Tenant's interest in the Lease or in the Premises, or (b) sublet (to "**Sublet**" or a "**Sublease**") all or any part of Tenant's interest in the Lease or in the Premises, without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Any attempted Assignment or Sublease in violation of this Section 7.1 shall be void, and shall constitute an Event of Default. Notwithstanding the foregoing, upon concurrent written notice to Landlord and without the need for Landlord's consent, Tenant may Assign or Sublet the Premises, in whole or in part, to any Affiliate of Tenant; provided that such Affiliate assumes Tenant's obligations hereunder in a writing delivered to Landlord. If at any time during the Lease Term Tenant desires to Assign or Sublet all or part of this Lease or the Premises, except with respect to an Assignment or Sublease to an Affiliate for which only concurrent notice to Landlord is required, then Tenant shall give not less than thirty (30) days' prior written notice to Landlord containing the following information: the identity of the proposed assignee or subtenant; a description of its business; the terms of the proposed Assignment or Sublease; the effective date of the proposed Assignment or the commencement date of the proposed Sublease; the area proposed to be Sublet; financial statements for the prior three (3) years (to the extent available) of such proposed assignee or subtenant; and any other information reasonably requested by Landlord to enable Landlord to

determine the creditworthiness of the proposed assignee or subtenant. If any assignee, whether an Affiliate or otherwise, has (i) (A) a net worth (calculated in accordance with generally accepted accounting principles, consistently applied) of not less than One Hundred Million Dollars ($100,000,000) and (B) a credit rating of BBB+ or better from Standard & Poor's (or a similar rating from any successor or comparable rating agency should Standard & Poor's no longer exist or provide a rating on Tenant) or its equivalent, or (ii) an Affiliate of such assignee or subtenant which meets each of the requirements of (A) and (B) above will provide a guaranty of lease to Landlord in a form satisfactory to Landlord for the term of such assignment, Tenant shall be released from its obligations under this Lease from and after the effective date of such Assignment. Except as expressly set forth above, no Assignment of this Lease shall release Tenant from any obligations of Tenant hereunder.

7.2 Additional Terms and Conditions. Neither Landlord's consent to any Assignment or Sublease, nor Landlord's collection or acceptance of rent from any assignee or subtenant, shall be construed as (a) except as expressly set forth in Section 7.1, waiving or releasing Tenant from any of its liabilities or obligations under this Lease as a principal, or (b) as relieving Tenant or any assignee or subtenant from the obligation of obtaining Landlord's prior written consent to any subsequent Assignment or Sublease. As security for this Lease, Tenant hereby assigns to Landlord the rent due from any assignee or subtenant of Tenant. For any period during which there exists an Event of Default hereunder, Tenant hereby authorizes each such assignee or subtenant to pay said rent directly to Landlord upon receipt of notice from Landlord specifying same, which rent shall be credited to rent owed by Tenant under this Lease. Landlord's collection of such rent shall not be construed as an acceptance of such assignee or subtenant as a tenant.

7.3 Landlord's Expenses. Tenant shall pay Landlord's reasonable out of pocket expenses actually incurred in reviewing and approving a proposed Assignment or Sublease, and, if applicable, Tenant shall pay Lenders' out-of-pocket costs and expenses incurred in connection with Landlord's review and administration of each proposed Assignment or Sublease.

7.4 Effect on Event of Default. Landlord's written consent to any Assignment or Sublease shall not constitute a representation that no Event of Default then exists, nor shall such consent be deemed a waiver of any then existing Event of Default. Neither a delay in the approval or disapproval of such Assignment or Sublease, nor the acceptance of rent, shall constitute a waiver or estoppel of Landlord's right to exercise its remedies for any Event of Default.

7.5 Continuation of Restrictions and Obligations. All restrictions and obligations imposed on Tenant pursuant to this Lease shall be deemed to extend to any subtenant, assignee, licensee, concessionaire or other occupant or transferee, and Tenant shall cause such person or entity to comply with such restrictions and obligations. Any assignee shall be deemed to have assumed all such obligations as if such assignee had originally executed this Lease and at Landlord's request shall execute promptly a document confirming such assumption. Each Sublease is subject to the condition that if the Lease is terminated or Landlord succeeds to Tenant's interest in the Premises by voluntary surrender or otherwise, at Landlord's option, the Sublease shall terminate, or not terminate, as a matter of law and, if not terminated, the subtenant shall be bound to Landlord for the balance of the term of such Sublease and shall attorn to and recognize Landlord as its landlord under the then executory terms of such Sublease.

7.6 Excess Rent**.** [Intentionally Deleted].

7.7 Leasehold Mortgages. Tenant may not, without Landlord's consent, which consent may be withheld in Landlord's sole discretion, enter into any Leasehold Mortgage.

7.8 Merger, Consolidation, etc. Tenant may, without Landlord's consent, assign this Lease in connection with a merger, consolidation or transfer of all of the assets or stock of Tenant, so long as each of the following conditions have been satisfied: (a) no Event of Default shall have occurred and be continuing under this Lease, (b) such merger, consolidation or transfer of assets is not a sham transaction taken in an attempt to avoid the intent of Article VIII, (c) the resulting entity has a tangible net worth at least equal to that of Tenant immediately prior to the date of the proposed merger, consolidation or transfer of assets, and (d) such merger, consolidation or transfer of assets shall have been made for a legitimate independent business purpose and not for the principal purpose of transferring this Lease. Additionally, no consent shall be required for the transfer of stock or other beneficial interests in Tenant in connection with an initial public offering and any subsequent sale of Tenant's stock on a public stock exchange.

ARTICLE VIII

MAINTENANCE AND REPAIRS

8.1 Tenant to Maintain and Repair. Tenant, at Tenant's sole cost and expense, shall promptly make all repairs, perform all maintenance, and make all replacements in and to the Premises (including without limitation, all interior and exterior, structural and non-structural, and systems maintenance, repairs and replacements) that are necessary to keep the Premises (a) in good condition and repair, subject to normal wear and tear, (b) clean, safe and tenantable and (c) in compliance with all Laws and the requirements of this Lease, including without limitation, repairs and replacements required as a result of any act or omission of any invitee, agent, employee, Affiliate, subtenant, assignee, contractor, client, family member, licensee, customer or visitor (collectively, "**Invitees**") of Tenant. Tenant shall maintain all improvements, fixtures and personal property (including all equipment) located in, or serving, the Premises in clean, safe and sanitary condition, shall take good care thereof and shall make all required repairs and replacements thereto. Tenant shall maintain all drives, sidewalks, parking areas (including, without limitation, the Parking Deck (as hereinafter defined) and lawns on the Premises in a clean condition, free of accumulations of dirt, trash, snow and ice. Tenant shall suffer no waste or injury to any part of the Premises. Notwithstanding the foregoing, Landlord shall cause the Developer to complete any punchlist items in accordance with the Work Letter to this Lease and shall cause Developer or General Contractor to repair any structural defects relating solely to the construction of Improvements during the warranty period set forth in Section 5 of the Work Letter and disclosed in the Defect Notice timely received by Landlord. Further notwithstanding anything to the contrary contained herein, Landlord shall have the right, but not the obligation, and upon concurrent written notice thereof to Tenant, to perform Tenant's obligations hereunder which have not been performed by Tenant as required hereunder, and to charge Tenant as

Additional Rent for all reasonable costs and expenses incurred in connection therewith, such reasonable costs and expenses to be paid by Tenant within thirty (30) days after presentation of an invoice therefor. Landlord shall use commercially reasonable efforts to ensure that any maintenance or repairs conducted pursuant to this Section 8.1 do not unreasonably interfere with Tenant's operations at the Premises.

8.2 Fixtures and Personal Property. Tenant shall not remove from the Premises any fixtures attached to the realty or items of personal property not owned by Tenant unless replaced with similar fixtures or personal property of equal or greater quality and value. Any such fixture not owned by Tenant shall become the property of Landlord upon installing the same at the Premises. Tenant may not grant any lien or security interest in any Fixture. "**Fixture**," as such term is used in this Section 8.2, shall not include Tenant's business machinery, servers and related equipment, racking, trade fixtures, equipment, including laboratory equipment, decorations, furnishing, or personal property.

ARTICLE IX

ALTERATIONS

9.1 Consent Required for Alterations. Except as set forth in the Work Letter, Landlord is under no obligation to make any alterations, decorations, additions, improvements, demolitions or other changes (collectively, "**Alterations**") in or to the Premises. Tenant shall not make or permit anyone to make any Structural Alterations in or to the Premises (collectively, the "**Consent Items**"), without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. For purposes of this Lease, a "**Structural Alteration**" is an Alteration to the roof and roof deck, footings, foundation, structural steel, load-bearing columns, joists, structural floors, composite concrete elevated slab, and exterior and interior load-bearing walls of the Premises, or that affects the proper functioning, efficiency, expected useful life or any warranty in respect of, the Building's mechanical, electrical, sanitary, plumbing, heating, air-conditioning, ventilating, utility or any other service systems. No Structural Alteration shall be performed by Tenant and Landlord's consent need not be reasonable if the same would materially reduce the cubic content of the usable area of the Building, or weaken, temporarily or permanently, the structure of the Building or any part thereof, or impair any zoning or other amenities of the Premises. For Consent Items, Tenant shall provide Landlord with advance written notice of all Alterations, together with copies of plans and specifications for such Alterations, and Tenant will be responsible for reimbursing reasonable costs for Landlord's review of such Alterations. All Alterations in or to the Premises shall be made in a good and workmanlike manner and with materials of the same or better quality, in accordance with applicable Laws and so as not to adversely affect the value of the Premises, and otherwise on such reasonable terms and conditions as Landlord may impose. If any lien (or a petition to establish such lien) is filed in connection with any Alteration, Tenant shall discharge such lien (or petition) within thirty (30) days after filing, at Tenant's sole cost and expense, by the payment thereof or by the filing of a bond acceptable to Landlord. If Landlord gives its consent to the making of any Alteration, such consent shall not be deemed to be an agreement or consent by Landlord to subject its interest in the Premises to any liens that may be filed in connection therewith. Promptly after the completion of any Alteration which may be classified as a Consent Item, or for which plans must be filed with and approved by the

applicable governmental entity having jurisdiction over the Premises, Tenant, at its expense, shall deliver to Landlord one (1) set of record approved plans and a CAD diskette reflecting the actual conditions and showing such Alteration in place. Landlord's consent shall not be required for any Alterations which do not include Consent Items.

9.2 Removal of Alterations. If any Alterations which may be classified as Consent Items are made after the Effective Date without the prior written consent of Landlord, Landlord shall have the right, in addition to all other remedies, at Tenant's expense to remove and correct such Alterations and restore the Premises to its condition immediately prior thereto, or to require Tenant to do the same. All Alterations to the Premises during the Lease Term shall be the property of Landlord and shall remain upon and be surrendered with the Premises at the expiration or earlier termination of the Lease Term; provided, however, that Tenant shall remove at the end of the Lease Term or Renewal Term, if exercised, all such Alterations which may be classified as Consent Items that Landlord designates for removal in writing at the time of its approval of said Consent Items, and repair any damage caused by such removal.

9.3 Roof Top Installations**.** Subject to the terms and provisions of this Lease, including, without limitation, the satisfaction of the terms and provisions of this Article IX, Tenant may, at Tenant's cost and expense install on the Building's roof (in any event, subject to Landlord's written approval, such approval not to be unreasonably withheld, conditioned or delayed, as to the exact location of the same) microwave, satellite dishes or other antennae communications systems, for Tenant's communications and data transmission network. All such work by Tenant shall be performed in a good and workmanlike manner in accordance with the provisions of any then applicable warranties, this Lease and all requirements of Law, including all rules, regulations, ordinances, statutes and guidelines promulgated by any applicable governmental or quasi-governmental authorities, agencies or organizations. Tenant shall obtain, at its expense, any and all necessary permits, licenses, variances and approvals and inspections that are necessary to complete such work. Tenant shall indemnify, defend and save Landlord Parties, and Lenders harmless from any and all loss, damages, liability, costs or expenses including reasonable attorney's fees, court costs, and all other sums which Landlord, its agents, servants, employees, officers and directors may pay or become obligated to pay as a result of such improvements or on account of any claim or assertion of liability arising or alleged to have arisen out of any act or omission of Tenant, its agents, contractors, subcontractors, servants, employees, licensees or invitees in connection with such work. Tenant shall, at Tenant's cost and expense, but in accordance with all then applicable warranties, remove all such improvements installed on the Building's roof upon the expiration or earlier termination of the Lease Term and shall repair any damage caused to the Building as a result of such removal.

9.4 Signage. Landlord shall cause Developer to install, at Landlord's sole cost and expense, such signage as is specified in the Work Letter prior to the Delivery Date. After the Commencement Date, Tenant may install on the Premises, at Tenant's sole cost and expense and subject to the terms of this Lease, any signage permitted by Law.

9.5 Tenant Improvements. Landlord shall have the right to approve (not to be unreasonably withheld, conditioned, or delayed) Tenant's plans and specifications for its initial alterations, decorations, additions and improvements that are not Improvements as described in the Base Building Work (as defined in the Work Letter) (the "**Tenant Improvements**") and are to be constructed by the General Contractor at Tenant's expense in the Premises, subject to application of the Allowance, as described in the Work Letter.

9.6 Alterations. Any Alterations shall be made by Tenant at Tenant's sole cost and expense. Any Alterations requiring Landlord approval shall be made by a contractor reasonably approved in writing by Landlord. Landlord's consent to or approval of any alterations, additions or improvements (or the plans therefor) shall not constitute a representation or warranty by Landlord, nor Landlord's acceptance, that the same comply with sound architectural and/or engineering practices or with all applicable Laws, and Tenant shall be solely responsible for ensuring all such compliance. For all Alternations Tenant shall require its contractor to maintain insurance in such amounts and in such form as Landlord may reasonably require. Tenant agrees to indemnify, defend and hold Landlord Parties and Lenders harmless against any loss, liability, damage or expense (including, without limitation, attorneys' fees and expenses) resulting from all work related to Tenant's construction (or that of its employees, agents, or contractors) of all Alterations. The foregoing indemnity shall survive the expiration or earlier termination of this Lease.

ARTICLE X

REPRESENTATIONS, WARRANTIES AND COVENANTS OF TENANT

10.1 Tenant hereby represents and warrants to Landlord as of the Effective Date as follows:

(a) Change in Condition. The financial statements and other information for Tenant attached hereto as **Exhibit E** are true and correct in all material respects as of the date made.

(b) Authorization. Tenant is duly organized, validly existing and in good standing under the state of its incorporation and in the jurisdiction in which the Premises are located (as a foreign corporation or otherwise, in accordance with applicable Laws); Tenant has the power and authority to enter into this Lease and to conduct its business in the manner being conducted; all action required to authorize Tenant to enter into this Lease and to conduct its business in the manner being conducted has been duly taken; each person executing and delivering this Lease on Tenant's behalf is duly authorized.

(c) No Consent or Approval. No consent or approval of any third party is required for Tenant to enter into and perform this Lease according to its terms, except for such consents and approvals where the failure to obtain the same would not have a material adverse effect on Tenant's financial condition or its ability to perform its obligations under this Lease.

(d) OFAC Certification. Tenant is not acting, directly or indirectly for, or on behalf of, any person, group, entity or nation named by any Executive Order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism) or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person," or other banned or blocked person, entity, or nation pursuant to any law that is enforced or administered by the

Office of Foreign Assets Control, and is not engaging in this transaction, directly or indirectly, on behalf of, or instigating or facilitating this transaction, directly or indirectly, on behalf of, any such person, group, entity or nation.

10.2 Tenant hereby covenants to Landlord as follows:

(a) Financial Statements. On an annual basis, Tenant shall furnish to Landlord, as soon as available and in any event within one hundred fifty (150) days after the end of each fiscal year, its audited financial statements, complete with footnotes, including an audited balance sheet of Tenant as at the close of such year, together with the related statements of cash flow, profit and loss and changes in financial position for such period, setting forth in each case, in comparative form, the corresponding figures for the preceding fiscal year, audited and certified by an independent certified public accounting firm of recognized standing. All financial statements required hereunder shall be prepared in accordance with generally accepted accounting principles consistently applied. Notwithstanding the foregoing, if and for so long as Tenant is a publicly traded company, its filings with the Securities and Exchange Commission are current and its financial statements are available for public download, Tenant's obligation to deliver its financial statements to Landlord shall be deemed satisfied.

(b) Litigation. Within twenty (20) Business Days after Tenant has knowledge of any litigation, threatened condemnation, or other proceeding related to or arising out of this Lease or the Premises, Tenant shall give written notice thereof to Landlord, and a copy of any documents pertaining to such proceeding as requested by Landlord. If and to the extent Landlord reasonably determines that such proceeding is reasonably likely to adversely affect the Premises or the validity or enforceability of this Lease, Landlord may, after notice to Tenant, undertake an investigation or otherwise become involved in the proceeding.

ARTICLE XI

REPRESENTATIONS, WARRANTIES AND COVENANTS OF LANDLORD

11.1 Landlord hereby represents and warrants to Tenant as of the Effective Date as follows:

(a) Authorization. Landlord represents and warrants that each person executing and delivering this Lease on Landlord's behalf is duly authorized; that Landlord is duly organized, is qualified to do business in the jurisdiction in which the Premises is located, is in good standing under the Laws of the state of its organization and the Laws of the jurisdiction in which the Premises is located, and has the power and authority to enter into this Lease and to conduct its business in the manner being conducted; and that all action required to authorize Landlord and such person to enter into this Lease and to conduct its business in the manner being conducted has been duly taken.

(b) No Consent or Approval. No consent or approval of any third party is required for Landlord to enter into and perform this Lease according to its terms.

(c) OFAC Certification. Landlord is not acting, directly or indirectly for, or on behalf of, any person, group, entity or nation named by any Executive Order (including the

September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism) or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person," or other banned or blocked person, entity, or nation pursuant to any law that is enforced or administered by the Office of Foreign Assets Control, and is not engaging in this transaction, directly or indirectly, on behalf of, or instigating or facilitating this transaction, directly or indirectly, on behalf of, any such person, group, entity or nation.

11.2 Landlord hereby covenants to Tenant that within twenty (20) Business Days after Landlord has knowledge of any litigation, threatened condemnation, or other proceeding related to or arising out of this Lease or the Premises, Landlord shall give written notice thereof to Tenant, and a copy of any documents pertaining to such proceeding as requested by Tenant. If and to the extent Tenant reasonably determines that such proceeding is reasonably likely to adversely affect the Premises or the validity or enforceability of this Lease, Tenant may, after notice to Landlord, undertake an investigation or otherwise become involved in the proceeding.

ARTICLE XII

INSPECTION

12.1 At all times, upon reasonable prior written notice to Tenant of at least 48 hours (except in the case of an emergency threatening imminent danger to persons or property), Tenant shall permit Landlord, any Lenders and their agents and representatives, to enter the Premises without charge therefor and without diminution of the rent payable by Tenant in order to examine, inspect or protect the Premises, or to exhibit the same to leasing brokers (during the last twelve (12) months of the Lease Term only), prospective tenants (during the last twelve (12) months of the Lease Term only), Lenders and potential purchasers. Landlord and such other persons shall exercise commercially reasonable efforts to minimize disruption to Tenant's business operations in the Premises in connection with any such entry.

ARTICLE XIII

INSURANCE

13.1 Types and Amounts of Insurance Coverage. After Substantial Completion and throughout the remainder of the Lease Term, Tenant shall obtain and maintain the following types and amounts of insurance covering the interests in the Premises of Tenant, Landlord and any Lender (Landlord and Lender as additional insureds, as their interests may appear):

(a) Commercial General Liability

(i) Coverage:

(A) Occurrence Form;

(B) Contractual Liability - insuring the personal injury and property damage obligations assumed by the Tenant under this Lease and to meet Tenant's indemnification obligations hereunder;

(C) Premises and Operations Coverage;

(D) Broad Form Property Damage Coverage;

(E) Personal Injury Liability;

(F) Independent Contractors Coverage;

(G) Bodily Injury Coverage (including coverage for death); and

(H) Including cross liability endorsement and a severability of interest provision.

(I) Terrorism coverage for certified and non-certified acts of terrorism.

(ii) Limits: Commercial general liability insurance shall be in minimum amounts typically carried by prudent tenants engaged in similar operations, but in no event shall Tenant maintain limits less than $1,000,000.00 combined single limit per occurrence, $1,000,000 personal advertising injury, $2,000,000 products completed operations, with a $2,000,000.00 general aggregate per location. Such coverage shall not have any deductible or self-insured retention. Such coverage shall include a waiver of subrogation in favor of Landlord.

(b) Property, Equipment Breakdown and Business Interruption Coverage

(i) Coverage:

(A) All Risk property insurance covering the Building, Improvements, and all installations, additions, and improvements which may now or hereafter be erected hereon as well as Tenant's personal property, including, without limitation, machinery, equipment, furniture & fixtures, goods, wares, merchandise, and improvements. The insurance shall be as provided under a "Special Causes of Loss" form endorsed to provide coverage for the perils of by hail, windstorm, named windstorm, water, sprinkler leakage, malicious mischief, vandalism, and certified and non-certified acts of terrorism (in an amount equal to full replacement cost for non-certified terrorism and no reduction of limits for certified terrorism). Such policy shall include coverage for earthquake, subsidence, ordinance or law, equipment breakdown, flood (including back-up of sewers and drains, seepage, and surface waters), extra expense, pollution cleanup for contamination as a result of a covered peril, and off-premises power interruption for both direct and indirect loss. All coverages and limits required herein shall be in amounts, form, and substance satisfactory to Landlord. If any portion of the Building or installations, additions, or improvements erected upon the Building is in a high hazard flood zone, as is currently or at any time in the future located in a federally designated "special flood hazard area", flood hazard insurance in an amount equal to the maximum limits available under the National Flood Insurance Program and $15,000,000 for the Building and any other property structure and/or contents thereon or such greater amount Landlord or Mortgagee may require, If Tenant's insurance company is unable or unwilling to include any or all of the perils listed above, Tenant shall purchase coverage against such perils from another insurer on a "Difference in Conditions" form or through a stand-alone policy;

(B) Demolition, debris removal, increased cost of construction (including coverage for undamaged portions of buildings) and Law and Ordinance;

(C) All such policies waive any co-insurance provision, contain a Joint Loss Agreements if separate policies are issued;

(D) EDP equipment coverage;

(E) Business Interruption Coverage and Extra Expenses covering risk of loss due to the occurrence of any of the perils described in Section 13.1(b)(i)(A), (B) or (D) and to include off premises service interruption coverage for any such peril; and

(F) In the event Tenant performs or causes a contractor to perform any repairs or alterations on the leased Premises, and said repairs or alterations are not covered under the All-Risk property policy required above, Tenant shall carry Builder's Risk insurance on an "All Risk" basis (including collapse) on a completed value (non-reporting) form for full replacement value of all work incorporated in the Premises and all materials and equipment in or about the leased Premises if the contractor is not carrying such insurance on a primary and non-contributory basis. If Tenant is causing the contractor to carry this insurance on a primary and non-contributory basis, Landlord and Mortgagee shall be added as loss payee to the policy(s)

(G) Such policies and endorsements required herein shall contain deductibles/self-insured retentions not more than $25,000 per occurrence except that the earthquake and/or flood policy(ies) may be subject to deductibles/self-insured retentions otherwise reasonably acceptable to Landlord.

(ii) Limits: Property and Equipment Breakdown Insurance shall be in an amount sufficient to (i) prevent any of Landlord, Tenant or any Lender from becoming co-insurers and (ii) be in an amount not less than that required to replace one hundred percent (100%) of the Building, real and personal property and Improvements and Fixtures installed on or about the Premises, all alterations and other contents of the Premises (including without limitation, Tenant's trade fixtures, decorations, furnishing, equipment, machinery, goods, wares, merchandise, and personal property) and contain an agreed amount endorsement, all in amounts reasonably acceptable to Landlord.

Business Interruption and Extra Expense coverage shall be in minimum amounts typically carried by prudent tenants engaged in similar operations but in no event in a face amount less than the Rent due to Landlord, Impositions and operating income, payable by Tenant under this Lease for a period of eighteen (18) months following the insured-against peril. Such policy shall contain an extended period of indemnity endorsement providing that the continued loss will be insured until operations return to the levels required under this Lease, or the expiration of twelve (12) months from the date the Premises is repaired or replaced and operations are resumed, whichever occurs first, and notwithstanding that the policy may expire prior to the end of such period.

(c) Comprehensive Automobile Liability

(i) Coverage: Comprehensive Automobile Liability for all owned, non-owned and hired vehicles, including coverage for bodily injury and property damage;

(ii) Limits: Automobile Liability insurance shall be in minimum amounts not less than $1,000,000.00 for each accident.

(d) Workers Compensation and Employers Liability

(i) Coverage:

(A) All States Endorsement;

(B) Employers Liability for Monopolistic States; and

(C) All persons employed at the Premises to the extent required by the laws and statutes of the State in which such Premises is located, where the employee resides, and in which the services are being performed but in no event excluding executive officers, partners or sole proprietors.

(D) Waiver of Subrogation Endorsement in favor of Landlord.

(ii) Limits:

(A) Coverage A – Statutory;

(B) Coverage B (Employers Liability) $1,000,000 each accident, $1,000,000 disease – policy limit, $1,000,000 disease – each employee (provided that Tenant shall carry Employer's Liability coverage with higher limits as required to satisfy any requirements of the umbrella coverage required under Section 13.1(e), below).

(e) Umbrella/Excess liability coverage issued on a follow form basis with a per occurrence and annual aggregate limit of $10,000,000. Such coverage shall sit excess of the insurances required under 13.1(a), 13.1(c) and 13.1(d)(i)(B).

(f) such other or further insurance, in such amounts and in such form, as is customarily obtained by owners of properties similarly located, constructed, occupied and maintained and is available at commercially reasonable rates, or as otherwise reasonably required by Landlord or any Mortgagee. Tenant agrees any insurance limits required herein are minimum limits only and not intended to restrict the liability imposed on Tenant.

13.2 Requirements of Insurance Coverage. All the insurance policies specified above shall meet the following requirements:

(a) Be issued by a company that is licensed, authorized, qualified, or approved to do business in the jurisdiction in which the Premises is located, with a financial rating of A-:VIII or better by "Best's Insurance Guide" that has been reasonably approved in advance by Landlord or by such other companies that Lender may approve.

(b) As to the coverage required under Section 13.1(b) above, designate Landlord's Lender(s) as a mortgagee with a Standard Mortgagee Clause and a Lender's Loss Payable Endorsement and Landlord as Loss Payee, provided that Landlord and Landlord's Lender(s) shall have no interest in Business Interruption Coverage hereunder in excess of the amount necessary to discharge Tenant's obligations under this Lease as and when due;

(c) As to the coverage required under Section 13.1(a), 13.1(c), 13.1(e) above, designate Landlord Parties and Landlord's Lender(s) and all other parties otherwise designated from time by Landlord as additional insureds;

(d) Provide that Tenant's insurers waive all right of recovery by way of subrogation against Landlord and Lenders and their respective partners, agents, employees, and representatives, in connection with any loss or damage covered by any liability, property and workers' compensation insurance policy required herein;

(e) Be reasonably acceptable in form and content to Landlord;

(f) Be primary and non-contributory over any other valid and collectible insurance available to Landlord and non-contributory; and

(g) Contain an endorsement prohibiting cancellation or failure to renew, without the insurer first giving each Lender and Landlord at least thirty (30) days' prior written notice (or ten (10) days for failure to pay premium) of such proposed action.

At all times during which maintenance, repairs or alterations are being made with respect to the Premises, Tenant shall require via written contract any and all contractors performing work for Tenant on the Premises to carry Commercial General Liability insurance, Umbrella Liability insurance, Automobile Liability insurance, Employer's Liability insurance, and Worker's Compensation insurance for the benefit of Tenant, Landlord and any Lender(s) of Landlord equivalent to those standard in the industry but in no event less than the primary Commercial General Liability, Automobile Liability and Workers Compensation limits, coverages and terms required for Tenant herein. Tenant shall cause all such contractors to include Landlord Parties and, if applicable, Landlord's Lender as additional insureds and waive all rights of subrogation against such parties for any liability and workers' compensation claims they incur in relation to work performed. Tenant shall maintain all such contractors certificates of insurance, ensure they are current, and provide to Landlord upon request.

13.3 Other Provisions. No policy shall provide for a deductible or self-insured retention in excess of $25,000 unless otherwise approved by Landlord. Tenant agrees to pay the amount of such deductibles in the event of a claim and any claim or loss that falls below any deductible will be the Tenant's sole responsibility to pay.enant shall be responsible for all claims and losses falling below the deductible. Landlord and Landlord's Lender reserve the right from time to time to require Tenant to obtain higher minimum amounts or different types of insurance provided Landlord demonstrates that it is customary for owners or tenants of comparable properties being used for similar purposes in the vicinity of the Premises to carry insurance of

such higher minimum amounts or of such different types. Prior to the Effective Date of the Lease and at least annually thereafter, Tenant shall deliver to Landlord certificates (including Acord Forms 25 and 28 or other equivalents as requested by Landlord) providing evidence satisfactory to Landlord that all such insurance coverage required pursuant to this Article is in full force and effect provided, however, if a claim is made or threatened against the policies required to be maintained hereunder, Tenant shall, within ten (10) days after such claim is made or threatened, deliver to Landlord a copy of the relevant policy(ies). If any Tenant insurance policy is renewed at any time during the course of this Lease, Tenant shall furnish to Landlord, no less than fifteen (15) days prior to its expiration date, a certificate satisfactory to Landlord evidencing such renewal of expiring policies and proof that the renewal premium has been paid. Neither the issuance of any insurance policy required under this Lease nor the minimum limits specified herein shall be deemed to limit or restrict in any way Tenant's liability arising under or out of this Lease. Landlord makes no representation that the limits or forms of coverage of insurance specified in this Article XIII are adequate to cover Tenant's property or obligations under this Lease. Tenant shall have the right to maintain the insurance coverages set forth in this Article under a blanket insurance policy covering other premises owned or operated by Tenant, provided that (x) the policies insuring the Premises comply with the coverages to the full extent required by this Article and (y) such coverage for the Premises shall not be diminished for any reason whatsoever (including without limitation a claim made with respect to any other premises) during the Lease Term, and (z) such blanket insurance policy shall specifically allocate to the real and personal property the amount of coverage required by this Lease or shall otherwise provide the same protection as would a separate policy. Notwithstanding anything to the contrary contained herein, in the event Tenant fails to satisfy the requirements of this Article XIII following written notice thereof from Landlord and the expiration of ten (10) Business Days within which to provide such insurance, Landlord shall have the right, but not the obligation, upon concurrent notice to Landlord to perform Tenant's obligations hereunder with respect to the maintenance of insurance and to charge Tenant as Additional Rent for all reasonable costs and expenses incurred in connection therewith, including, but not limited to, all insurance premiums owed to the company that issues the insurance. Tenant shall not carry separate or additional insurance effecting the coverage described in this Article XIII, concurrent in form and contributing in the event of any loss or damage to the Premises with any insurance required to be obtained by Tenant under this Lease, unless such separate or additional insurance shall comply with and conform to all of the provisions and conditions of this Article. Tenant shall promptly give notice to Landlord of such separate or additional insurance. Landlord may carry property insurance as required in Section 13.1 (b) (i) (A) (B) and (D) for the Building (exclusive of Tenant's personal property) on a primary and non-contributory basis.

13.4 Waiver of Subrogation. Landlord and Tenant each hereby releases and relieves the other, and waives its entire right of recovery against the other, for direct or consequential loss or damage arising out of or related to any accident covered by property insurance (or self-insurance or deductible, as applicable) carried by either Landlord or Tenant (or required to be carried by such Parties hereunder), agents, employees, contractors and/or invitees, whether or not due to the negligence of the other Party or its agents, employees, contractors and/or invitees.

13.5 Landlord's Insurance during the Construction Term. Beginning on the Effective Date and at all times during the Construction Term, (i) Landlord shall obtain and maintain or cause to be purchased and maintained the following types and amounts of insurance covering the

interests of the Premises of Tenant, Landlord and any Lender: Builder's Risk insurance covering 100% replacement cost value of the Premises and (ii) Landlord shall carry and maintain or cause to be purchased and maintained adequate Commercial General Liability insurance for the benefit of Tenant, Landlord and any Lender(s) of Landlord.

All the insurance policies specified above shall meet the following requirements:

(a) Be issued by a company that is licensed, authorized, or approved to do business in the jurisdiction in which the Premises is located, that has been reasonably approved in advance by Tenant;

(b) Be primary over any other valid and collectible insurance and non-contributory;

(c) Contain an endorsement for cross liability and severability of interests; and

(d) Contain an endorsement prohibiting cancellation or failure to renew, without the insurer first giving Tenant at least thirty (30) days' prior written notice (or ten (10) days for failure to pay premium) of such proposed action.

13.6 Landlord Insurance. Landlord shall, at Tenant's expense, maintain contractual and comprehensive general liability insurance, including public liability and property damage, with a minimum combined single limit of liability of two million dollars ($2,000,000.00) provided, however, that Landlord's insurance coverage shall not be the primary coverage.

ARTICLE XIV

LIABILITY AND INDEMNIFICATION

14.1 Liability Limitations. Except with respect to the fraudulent acts, gross negligence or willful misconduct of Landlord and Landlord's obligation to indemnify Tenant as contained in Sections 6.3 and 14.5 hereof, none of the Landlord Parties and Lenders shall have liability for, and shall not assume any liability or responsibility with respect, to the conduct or operation of the business to be conducted on the Premises. Any motor vehicles, parts, goods, furnishings, fixtures, property or personal effects placed or stored in or about the Premises shall be at the sole risk of Tenant, and none of the Landlord Parties shall be responsible or liable for such property. Neither Landlord, the Developer Parties, nor Tenant shall have liability for any claim of loss of business or interruption of operations, or any consequential damages or indirect losses whatsoever, except as otherwise specifically provided in this Lease.

14.2 Risk of Loss for Tenant's Property. Any motor vehicles, parts, goods, furnishings, fixtures, property or personal effects placed or stored in or about the Premises shall be at the sole risk of Tenant, and except in the case of its or their gross negligence or willful misconduct, none of the Landlord Parties shall be responsible or liable for such property.

14.3 Indemnification of Landlord by Tenant. Subject to the provisions of Section 13.4 above, and except to the extent caused by or resulting from the negligence or willful misconduct of any Landlord Parties, Tenant shall indemnify, defend upon request and hold harmless the Landlord Parties and Lenders from and against, all demands, causes of action, judgments, costs, damages (including punitive and consequential damages), claims, liabilities, expenses (including reasonable attorneys' fees, disbursements and actual costs), losses, penalties and court costs suffered by or claimed against any of them (whether arising from events prior or subsequent to the Effective Date), directly or indirectly, to the extent based on or arising out of, in whole or in part, the following matters: (a) the use, condition, operation, maintenance, repair, alteration, and occupancy of the Premises or the business conducted therein or therefrom, (b) any act or omission of Tenant or Tenant Parties in, upon, about or directly related to the Premises, or any negligence or willful misconduct of Tenant or Tenant Parties regardless of location, (c) any uncured violation by Tenant, its employees, agents or contractors, of the provisions of Section 6.3 hereof, (d) any breach, violation or nonperformance by Tenant (or violation by any person claiming under Tenant or Invitees) of any of the terms, provisions, representations, warranties, covenants or conditions of this Lease on Tenant's part to be performed, including without limitation, the failure to comply with Laws, (e) easements or other agreements entered into by Landlord in its capacity as owner of the Premises at the request of Tenant following the Effective Date, and (f) any accident, injury, death or damage to the person, property or business of Tenant or Invitees, or any other person that shall happen at, in, upon, or arising out of the Premises, however occurring. Landlord need not have first paid any such claim to be so indemnified and held harmless by Tenant. Tenant, upon written notice from Landlord, shall defend any claim against Landlord for which Tenant has indemnified Landlord at Tenant's sole expense, using legal counsel reasonably satisfactory to Landlord and Landlord shall cooperate with Tenant in such defense. Tenant's indemnity obligations under this Section 14.3 and elsewhere in this Lease arising prior to the termination of this Lease shall survive such termination.

14.4 No Liability Accruing Subsequent to Transfer. Neither Landlord nor any successor Landlord shall be liable for any obligation or liability based on or arising out of any event or condition occurring during the period that such Landlord was not the owner of the Premises, except to the extent that such event or condition is a then-continuing Landlord default hereunder as of the date of transfer to the successor Landlord, in which case such successor Landlord shall be obligated to cure such then-continuing Landlord default. Within ten (10) Business Days after request, Tenant shall attorn to any new Landlord and execute, acknowledge and deliver any reasonable document submitted to Tenant confirming such attornment contemporaneously with the execution and delivery by the new Landlord of a non-disturbance agreement reasonably acceptable to Tenant.

14.5 Indemnification of Tenant by Landlord. In addition to the indemnity provided by Landlord to Tenant in Section 6.3(f) hereof, subject to the provisions of Section 13.4 above, and except to the extent caused by or resulting from the negligence or willful misconduct of any Tenant Parties (defined below), Landlord shall indemnify, defend upon request and hold harmless Tenant, its Affiliates, partners, officers, directors, members, trustees, employees and agents (collectively, including Tenant, the "**Tenant Parties**") from and against, all demands, causes of action, judgments, costs, damages, claims, liabilities, expenses (including reasonable attorneys' fees, disbursements and actual costs), losses, penalties and court costs suffered by or claimed against any of them, directly or indirectly, to the extent based on or arising out of, in

whole or in part, the fraudulent acts, negligence or intentional misconduct of Landlord or its employees, agents or contractors and any breach, violation or nonperformance by Landlord or Landlord Parties of any of the terms, provisions, representations, warranties, covenants or conditions of this Lease. Tenant need not have first paid any such claim to be so indemnified and held harmless by Landlord. Landlord, upon written notice from Tenant, shall defend any claim against Tenant for which Landlord has indemnified Tenant at Landlord's sole expense, using legal counsel reasonably satisfactory to Tenant and Tenant shall cooperate with Landlord in such defense. Landlord's indemnity obligations under this Section 14.5 and elsewhere in this Lease arising prior to the termination of this Lease shall survive such termination.

14.6 Landlord's Liability Limited to Landlord's Interest. If Tenant or its Invitees are awarded a money judgment against Landlord, then recourse for satisfaction of such judgment shall be limited to execution against Landlord's estate and interest in the Premises, including Landlord's right to receive rents, profits, royalties, insurance and condemnation proceeds arising therefrom. No other asset of Landlord, any partner, director, member, officer or trustee of Landlord or any other person or entity shall be available to satisfy or be subject to such judgment, nor shall any such individual or other person or entity be held to have personal liability for satisfaction of any claim or judgment against Landlord or any such individual.

14.7 Tenant's Remedies. Except as otherwise expressly set forth herein, (i) Tenant shall not have the right to set off, recoup, abate or deduct any amount allegedly owed to Tenant pursuant to any claim against Landlord from any Base Rent or other sum payable to Landlord and (ii) Tenant's sole remedy for recovering upon such claim shall be to institute an independent action against Landlord.

ARTICLE XV

DAMAGE OR DESTRUCTION; RESTORATION OBLIGATIONS

15.1 If the Improvements located on the Premises are totally or partially damaged or destroyed, whether due to casualty, Partial Taking or otherwise, then promptly after such damage or destruction, Landlord shall repair, rebuild or restore all damaged improvements on or about the Premises, to the extent of insurance proceeds received by Landlord, so as to make the Premises substantially similar to the condition the same were in prior to such damage or destruction, and at least equal in value to the Premises existing immediately prior to such damage or destruction. All such repair, rebuilding or restoration shall be at Landlord's expense but subject to and limited by its receipt of insurance (or self-insurance) proceeds. Tenant will assign to Landlord and/or Lenders the net proceeds of any fire or other casualty insurance paid to Tenant under the insurance required to be maintained by Tenant pursuant to Article XIII of this Lease after deduction of any actual costs incurred in connection with the collection thereof, including reasonable attorneys' fees, and Tenant shall execute and deliver all documents necessary to cause such payment to be made (or if Tenant has elected to self-insure, then Tenant shall pay directly to Landlord upon Landlord's written request the full amount that any third-party insurer would be required to pay under a policy issued in accordance with the terms of this Lease). Tenant shall also pay to Landlord the amount of any deductible. Landlord shall deliver to Tenant for Tenant's reasonable approval the plans and specifications, as well as a schedule setting forth the estimated schedule for completion of such work. Upon Tenant's approval

thereof, Landlord will begin such repairs, rebuilding or restoration and will prosecute the same to completion with diligence. Tenant and its architects and engineers shall have the right, at Tenant's expense, to conduct reasonable inspections of the Premises from time to time during such repair, rebuilding and restoration. In no event shall any damage or destruction allow Tenant to abate the payment of Base Rent or Additional Rent or terminate this Lease, except as provided in Section 16.5 of this Lease. Notwithstanding the foregoing, (i) if the Premises are damaged or destroyed by fire or other casualty within the final twelve (12) months of the Lease Term or any Renewal Term, or (ii) in the event that Landlord's estimate of the time to complete the repair and/or restoration to the damaged or destroyed portion of the Premises exceeds eighteen (18) months following the settlement of any insurance claims and the insurance company making sufficient restoration funds available for use, then Tenant may terminate this Lease by written notice to Landlord within thirty (30) days after (i) the date of such damage or destruction if such casualty occurs in the final twelve (12) months of the Lease Term or any Renewal Term or (ii) the date of Landlord's estimate if such estimate of time to complete repair and/or restoration exceeds eighteen (18) months. If this Lease is terminated under the preceding sentence, all insurance proceeds in consideration of the Premises shall be paid to Landlord, and Tenant shall execute and deliver all documents necessary to cause such payment to be made (which obligation of Tenant shall survive termination of this Lease). In addition, in the event this Lease is terminated as permitted in this Section 15 and a claim(s) has not been made against Tenant's insurance carrier(s), Tenant agrees to assign to Landlord all rights to make claims under any such insurance policies.

ARTICLE XVI

CONDEMNATION

16.1 Total Taking. If all of the Premises or occupancy thereof shall be permanently taken or condemned by any governmental or quasi-governmental authority for any public or quasi-public use or purpose or sold under threat of such a taking or condemnation (a "**Total Taking**"), then this Lease shall terminate on the date that title to the Premises vests in such authority, and Base Rent and Impositions shall be apportioned as of such date. If less than all of the Premises or occupancy thereof is permanently condemned, but such partial condemnation affects fifteen percent (15%) or more of the total square footage of the Building, and as a result of such partial condemnation Tenant in its reasonable discretion determines that it is unable to conduct its normal business operations from the Premises, then Tenant shall have the right to elect to terminate this Lease upon written notice thereof to Landlord within thirty (30) days after Tenant receives notice of such taking (if Tenant so elects, a "**Termination Taking**"). In the event of a Termination Taking, then this Lease shall terminate on the date that title to the portion of the Premises taken vests in such authority, and Base Rent and Impositions shall be apportioned as of such date. A condemnation shall be deemed to be permanent if lasting for a period in excess of twelve (12) consecutive calendar months. In the event of a Termination Taking, then this Lease shall terminate on the date that title to the portion of the Premises taken vests in such authority, and Base Rent shall be apportioned as of such date. A condemnation shall be deemed to be permanent if lasting for a period in excess of twelve (12) consecutive calendar months.

16.2 Partial Taking. If less than the entire Premises or occupancy thereof is permanently condemned and such partial condemnation affects less than fifteen percent (15%) of the total square footage of the Building, or if Tenant has the right to elect to terminate under Section 16.1 above and does not make the election (a "**Partial Taking**"), then this Lease shall remain in full force and effect, there shall be no abatement of Base Rent or Additional Rent except for an adjustment to Base Rent as provided in Section 16.5 and Tenant shall comply with the provisions of Article XV of this Lease.

16.3 Temporary Taking. If all or any portion of the Premises is condemned for a period of twelve (12) consecutive calendar months or less, the Lease shall remain in full force and effect and there shall be no abatement of Base Rent or Additional Rent notwithstanding such condemnation. The amount of any award, damages and other compensation (the "**Awards**") paid on account of a temporary taking, net of Landlord's reasonable out-of-pocket expenses in obtaining the same, for such temporary taking allocable to the Lease Term, shall be paid to Tenant.

16.4 Awards. In the event of a Total Taking, a Termination Taking or a Partial Taking, all Awards shall belong to Landlord, and Tenant assigns to Landlord all rights to such Awards, subject to Section 16.2 and Article XV of this Lease in the event of restoration after a Partial Taking. Tenant shall not make any claim against Landlord or such authority for any portion of such Awards attributable to damage to the Premises, value of the unexpired portion of the Lease Term or any renewal thereof, loss of goodwill, leasehold improvements, consequential damages to the Premises not taken, or severance damages. Nothing contained herein, however, shall prevent Tenant from pursuing a separate claim against the authority for loss of business, relocation expenses and for the value of furnishings, equipment and trade fixtures installed in the Premises at Tenant's expense (whether prior to or following the Commencement Date) and which Tenant is entitled, pursuant to this Lease, to remove at the expiration or earlier termination of the Lease Term, provided that such claim shall in no way diminish the Awards payable to or recoverable by Landlord in connection with such taking, unless notwithstanding Tenant's pursuit of a separate claim, the condemning authority shall make only one (1) Award in which case Tenant's claim may diminish the Awards payable to or recoverable by Landlord in connection with such taking, but in no event below the amount necessary to pay any Lenders in full all principal, interest and other fees and expenses due under its Mortgage.

16.5 Partial Taking Base Rent Abatement. In the event of a Partial Taking, this Lease shall remain unaffected by such taking except that, following Landlord's receipt of the Award and completion of the restoration in accordance with Article XV hereof, the Base Rent shall be reduced in the proportion which the square footage of the Building so taken and not restored bears to the square footage of such Building immediately prior to the taking.

ARTICLE XVII

DEFAULT

17.1 Events of Default. Each of the following shall constitute an "**Event of Default**":

(a) Tenant's failure to make when due any payment of the Base Rent, Additional Rent or other sum, which failure continues for ten (10) days after Landlord provides written notice (in accordance with Section 25.4 below) thereof to Tenant; provided however that Tenant shall not be entitled to notice or an opportunity to cure a third or subsequent payment failure in any Lease Year after Landlord has given two (2) written notices in such Lease Year, and such third or subsequent payment failure shall be an Event of Default without notice or opportunity to cure;

(b) Tenant's failure to perform or observe any non-monetary covenant or condition of this Lease not otherwise specifically described in this Section 17.1, which failure continues for thirty (30) days after Landlord provides written notice thereof to Tenant, unless the cure of such non-monetary covenant or condition of this Lease, by its nature, requires more than thirty (30) days in which to cure, in which case Tenant shall not be in default so long as it commences a cure within thirty (30) days after its receipt of Landlord's notice and diligently prosecutes the cure at all times thereafter;

(c) an Event of Insolvency;

(d) [Intentionally Deleted];

(e) any Sublease or Assignment without the prior written consent of Landlord, to the extent such consent is required by the terms of this Lease;

(f) any representation, warranty or certification made by Tenant under this Lease is incorrect in any material respect when made;

(g) any failure to maintain the insurance required pursuant to Article XIII, which failure continues for five (5) Business Days after Landlord provides written notice thereof to Tenant; and

(h) [Intentionally Deleted].

(i) any failure to execute and deliver an estoppel certificate, subordination, non-disturbance and attornment agreement or financial statements, in each case for more than ten (10) Business Days after written notice from Landlord to Tenant.

17.2 Landlord's Remedies. From and after an Event of Default, the provisions of this Section 17.2 shall apply.

(a) Landlord shall have the right, at its sole option, to terminate this Lease. In addition, if and only if the Event of Default shall be a Monetary Default, with or without terminating this Lease, Landlord may lawfully re-enter, terminate Tenant's right of possession and take possession of the Premises. The provisions of this Article shall operate as a notice to quit, and to the extent permitted by law, Tenant hereby waives any other notice to quit or notice of Landlord's intention to re-enter the Premises or terminate this Lease. If necessary, Landlord may proceed to recover possession of the Premises under applicable Laws, or by such other proceedings, including re-entry and possession, as may be applicable. If Landlord elects to terminate this Lease and/or elects to terminate Tenant's right of possession, everything contained

in this Lease on the part of Landlord to be done and performed shall cease without prejudice. No such re-entry or taking possession of the Premises by Landlord shall be construed as an election to terminate the Lease unless a written notice of such intention is given by Landlord to Tenant at the time of such re-entry.

(b) So long as an Event of Default remains uncured, whether or not this Lease and/or Tenant's right of possession is terminated, Landlord shall have the right, at its sole option, to suspend Tenant's right to exercise any right of renewal contained in this Lease and to grant or withhold any consent or approval pursuant to this Lease in its sole and absolute discretion, provided that if the Event of Default is subsequently cured by Tenant, then any such right of renewal contained in this Lease shall be reinstated.

(c) Whether or not this Lease and/or Tenant's right of possession is terminated or any suit is instituted, Tenant shall be liable for any Base Rent, Additional Rent, damages or other sum which may be due or sustained prior to such Event of Default, and for all costs, fees and expenses (including, but not limited to, reasonable attorneys' fees and costs, brokerage fees, expenses incurred in enforcing any of Tenant's obligations under this Lease or in placing the Premises in good rentable condition and any concessions or allowances granted by Landlord to Tenant) incurred by Landlord in pursuit of its remedies hereunder and/or in recovering possession of the Premises and renting the Premises to others from time to time plus other actual damages suffered or incurred by Landlord on account of such Event of Default.

(d) Tenant also shall be liable for additional damages which at Landlord's election shall be either one or a combination of the following:

(i) To the extent permitted by law, an amount equal to the Base Rent and Additional Rent due or which would have become due from the date of such Event of Default through the remainder of the Lease Term, less the amount of rental, if any, which Landlord receives during such period from others to whom the Premises may be rented (other than any Additional Rent received by Landlord as a result of any failure of such other person to perform any of its obligations to Landlord), which amount shall be computed and payable in monthly installments, in advance, on the first day of each calendar month following such Event of Default and continuing until the date on which the Lease Term would have expired but for such Event of Default, it being understood that separate suits may be brought from time to time to collect any such damages for any month(s) (and any such separate suit shall not in any manner prejudice the right of Landlord to collect any damages for any subsequent month(s)), or Landlord may defer initiating any such suit until after the expiration of the Lease Term (in which event such deferral shall not be construed as a waiver of Landlord's rights as set forth herein and Landlord's cause of action shall be deemed not to have accrued until the expiration of the Lease Term), and it being further understood that if Landlord elects to bring suits from time to time prior to reletting the Premises, Landlord shall be entitled to its full damages through the date of the award of damages without regard to any Base Rent, Additional Rent or other sums that are or may be projected to be received by Landlord upon reletting of the Premises; or

(ii) To the extent permitted by law, an amount equal to the present value of (A) the sum of all Base Rent, Additional Rent and other sums due or which would be due and payable under this Lease as of the date of such Event of Default through the end of the

scheduled Lease Term, plus (B) all costs, expenses and lost rents incurred by Landlord pursuant to Section 17.2(c) hereof, including, without limitation attorneys' fees, brokers' commissions and maintenance or capital improvements, less (C) the fair market rental value of the Premises which would be due and payable under this Lease as of the date of such Event of Default through the end of the scheduled Lease Term, reduced to present value. The present value shall be calculated using a discount factor equal to the yield of the United States Treasury Note or Bill, as appropriate, having a maturity period approximately commensurate to the remainder of the Lease Term, and such resulting amount shall be payable to Landlord in a lump sum on demand, it being understood that upon payment of such liquidated and agreed final damages, Tenant shall be released from further liability for payment of Base Rent and Additional Rent under this Lease with respect to the period after the date of such payment. Landlord may bring suit to collect any such damages at any time after an Event of Default shall have occurred.

(e) In the event Landlord relets the Premises for a term extending beyond the scheduled expiration of the Lease Term, it is understood that Tenant will not be entitled to apply any base rent, additional rent or other sums generated or projected to be generated in the period extending beyond the scheduled expiration of the Lease Term (collectively, the "**Extra Rent**") against Landlord's damages. Similarly any brokerage commissions or upfitting expenses paid by Landlord in connection therewith shall be amortized over the term of the new lease and only the portion of those commissions and expenses allocable to the scheduled Lease Term shall be recoverable from Tenant.

(f) The provisions contained in this Section shall be in addition to, and shall not prevent the enforcement of, any claim Landlord may have against Tenant for anticipatory breach of this Lease. Nothing herein shall be construed to affect or prejudice Landlord's right to prove, and claim in full, unpaid Base Rent and Additional Rent accrued prior to termination of this Lease. If Landlord is entitled, or Tenant is required, pursuant to any provision hereof to take any action upon the termination of the Lease Term, then Landlord shall be entitled, and Tenant shall be required, to take such action also upon the termination of Tenant's right of possession. If the calculation of damages under any of the formulas set forth above produces a negative number, the result of that calculation shall be deemed to be zero, and, notwithstanding the result of such calculation, Tenant shall not share any amount of benefit that may be derived by Landlord as a result of an Event of Default and the exercise by Landlord of its remedies for such Event of Default. Notwithstanding any provision in this Article XVII to the contrary, Landlord shall have the duty to mitigate its damages following any Event of Default.

17.3 Tenant Waiver. To the extent permitted by law, Tenant hereby expressly waives, for itself and all persons claiming by, through or under it, any right of redemption, re-entry or restoration of the operation of this Lease under any present or future Law, including without limitation any such right which Tenant would otherwise have in case Tenant shall be dispossessed for any cause, or in case Landlord shall obtain possession of the Premises as herein provided.

17.4 Landlord's Rights Cumulative. All rights and remedies of Landlord set forth in this Lease are cumulative and in addition to all other rights and remedies available to Landlord at law or in equity, including those available as a result of any anticipatory breach of this Lease. The exercise by Landlord of any such right or remedy shall not prevent the concurrent or

subsequent exercise of any other right or remedy. No delay or failure by Landlord or Tenant to exercise or enforce any of said party's rights or remedies or obligations shall constitute a waiver of any such rights, remedies or obligations. Landlord or Tenant shall not be deemed to have waived any Event of Default unless such waiver expressly is set forth in a written instrument signed by the waiving party. If Landlord or Tenant waives in writing any Event of Default, such waiver shall not be construed as a waiver of any covenant, condition or agreement set forth in this Lease except as to the specific circumstances described in such written waiver. Landlord's acceptance of partial rent does not waive any breach of this Lease by Tenant.

17.5 Accord and Satisfaction. If Landlord shall institute proceedings against Tenant and a compromise or settlement thereof shall be made, then the same shall not constitute a waiver of the same or of any other covenant, condition or agreement set forth herein, nor of any of Landlord's rights hereunder. Neither the payment by Tenant of a lesser amount than the monthly installment of Base Rent, Additional Rent or of any sums due hereunder nor any endorsement or statement on any check or letter accompanying a check for payment of rent or other sums payable hereunder shall be deemed an accord and satisfaction. Landlord may accept the same without prejudice to Landlord's right to recover the balance of such rent or other sums or to pursue any other remedy. Notwithstanding any request or designation by Tenant, Landlord may apply any payment received from Tenant to any payment then due. No re-entry by Landlord, and no acceptance by Landlord of keys from Tenant, shall be considered an acceptance of a surrender of this Lease.

17.6 Default Rate. If Tenant fails to do any act herein required to be done by Tenant within any applicable notice and grace period, then Landlord may, but shall not be required to, do such act. The taking of such action by Landlord shall not be considered a cure of such Event of Default or prevent Landlord from pursuing any remedy it is otherwise entitled to in connection with such Event of Default. If Landlord elects to do such act, then all expenses incurred by Landlord, plus interest thereon at a rate (the "**Default Rate**") equal to the lesser of one (1.0%) percent per month or fraction thereof from the date such payment is due until paid (Annual Percentage Rate = 12%) and the highest rate permitted by applicable law, shall constitute Additional Rent due hereunder.

17.7 Joint and Several Liability. If more than one person or entity shall constitute Tenant, then the liability of each such person or entity shall be joint and several. If Tenant is a general partnership or other entity the partners or members of which are subject to personal liability, then the liability of each such partner or member shall be joint and several. No waiver, release or modification of the obligations of any such person or entity shall affect the obligations of any other such person or entity.

17.8 Landlord Default. If Landlord shall fail to perform any of its obligations when and as due under this Lease (a "**breach**" or "**default**"), and if such default continues for a period of more than thirty (30) days after written notice from Tenant specifying such default (or as to any default which is reasonably curable but requires more than thirty (30) days to remedy, then if such default continues for such longer period as is reasonably required to cure the same, provided that such cure is commenced promptly and pursued diligently), Tenant, as its sole and exclusive remedy, may cure such default on Landlord's behalf. Landlord shall reimburse Tenant for the reasonable costs of such cure as evidenced by invoices therefor, together with interest

thereon at the Default Rate, within thirty (30) days after written request. If Landlord fails to pay such amounts within such thirty (30) day period, Tenant may offset such amounts against up to thirty (30%) of the succeeding months' installments of Base Rent due and payable by Tenant to Landlord until repaid.

Notwithstanding the foregoing, prior to exercising any remedy above, Tenant will give any Lender which has furnished Tenant with written notice of its identity and address written notification of Landlord's default and shall afford such Lender a reasonable period to cure said default on behalf of Landlord, not to exceed sixty (60) days from the date Lender receives such notice.

ARTICLE XVIII

BANKRUPTCY

18.1 Events of Bankruptcy. An "**Event of Insolvency**" is the occurrence with respect to Tenant of any of the following: (a) becoming insolvent, as that term is defined in Title 11 of the United States Code (the "**Bankruptcy Code**") or under the insolvency laws of any state or foreign jurisdiction (the "**Insolvency Laws**"); (b) the earlier to occur of either (i) the filing of a petition for the appointment of a receiver or custodian or (ii) the institution of a foreclosure, replevin or attachment action upon any material property of such entity or person; (c) filing of a voluntary petition under the provisions of the Bankruptcy Code or Insolvency Laws or the admission in writing of its inability to pay debts generally as they become due; (d) filing of an involuntary petition against such entity or person as the alleged debtor under the Bankruptcy Code or Insolvency Laws which either (i) is not dismissed within sixty (60) days after filing, or (ii) results in the issuance of an order for relief against the alleged debtor; or (e) making or consenting to an assignment for the benefit of creditors or a composition of creditors.

18.2 Remedies. During an Event of Insolvency, Landlord shall have all rights and remedies available pursuant to Article XVII; provided, however, that while a case (the "**Case**") in which Tenant is the alleged debtor under the Bankruptcy Code is pending, Landlord's right to terminate this Lease shall be subject, to the extent required by the Bankruptcy Code, to any rights of Tenant or its trustee in bankruptcy (collectively, "**Trustee**") to assume or assume and assign this Lease pursuant to the Bankruptcy Code as follows:

(a) Subject to the provisions of the Bankruptcy Code and the judicial enforcement thereof, after the commencement of a Case: (i) Trustee shall perform all post-petition obligations of Tenant under this Lease; and (ii) if Landlord is entitled to damages (including, without limitation, unpaid rent) pursuant to the terms of this Lease, then all such damages shall be entitled to administrative expense priority pursuant to the Bankruptcy Code;

(b) Subject to the provisions of the Bankruptcy Code and the judicial enforcement thereof, any person or entity to which this Lease is assigned pursuant to the Bankruptcy Code shall be deemed without further act or deed to have assumed all of the obligations arising under this Lease, and any such assignee shall upon request execute and deliver to Landlord an instrument confirming such assumption;

(c) Subject to the provisions of the Bankruptcy Code and the judicial enforcement thereof, Trustee shall not have the right to assume or assign this Lease unless Trustee promptly (i) cures all Events of Default under this Lease, (ii) compensates Landlord for damages incurred as a result of such Events of Default, (iii) provides adequate assurance of future performance on the part of Trustee as debtor in possession or Trustee's assignee, and (iv) complies with all other requirements of the Bankruptcy Code;

(d) Subject to the provisions of the Bankruptcy Code and the judicial enforcement thereof, if Trustee fails to assume or assume and assign this Lease in accordance with the requirements of the Bankruptcy Code within sixty (60) days after the initiation of the Case, then Trustee shall be deemed to have rejected this Lease. If this Lease is rejected or deemed rejected, then Landlord shall have all rights and remedies available to it pursuant to Article XVII;

(e) Subject to the provisions of the Bankruptcy Code and the judicial enforcement thereof, Landlord and Tenant acknowledge and agree that adequate assurance of future performance shall require, among other things, that the following minimum criteria (which Landlord and Tenant agree are commercially reasonable) be met:

(i) Trustee must pay its estimated pro-rata share of the cost of all services performed or provided by Landlord (whether directly or through agents or contractors and whether or not previously included as part of Base Rent) in advance of the performance or provision of such services;

(ii) Trustee must agree that the use of the Premises as stated in this Lease shall remain unchanged and that no prohibited use shall be permitted;

(iii) Trustee must comply with all duties and obligations of Tenant under this Lease;

(iv) the financial condition and operating performance of the proposed assignee and its guarantors, if any, shall be similar to the financial condition and operating performance of the Tenant as of the Effective Date; and

(v) all assurances of future performance specified in the Bankruptcy Code must be provided.

ARTICLE XIX

SUBORDINATION

19.1 Subordination and Non-Disturbance. This Lease is subject and subordinate to the lien, provisions, operation and effect of any Mortgage, to all funds and indebtedness intended to be secured thereby, and to all renewals, extensions, modifications, recastings or refinancings thereof. A Lender holding a Mortgage to which this Lease is subordinate shall have the right (subject to any required approval of the holder of any superior Mortgage with respect to the Mortgage) at any time to declare this Lease to be superior to the lien, provisions, operation and effect of such Mortgage and Tenant shall execute, acknowledge and deliver, within ten (10)

Business Days after written request, all documents reasonably required by such Lender in confirmation thereof. With respect to each Mortgage, Landlord shall obtain from each Lender, for the benefit of both Tenant and Lender, a commercially reasonable subordination, non-disturbance and attornment agreement, which shall provide in part that so long as Tenant is not in default hereunder, Tenant's leasehold estate, use, possession, tenancy rights, options and occupancy under this Lease shall remain undisturbed and shall survive any foreclosure or similar action by Lenders and Tenant shall execute any such agreement within ten (10) Business days after request, provided that with respect to any Mortgage existing on the Effective Date, it shall be a condition to Tenant's performance hereunder that on or prior to the date that is thirty (30) days after the Effective Date, Tenant and the Lender under any such Mortgage shall have entered into and recorded in the Mecklenburg County Public Registry a commercially reasonable subordination, non-disturbance and attornment agreement, which shall provide in part that so long as Tenant is not in default hereunder, Tenant's leasehold estate, use, possession, tenancy rights, options and occupancy under this Lease shall remain undisturbed and shall survive any foreclosure or similar action by Lender.

19.2 Attornment. Upon any transfer of the Premises or Landlord's interest therein by foreclosure, by deed in lieu of foreclosure, an assignment of lease in lieu of foreclosure or other appropriate means or by the transferee following such initial transfer, Tenant shall attorn to such transferee and shall recognize such transferee as the landlord under this Lease. Upon any such attornment, such transferee shall not be (a) bound by any payment of the Base Rent or Additional Rent more than one (1) month in advance, except prepayments in the nature of security for the performance by Tenant of its obligations under this Lease, but only to the extent such prepayments have been delivered to such transferee, (b) bound by any amendment of this Lease made without the written consent of any Lender existing as of the date of such amendment, (c) liable for damages for any breach, act or omission of any prior landlord, or (d) subject to any offsets or defenses which Tenant might have against any prior landlord; provided, however, that after succeeding to Landlord's interest under this Lease, such transferee shall agree to perform in accordance with the terms of this Lease all obligations of Landlord arising after the date of transfer, including the complete and satisfactory cure of any continuing defaults under the Lease, unless by their nature such defaults are incapable of being cured by the successor landlord.

19.3 Lender Cure Rights. If (a) the Premises are at any time subject to a Mortgage, (b) this Lease and rent payable hereunder is assigned to the Lender, and (c) Tenant is given notice of such assignment, including the name and address of the assignee, then, in that event, Tenant shall not terminate this Lease or enforce any rights hereunder for any default on the part of the Landlord without first giving notice, in the manner provided elsewhere in this Lease for the giving of notices, to the Lender (provided Tenant has been given written notice of the name and address of such Lender), specifying the default in reasonable detail, and affording such Lender a reasonable opportunity to make performance, at its election, for and on behalf of the Landlord, except that (i) such Lender shall have at least thirty (30) days to cure the default; and (ii) if such default cannot be cured with reasonable diligence and continuity within thirty (30) days, and (x) if such Lender has promptly and diligently commenced such cure within such thirty (30) days and continues to diligently pursue same, such Lender shall have such additional time as may be reasonably necessary to cure the default with reasonable diligence and continuity or (y) if possession of the Premises is required in order to cure such default, or if such default is not susceptible of being cured by such Lender, as long as such Lender, in good faith, shall have

notified Tenant such Lender intends to institute proceedings under the Mortgage, as the case may be, and, thereafter, as long as such proceedings shall have been instituted and shall prosecute the same with reasonable diligence and, after having obtained possession, prosecutes the cure to completion with reasonable diligence. In the event of the termination of this Lease by reason of any default, upon such Lender's written request, given within thirty (30) days after any such termination, Tenant, within fifteen (15) days after receipt of such request, shall execute and deliver to such Lender or its designee or nominee a new lease of the Premises for the remainder of the Term of the Lease upon all of the terms, covenants and conditions of this Lease. Neither such Lender nor its designee or nominee shall become liable under the Lease unless and until such Lender or its designee or nominee becomes, and then only for so long as such Lender or its designee or nominee remains, the fee owner of the Premises. Lender shall have the right, without Tenant's consent, to foreclose the Mortgage or to accept a deed in lieu of foreclosure of such Mortgage. If more than one such Lender makes a written request to Landlord to cure the default, the Lender making the request whose lien is the most senior shall have such right.

ARTICLE XX

END OF LEASE TERM; HOLDING OVER

20.1 Condition of Premises. At the expiration or earlier termination of this Lease or Tenant's right of possession, Tenant shall: (a) surrender possession of the Premises in as good condition and repair as received and free of debris, subject to normal wear and tear, provided that Tenant has fully complied with its maintenance, repair and replacement obligations in Article VIII of this Lease, (b) ensure that all signs, furnishings, furniture, and personal property owned by Tenant have been removed from the Premises, (c) ensure that any damage caused by such removal has been repaired in a good and workmanlike manner, and (d) deliver to Landlord all keys and security cards to the Premises and the improvements thereon, whether such keys were furnished by Landlord or otherwise procured by Tenant, and shall inform Landlord of the combination of each lock, safe and vault, if any, in the Premises.

20.2 Abandoned Property. If Tenant shall fail to remove any items from the Premises as specified above, then Landlord may retain the same or remove such property at Tenant's expense, and Tenant shall reimburse Landlords' reasonable expenses therefore upon demand. All property removed from the Premises by Landlord may be handled, discarded or stored by Landlord at Tenant's expense, and Landlord shall in no event be responsible for the value, preservation or safekeeping for such property. All such property shall at Landlord's option be conclusively deemed to have been conveyed by Tenant to Landlord as if by bill of sale without payment by Landlord.

20.3 Hold Over. Tenant (nor anyone claiming through Tenant) shall not acquire any right or interest in the Premises by remaining in possession after the expiration or earlier termination of this Lease. If Tenant continues to occupy the Premises after the last day of the term hereof or after the last day of any renewal or extension of the term hereof and Landlord elects to accept rent thereafter, a monthly tenancy terminable at will by either party on not less than thirty (30) days written notice shall be created; such monthly tenancy shall be on the terms and conditions set forth in this Lease and in this Section 20.3 specifically. In connection with Tenant's holdover, (i) for the first ninety (90) days of Tenant's hold over the Base Rent payable

by Tenant hereunder shall be increased to equal one hundred fifteen percent (115%) of the Base Rent payable during the last thirty (30) days of the Lease Term, (ii) for the following ninety (90) days of Tenant's hold over the Base Rent payable by Tenant hereunder shall be increased to equal one hundred twenty-five percent (125%) of the Base Rent payable during the last thirty (30) days of the Lease Term, and (iii) commencing on the third ninety (90) day period of Tenant's hold over and continuing throughout the remainder of Tenant's hold over the Base Rent payable by Tenant hereunder shall be increased to equal one hundred fifty percent (150%) of the Base Rent payable during the last thirty (30) days of the Lease Term. During any hold over by Tenant, Tenant shall pay one hundred percent (100%) of Additional Rent and other sums that would have been payable pursuant to the provisions of this Lease if the Lease Term had continued during such holdover period. Such rent shall be computed by Landlord and paid by Tenant on the first day of each calendar month thereafter until the Premises have been vacated. Notwithstanding any other provision of this Lease, Landlord's acceptance of such rent shall not in any manner adversely affect Landlord's other rights and remedies contained herein, including Landlord's right to evict Tenant and to recover all damages in accordance with the provisions of Section 17.2 hereof. Notwithstanding the foregoing, in the event that Landlord and Tenant are in good faith negotiations to extend the Lease Term, then for the first ninety (90) days of Tenant's hold over in the Premises, Tenant shall continue to pay Base Rent equal to the Base Rent obligation due and payable during the last month of the Lease Term, and the time periods specified above related to an increase in Base Rent during Tenant's hold over shall not commence until such time as Landlord and Tenant have ceased to negotiate in good faith for an extension of the Lease Term. Notwithstanding anything contained in this Section 20.3 to the contrary, if during any holdover period Landlord has given Tenant ninety (90) days' written notice that Landlord has a new tenant for the Premises, and Tenant does not vacate and surrender the Premises in accordance with this Lease upon or prior to the expiration of such ninety (90) days following receipt of notice from Landlord, then Tenant shall be liable for all damages (actual and consequential, if any) proximately caused by its continued possession of the Premises provided, however, that the requirement for Landlord to give such notice to Tenant shall not serve to extend the term of this Lease or modify any other provision set forth in this Section 20.3. The provisions of this Section 20.3 shall survive the termination or expiration of this Lease.

ARTICLE XXI

QUIET ENJOYMENT

21.1 Landlord covenants that it has the right to enter into this Lease, and that if Tenant shall perform timely all of its obligations hereunder, within applicable notice and grace periods, then, subject to Permitted Exceptions and any Migration Event, the provisions of this Lease, and all applicable Laws, Tenant shall during the Lease Term peaceably and quietly occupy and enjoy the full possession of the Premises without hindrance by Landlord or any party whomsoever.

ARTICLE XXII

OPTIONS TO EXTEND LEASE TERM; RENT

22.1 Renewal Rights. Landlord hereby grants to Tenant the conditional right, exercisable at Tenant's option, to renew the Lease Term for four (4) successive terms of five (5)

years each. If exercised, and if the conditions applicable thereto have been satisfied, the first renewal of the Lease Term (the "**First Renewal Term**") shall commence immediately following the end of the initial Lease Term provided in Section 1.14 of this Lease. The second and successive renewal terms (each, a "**Renewal Term**" and, collectively, the "**Renewal Terms**") shall commence immediately following the end of the prior Renewal Term. The rights of renewal herein granted shall be subject to, and shall be exercised in accordance with, the following terms and conditions:

(a) Tenant shall exercise its right of renewal with respect to a Renewal Term by giving Landlord irrevocable written notice (the "**Renewal Notice**") thereof not later than thirteen (13) months prior to the expiration of the then-current Lease Term. In the event that Tenant fails to provide a Renewal Notice to Landlord, Landlord shall provide written notice to Tenant of such failure. Tenant shall have an additional thirty (30) days from receipt of such notice to provide its Renewal Notice to Landlord.

(b) All terms and conditions of this Lease, including without limitation, all provisions governing the payment of Additional Rent, shall remain in full force and effect during the Renewal Terms, except that, commencing on the first day of the each Renewal Term, the Base Rent shall be adjusted to equal to ninety-five percent (95%) of the fair market rental rate of the Premises, but in no event less than 102% of the Base Rent during the immediately preceding Lease Year to the commencement of the Renewal Term. Within thirty (30) days after its receipt of Tenant's Renewal Notice, Landlord shall submit to Tenant Landlord's written good faith estimate of the fair market rental rate for the Renewal Term. On or prior to the thirtieth (30) day following the date on which Landlord delivers the written notice to Tenant provided for in this Paragraph, Tenant shall deliver a written notice to Landlord in which Tenant either (a) shall accept Landlord's good faith estimate of the fair market rental rate for the Renewal Term, or (b) shall reject Landlord's good faith estimate and submit its own good faith estimate of the fair market rental rate for the Renewal Term. If Tenant accepts Landlord's good faith estimate, Landlord's determination of the fair market rental rate for the Renewal Term shall be the Base Rent due and payable for the Premises for the Renewal Term. If Tenant offers its own good faith estimate of the fair market rental rate for the Renewal Term (each of Landlord's and Tenant's good faith estimates being herein referred to as a "**Preliminary Renewal Term Estimate**"), Landlord and Tenant, during the sixty (60)-day period (the "**Renewal Option Negotiation Period**") following the date on which Landlord receives Tenant's written notice required pursuant to this Paragraph, shall negotiate in good faith to reach a mutually acceptable determination of the fair market rental rate for the Renewal Term. If Tenant shall fail to deliver its written notice either accepting Landlord's Preliminary Renewal Term Estimate or offering Tenant's own Preliminary Renewal Term Estimate, Tenant shall be deemed to have rejected Landlord's Preliminary Renewal Term Estimate. If Landlord and Tenant, by the expiration of the Renewal Option Negotiation Period, shall have not reached a mutually acceptable determination of the Fair Market Rental Value for the Renewal Term, evidenced by a written instrument executed by both Landlord and Tenant, Tenant shall have the right, by delivering written notice to Landlord of its election within the five (5) Business Day period following the Renewal Option Negotiation Period, (x) to withdraw its exercise of the Renewal Option, whereupon Tenant shall have no further right to extend the Lease Term pursuant to this Article, or (y) to cause the fair market rental value for the Renewal Term to be determined by arbitration, whereupon Landlord and Tenant shall be conclusively bound to the extension of the Lease Term

through the Renewal Term at the Base Rent determined by arbitration. If Tenant shall fail to timely deliver written notice of its election within such five (5) Business Day period following the Renewal Option Negotiation Period, Tenant shall be deemed to have elected to withdraw its exercise of the Renewal Option, whereupon Tenant shall have no further right to extend the Lease Term pursuant to this Article.

22.2 General.

(a) Tenant shall not be entitled to exercise the Renewal Option if on the date Tenant exercises the Renewal Option, (a) an Event of Default has occurred and is continuing, or (b) this Lease or Tenant's right of possession has been terminated, or (c) except in the event a default by Landlord has occurred and is continuing, this Lease is not in full force and effect.

(b) Following the leasing by Tenant of the Premises for the Renewal Term and determination of the Base Rent for the Renewal Term, Landlord and Tenant shall enter into a supplement to this Lease confirming the renewal of this Lease for the Renewal Term, and the terms of such renewal. The failure or refusal of either Party to do so, however, shall not affect the validity of the exercise of the Renewal Option.

ARTICLE XXIII

DETERMINATION BY ARBITRATION

23.1 Renewal Period. If pursuant to Article XXII, the fair market rental rate for any Renewal Period is to be determined pursuant to this Article XXIII, then on the twentieth (20th) day following the expiration of the Renewal Option Negotiation Period (or, if such day is not a Business Day, on the next Business Day), Landlord and Tenant shall, at the Landlord's office, each simultaneously submit to the other its written good faith estimate of the fair market rental rate (the "Renewal Term Estimates"), subject to the following provisions:

(a) Each Renewal Term Estimate shall consist of only a single fixed amount. If the higher of such Renewal Term Estimates is not more than one hundred five percent (105%) of the lower of such Renewal Term Estimates, then fair market rental rate shall be the average of the two Renewal Term Estimates.

(b) If the fair market rental rate is not so resolved pursuant to the preceding subsection (a), Landlord and Tenant, within fifteen (15) Business Days after the exchange of Renewal Term Estimates, shall each select a commercial real estate broker to jointly determine which of the two Renewal Term Estimates most closely reflects the fair market rental rate for the Renewal Term.

(c) If the two (2) brokers fail to agree, then such brokers shall select a third (3rd) broker, as provided below, to determine the fair market rental rate.

23.2 Selection Of More Accurate Estimate. Each broker selected pursuant to this Article shall have had at least ten (10) years' experience within the previous ten (10) years as a commercial office real estate broker working in the Charlotte, North Carolina market, with working knowledge of current rental rates and market practices.

(a) Upon selection, Landlord's and Tenant's brokers shall work together in good faith to agree upon which of the two Renewal Term Estimates most closely reflects the fair market rental rate. The Renewal Term Estimate chosen by such brokers shall be binding on both Landlord and Tenant as the fair market rental rate to be used in calculating the Base Rent for the Renewal Term.

(b) If either Landlord or Tenant fails to appoint brokers within the fifteen (15) Business Day period referred to above and such failure continues for fifteen (15) Business Days after notice thereof is received by the Party so failing, a broker appointed by the other Party shall be the sole broker for the purposes hereof.

(c) If the two (2) brokers fail to agree upon which of the two Renewal Term Estimates most closely reflects the fair market rental rate within twenty (20) days after their appointment, then, within ten (10) days after the expiration of such twenty (20) day period, the two (2) two brokers shall select a third (3rd) broker meeting the aforementioned criteria (or, if such two (2) brokers are unable to select a third (3rd) broker, such selection shall be made by the President of the Charlotte, North Carolina chapter of American Appraisal Institute (or its successor organization)). Once the third (3rd) broker has been selected as provided for above, then, as soon thereafter as practicable but in any case within fourteen (14) days, the broker shall make his determination of which of the two Renewal Term Estimates most closely reflects the fair market rental rate and such broker shall not select anything other than one of the two Renewal Term Estimates from Landlord and Tenant, and such Renewal Term Estimate shall be binding on both Landlord and Tenant as the fair market rental rate for the Renewal Term.

(d) Each Party shall pay one-half (1/2) of the costs of the third (3rd) broker and of any experts retained by the third (3rd) broker. Any fees of any broker, counsel or experts engaged directly by Landlord or Tenant, however, shall be borne by the Party retaining such broker, counsel or expert.

23.3 Fair Market Rental Rate. The term "fair market rental rate" shall mean:

(a) For the Renewal Term(s), one hundred percent (100%) of the fair market amount of net fixed base rent per square foot of gross area of the Premises (i.e. exclusive of taxes and operating expenses) with specified annual percentage increases therein under a lease for a term equal to the applicable Renewal Term and otherwise on all of the terms and conditions of this Lease to be applicable to the Premises for the Renewal Term;

(b) That Landlord has a reasonable time to locate a tenant; and

(c) That neither Landlord nor such tenant is under any compulsion to rent.

If and to the extent that any arbitrator or other person determining the fair market rental rate refers to or considers any transaction in which the landlord provided free rent or a tenant improvement allowance or any work to prepare the premises for the tenant's occupancy, or any lease takeover or any other concession (all of the foregoing being herein called a "**Leasing**

Concession"), then in so referring to or considering such transaction for purposes of determining fair market rental rate the net base rent provided for in such transaction shall be adjusted downward by subtracting the product of 12 multiplied by the amount which, if taken monthly over the term of such transaction, would have a net present value (using such interest rate as the arbitrator or other person applying this paragraph believes to be appropriate considering market practices) as of the commencement of such transaction equal to the amount of such Leasing Concession.

(d) The Base Rent, as adjusted at the commencement of the Renewal Terms, shall continue to escalate annually at the commencement of each Lease Year, in accordance with Section 4.2 of this Lease.

(e) If there exists an Event of Default that remains uncured on the date Tenant sends a Renewal Notice or the date the Renewal Term is to commence, at Landlord's election, such Renewal Term shall not commence and Tenant shall no longer have the right to renew this Lease.

(f) In the event that Tenant fails to provide the Renewal Notice to Landlord on or prior to the required thirteen (13) month time period, Tenant's right to exercise the applicable Renewal Term shall not lapse or terminate unless Landlord shall provide written notice to Tenant of such failure, and an additional thirty (30) days from receipt of such notice shall pass without Tenant delivering to Landlord the Renewal Notice. In such event, Tenant's right of renewal with respect to the then-applicable Renewal Term, any and all subsequent Renewal Terms shall terminate, lapse and be of no further force or effect.

ARTICLE XXIV

RIGHT OF FIRST OFFER

24.1 Landlord Offer Notice. Provided no Event of Default has occurred and remains uncured, Landlord hereby grants to Tenant a one-time right of first offer to purchase the Premises. During the Lease Term, Landlord shall, prior to effecting a sale, conveyance or other transfer of the fee simple interest in the Premises ("**LL Transfer**"), give written notice of its desire or intention to do so to Tenant under this Article ("**Landlord's Offer Notice**"), which notice shall set forth in good faith the material terms and conditions of Landlord's contemplated LL Transfer, including, without limitation, the purchase price, payment terms (including any debt to be assumed or provided), closing date, due diligence period, (which shall be no less than sixty (60) days), closing cost allocations, any non-customary closing conditions, any buyer qualifications required, and a list of all the encumbrances (other than this Lease) which will encumber the Premises upon the contemplated LL Transfer ("**LL Transfer Permitted Encumbrances**").

24.2 Tenant's ROFO Option. Any Landlord's Offer Notice shall be deemed an offer from Landlord to Tenant, whereby Tenant, at any time within the period of fifteen (15) business days after the delivery of such Landlord's Offer Notice ("ROFO Exercise Period"), may, at Tenant's option ("Tenant's ROFO Option"), elect to purchase the Premises upon the terms and

conditions set forth in Landlord's Offer Notice and hereinbelow. Tenant's ROFO Option may be exercised only by notice to Landlord ("Tenant's ROFO Exercise Notice") given within the ROFO Exercise Period, AS TO WHICH DATE TIME SHALL BE OF THE ESSENCE, accompanied by an earnest money deposit equal to the amount set forth in Landlord's Offer Notice ("Deposit"). Notwithstanding the foregoing, Tenant may instead give Landlord a conditional notice to exercise its option, subject to the final assent of its board and/or certain investors (which must be finalized, and the Deposit delivered to Landlord, within ten (10) business days of the original ROFO Exercise Period, or Tenant shall be deemed to have declined Tenant's ROFO Option). Tenant's failure to accept or decline the Tenant's ROFO Option shall be deemed a failure to accept the Tenant's ROFO Option.

24.3 ROFO Closing. If, in any instance that Landlord shall deliver a Landlord's Offer Notice to Tenant and Tenant shall exercise Tenant's ROFO Option, then Landlord shall be obligated to sell and Tenant shall be obligated to purchase the Premises pursuant to a commercially reasonable purchase and sale agreement (to be negotiated by Landlord and Tenant consistent with the terms of this Article XXIV), and Landlord and Tenant shall effectuate the closing of such sale and purchase ("ROFO Closing"), upon the following terms and conditions:

(a) At the ROFO Closing, Landlord shall convey such title to the Premises that any reputable title insurance company licensed to do business in the state where the Premises is located ("**Tenant's Title Insurer**") would be willing to insure as marketable, at regular rates, subject only to the LL Transfer Permitted Encumbrances, and, in connection therewith, Landlord, upon the request of the Tenant's Title Insurer, shall execute, acknowledge, and deliver (or cause to be executed, acknowledged, and delivered) one or more reasonable and customary title affidavits acceptable to Landlord.

(b) At the ROFO Closing, Landlord shall deliver the Premises to Tenant, and Tenant shall accept the same, in its "AS IS" condition.

(c) At the ROFO Closing, Landlord shall convey title to the Premises to Tenant by delivery of a limited/special warranty deed.

(d) Transfer taxes and/or other closing costs and apportionments between Landlord and Tenant shall be made in accordance with the terms set forth in Landlord's Offer Notice and, if not set forth therein, then in accordance with the general customs and practices of the jurisdiction within which the Premises is located.

(e) At the ROFO Closing, Landlord and Tenant shall each execute, acknowledge, and/or deliver any and all other documents or other items which are (i) required by law, (ii) otherwise necessary to record the deed, or (iii) otherwise typically executed, acknowledged and/or delivered by (or between) sellers and purchasers of real property in the jurisdiction within which the Premises is located.

(f) In the event Tenant shall exercise Tenant's ROFO Option and fail to close due to Tenant's default, then Landlord shall retain the Deposit and Tenant's ROFO Option pursuant to this Article shall terminate. In addition, in the event Lender rejects Tenant or the person it has proposed to act as any replacement guarantor as assumer of any loan proposed to be

assumed, Tenant's ROFO Option pursuant to this Article shall terminate. However, to the extent Tenant fails to close due to inability to obtain financing (as determined during the due diligence period) or an issue discovered during the due diligence period (other than the LL Transfer Permitted Encumbrances) that Landlord declines to remedy to Tenant's reasonable satisfaction, then Tenant shall be entitled to a refund of the Deposit.

24.4 ROFO Transfer Period. If in any instance that Landlord shall deliver a Landlord's Offer Notice to Tenant and Tenant does not exercise Tenant's ROFO Option within the ROFO Exercise Period, Tenant shall be deemed to have waived its rights with respect to the Tenant's ROFO Option and Tenant shall execute and deliver within three (3) days of Landlord's request therefor, an unconditional waiver of its rights under this Section for one (1) year after the expiration of the ROFO Exercise Period ("ROFO Transfer Period"), which waiver may be relied upon by both Landlord and the third party purchaser for the duration of the ROFO Transfer Period. Landlord's failure to request such waiver and/or Tenant's failure to deliver such waiver shall not mean that Tenant has not waived such rights and Landlord and the third party purchaser shall be entitled to rely upon Tenant's failure or deemed failure to accept the Tenant's ROFO Option strictly in accordance with its terms within the fifteen (15) business day period referred to hereinabove as a waiver of such right for the ROFO Transfer Period. During the ROFO Transfer Period, Landlord shall have the right to effect a LL Transfer pursuant to an agreement of sale with substantially the same terms provided to Tenant as long as the purchase price of such LL Transfer shall not be less than ninety percent (90%) of the purchase price of the contemplated LL Transfer set forth in the Landlord's Offer Notice. For purposes hereof, an agreement of sale shall be deemed to contain substantially the same terms as that provided to Tenant notwithstanding that the proposed purchaser may have been provided different terms for (i) representations and warranties, (ii) survival periods, (iii) caps and floors for breaches, (iv) the payment of expenses, (v) amounts required to be expended to cure title defects, (vi) liquidated damages, (vii) earnest money, (viii) covenants, (ix) damage and condemnation, (x) closing date, (xi) due diligence period and (xii) other similar non-economic terms that may not have been included in Landlord's Offer Notice.

24.5 Expiration of ROFO Period. Upon the expiration of the ROFO Transfer Period with respect to a particular Landlord's Offer Notice, Landlord shall not effect a LL Transfer as hereinabove provided in this Article unless and until (i) Landlord shall deliver another Landlord's Offer Notice, and (ii) another ROFO Transfer Period shall thereafter become applicable as herein-above provided in this Article.

24.6 One-Time Right; Assignment. Tenant's rights under this Article shall be a onetime right and, as such, shall not survive any LL Transfer effectuated during the Term. Tenant's rights under this Article may not be assigned or transferred by Tenant separate and apart from this Lease (except to a permitted transferee under the terms of Section 7.8 of this Lease).

24.7 Exclusion From LL Transfer. For purposes of this Article, "LL Transfer" shall not include: (i) any transfer of the Premises to an Affiliate of Landlord, (ii) any transfer of the Premises in connection with a financing or refinancing of the Premises; (iii) any transfer of the Premises effected in a foreclosure action by a mortgagee under a Mortgage or by a deed in lieu thereof, (iv) any transfer of partial interests in the Premises by Landlord, (v) any transfer of the Premises included in a portfolio sale, or (vi) any transfer of the Premises to a joint venture in which Landlord or its Affiliate is a joint venturer or to the other joint venturer.

ARTICLE XXV

SECURITY DEPOSIT

25.1 In order to secure Tenant's obligations under this Lease for the Construction Term and a portion of the initial fifteen (15) year Lease Term, Tenant shall cause to be delivered to Landlord an irrevocable letter of credit for the amount of $5,500,000.00 (the "**Security Deposit**") The Security Deposit shall be in the form of an irrevocable and transferable letter of credit ("**Letter of Credit**") payable in New York, New York, running in favor of Landlord issued by a bank reasonably acceptable to Landlord in the amount of $5,500,000.00 which amount shall be increased by two (2%) per annum each year thereafter during the Lease Term. The Letter of Credit shall provide that it is automatically renewable for one (1) year periods, including a period ending not earlier than sixty (60) days after the expiration of the sixth (6^{th}) Lease Year, or such later date as may be necessary to cure any Event of Default (the "**LC End Date**") without any action whatsoever on the part of Landlord. The Letter of Credit shall be subject in all respects to the International Standby Practices 1998, International Chamber of Commerce Publication No. 590.

25.2 If the Fixed Charge Coverage Ratio (as hereinafter defined) is equal to or greater than 2.0:1 for any trailing twelve (12) month period commencing in the fourth (4) Lease Year and measured quarterly thereafter, then the Security Deposit shall be reduced to zero and released; provided, however, that if the Fixed Charge Coverage Ratio falls below 1.5:1 for two consecutive quarters at any time thereafter, the Security Deposit shall be restored until the earlier to occur of: (i) the LC End Date; or (ii) such time as the Fixed Charge Coverage Ratio of 2.0:1 is once again met. If the Security Deposit has not been released prior to such time, and assuming no Event of Default has occurred and is continuing, then the Security Deposit shall be reduced to zero and released on the LC End Date. "**Fixed Charge Coverage Ratio**" shall mean a ratio of (A) the net earnings or loss of Tenant for the twelve (12) month period ending with the most recently completed calendar month, plus interest, income taxes, depreciation, amortization and Base Rent (but excluding there from any extraordinary, unusual or nonrecurring items of gain or loss), as determined in accordance with GAAP, over (B) the Fixed Charges with respect to such period. The term "**Fixed Charges**" shall mean, with respect to any particular period, the aggregate of (A) scheduled principal and interest payments due under any indebtedness of Tenant including any capitalized interest on such indebtedness expensed in accordance with GAAP during the particular period being measured (and excluding any excess cash flow recapture prepayments) and (B) the Base Rent hereunder and payments of rent on other properties due from Tenant during such period.

25.3 Without limiting the generality of the foregoing, if the Letter of Credit expires earlier than the LC End Date, or the issuing bank notifies Landlord in writing (by certified/registered mail, return receipt requested or overnight courier) that it shall not renew the Letter of Credit, Landlord will accept a renewal thereof or substitute letter of credit (such renewal or substitute letter of credit to be in effect not later than thirty (30) days prior to the expiration thereof), irrevocable and/or automatically renewable as above provided upon the same

terms as the expiring Letter of Credit or such other terms as may be acceptable to Landlord. However, (i) if the Letter of Credit is not timely renewed or a substitute letter of credit is not timely received, or (ii) if Tenant fails to cause to be maintained the Letter of Credit in the amount and terms set forth in this Section, Landlord shall provide Tenant with five (5) days notice of its failure to comply with each and every term of this Section, and thereafter may present the Letter of Credit to the issuing bank in accordance with the terms of this Section, and the entire sum secured thereby shall be paid to Landlord, to be held by Landlord as provided in this Section.

25.4 Tenant agrees that upon an Event of Default (as defined in the Lease), after the expiration of any applicable notice and cure period, Landlord shall have the right to draw down, apply or retain the whole or any part of the Letter of Credit in an amount necessary to cure such default (the "**Cure Amount**"), including, without limitation the payment of (i) any Base Rent or other sums of money which Tenant may not have paid when due, (ii) any sum expended by Landlord in Tenant's behalf in accordance with the provisions of this Lease, and (iii) any sum which Landlord may expend or be required to expend by reason of such default, or any loss or damage which Landlord may suffer or incur, including, without limitation, any damage or deficiency in or from the reletting of the Premises as provided in the Lease. The Letter of Credit shall provide that it is available to be drawn at sight by submission of Landlord's draft bearing the Letter of Credit number. If, as a result of any such application of all or any part of such security, the amount secured by the Letter of Credit shall be less than the amount required in this Section 6.3 above, Tenant agrees that within ten (10) days of receipt of notice of any such draw, use or application of the Cure Amount, Tenant shall provide Landlord with additional letter(s) of credit or cash collateral in an amount equal to the deficiency.

25.5 Tenant further agrees that, in addition to all of the rights and remedies provided to Landlord pursuant to this Lease, whether or not this Lease or Tenant's right to possession hereunder has been terminated, in the event Tenant has filed a petition for bankruptcy protection or other protection from its creditors under any applicable and available law, then Landlord may at once and without notice to Tenant be entitled to draw down upon the entire amount of the Letter of Credit (or apply any cash collateral) then available to Landlord and apply such resulting sums toward (i) reimbursement to Landlord for all of Landlord's then unamortized costs (including, cost to Landlord of improving the Premises) incurred in leasing to Tenant the Premises demised by this Lease, and (ii) reimbursement to Landlord for any other damages suffered by Landlord as a result of such default.

25.6 Partial draws of the Letter of Credit shall be permitted. The use, application or retention of the Letter of Credit, or any portion thereof, by Landlord shall not prevent Landlord from exercising any other right or remedy provided by the Lease or by law (it being intended that Landlord shall not first be required to proceed against the collateral) and shall not operate as a limitation on any recovery to which Landlord may otherwise be entitled.

25.7 If the financial institution which issued the Letter of Credit is declared insolvent by the Federal Deposit Insurance Corporation (FDIC), enters into any form of governmental receivership, including any receivership instituted or commenced by the FDIC, or is permanently closed for any reason, Tenant shall deliver to Landlord within ten (10) days following the date of such event either (i) a substitute Letter of Credit in the same form and amount of the Letter of Credit from a financial institution acceptable to Landlord under the terms of Section 25.8, or (ii) a cash security deposit in the amount of the Letter of Credit.

25.8 Any financial institution which meets the following criteria shall be deemed acceptable to issue the Letter of Credit (i) is chartered under the laws of the United States, any State thereof or the District of Columbia, and which is insured by the FDIC; (ii) whose long-term, unsecured and unsubordinated debt obligations are rated by at least two of Fitch Ratings Ltd. (Fitch), Moody's Investors Service, Inc. (Moody's) and Standard & Poor's Ratings Services (S&P) or their respective successors (the Rating Agencies) with ratings of not less than A from Fitch, A2 from Moody's and A from Standard & Poor's; and (iii) which has a short term deposit rating from at least two Rating Agencies with ratings of not less than F1 from Fitch, P-1 from Moody's and A-1 from S&P).

25.9 In the event of a transfer of Landlord's interest in the Premises and assignment of Landlord's interest in the Lease, Landlord shall have the right to transfer the Letter of Credit to the transferee and upon such transferee's agreement to adhere to the terms of this Lease the Landlord shall be released by Tenant from all liability for the Letter of Credit.

25.10 Tenant further covenants it will not assign or encumber the Letter of Credit or any part thereof and that neither Landlord nor its successors or assigns will be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance.

25.11 On the LC End Date, or such earlier applicable date as provided in Section 25.2 of this Lease, Landlord shall return any remaining Letters of Credit to Tenant (or such other party issuing such Letters of Credit) and execute any reasonable documentation requested by Tenant (or such other parties) to effect the termination and release of the same.

ARTICLE XXVI

GENERAL PROVISIONS

26.1 Relationship Between Landlord and Tenant. Nothing contained in this Lease shall be construed as creating any relationship between Landlord and Tenant other than that of landlord and tenant.

26.2 Brokers. Each Party represents and warrants to the other that they have not made any agreement or taken any action which may cause anyone other than Tenant's Broker, Jones Lang LaSalle – Louis Stephens (who shall be paid a commission by Landlord pursuant to separate written agreement) to become entitled to a commission as a result of the transactions contemplated by this Lease, and each will indemnify and defend the other from any and all claims, actual or threatened, for compensation by any such third person by reason of such Party's breach of their representation or warranty contained in this Section 25.2.

26.3 Estoppel. At any time and from time to time, upon not less than ten (10) business days' prior written notice, either of Landlord or Tenant may request that the other execute an estoppel certificate and the non-requesting Party shall execute, acknowledge and deliver to the requesting Party and/or any other person or entity designated by the requesting Party, a written

statement certifying that this Lease is unmodified and in full force and effect and that it knows of no defaults or defenses, offsets or counterclaims against the obligation to pay the Base Rent, Additional Rent and any other rent and charges and to perform its other covenants under this Lease (or, if there have been any modifications that the same is in full force and effect as modified and stating the modifications and, if there are any defenses, offsets or counterclaims, setting them forth in reasonable detail), the dates to which the Base Rent, Additional Rent and any other rent and charges have been paid, and such other factual information as the requesting Party reasonably requests. Landlord and Tenant acknowledge that time is of the essence to the delivery of such statements. Tenant acknowledges that such statements may be relied upon by any owner of the Premises, any prospective purchaser of the Premises, any Lender or prospective Lender or any other person or entity identified therein and that Tenant's failure to deliver timely statements may cause substantial damage resulting from, for example, delays in obtaining financing secured by the Premises. Landlord acknowledges that such statements may be relied upon by any tenant of the Premises, any prospective subtenant or assignee of Tenant's leasehold interest in the Premises, any lender of Tenant or prospective lender of Tenant or any other person or entity identified therein and that Landlord's failure to deliver timely statements may cause substantial damage to Tenant. Tenant's failure to respond within the time specified in this Section 25.3 can be deemed acceptance that the matters listed in the estoppel certificate are correct, to Tenant's knowledge.

26.4 Notices. All notices required or permitted by any provision of this Lease shall be sent via certified mail, return receipt requested or via personal or overnight mail delivery (with proof of delivery requested), to the following addresses: (a) if to Landlord, at the Landlord Notice Address specified in Article I and, (b) if to Tenant, at the Tenant Notice Address specified in Article I. Notices shall be effective upon actual receipt or refusal thereof. Either Party may change its address for the giving of notices by notice given in accordance with this Section. If Landlord or any Lender notifies Tenant that a copy of any notice to Landlord shall be sent to such Lender at a specified address, then Tenant shall send (in the manner specified in this Section and at the same time such notice is sent to Landlord) a copy of each such notice to such Lender. Any cure of Landlord's default by such Lender shall be treated as performance by Landlord.

26.5 Validity. Each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law. If any provision of this Lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, then such provision shall be deemed to be replaced by the valid and enforceable provision most substantively similar to such invalid or unenforceable provision, and the remainder of this Lease and the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby. Nothing contained in this Lease shall be construed as permitting Landlord to charge or receive interest in excess of the maximum rate allowed by law.

26.6 Pronouns. Feminine, masculine or neuter pronouns shall be substituted for those of another form, and the plural or singular shall be substituted for the other number, in any place in which the context may require such substitution.

26.7 Successors and Assigns. The provisions of this Lease shall be binding upon and inure to the benefit of the Parties and each of their respective representatives, successors and assigns, subject to the provisions herein restricting Assignment or Sublease.

26.8 Entire Agreement. This Lease contains the entire agreement of the Parties hereto with regard to the subject matter hereof and supersedes all prior agreements, negotiations, letters of intent, proposals, representations, warranties, understandings, suggestions and discussions, whether written or oral, between the Parties hereto. Any representation, inducement, warranty, understanding or agreement that is not expressly set forth in this Lease shall be of no force or effect. This Lease may be modified or changed in any manner only by an instrument signed by both Parties. This Lease includes and incorporates all Exhibits attached hereto.

26.9 Governing Law. This Lease shall be governed by the Laws of the jurisdiction in which the Premises are located. There shall be no presumption that this Lease be construed more strictly against the Party who itself or through its agent prepared it, it being agreed that all Parties hereto have participated in the preparation of this Lease and that each Party had the opportunity to consult legal counsel before the execution of this Lease.

26.10 Headings. Headings are used for convenience and shall not be considered when construing this Lease.

26.11 Execution and Delivery. The submission of an unsigned copy of this document to Tenant shall not constitute an offer or option to lease the Premises. This Lease shall become effective and binding only upon execution and delivery by both Landlord and Tenant.

26.12 Time of Essence. Time is of the essence with respect to each of Landlord’s and Tenant’s obligations hereunder.

26.13 Counterparts. This Lease may be executed in multiple counterparts, each of which shall be deemed an original and all of which together constitute one and the same document. Faxed signatures shall have the same binding effect as original signatures.

26.14 Waiver of Jury Trial. TO THE EXTENT PERMITTED BY LAW, TENANT AND LANDLORD EACH WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT IN CONNECTION WITH ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, THE RELATIONSHIP OF THE TENANT PARTIES AND LANDLORD, TENANT PARTIES’ USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM OF INJURY OR DAMAGE. THE TENANT PARTIES CONSENT TO SERVICE OF PROCESS AND ANY PLEADING RELATING TO ANY SUCH ACTION AT THE PREMISES; PROVIDED, HOWEVER, THAT NOTHING HEREIN SHALL BE CONSTRUED AS REQUIRING SUCH SERVICE AT THE PREMISES. EACH OF THE TENANT PARTIES AND LANDLORD WAIVES ANY OBJECTION TO THE VENUE OF ANY ACTION FILED IN ANY COURT SITUATED IN STATE OF NORTH CAROLINA OR IN THE JURISDICTION IN WHICH THE PREMISES IS LOCATED, AND WAIVES ANY RIGHT, CLAIM OR POWER, UNDER THE DOCTRINE OF FORUM NON CONVENIENS OR OTHERWISE, TO TRANSFER ANY SUCH ACTION TO ANY OTHER COURT.

26.15 Survival of Obligations. Each of Landlord's and Tenant's liabilities and obligations with respect to the period prior to the expiration or earlier termination of the Lease Term shall survive such expiration or earlier termination.

26.16 No Representations. Landlord's review, approval and consent powers (including the right to review plans and specifications) are for its benefit only. Such review, approval or consent (or conditions imposed in connection therewith) shall be deemed not to constitute a representation concerning legality, safety or any other matter.

26.17 Organization and Authorization. Landlord and the person executing and delivering this Lease on Landlord's behalf each represents and warrants that such person is duly authorized to so act; that Landlord is duly organized, is qualified to do business in the jurisdiction in which the Premises are located, is in good standing, and has the power and authority to enter into this Lease; and that all action required to authorize Landlord and such person to enter into this Lease has been duly taken.

26.18 Memorandum of Lease. The Parties hereto will, within three (3) Business Days following the Commencement Date, execute and deliver a Memorandum of Lease in recordable form for the purpose of recording and both Parties agree that such Memorandum of Lease shall be recorded at Tenant's sole cost and expense in the Office of the Register of Deeds for Mecklenburg County, North Carolina. The form of such Memorandum of Lease is attached hereto as **Exhibit D** and incorporated herein by this reference. Tenant hereby authorizes Landlord to execute and record a release releasing any such recorded instrument of record that was recorded without the prior written consent of Landlord.

26.19 Force Majeure. For purposes hereof, "**Force Majeure**" shall have the same meaning as "Delivery Force Majeure" as defined in the Work Letter.

26.20 Contingencies. Landlord and Tenant shall each have the right, upon two (2) days' advance written notice to the other party, to terminate this Lease and all obligations hereunder, if the following contingencies are not met by October 31, 2015: (i) acquisition of the Land, (ii) approval of this Lease by Landlord's Investment Committed and Board of Directors; (iii) full execution of the Ground Lease (as hereinafter defined) and (iv) Tenant's delivery to Landlord of the Letter of Credit in strict compliance with terms and condition of Article 25 of this Lease. Notwithstanding the foregoing, if the relevant contingency(ies) are met prior to the receipt of notice, or before the expiration of the two (2) day notice period, then said contingency(ies) will be deemed satisfied and this Lease shall continue in full force and effect.

26.21 Parking. (a) Except as otherwise set forth in this Section 26.21, Tenant shall, at all times during the Term, have access to at least three and 96/100 (3.96) parking spaces per 1,000 gross square feet of the Premises including surface parking and the six (6) story parking deck (such deck and surface parking area, collectively, the "**Parking Deck**"**)** to be constructed by Landlord adjacent to the Building (at no separate charge to Tenant). Landlord shall cause Developer to complete the Parking Deck prior the Commencement Date. Tenant acknowledges and agrees that Tenant's use of the Parking Deck is non-exclusive during the hours of 5:30 p.m. to 5:30 a.m. on each day during the Term and shall be subject to a non-exclusive perpetual easement in favor of Fiber Mills, LLC and Music Factory Condominiums, LLC and any tenants

occupying property owned by Fiber Mills, LLC and Music Factory Condominiums, LLC including, without limitation, Live Nation, for access and parking in the Parking Deck during such hours of each day during the Term. In determining the parking ratio, available parking on property described or shown on the attached **Exhibit F** may be included. Landlord acknowledges and agrees that some of Tenant's personnel will work after normal business hours, and that Tenant and its personnel may use the Parking Deck after such hours.

(b) (i) Attached hereto as **Exhibit G** is a copy of a proposed Ground Lease between Landlord and Hamilton Street Properties, LLC ("**Hamilton**") pursuant to which Hamilton will lease the land described or shown on the attached **Exhibit H** (the "**Parking Deck Expansion Area**") for a term of ninety nine (99) years (the "**Ground Lease**"). Pursuant to the Ground Lease, Hamilton shall have the right, at its sole cost and expense, to expand the Parking Deck (the "**Expanded Parking Deck**") on the Parking Deck Expansion Area to accommodate additional parking capacity. As contemplated by the proposed Ground Lease, Landlord will have certain maintenance obligations in respect of the Expanded Parking Deck, which obligations shall be fully performed by Tenant pursuant to the terms of this Lease. Upon full execution of the Ground Lease, Landlord and Tenant agree that a fully executed copy of the Ground Lease shall be substituted for the proposed Ground Lease attached hereto as **Exhibit H**.

(ii) Notwithstanding the foregoing, pursuant to the Parking Easements and the Ground Lease, Hamilton is required to reimburse Landlord (or Tenant as Landlord's designee) for one-half (1/2) of the repair and maintenance costs of the Parking Deck and/or the Expanded Parking Deck. In the event, Hamilton fails to reimburse Tenant for such expenses, upon written request of Tenant and at Tenant's sole cost and expense, Landlord agrees to use commercially reasonable efforts to enforce Hamilton's reimbursement obligations set forth in the Parking Easements and/or the Ground Lease.

(iii) At all times during the Term, Tenant shall remain responsible for the payment of Impositions related to the Parking Deck Expansion Area. Pursuant to the terms of the proposed Ground Lease, prior to substantial completion of the Expanded Parking Deck, Hamilton shall be required to reimburse Landlord (or Tenant as Landlord's designee) its pro-rata share of the Impositions allocable to the Parking Deck Expansion Area calculated by a fraction, the numerator being the square footage of the Parking Deck Expansion Area and the denominator being the square footage of the Project. Once construction of the Expanded Parking Deck is substantially completed, Hamilton's pro-rata share of Impositions shall be calculated by a fraction, the numerator being the number of parking spaces in the Expanded Parking Deck and the denominator being the total number of parking spaces in the Parking Deck and Expanded Parking Deck. Notwithstanding the foregoing, if pursuant to the Ground Lease, the applicable governmental authority designates the Parking Deck Expansion Area as a separately assessed tax parcel, Hamilton's Imposition reimbursement obligations shall no longer be effective and, pursuant to the Ground Lease, Hamilton shall be required to pay such Impositions directly to the applicable governmental authority. In the event, Hamilton fails to reimburse Tenant for the Impositions, upon written request of Tenant and at Tenant's sole cost and expense, Landlord agrees to use commercially reasonable efforts to enforce Hamilton's reimbursement obligations set forth in the Ground Lease.

(iv) Landlord hereby grants to Tenant the right to approve of Hamilton's plans and specifications for the Expanded Parking Deck which approval shall not be unreasonably withheld, delayed for conditioned. Landlord and Tenant agree that neither party will approve plans and specifications submitted by Hamilton for construction of the Expanded Parking Deck unless such plans and specifications require that upon completion of the Expanded Parking Deck, the Parking Deck and Expanded Parking Deck shall be considered one architecturally complete structure.

[REMAINDER OF PAGE BLANK. SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, LANDLORD AND TENANT HAVE EXECUTED THIS LEASE AS OF THE DAY AND YEAR FIRST ABOVE WRITTEN.

LANDLORD:

LEX CHARLOTTE AXC L.P.

By: Lex Charlotte AXC GP LLC,
Its: General Partner

By: LRA Manager Corp,
Its: Manager

By: /s/ Natasha Roberts
Name: Natasha Roberts
Title: VP

TENANT:

AVIDXCHANGE, INC.

By: _____

Name: _____

Title: _____

IN WITNESS WHEREOF, LANDLORD AND TENANT HAVE EXECUTED THIS LEASE AS OF THE DAY AND YEAR FIRST ABOVE WRITTEN.

LANDLORD:

LEX CHARLOTIE AXC L.P.

By: Lex Charlotte AXC GP LLC,
Its: General Partner

By: LRA Manager Corp,
Its: Manager

By: _____
Name:
Title:

TENANT:

AVIDXCHANGE, INC.

By: /s/ MICHAEL PRAEGER

Name: MICHAEL PRAEGER

Title: CEO

EXHIBIT A

LEGAL DESCRIPTION

Being that certain parcel of land lying and being in the City of Charlotte, Mecklenburg County, North Carolina and being more particularly described as follows:

BEGINNING at an existing nail located on the western margin of the right of way of Hamilton Street (a variable width public right of way) said nail also being located at the northeast corner of the Silver Hammer Properties, LLC Property as described in Deed Book 17852, Page 185; thence with the aforesaid Silver Hammer, LLC Property N 68°01’33” W a distance of 334.31 feet to a new nail; thence with the Future Development Area as described in Map Book 58, Page 244 the following 2 courses and distances: 1) N 21°58’27” E a distance of 214.00 feet to a new iron rod; 2) N 68°01’33” W a distance of 143.77 feet to a calculated point in line with the westerly facing side of a parking deck; thence within Parcel A as described in Map Book 58, Page 244 and with the face of the parking deck the following 2 courses and distances: 1) N 21°58’27” E a distance of 148.25 feet to a calculated point; 2) S 68°01’01” E a distance of 347.67 feet to a calculated point located on a line of the aforesaid Future Development Area; thence with the aforesaid Future Development Area the following 4 courses and distances: 1) S 21°58’27” W a distance of 148.20 feet to a new iron rod; 2) S 68°01’33” E a distance of 57.60 feet to a new iron rod; 3) with a curve turning to the right with an arc length of 72.12 feet, with a radius of 750.00 feet, with a chord bearing of S 65°16’17” E, with a chord length of 72.09 feet to a new iron rod; 4) S 62°31’00” E a distance of 9.07 feet to a new iron rod located on the western margin of the right of way of Hamilton Street; thence with the western margin of the right of way of Hamilton Street the following 3 courses and distances: 1) S 26°34’35” W a distance of 6.40 feet to an existing iron rod; 2) with a curve turning to the left with an arc length of 191.79 feet, with a radius of 2195.98 feet, with a chord bearing of S 24°16’37” W, with a chord length of 191.73 feet to an existing nail; 3) S 21°59’36” W a distance of 11.71 feet to the point and place of beginning. Containing 123,514 sq. ft. (2.8355 acres). R.B. Pharr & Associates, P.A. Job No. 83953.

FIRST AMENDMENT
OF THE
AVIDXCHANGE, INC.
EQUITY INCENTIVE PLAN

WHEREAS, the Board of Directors of AvidXchange, Inc. (the "Company") has previously adopted, and the stockholders of the Company have previously approved, the AvidXchange, Inc. Equity Incentive Plan (the "Plan"); and

WHEREAS, the Board (as defined in the Plan) deems it to be advisable to increase the number of shares that may be issued under the Plan thereunder by 1,600,000 shares, and the stockholders of the Company have approved such increase.

NOW, THEREFORE, the Plan shall be amended effective as of the date on which this amendment is approved by the Company's stockholders as follows:

1. Section 4 of the Plan shall be deleted in its entirety and the following substituted in lieu thereof:

"**Stock Subject to the Plan.** Subject to the provisions of Section 15, the maximum aggregate number of Shares that may be issued under the Plan from and after the Effective Date shall be equal to 2,502,017 Shares (902,017 Shares as were available for issuance immediately prior to the Effective Date plus 1,600,000 Shares approved by the Company's stockholders pursuant to the First Amendment to the Plan), of which all Shares may be issued under the Plan pursuant to Incentive Stock Options. The Shares issued under the Plan may be authorized, but unissued, or reacquired Shares. Notwithstanding the Share limitation set forth above, (i) if an Award should expire or become unexercisable for any reason without having been exercised in full (including any award under the Prior Plan), the unpurchased Shares that were subject thereto shall, unless the Plan shall have been terminated, become available for future grant under the Plan, (ii) any Shares which are retained by the Company upon exercise of an Award in order to satisfy the exercise or purchase price for such Award or any withholding taxes due with respect to such Award shall be treated as not issued and shall continue to be available under the Plan, and (iii) any share of Common Stock subject to an award under the Prior Plan or under this Plan that expires, is forfeited, otherwise terminates, or is settled in cash, after the Effective Date, shall be added to the shares of Common Stock reserved for issuance under this Plan. Any Shares issued under the Plan and later repurchased by the Company pursuant to any other repurchase right that the Company may have shall not be available for future grant under the Plan. It is intended that the Plan shall constitute a written compensatory benefit plan within the meaning of Rule 701 promulgated under the Securities Act ("Rule 701"), to the extent applicable, and that the Plan shall otherwise be administered in compliance with the requirements of Rule 701. To ensure such compliance, the Company shall maintain a record of shares subject to outstanding Awards under the Plan and the exercise price of any outstanding Options, plus a record of all Shares issued under the Plan and the exercise price of any Options."

2. Except as herein amended, the terms and provisions of the Plan shall remain in full force and effect as originally adopted and approved.

IN WITNESS WHEREOF, the undersigned hereby certifies that this First Amendment was adopted by the Board (as defined in the Plan) and approved by the stockholders of the Company effective as of February 18, 2021.

AVIDXCHANGE, INC.

By: /s/ Michael Praeger
Michael Praeger, Chief Executive Officer

AVIDXCHANGE, INC.

EQUITY INCENTIVE PLAN

1. **Purposes of the Plan.** The purpose of this AvidXchange, Inc. Equity Incentive Plan (the "**Plan**") is to create an additional incentive to promote the financial success and progress of the Company (as defined below) and to provide the Company the ability to further align Participants' interests with those of the Company's shareholders. Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options, as determined by the Administrator at the time of grant of an Option and subject to the applicable provisions of Section 422 of the Code and the regulations promulgated thereunder. Stock Appreciation Rights, Restricted Stock and Restricted Stock Units may also be granted under the Plan.

Upon its Effective Date, this Plan replaces and supersedes the 2017 Amendment and Restatement of the AvidXchange, Inc. 2010 Stock Option Plan (the "**Prior Plan**"). As of the Effective Date, no new awards shall be made under the Prior Plan, although outstanding awards previously made under the Prior Plan shall continue to be governed by the terms of the Prior Plan. Shares that are subject to outstanding awards under the Prior Plan that expire, are forfeited or otherwise terminate unexercised may be subjected to new Awards under the Plan, as provided in Section 4.

2. **Definitions.** As used herein, the following definitions shall apply:

(a) "**Administrator**" means the Board and/or the Committee, as the case may be.

(b) "**Affiliate**" means (i) an entity other than a subsidiary which, together with the Company, is under common control of a third person or entity, and (ii) an entity other than a subsidiary in which the Company and /or one of more subsidiaries own a controlling interest.

(c) "**Applicable Laws**" means all applicable laws, rules, regulations and requirements, including, but not limited to, all applicable U.S. federal or state laws, any Stock Exchange rules or regulations, and the applicable laws, rules or regulations of any other country or jurisdiction where Awards are granted under the Plan or Participants reside or provide services, as such laws, rules, and regulations shall be in effect from time to time.

(d) "**Award**" means any award of an Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Other Stock Award, or Cash Bonus Award under the Plan.

(e) "**Award Agreement**" means the written agreement, the form(s) of which shall be approved from time to time by the Administrator, between the Company and a Participant containing the terms and conditions with respect to an Award, including any documents attached to or incorporated into such Award Agreement.

(f) "**Board**" means the Board of Directors of the Company.

(g) "**Cash Bonus Award**" shall mean an Award of a cash bonus pursuant to Section 12.

(h) "**Cashless Exercise**" means a program approved by the Administrator in which payment of the Option exercise price, tax obligations or other required deductions may be satisfied, in whole or in part, with Shares subject to the Option, including by delivery of an irrevocable direction to a securities broker (on a form prescribed by the Company) to sell Shares and to deliver all or part of the sale proceeds to the Company in payment of such amount.

(i) "**Cause**" means, with respect to any Participant, (a) "cause" as defined in an employment, consulting or other services agreement applicable to the Participant, or (b) in the case of a Participant who does not have an employment, consulting or other services agreement with the Company or any Affiliate that defines "cause": (i) Participant's theft, fraud, embezzlement, dishonesty, or misappropriation of property, funds, information or other assets; (ii) Participant's breach of fiduciary duty or breach of duty of loyalty to the Company; (iii) Participant's unprofessional conduct; (iv) Participant's unauthorized disclosure of confidential information that resulted in or could reasonably be expected to result in harm to the Company; (v) the willful and continued failure or refusal of the Participant to substantially perform the duties required of him as an employee, consultant or other service provider of the Company or any Affiliate, including Participant's violation of the Company's lawful policies, rules or regulations; (vi) any willful and material violation by the Participant of any law or regulation applicable to the business of the Company or any Affiliate, or the Participant's commission of any crime involving fraud, dishonesty, or moral turpitude or for any felony, as well as the indictment, conviction of, guilty plea, deferred adjudication or a plea of nolo contendere to, a felony or other crime of similar gravity, or any willful perpetration by the Participant of a common law fraud; or (vii) any other willful misconduct by the Participant which is injurious to the financial condition or business reputation of, or is otherwise materially injurious to, the Company or any Affiliate. The determination as to whether a Participant has been terminated for Cause shall be made in good faith by the Company and shall be final and binding on the Participant.

(j) "**Code**" means the Internal Revenue Code of 1986, as amended.

(k) "**Committee**" means a duly appointed committee of the Board having such powers as shall be specified by the Board; provided that if no such committee is appointed, the Committee shall mean the entire Board.

(l) "**Common Stock**" means the Company's common stock, as adjusted in accordance with Section 15.

(m) "**Company**" means AvidXchange, Inc. and any successor corporations or any present or future parent and/or subsidiary corporations of such corporation. For purposes of the Plan, a parent corporation and a subsidiary corporation shall be as defined in Sections 424(e) and 424(f) of the Code.

(n) "**Consultant**" means any person or entity, including an advisor or independent contractor but not an Employee, who renders services to the Company or any Affiliate and is compensated for such services, and any Director whether compensated for such services or not.

(o) "**Date of Grant**" means the date on which all necessary corporate action has been taken to approve the grant of the Award as provided in the Plan. Notice of the grant shall be provided to the grantee within a reasonable time after the Date of Grant.

(p) "**Director**" means a member of the Board.

(q) "**Disability**" means "disability" within the meaning of Section 22(e)(3) of the Code, as determined by the Administrator in its sole discretion.

(r) "**Employee**" means any person employed by the Company or any Affiliate, with the status of employment determined pursuant to such factors as are deemed appropriate by the Company in its sole discretion, subject to any requirements of Applicable Laws, including the Code. The payment by the Company of a director's fee shall not be sufficient to constitute "employment" of such director by the Company or any Affiliate.

(s) "**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

(t) "**Fair Market Value**" means, as of any date, the per share fair market value of the Common Stock, as determined by the Administrator in good faith on such basis as it deems appropriate. With respect to Incentive Stock Options, the Fair Market Value shall be determined pursuant to a reasonable method established by the Administrator that is consistent with the requirements of Sections 422 and 424 of the Code and the regulations thereunder (which method may be changed from time to time).

(u) "**Incentive Stock Option**" means an Option intended to, and which does, in fact, qualify as an incentive stock option within the meaning of Section 422 of the Code. The Company shall have no liability to a Participant if an Option (or any part thereof) which is intended to be an Incentive Stock Option does not qualify as an Incentive Stock Option.

(v) "**Listed Security**" means any security of the Company that is listed or approved for listing on a national securities exchange or designated or approved for designation as a national market system security on an interdealer quotation system by Financial Industry Regulatory Authority, Inc.

(w) "**Nonstatutory Stock Option**" means an Option that is not intended to, or does not, in fact, qualify as an Incentive Stock Option.

(x) "**Option**" means a right to purchase Shares granted pursuant to Section 7.

(y) "**Optioned Stock**" means Shares that are subject to an Option or that were issued pursuant to the exercise of an Option.

(z) "**Other Stock Award**" shall mean any Award granted under Section 11 of the Plan.

(aa) "**Participant**" means any holder of one or more Awards or Shares issued pursuant to an Award.

(bb) "**Restricted Stock**" means Shares acquired pursuant to a right to purchase Common Stock granted pursuant to Section 9.

(cc) "**Restricted Stock Unit**" means a right to receive Shares or cash granted pursuant to Section 10.

(dd) "**Rule 16b-3**" means Rule 16b-3 promulgated under the Exchange Act, as amended from time to time, or any successor provision.

(ee) "**Securities Act**" means the Securities Act of 1933, as amended.

(ff) "**Share**" means a share of Common Stock, as adjusted in accordance with Section 15.

(gg) "**Stock Appreciation Right**" means a right to receive Shares or cash granted pursuant to Section 8.

(hh) "**Stock Exchange**" means any stock exchange or consolidated stock price reporting system on which prices for the Common Stock are quoted at any given time.

(ii) "**Tandem Right**" means a kind of Stock Appreciation Right granted in connection with a Nonstatutory Stock Option pursuant to Section 8.

(jj) "**Ten Percent Holder**" means a person who at the time of an Award is a holder of capital stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any related corporation, as determined in accordance with Section 1.422-2(f)(2) of the Treasury Regulations.

(kk) "**Transfer of Control**" means a consolidation or merger of the Company with or into any other entity or entities, a sale or transfer of shares of capital stock of the Company or its stockholders in a single transaction or a series of related transactions representing at least 50% of the voting power of the voting securities of the Company, a stock issuance or series of related stock issuances by the Company resulting in a change of ownership of more than 50% of the voting power of the voting securities of the Company (other than the issuance of Preferred (as defined in the Company's Certificate of Incorporation) in connection with a bona fide capital raising transaction approved in accordance with the terms hereof), or a sale, lease, transfer, exclusive license or other disposition of all or substantially all of the assets of the Company, on a consolidated basis; provided, however, that a "Transfer of Control" shall not include any consolidation, merger or stock issuance in which shares outstanding before such consolidation, merger or stock issuance (or shares received upon conversion or exchange thereof, if applicable) represent a majority of the capital stock of the resulting or surviving entity or the Company, as the case may be, based on voting power in the election of directors. Notwithstanding anything herein to the contrary, an initial public offering of capital stock made by the Company under the Securities Act shall not be considered a Transfer of Control.

Notwithstanding the foregoing, a Transfer of Control shall only be deemed to have occurred if the transaction(s) described constitutes a "change in the ownership of a corporation", a "change in the effective control of a corporation" or a "change in ownership of a substantial portion of a corporation's assets", as described in Treasury Regulation 1.409A-3(i)(5)(v) through (vii).

(ll) "**Unvested Shares**" means an Award, or Shares acquired pursuant to an Award that are unvested.

3. **Effective Date.** The Plan shall become effective upon its adoption by the Board and will continue in effect until terminated pursuant to Section 18.

4. **Stock Subject to the Plan.** Subject to the provisions of Section 15, the maximum aggregate number of Shares that may be issued under the Plan from and after the Effective Date shall be equal to one Share for every share of Common Stock available for award under the Prior Plan immediately prior to the Effective Date, of which all Shares may be issued under the Plan pursuant to Incentive Stock Options. The Shares issued under the Plan may be authorized, but unissued, or reacquired Shares. If an Award should expire or become unexercisable for any reason without having been exercised in full (including any award under the Prior Plan), the unpurchased Shares that were

subject thereto shall, unless the Plan shall have been terminated, become available for future grant under the Plan. In addition, any Shares which are retained by the Company upon exercise of an Award in order to satisfy the exercise or purchase price for such Award or any withholding taxes due with respect to such Award shall be treated as not issued and shall continue to be available under the Plan. Any share of Common Stock subject to an award under the Prior Plan and that expires, is forfeited, otherwise terminates, or is settled in cash, after the Effective Date, shall be added to the shares of Common Stock reserved for issuance under this Plan. Any Shares issued under the Plan and later repurchased by the Company pursuant to any other repurchase right that the Company may have shall not be available for future grant under the Plan. It is intended that the Plan shall constitute a written compensatory benefit plan within the meaning of Rule 701 promulgated under the Securities Act ("Rule 701"), to the extent applicable, and that the Plan shall otherwise be administered in compliance with the requirements of Rule 701. To ensure such compliance, the Company shall maintain a record of shares subject to outstanding Awards under the Plan and the exercise price of any outstanding Options, plus a record of all Shares issued under the Plan and the exercise price of any Options.

5. **Administration of the Plan.**

(a) General. The Plan shall be administered by the Board, the Committee, or any combination thereof, as determined by the Board. The Plan may be administered by different administrative bodies with respect to different classes of Participants and, if permitted by Applicable Laws, the Board may authorize one or more executive officers of the Company to make Awards under the Plan to Employees and Consultants (who are not executive officers) within parameters specified by the Board, including without limitation, if applicable, any restrictions in any charter of the Committee or any exclusive delegations of authority to the Committee by the Board as they may relate to this Plan.

(b) Committee Composition. If a Committee has been appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board. From time to time the Board may increase the size of any Committee and appoint additional members thereof, remove members (with or without cause) and appoint new members in substitution therefor, fill vacancies (however caused) and dissolve the Committee and thereafter directly administer the Plan, all to the extent permitted by Applicable Laws, agreements to which the Company is a party and any Committee charter.

(c) Powers of the Administrator. Subject to the provisions of the Plan and, in the case of the Committee, the specific duties delegated by the Board to such Committee, the Administrator shall have the authority, in its sole discretion:

(i) to determine the Fair Market Value in accordance with Section 2(t), provided that such determination shall be applied consistently with respect to Participants under the Plan;

(ii) to select the Employees and Consultants to whom Awards may from time to time be granted;

(iii) to determine the number of Shares to be covered by each Award;

(iv) to approve the form(s) of agreement(s) and other related documents used under the Plan;

(v) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder, which terms and conditions include but are not limited to the exercise or purchase price, the time or times when Awards may vest or be exercised (which may be based on performance criteria), the circumstances (if any) when vesting will be accelerated or forfeiture restrictions will be waived, and any restriction or limitation regarding any Award or Shares issued pursuant to an Award;

(vi) to amend any outstanding Award Agreement or any agreement related to any Shares issued pursuant to an Award Agreement, including any amendment adjusting vesting (e.g., in connection with a change in the terms or conditions under which such person is providing services to the Company), provided that no amendment shall be made that would materially and adversely affect the rights of any Participant without his or her consent;

(vii) to determine whether and under what circumstances an Option may be settled in cash instead of Common Stock;

(viii) to approve addenda pursuant to Section 31 or to grant Awards to, or to modify the terms of, any outstanding Award Agreement or any agreement related to any Shares issued pursuant to an Award Agreement by Participants who are foreign nationals or employed outside of the United States with such terms and conditions as the Administrator deems necessary or appropriate to accommodate differences in local law, tax policy or custom which deviate from the terms and conditions set forth in this Plan to the extent necessary or appropriate to accommodate such differences;

(ix) to delegate, to the extent permitted by Applicable Law and the Company's Certificate of Incorporation or Bylaws, each as amended from time to time, any portion of its authority under the Plan;

(x) to construe and interpret the terms of the Plan, any Award Agreement, and any agreement related to any Shares issued pursuant to an Award Agreement, which constructions, interpretations and decisions shall be final and binding on all Participants; and

(xi) to make all other determinations deemed necessary or advisable for the administration of this Plan.

(d) Indemnification. To the maximum extent permitted by Applicable Laws, each member of the Committee (including officers of the Company, if applicable), or of the Board, as applicable, shall be indemnified and held harmless by the Company against and from (i) any loss, cost, liability, or expense (including without limitation reasonable attorney fees) that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan or pursuant to the terms and conditions of any Award except for actions determined by a court of competent jurisdiction to have been taken in bad faith or actions determined by a court of competent jurisdiction to be continuing failures to act in good faith after such member has been provided with all relevant facts and circumstances and having been thereafter requested in writing to consider in good faith the taking such action, and (ii) any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such claim, action, suit, or proceeding against him or her, provided that such member shall give the Company an opportunity, at its own expense, to handle and defend any such claim, action, suit or proceeding before he or she undertakes to handle and defend it on his or her own behalf, except in the event such member reasonably believes a conflict of interest exists between such member and the Company which would prevent effective assistance of counsel unless the member retains separate legal counsel (in which case the member will notify the Company of such conflict and its intent to retain separate legal counsel instead of giving the Company such opportunity). The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation, Certificate of Incorporation or Bylaws, by contract, as a matter of law, or otherwise, or under any other power that the Company may have to indemnify or hold harmless each such person.

(e) Vesting and Forfeiture. Awards granted to a Participant shall vest at the time or times specified in the Award Agreement. Unless otherwise provided herein, in an individual Award Agreement, or in a separate written agreement between the Company and a Participant, a Participant must be employed by or providing substantial services to the Company or one of its Affiliates, as determined by the Company in its sole discretion, on the applicable vesting date in order to vest in any Award, and any portion of any Award that is not vested as of the date on which the Participant's employment or service with the Company and its Affiliates terminates will be forfeited. Notwithstanding anything herein or in an Award Agreement to the contrary, if a Participant's employment with or services to the Company or any Affiliate is terminated for Cause or the Participant materially violates the terms of any restrictive covenants to which the Participant and the Company or its Affiliates are parties, as determined by the Administrator in good faith, the Participant's Award (both vested and unvested portions) shall be forfeited as of the date of such termination and the Administrator may require the Participant to promptly repay any value previously received pursuant to such Award.

6. **Eligibility.**

(a) Recipients of Grants. Awards may be granted to Employees and Consultants. Incentive Stock Options may be granted only to Employees of the Company.

(b) ISO $100,000 Limitation. Notwithstanding any designation in the Award Agreement, to the extent that the aggregate Fair Market Value of Shares with respect to which options designated as Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under all plans of the Company or any Parent or Subsidiary) exceeds $100,000, such excess options shall be treated as Nonstatutory Stock Options. For purposes of this Section 6(b), Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares subject to an Incentive Stock Option shall be determined as of the Date of Grant of such option.

7. **Options.** Whenever an Employee or Consultant receives an Option Award, an Award Agreement shall be given to the Employee or Consultant stating the number of Shares for which Options are granted, the Option exercise price per share, whether the Options are Incentive Stock Options or Nonstatutory Stock Options, the extent, if any, to which associated Stock Appreciation Rights are granted, and the conditions to which the grant and exercise of the Options are subject, and, at that time, the Employee or Consultant shall become a Participant.

(a) Term of Option. The term of each Option shall be the term stated in the Award Agreement; provided that the term shall be ten (10) years from the Date of Grant thereof or such shorter term as may be provided in the Award Agreement and provided further that, in the case of an Incentive Stock Option granted to a person who at the time of such grant is a Ten Percent Holder, the term of the Option shall be five (5) years from the Date of Grant thereof or such shorter term as may be provided in the Award Agreement.

(b) Option Exercise Price and Consideration.

(i) Exercise Price. The per Share exercise price for the Shares to be issued pursuant to the exercise of an Option shall be such price as is determined by the Administrator and set forth in the Award Agreement, but shall be subject to the following:

(1) In the case of an Incentive Stock Option (A) granted to an Employee who, at the time of grant, is a Ten Percent Holder, the per Share exercise price shall be no less than one hundred ten percent (110%) of the Fair Market Value on the Date of Grant, and (B) granted to any other Employee, the per Share exercise price shall be no less than one hundred percent (100%) of the Fair Market Value on the Date of Grant;

(2) In the case of a Nonstatutory Stock Option, the per Share exercise price shall be no less than one hundred percent (100%) of the Fair Market Value on the Date of Grant.

(ii) Permissible Consideration. The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Administrator (and, in the case of an Incentive Stock Option and to the extent required by Applicable Laws, shall be determined at the time of grant) and may consist entirely of (1) cash; (2) check; (3) to the extent permitted under Applicable Laws, delivery of a promissory note with such recourse, interest, security and redemption provisions as the Administrator determines to be appropriate; (4) cancellation of indebtedness; (5) other previously owned Shares 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; (6) a Cashless Exercise; (7) such other consideration and method of payment permitted under Applicable Laws; or (8) any combination of the foregoing methods of payment. In making its determination as to the type of consideration to accept, the Administrator shall consider if acceptance of such consideration may be reasonably expected to benefit the Company and the Administrator may, in its sole discretion, refuse to accept a particular form of consideration at the time of any Option exercise.

(c) Exercise of Option.

(i) General.

(1) Exercisability. Any Option granted hereunder shall be exercisable at such times and under such conditions as determined by the Administrator, consistent with the terms of the Plan and reflected in the Award Agreement, including vesting requirements or performance criteria, if any, with respect to the Company, any Affiliate, or the Participant.

(2) Leave of Absence. The Administrator shall have the discretion to determine whether and to what extent the vesting of Options shall be tolled during any leave of absence; provided, however, that in the absence of such determination, vesting of Options shall be tolled during any unpaid leave (unless otherwise required by Applicable Laws).

(3) Minimum Exercise Requirements. An Option may not be exercised for a fraction of a Share. The Administrator may require that an Option be exercised as to a minimum number of Shares, provided that such requirement shall not prevent a Participant from exercising the full number of Shares as to which the Option is then exercisable.

(4) Procedures for and Results of Exercise. An Option shall be deemed exercised when (i) written notice of such exercise, stating the number of Options the Participant (or beneficiary) has elected to exercise, has been received by the Company in an acceptable form in accordance with the terms of the Award Agreement from the person entitled to exercise the Option, (ii) the Company has received full payment, or made arrangements satisfactory to the Company regarding full payment to the Company, for the Shares with respect to which the Option is exercised and (iii) the Participant has paid, or made arrangements satisfactory to the Company regarding the payment to the Company of, any applicable taxes, withholding, required deductions or other required payments in accordance with Section 13. The exercise of an Option shall result in a decrease in the number of Shares that thereafter may be available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(5) Rights as Holder of Capital Stock. Until the issuance of the Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a holder of capital stock shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 15.

(ii) Termination of Employment or Services. The Administrator shall establish and set forth in the applicable Award Agreement the terms and conditions upon which an Option shall remain exercisable, if at all, following termination of a Participant's employment with or services to the Company or any Affiliate, which provisions may be waived or modified by the Administrator at any time, subject to the requirements of Section 7(d) below. To the extent that an Award Agreement does not specify the terms and conditions upon which an Option shall terminate upon termination of a Participant's employment with or services to the Company or any Affiliate, the following provisions shall apply:

(1) General Provisions. If the Participant (or other person entitled to exercise the Option) does not exercise the Option to the extent so entitled within the time specified below, the Option shall terminate and the Optioned Stock underlying the unexercised portion of the Option shall revert to the Plan. In no event may any Option be exercised after the expiration of the Option term as set forth in the Award Agreement (and subject to this Section 7).

(2) Termination Other than for Cause. In the event of termination of a Participant's employment with or services to the Company or any Affiliate other than under the circumstances set forth in subsections (3) and (4) below or for Cause, such Participant may exercise any outstanding, vested Option at any time within three (3) months following such termination.

(3) Death or Disability of Participant. In the event of termination of a Participant's employment with or services to the Company or any Affiliate as a result of his or her death or Disability, such Participant (or the Participant's beneficiary, as applicable) may exercise any outstanding, vested Option at any time within twelve (12) months following such termination.

(4) Transfer of Control. Upon a Transfer of Control, the treatment of any unexercisable portion of an Option outstanding on the date of the Transfer of Control shall be determined by the Administrator subject to any relevant provisions in the applicable Award Agreement.

(d) Modification or Extension. Unless specifically provided in the discretion of the Administrator in a writing that references and supersedes this Section 7(d), (i) no Modification shall be made in respect to any Option if such Modification would result in the Option constituting a deferral of compensation, and (ii) no Extension shall be made in respect to any Option if such Extension would result in the Option having an additional deferral feature from the Date of Grant, in each case within the meaning of applicable Treasury Regulations under Section 409A of the Code. Subject to the remaining part of this paragraph (d), (A) a "Modification" means any change in the terms of the Option (or change in the terms of the Plan or applicable Award Agreement) that may provide the holder of the Option with a direct or indirect reduction in the exercise price of the Option, regardless of whether the holder in fact benefits from the change in terms; and (B) an "Extension" means any of (1) the provision to the holder of an additional period of time within which to exercise the Option beyond the time originally prescribed,

(2) the conversion or exchange of the Option for a legally binding right to compensation in a future taxable year, (3) the addition of any feature for the deferral of compensation to the terms of the Option, or (4) any renewal of the Option that has the effect of any of (1) through (3) above. Notwithstanding the preceding sentence, it shall not be a Modification or an Extension, respectively, to change the terms of an Option in accordance with Section 15 of the Plan, or in any of the other ways or for any of the other purposes provided in applicable Treasury Regulations or other generally applicable guidance under Section 409A of the Code as not resulting in a Modification or Extension for purposes of that section. In particular, it shall not be an Extension to extend the exercise period of an Option to a date no later than the earlier of (x) the latest date upon which the Option could have expired by its original terms under any circumstances or (y) the tenth (10th) anniversary of the original Date of Grant.

8. **Stock Appreciation Rights.** Whenever an Employee or Consultant receives a Stock Appreciation Rights Award, an Award Agreement shall be given to the Employee or Consultant stating the number of Shares with respect to which Stock Appreciation Rights are granted, the extent, if any, to which the Stock Appreciation Rights are granted in connection with Nonstatutory Stock Options ("Tandem Rights"), and the conditions to which the grant and exercise of the Stock Appreciation Rights are subject, and, at that time, the Employee or Consultant shall become a Participant.

(a) General. Stock Appreciation Rights (other than Tandem Rights) shall entitle the Participant, upon exercise of all or any part of the Stock Appreciation Rights, to receive in exchange from the Company an amount equal to the excess of (i) the Fair Market Value of the Shares covered by the Stock Appreciation Right on the date of exercise over (ii) the Fair Market Value of the Shares on the Date of Grant of the Stock Appreciation Right.

(b) Tandem Rights.

(i) Tandem Rights shall entitle the Participant, upon exercise of all or any part of the Tandem Rights, to surrender to the Company unexercised that portion of the underlying Nonstatutory Stock Option relating to the same number of Shares as is covered by the Tandem Right (or the portion of the Tandem Right so exercised) and to receive in exchange from the Company an amount equal to the excess of (i) the Fair Market Value of the Shares covered by the surrendered portion of the underlying Nonstatutory Stock Option on the date of exercise over (ii) the exercise price of the Shares covered by the surrendered portion of the underlying Nonstatutory Stock Option.

(ii) Upon exercise of a Tandem Right and surrender of the related portion of the underlying Nonstatutory Stock Option, the Nonstatutory Stock Option, to the extent surrendered, shall not thereafter be exercisable.

(iii) Subject to any further conditions upon exercise imposed by the Administrator, a Tandem Right shall be granted on the same Date of Grant as the related Nonstatutory Stock Option, be transferable only to the extent that the related Nonstatutory Stock Option is transferable, be exercisable only to the extent that the related Nonstatutory Stock Option is exercisable and shall expire no later than the date on which the related Nonstatutory Stock Option expires.

(c) Limitation on Amount. The Administrator may limit the amount that the Participant will be entitled to receive upon exercise of Stock Appreciation Rights.

(d) Leave of Absence. The Administrator shall have the discretion to determine whether and to what extent the vesting of Stock Appreciation Rights shall be tolled during any leave of absence; provided, however, that in the absence of such determination, vesting of Stock Appreciation Rights shall be tolled during any unpaid leave (unless otherwise required by Applicable Laws).

(e) Exercise of Stock Appreciation Right.

(i) The Administrator shall establish and set forth in the applicable Award Agreement the terms and conditions upon which a Stock Appreciation Right shall remain exercisable, if at all, following termination of a Participant's employment with or services to the Company or any Affiliate, which provisions may be waived or modified by the Administrator at any time, subject to the requirements of Section 8(g) below. Stock Appreciation Rights may be exercised in whole or in part at the times as may be specified by the Administrator in the Award Agreement; provided that no Stock Appreciation Right may be exercised after the expiration of ten (10) years from the Date of Grant. If the Participant (or other person entitled to exercise the Stock Appreciation Right) does not exercise the Stock Appreciation Right within the time specified in the Award Agreement, the Stock Appreciation Right shall terminate. In no event may any Stock Appreciation Right be exercised after the expiration of the Stock Appreciation Right term as set forth in the Award Agreement.

(ii) A Stock Appreciation Right may only be exercised at a time when the Fair Market Value of the Shares covered by the Stock Appreciation Right exceeds the Fair Market Value of the Shares on the Date of Grant of the Stock Appreciation Right (or, in the case of a Tandem Right, only to the extent it exceeds the exercise price of the Shares covered by the underlying Nonstatutory Stock Option).

(iii) A Stock Appreciation Right shall be deemed exercised when written notice of such exercise, stating the number of Stock Appreciation Rights the Participant (or beneficiary) has elected to exercise, has been received by the Company in an acceptable form in accordance with the terms of the Award Agreement from the person entitled to exercise the Stock Appreciation Right and the Participant has paid, or made arrangements satisfactory to the Company regarding the payment to the Company of, any applicable taxes, withholding, required deductions or other required payments in accordance with Section 13.

(f) Payment. The manner in which the Company's obligations arising upon the exercise of a Stock Appreciation Right shall be paid shall be determined by the Administrator and shall be set forth in the Award Agreement. The Award Agreement may provide for payment in Shares or cash, or a fixed combination of Shares or cash, or the Administrator may reserve the right to determine the manner of payment at the time the Stock Appreciation Right is exercised. Shares issued upon the exercise of a Stock Appreciation Right shall be valued at their Fair Market Value on the date of exercise.

(g) Rights as Holder of Capital Stock. If Participant acquires Shares upon exercise of a Stock Appreciation Right, until the issuance of the Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a holder of capital stock shall exist with respect to the Shares, notwithstanding the exercise of the Stock Appreciation Right. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 15.

(h) Modification or Extension. Unless specifically provided in the discretion of the Administrator in a writing that references and supersedes this Section 8(h), (i) no Modification shall be made in respect to any Stock Appreciation Right if such Modification would result in the Stock Appreciation Right constituting a deferral of compensation, and (ii) no Extension shall be made in respect to any Stock Appreciation Right if such Extension would result in the Stock Appreciation Right having an additional deferral feature from the Date of Grant, in each case within the meaning of applicable Treasury Regulations under Section 409A of the Code. Subject to the remaining part of this paragraph (g), (A) a "Modification" means any change in the terms of the Stock Appreciation Right (or change in the terms of

the Plan or applicable Award Agreement) that may provide the holder of the Stock Appreciation Right with a direct or indirect reduction in the exercise price of the Stock Appreciation Right, regardless of whether the holder in fact benefits from the change in terms; and (B) an "Extension" means any of (1) the provision to the holder of an additional period of time within which to exercise the Stock Appreciation Right beyond the time originally prescribed, (2) the conversion or exchange of the Stock Appreciation Right for a legally binding right to compensation in a future taxable year, (3) the addition of any feature for the deferral of compensation to the terms of the Stock Appreciation Right, or (4) any renewal of the Stock Appreciation Right that has the effect of any of (1) through (3) above. Notwithstanding the preceding sentence, it shall not be a Modification or an Extension, respectively, to change the terms of a Stock Appreciation Right in accordance with Section 15 of the Plan, or in any of the other ways or for any of the other purposes provided in applicable Treasury Regulations or other generally applicable guidance under Section 409A of the Code as not resulting in a Modification or Extension for purposes of that section. In particular, it shall not be an Extension to extend the exercise period of a Stock Appreciation Right to a date no later than the earlier of (x) the latest date upon which the Stock Appreciation Right could have expired by its original terms under any circumstances or (y) the tenth (10th) anniversary of the original Date of Grant.

9. **Restricted Stock.** Whenever an Employee or Consultant receives a Restricted Stock Award, an Award Agreement shall be given to the Employee or Consultant stating the number of Shares of Restricted Stock granted and the terms and conditions to which the Restricted Stock is subject, and, at that time, the Employee or Consultant shall become a Participant.

(a) Rights to Purchase. When a right to purchase Restricted Stock is granted under the Plan, the Company shall advise the recipient in writing of the terms, conditions and restrictions related to the offer, including the number of Shares that such person shall be entitled to purchase, the price to be paid (if any, which shall be as determined by the Administrator, subject to Applicable Laws, including any applicable securities laws), and the time within which such person must accept such offer. The permissible consideration for Restricted Stock shall be determined by the Administrator and shall be the same as is set forth in Section 7(b)(ii) with respect to exercise of Options. The offer to purchase Shares shall be accepted by execution of an Award Agreement in the form determined by the Administrator.

(b) Other Provisions. The Award Agreement shall contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator in its sole discretion. In addition, the provisions of Award Agreements need not be the same with respect to each Participant.

(c) Rights as a Holder of Capital Stock. Once the Restricted Stock is purchased, the Participant shall have the rights equivalent to those of a holder of capital stock, and shall be a record holder when his or her purchase and the issuance of the Shares is entered upon the records of the duly authorized transfer agent of the Company. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Restricted Stock is purchased, except as provided in Section 15.

10. **Restricted Stock Units.** Whenever an Employee or Consultant receives a Restricted Stock Units Award, an Award Agreement shall be given to the Employee or Consultant stating the number of Restricted Stock Units granted and the conditions to which the Restricted Stock Units are subject, and, at that time, the Employee or Consultant will become a Participant.

(a) General. The Administrator shall establish as to each award of Restricted Stock Units the terms and conditions upon which the Restricted Stock Units shall vest and be paid. Vesting may be conditioned upon the continued performance of services or the achievement of certain performance conditions measured on an individual, corporate, or other basis, or any combination thereof

(b) Payment. Restricted Stock Units may be paid in cash, Shares, or a fixed combination of Shares or cash as provided in the Award Agreement, or the Administrator may reserve the right to determine the manner of payment at the time the Restricted Stock Units become payable. The delivery of Shares in payment of Restricted Stock Units may be subject to additional conditions established in the Award Agreement.

(c) Rights as Holder of Capital Stock. If Participant acquires Shares as payment for a Restricted Stock Unit, until the issuance of the Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a holder of capital stock shall exist with respect to the Shares. Unless provided otherwise in the applicable Award Agreement, no adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 15. Notwithstanding the foregoing, the Administrator may, in its discretion, provide that a Participant shall be entitled to receive dividend equivalents on outstanding Restricted Stock Units. Dividend equivalents may be (i) paid in cash, (ii) credited to the Participant as additional Restricted Stock Units, or (iii) a fixed combination of cash and additional Restricted Stock Units as provided in the Award Agreement, or the Administrator may reserve the right to determine the manner of payment at the time dividends are paid to shareholders of record. Unless otherwise provided in the Award Agreement, if dividend equivalents are paid (A) dividend equivalents with respect to dividends or other distributions that are paid in Shares or cash shall be credited to the Participant as additional Restricted Stock Units subject to the same restrictions as the Restricted Stock Units with respect to which the dividend equivalents are paid.

11. **Other Stock Awards**. In addition, the Administrator may grant Other Stock Awards to Participants payable in Shares or cash, upon such terms and conditions as the Administrator may determine, subject to the provisions of the Plan. Other Stock Awards may include, but are not limited to, the following types of Awards:

(a) Performance-Based Other Stock Awards. The payment under any Other Stock Award that the Administrator determines shall be a performance-based Award (hereinafter "**Target Award**") shall be contingent upon the attainment of one or more pre-established performance goals established by the Administrator in writing while the attainment of any performance-based goal under the granted Target Award remains substantially uncertain. Such performance goals may be based upon one or more performance-based criteria, including but not limited to: (i) earnings per share, net earnings per share or growth in such measures, (ii) revenue, net revenue, income, net income or growth in revenue or income (all either before or after taxes), (iii) return measures (including, but not limited to, return on assets, capital, investment, equity, revenue or sales), (iv) cash flow return on investments which equals net cash flows divided by owners' equity, (v) controllable earnings (a division's operating profit, excluding the amortization of goodwill and intangible assets, less a charge for the interest cost for the average working capital investment by the division), (vi) operating earnings or net operating earnings, (vii) costs or cost control measures, (viii) share price (including, but not limited to, growth measures), (ix) total shareholder return (stock price appreciation plus dividends), (x) economic value added, (xi) EBITDA, (xii) operating margin or growth in operating margin, (xiii) market share or growth in market share, (xiv) cash flow, cash flow from operations, free cash flow, or growth in such measures, (xv) sales revenue or volume or growth in such measures, (xvi) gross margin or growth in gross margin, (xvii) productivity, (xviii) brand contribution, (xix) product quality, (xx) corporate value measures, (xxi) goals related to acquisitions, divestitures or customer satisfaction, (xxii) diversity, (xxiii) index comparisons, (xxiv) debt-to-equity or debt-to-stockholders' equity ratio, (xxv) working capital, (xxvi) risk mitigation,

(xxvii) sustainability and environmental impact, (xxviii) employee retention, (xxix) expense or expense control measures (including, but not limited to average unit cost, selling, general, and administrative expenses), and (xxx) any other objective or subjective criterion or criteria that the Administrator may select from time to time. Without limiting the Administrator's authority to select any performance criteria as it deems appropriate, performance may be measured on an individual, corporate group, business unit, subsidiary, division, department, region, function, market, or consolidated basis and may be measured absolutely, relatively to the Company's peers, or with a performance goal established by combining two or more of the preceding performance criteria (for example, free cash flow as a percentage of sales). In establishing the performance goals, the Administrator may provide that the performance goals will be adjusted to account for the effects of acquisitions, divestitures, extraordinary dividends, stock split-ups, stock dividends or distributions, issuances of any targeted stock, recapitalizations, warrants or rights issuances or combinations, exchanges or reclassifications with respect to any outstanding class or series of Common Stock, or a corporate transaction, such as any merger of the Company with another corporation, any consolidation of the Company and another corporation into another corporation, any separation of the Company or its business units (including a spinoff or other distribution of stock or property by the Company), any reorganization of the Company (whether or not such reorganization comes within the definition of such term in Code Section 368) or any partial or complete liquidation by the Company, or sale of all or substantially all of the assets of the Company, or exclusion of non-consolidated subsidiaries, or measures intended to account for variations in the exchange rate between foreign currencies and budgeted exchange rates, or other extraordinary items, or any other event or circumstance the Administrator deems appropriate. Unless otherwise specifically provided by the Administrator when authorizing an Award, all performance-based criteria, including any adjustments described in the preceding sentence, shall be determined by applying U.S. generally accepted accounting principles, as reflected in the Company's audited financial statements.

The Administrator, in its discretion, may adjust an earned Target Award. Before payments are made under a Target Award, the Administrator shall certify in writing that the performance goals justifying the payment under the Target Award have been met. In no event will dividends or dividend equivalents be paid with respect to any Award which does not vest and/or meet its performance goals. Therefore, dividends and dividend equivalents shall be paid only on the vested portion of Target Awards for which the applicable performance goals are achieved.

(b) Stock Bonus Awards. The Administrator may issue unrestricted Stock, or other Awards denominated in Stock, including and without limitation, fully-vested deferred stock units, under the Plan to Participants, alone or in tandem with other Awards, in such amounts and subject to such terms and conditions as the Administrator shall from time to time in its sole discretion determine. A Stock Bonus Award under the Plan shall be granted as, or in payment of, a bonus, or to provide incentives or recognize special achievements or contributions.

12. **Cash Bonus Awards.** The Administrator shall have the authority to make an Award of a cash bonus to any Participant. Any such Award may be subject to a performance period, performance goals or such other terms and conditions as the Administrator may designate in the applicable Award Agreement.

13. **Taxes.**

(a) As a condition of the grant, vesting and exercise of an Award, the Participant (or in the case of the Participant's death or a permitted transferee, the person holding or exercising the Award) shall make such arrangements as the Administrator may require for the satisfaction of any applicable U.S. federal, state, local or foreign tax, withholding, and any other required deductions or payments that may arise in connection with such Award. The Company shall not be required to issue any Shares under the Plan until such obligations are satisfied.

(b) The Administrator may, to the extent permitted under Applicable Laws, permit a Participant (or in the case of the Participant's death or a permitted transferee, the person holding or exercising the Award) to satisfy all or part of his or her tax, withholding, or any other required deductions or payments by Cashless Exercise or by surrendering Shares (either directly or by stock attestation) that he or she previously acquired; provided that, unless specifically permitted by the Company, any such Cashless Exercise must be an approved broker-assisted Cashless Exercise or the Shares withheld in the Cashless Exercise must be limited to avoid financial accounting charges under applicable accounting guidance and any such surrendered Shares must have been previously held for any minimum duration required to avoid financial accounting charges under applicable accounting guidance. Any payment of taxes by surrendering Shares to the Company may be subject to restrictions, including, but not limited to, any restrictions required by rules of the Securities and Exchange Commission.

14. **Non-Transferability of Awards.** Except as set forth in this Section 14, Awards may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution. The designation of a beneficiary by a Participant will not constitute a transfer. An Option may be exercised, during the lifetime of the holder of the Option, only by such holder or a transferee permitted by this Section 14.

15. **Adjustments Upon Changes in Capitalization, Merger or Certain Other Transactions.**

(a) Changes in Capitalization. Subject to any action required under Applicable Laws, Company's Certificate of Incorporation, Bylaws or any applicable shareholders agreement, investor rights agreement, or similar document by the holders of capital stock of the Company, (i) the numbers and class of Shares or other stock or securities: (x) available for future Awards under Section 4 above and (y) covered by each outstanding Award, (ii) the exercise price per Share of each outstanding Option, and (iii) any repurchase price per Share applicable to Shares issued pursuant to any Award, shall be automatically proportionately adjusted in the event of a stock split, reverse stock split, stock dividend, combination, consolidation, reclassification of the Shares, subdivision of the Shares or any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company. In the event of a declaration of an extraordinary dividend payable in a form other than Shares in an amount that has a material effect on the Fair Market Value, a recapitalization (including a recapitalization through a large nonrecurring cash dividend), a rights offering, a reorganization, merger, a spin-off, split-up, change in corporate structure or a similar occurrence, the Administrator may make appropriate adjustments in one or more of (i) the numbers and class of Shares or other stock or securities: (x) available for future Awards under Section 4 above and (y) covered by each outstanding Award, (ii) the exercise price per Share of each outstanding Option, and (iii) any repurchase price per Share applicable to Shares issued pursuant to any Award, and any such adjustment by the Administrator shall be made in the Administrator's sole and absolute discretion and shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Award. If, by reason of a transaction described in this Section 15(a) or an adjustment pursuant to this Section 15(a), a Participant's Award Agreement or agreement related to any shares issued pursuant to an Award covers additional or different shares of stock or securities, then such additional or different shares, and the Award agreement or agreement related to the Shares issued pursuant to an Award in respect thereof, shall be subject to all of the terms, conditions and restrictions which were applicable to the Award and such Shares prior to such adjustment.

(b) Dissolution or Liquidation. In the event of the dissolution or liquidation of the Company, each Award will terminate immediately prior to the consummation of such action, unless otherwise determined by the Administrator.

(c) Transfer of Control. In the event of a Transfer of Control, except as otherwise provided in the applicable Award Agreement or in Section 7(c)(ii)(6) above, all Unvested Shares outstanding as of the consummation of such Transfer of Control will be subject to the applicable merger or purchase agreement. Such agreement may provide, without limitation, for the assumption or substitution of outstanding Awards or Unvested Shares by the surviving corporation or its parent, for the replacement of outstanding Awards or, subject to compliance with Applicable Laws, Unvested Shares with a cash incentive program of the surviving corporation which preserves the value of such Awards or Shares and provides for subsequent payout in accordance with the same vesting provisions applicable to those Awards or Shares, for accelerated vesting of outstanding Awards or Unvested Shares, for the cancellation of outstanding Awards or for the repurchase of Unvested Shares at the original purchase price paid for the Unvested Shares, with or without consideration and, in all cases, without the consent of the Participant. In the event that the successor or a parent or subsidiary of such successor does not agree to assume or otherwise substitute any outstanding Award, each such Award shall become immediately vested in full and, if applicable, become exercisable, each immediately prior to the Transfer of Control.

(d) Initial Public Offering. In the event of an initial public offering of capital stock made by the Company under the Securities Act, Participants shall not offer, sell, contract to sell, pledge, hypothecate, grant any option to purchase or make any short sale of, or otherwise dispose of any shares of capital stock of the Company or any rights to acquire capital stock of the Company for such period of time as may be established by the underwriter for such initial public offering; provided, however, that such period of time shall not exceed one hundred eighty (180) days from the effective date of the registration statement to be filed in connection with such initial public offering (or such longer period as the underwriters or the Company shall request in order to facilitate compliance with NASD Rule 2711).

16. **No Representations or Covenants with Respect to Tax Qualification**. Although the Company may endeavor to (1) qualify an Award for favorable or specific tax treatment under the laws of the United States or jurisdictions outside of the United States (e.g., incentive stock options under Section 422 of the Code) or (2) avoid adverse tax treatment (e.g., under Section 409A of the Code), the Company makes no representation to that effect and expressly disavows any covenant to maintain favorable or avoid unfavorable tax treatment, anything to the contrary in this Plan, notwithstanding. The Company shall be unconstrained in its corporate activities without regard to the potential negative tax impact on holders of Awards under the Plan. Nothing in this Plan or in an Award Agreement shall provide a basis for any person to take any action against the Company or any Affiliate based on matters covered by Section 409A of the Code, including the tax treatment of any Awards, and neither the Company nor any Affiliate will have any liability under any circumstances to the Participant or any other party if the Award that is intended to be exempt from, or compliant with, Section 409A of the Code, is not so exempt or compliant or for any action taken by the Administrator with respect thereto.

17. **Section 409A of the Code**. The Plan and all Awards granted under the Plan are intended to comply in all respects with or be exempt from all applicable requirements of Sections 409A of the Code and all regulations issued thereunder, and shall be interpreted for all purposes in accordance with this intent.

18. **Amendment and Termination of the Plan**. The Board may at any time amend or terminate the Plan, but except as provided for under the terms of the Plan, no amendment or termination shall be made that would materially and adversely affect the rights of any Participant under any outstanding Award, without his or her consent, as determined in the discretion of the Administrator,

unless such amendment is required to enable an Option designated as an Incentive Stock Option to qualify as an Incentive Stock Option. In addition, to the extent necessary and desirable to comply with Applicable Laws, the Company shall obtain the approval of holders of capital stock with respect to any Plan amendment in such a manner and to such a degree as required. If not sooner terminated by the Board, the Plan shall automatically terminate at the close of business on the tenth (10th) anniversary of the Effective Date.

19. **Conditions Upon Issuance of Shares**. Notwithstanding any other provision of the Plan or any agreement entered into by the Company pursuant to the Plan, the Company shall not be obligated, and shall have no liability for failure, to issue or deliver any Shares under the Plan unless such issuance or delivery would comply with Applicable Laws, with such compliance determined by the Company in consultation with its legal counsel (which may be in-house counsel). As a condition to the exercise of any Option or purchase of any Restricted Stock, the Company may require the person exercising the Option or purchasing the Restricted Stock to represent and warrant at the time of any such exercise or purchase that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is advisable or required by Applicable Laws. Shares issued upon exercise of Options or purchase of Restricted Stock prior to the date, if ever, on which the Common Stock becomes a Listed Security shall be subject to a right of first refusal in favor of the Company pursuant to which the Participant will be required to offer Shares to the Company before selling or transferring them to any third party on such terms and subject to such conditions as is reflected in the applicable Award Agreement.

20. **Joinder**. As a condition of issuing any Common Stock under or in respect of any Award, the Company may require the Participant to execute a joinder to any shareholders agreement, investor rights agreement, or similar document, as the same may be amended from time to time, on a form to be provided by the Company. Furthermore, the Company reserves the right to make the provisions of any such agreement apply to any holder of Stock issued upon the exercise of an Option by providing written notice to the registered holder of such stock accompanied by a copy of the applicable agreement or agreements. If any Participant proposes to sell, pledge or otherwise transfer any shares of Stock acquired pursuant to an Award under the Plan (the "Acquired Shares"), the Company shall have the right to repurchase the Acquired Shares under the terms and subject to the conditions set forth in Appendix A (the "**Right of First Refusal**").

21. **Notice**. All notices and other communications required or permitted to be given under the Plan shall be in writing and shall be deemed to have been duly given if delivered personally or mailed first class, postage prepaid, as follows: (a) if to the Company – at the principal business address of the Company to the attention of the General Counsel; and (b) if to any Participant – at the last address of the Participant on file with (or in the business records of) the Company or as otherwise known to the sender at the time the notice or other communication is sent.

22. **Beneficiaries**. If permitted by the Company, a Participant may designate one or more beneficiaries with respect to an Award by timely filing the prescribed form with the Company. A beneficiary designation may be changed by timing filing the prescribed form with the Company at any time before the Participant's death. Except as otherwise provided in an Award Agreement, if no beneficiary was designated or if no designated beneficiary survives the Participant, then after a Participant's death any vested Award(s) shall be transferred or distributed to the Participant's estate or to any person who has the right to acquire the Award by bequest or inheritance.

23. **Approval of Holders of Capital Stock**. If required by Applicable Laws, continuance of the Plan shall be subject to approval by the holders of capital stock of the Company within twelve (12) months before or after the date the Plan is adopted or, to the extent required by Applicable Laws, any date the Plan is amended. Such approval shall be obtained in the manner and to the degree required under Applicable Laws.

24. **Legends**. The Company may at any time place legends referencing any applicable federal or state securities law restriction on all certificates representing Shares subject to the provisions of the Plan as well as any legend required pursuant to any applicable shareholders agreement, investor rights agreement, or similar document. Participants shall, at the request of the Company, promptly present to the Company any and all certificates representing Shares acquired pursuant to the Plan in the possession of such Participants in order to effectuate the provisions of this paragraph. Unless otherwise specified by the Company, legends placed on such certificates may include, as applicable, the following:

(a) **THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAWS. THESE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION OR RESALE, AND MAY NOT BE SOLD, MORTGAGED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT FOR SUCH SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND ANY APPLICABLE STATE SECURITIES LAWS, OR THE AVAILABILITY OF AN EXEMPTION FROM, OR A TRANSACTION NOT SUBJECT TO, THE REGISTRATION PROVISIONS OF THE SECURITIES ACT OF 1933, AS AMENDED, AND ANY APPLICABLE STATE SECURITIES LAWS.**

(b) **THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A RIGHT OF FIRST REFUSAL OPTION IN FAVOR OF THE CORPORATION OR ITS ASSIGNEE SET FORTH IN THE CORPORATION'S STOCK OPTION PLAN A COPY OF WHICH IS ON FILE AT THE PRINCIPAL OFFICE OF THIS CORPORATION.**

(c) **THE SHARES REPRESENTED BY THIS CERTIFICATE WERE ISSUED BY THE CORPORATION TO THE REGISTERED HOLDER UPON EXERCISE OF AN INCENTIVE STOCK OPTION AS DEFINED IN SECTION 422 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED. THE TRANSFER AGENT FOR THE SHARES EVIDENCED HEREBY SHALL NOTIFY THE CORPORATION IMMEDIATELY OF ANY TRANSFER OF THE SHARES BY THE REGISTERED HOLDER HEREOF MADE ON OR BEFORE THE REGISTERED HOLDER SHALL HAVE HELD ALL SHARES PURCHASED UNDER THE OPTION IN THE REGISTERED HOLDER'S NAME (AND NOT IN THE NAME OF ANY NOMINEE) FOR A PERIOD OF ONE YEAR FROM THE DATE OF EXERCISE OF THE OPTION OR TWO YEARS FROM THE DATE OF GRANT OF THE OPTION.**

25. **Unfunded Status of Awards**. This Plan is intended to be an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any Parent, Subsidiary or Affiliate. This Plan is not intended to be subject to the Employee Retirement Income Security Act of 1974, as amended. Participants shall have no right, title, or interest whatsoever in or to any investments that the Company and/or its Parent, Subsidiaries or Affiliates may make to aid it in meeting its obligations under this Plan. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant, beneficiary, legal representative, or any other individual

26. **No Employment Rights**. Neither the Plan nor any Award shall confer upon any Employee or Consultant any right with respect to continuation of an employment or consulting relationship with the Company (any Parent, Subsidiary or Affiliate, or any other person or entity), nor shall it interfere in any way with such Employee's or Consultant's right or the Company's (Parent's, Subsidiary's or Affiliate's, or any other person's or entity's) right to terminate his or her employment or consulting relationship at any time, with or without Cause. Unless specifically provided otherwise, no grant of an Award shall be deemed salary or compensation for the purpose of computing benefits under any employee benefit plan or other arrangement of the Company for the benefit of its employees unless the Company shall determine otherwise

27. **Severability**. If any provision of the Plan or the application of any provision hereof to any person or circumstance is held to be invalid or unenforceable, the remainder of the Plan and the application of such provision to any other person or circumstance shall not be affected, and the provisions so held to be unenforceable shall be reformed to the extent (and only to the extent) necessary to make it enforceable and valid.

28. **Governing Law**. To the extent not governed by federal law, the Plan and all Award Agreements shall be construed in accordance with and governed by the laws of the State of North Carolina, without regard to the conflicts of law provisions of North Carolina.

29. **Binding Effect**: The terms of the Plan shall be binding upon the Company, and its successors and assigns.

30. **Additional Provisions**. Each Award Agreement may contain such other terms and conditions as the Administrator may determine; provided that such other terms and conditions are not inconsistent with the provisions of the Plan.

31. **Addenda**. The Administrator may approve such addenda to the Plan as it may consider necessary or appropriate for the purpose of granting Awards to Employees or Consultants, which Awards may contain such terms and conditions as the Administrator deems necessary, appropriate or desirable to accommodate differences in state or local law, tax policy or custom, which may deviate from the terms and conditions set forth in this Plan. The terms of any such addenda shall supersede the terms of the Plan to the extent necessary to accommodate such differences but shall not otherwise affect the terms of the Plan as in effect for any other purpose. The Administrator shall be entitled to create, amend or delete any such addenda to this Plan as specified herein.

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IN WITNESS WHEREOF, the undersigned Secretary of the Company certifies that the foregoing Plan was duly adopted by the Board of Directors of the Company on the 25th day of June, 2020 (such approval date, the "**Effective Date**").

AVIDXCHANGE, INC.

By: /s/ Ryan Stahl
Ryan Stahl, Secretary

Appendix A

Right of First Refusal

1. Notice of Proposed Transfer. Prior to any proposed transfer of the Acquired Shares, the Participant shall give a written notice (the "**Transfer Notice**") to the Company describing fully the proposed transfer, including the number of Acquired Shares, the name and address of the proposed transferee (the "**Proposed Transferee**"), the proposed transfer price and all other material terms and conditions of the proposed transfer.

2. Exercise of the Right of First Refusal. The Company shall have the right to purchase all, but not less than all, of the Acquired Shares at the purchase price and on the terms set forth in the Transfer Notice by delivery to the Participant of a notice of exercise of the Right of First Refusal within thirty (30) days after the date the Transfer Notice is delivered to the Company. The Company's exercise or failure to exercise the Right of First Refusal with respect to any proposed transfer described in a Transfer Notice shall not affect the Company's ability to exercise the Right of First Refusal with respect to any proposed transfer described in any other Transfer Notice, whether or not such other Transfer Notice is issued by the Participant or issued by any other person with respect to a proposed transfer to the same Proposed Transferee. If the Company exercises the Right of First Refusal, the Company and the Participant shall thereupon consummate the sale of the Acquired Shares to the Company on the terms set forth in the Transfer Notice; provided however, that if the Transfer Notice provides for the payment for the Acquired Shares other than in cash, the Company shall have the option of paying for the Acquired Shares by the discounted cash equivalent of the consideration described in the Transfer Notice as reasonably determined by the Administrator. For purposes of the foregoing, cancellation of any indebtedness of the Participant to the Company shall be treated as payment to the Participant in cash to the extent of the unpaid principal and any accrued interest cancelled.

3. Failure to Exercise the Right of First Refusal. If the Company fails to exercise the Right of First Refusal within the period specified in Paragraph 2 above, the Participant may conclude a transfer to the Proposed Transferee of the Acquired Shares on the terms and conditions described in the Transfer Notice, provided such transfer occurs not later than one hundred twenty (120) days following delivery to the Company of the Transfer Notice. Any proposed transfer on terms and conditions different from those described in the Transfer Notice, as well as any subsequent proposed transfer by the Participant, also shall be subject to the Right of First Refusal and shall require compliance by the Participant with the procedure described in this Appendix A.

4. Transferees of the Transfer Shares. All transferees of the Acquired Shares or any interest therein, other than the Company, shall be required as a condition of such transfer to agree in writing (in a form satisfactory to the Company) that such transferee shall receive and hold such Acquired Shares or interests subject to the provisions of this Appendix A providing for the Right of First Refusal with respect to any subsequent transfer.

5. Transfers Not Subject to the Right of First Refusal. The Right of First Refusal shall not apply to any transfer or exchange of the Acquired Shares if: (i) such transfer is in connection with a Transfer of Control; (ii) such transfer is to one or more members of the Participant's immediate family (or a trust for their benefit) provided all such transferees agree in writing to the restrictions of Paragraph 4; or (iii) such transfer has been approved by the Administrator, which approval may be granted or withheld in its sole discretion.

6. Assignment of the Right of First Refusal. The Company shall have the right to assign the Right of First Refusal at any time.

7. Stock Dividends Subject to First Refusal Right. If, from time to time, there is any dividend, stock split, recapitalization, reclassification or other change in the character or amount of any of the outstanding stock of the Company, the stock of which is subject to the provisions of an Award Agreement issued pursuant to the Plan, then, in such event, any and all new substituted or additional securities to which the Participant is entitled by reason of the Participant's ownership of the Acquired Shares shall be immediately subject to the Right of First Refusal with the same force and effect as the shares subject to the Right of First Refusal immediately before such event.

8. Early Termination of the Right of First Refusal. The other provisions of this Appendix A notwithstanding, the Right of First Refusal shall terminate, and be of no further force and effect, upon the earlier of (i) the occurrence of a Transfer of Control, unless the surviving, continuing, successor, or purchasing corporation, as the case may be, assumes the Company's rights and obligations under the Plan or (ii) the existence of a public market for the class of shares subject to the Right of First Refusal. A "public market" shall be deemed to exist if (x) such stock is listed on a national securities exchange (as that term is used in the Exchange Act) or (y) such stock is traded on the over-the-counter market and prices therefor are published daily on business days in a recognized financial journal.

9. Escrow. To ensure Shares subject to Right of First Refusal will be available for repurchase, the Company may require a Participant to deposit certificates evidencing the Acquired Shares in escrow with the Company or an agent of the Company.

INCENTIVE STOCK OPTION AGREEMENT

THE SECURITY REPRESENTED BY THIS AGREEMENT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY APPLICABLE STATE SECURITIES LAW AND HAS BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISPOSITION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

AVIDXCHANGE, INC.
INCENTIVE STOCK OPTION AGREEMENT

This Incentive Stock Option Agreement (the "**Option Agreement**") is between AvidXchange, Inc., a Delaware corporation (the "**Company**"), and (the "**Participant**"), and is dated as of (the "**Date of Grant**"). This Agreement is subject to the terms and conditions of the AvidXchange, Inc. Equity Incentive Plan, as such plan from time to time may be amended (the "**Plan**"), a copy of which has been provided to the Participant, receipt of which is hereby acknowledged. The terms of the Plan are incorporated into this Option Agreement by reference. In the case of any inconsistency between the Plan and this Option Agreement, the terms of the Plan shall control. Any term used in this Option Agreement that is defined in the Plan shall have the same meaning given to that term in the Plan. For purposes of this Option Agreement, the Vesting Commencement Date shall mean .

1. Grant of Incentive Stock Option. The Company hereby grants to the Participant an option to purchase Shares at an exercise price of per Share (the "**Option**"), subject to the terms and conditions set forth below.

This Option is intended to qualify as an "incentive stock option" under Section 422 of the Code, but the Company does not represent or warrant that the Option qualifies as such. To the extent that the Option fails to qualify as an Incentive Stock Option, it shall be deemed a Nonstatutory Stock Option. The Participant should consult with the Participant's own tax advisors regarding the tax effects of this Option and the requirements necessary to obtain favorable income tax treatment under Section 422 of the Code.

Notwithstanding any provision herein to the contrary, if the aggregate fair market value of the Shares with respect to which this Option and any other incentive stock option held by the Participant may be exercised (determined without regard to this provision) for the first time during any calendar year, as determined as of the Date of Grant and (if applicable) the dates of grant of such other incentive stock options and otherwise in accordance with Section 422(d) of the Code, exceeds One Hundred Thousand Dollars ($100,000), this Option shall be deemed a Nonstatutory Stock Option to the extent of such excess.

2. Administration. All questions of interpretation concerning this Option shall be determined by the Administrator and shall be final and binding upon all persons.

3. Vesting and Exercise of this Option.

(a) Right to Exercise. Subject to the Participant's continuous employment with or services to the Company through and until the applicable vesting date, this Option shall vest and become exercisable as set forth below, subject to the termination provisions of this Option Agreement and the Participant's acknowledgement and agreement that any Shares purchased upon exercise of this Option are subject to the Company's rights (including, but not limited to, repurchase rights) set forth in the Plan and the Company's bylaws, articles of incorporation, stockholders agreement and any similar agreements:

(i) On the first anniversary of the Vesting Commencement Date, this Option shall vest and may be exercised to purchase up to 25% of the Shares covered by this Option.

(ii) On each successive three-month anniversary thereafter, this Option shall vest and may be exercised to purchase up to an additional 6.25% of the Shares covered by this Option.

(iii) The foregoing provisions shall be interpreted such that on the fourth anniversary of the Vesting Commencement Date, this Option shall be vested in full and may be exercised to purchase up to 100% of the Shares covered by this Option.

The schedule set forth above is cumulative, so that shares as to which this Option has become exercisable on and after a date indicated by the schedule may be purchased pursuant to exercise of this Option at any subsequent date prior to termination of this Option. This Option may be exercised at any time and from time to time to purchase up to the number of the Shares covered by this Option as to which it is then exercisable.

(b) Method of Exercise. This Option shall be exercised by written notice to the Company in the form of the Notice of Exercise attached hereto. The written notice must be signed by the Participant and must be delivered in person or by certified mail, return receipt requested, or by electronic means as approved by the Company in its sole discretion, to the General Counsel, Chief Financial Officer or any other appropriate officer of the Company accompanied by full payment of the exercise price for the number of Shares covered by this Option that are being purchased. The Administrator may, in its discretion, authorize any alternative method of payment of the exercise price and any applicable withholding taxes in accordance with the terms of the Plan. Exercise of the Option shall not be effective, and no Shares shall be issued unless and until the exercise price and all applicable withholding taxes have been paid in full.

(c) Restrictions on Grant of this Option and Issuance of Shares. The grant of this Option and the issuance of the Shares upon exercise of this Option shall be subject to compliance with all applicable requirements of federal or state law with respect to such securities. This Option may not be exercised if the issuance of shares upon such exercise would constitute a violation of any applicable federal or state securities laws or other law or regulations. In addition, no Option may be exercised unless (i) a registration statement under the Securities Act of 1933, as amended (the "**Securities Act**"), and any applicable state securities laws shall at the time of exercise of this Option be in effect with respect to the Shares issuable upon exercise of this Option or (ii) in the opinion of legal counsel to the Company, the Shares issuable upon exercise of this Option may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act and any applicable state securities laws.

THE PARTICIPANT IS CAUTIONED THAT THIS OPTION MAY NOT BE EXERCISABLE UNLESS THE FOREGOING CONDITIONS ARE SATISFIED. ACCORDINGLY, THE PARTICIPANT MAY NOT BE ABLE TO EXERCISE THIS OPTION WHEN DESIRED EVEN THOUGH THIS OPTION IS EXERCISABLE PURSUANT TO THE TERMS HEREOF.

As a condition to the exercise of this Option, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

(d) Fractional Shares. The Company shall not be required to issue fractional shares upon the exercise of this Option.

4. Termination of Employment.

(a) Termination of Employment Other Than For Death or Disability. If the Participant ceases to be an employee of the Company for any reason except death or Disability, this Option, to the extent exercisable by the Participant on the date on which the Participant ceased to be an employee, may be exercised by the Participant until the earlier of (i) three (3) months after the date on which the Participant's employment terminates or (ii) the Option Term Date. Notwithstanding the foregoing, if the Participant's employment with the Company is terminated for Cause (as determined in good faith by the Company), the Participant shall forfeit any Shares acquired pursuant to this Option and 100% of this Option granted pursuant to this Option Agreement and this Option whether or not exercisable may not be exercised after the date on which the Participant's employment terminates.

(b) Termination of Employment on Death or Disability. If the Participant's employment with the Company is terminated because of the death or Disability of the Participant, this Option, to the extent exercisable by the Participant on the date on which the Participant ceased to be an employee, may be exercised by the

Participant (or the Participant's legal representative) until the earlier of (i) the expiration of twelve (12) months from the date the Participant's employment terminated or (ii) the Option Term Date. The Participant's employment shall be deemed to have terminated on account of death if the Participant dies within three (3) months after the Participant's termination of employment.

(c) No Continued Vesting After Termination. Except as otherwise provided in an employment, consulting or other services agreement applicable to the Participant, this Section 4 shall be interpreted such that no additional Shares covered by this Option shall vest and become exercisable after the date on which the Participant ceases to be an employee of the Company for any reason, notwithstanding any period after such cessation of employment during which any Shares covered by this Option may remain exercisable as provided in this paragraph.

(d) Breach of Restrictive Covenants. Notwithstanding anything to the contrary in this Option Agreement, in the event that the Participant materially violates the terms of any restrictive covenants to which the Participant and the Company or its Affiliates are parties, as determined by the Administrator in good faith, the Participant shall forfeit any Shares acquired pursuant to this Option and 100% of this Option granted pursuant to this Option Agreement, whether or not exercisable.

(e) Exercise Prevented by Law. Except as provided in Sections (a) and (b) above, this Option shall terminate and may not be exercised after the Participant's employment with the Company terminates. If, however, the Option is exercisable after the Participant's employment with the Company terminates under the terms of Section (a) or (b) above but the exercise of this Option in accordance with this paragraph is prevented by applicable securities laws, this Option shall remain exercisable until the earlier of (i) three (3) months after the date the Participant is notified by the Company that this Option is exercisable or (ii) the Option Term Date.

(f) Participant Subject to Section 16(b). Notwithstanding the foregoing, if the exercise of this Option within the applicable time periods set forth above would subject the Participant to suit under Section 16(b) of the Securities Exchange Act of 1934, as amended, this Option shall remain exercisable until the earliest to occur of (i) the tenth (10th) day following the date on which the Participant would no longer be subject to such suit, (ii) the one hundred ninetieth (190th) day after the Participant's termination of employment, or (iii) the Option Term Date.

(g) Leave of Absence. For purposes hereof, the Administrator shall have the discretion to determine whether and to what extent the vesting of this Option shall be tolled during any leave of absence; provided, however, that in the absence of such determination, vesting of this Option shall be tolled during any unpaid leave (unless otherwise required by Applicable Laws).

5. Termination of this Option. This Option shall terminate upon on the first to occur of: (a) the tenth anniversary of the Date of Grant (the "**Option Term Date**"); or (b) the last date for exercising this Option following termination of employment as described in this Option Agreement.

6. Non-Transferability of this Option. This Option may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution. This Option may be exercised during the Participant's lifetime only by the Participant. Upon the Participant's death, the vested portion of the Option may be exercised during the applicable period set forth in this Option Agreement by the Participant's beneficiary.

7. Rights as a Stockholder or Employee. Neither the Participant nor any person claiming through the Participant shall have any rights as a stockholder with respect to any Shares covered by this Option, unless and until the Option has been exercised, all conditions with respect to the issuance of such Shares upon exercise have been satisfied in full, and a certificate or certificates for the Shares for which this Option has been exercised has been issued to the Participant or the Participant's beneficiary or a book entry has been entered into the Company's ledger. Nothing in this Option Agreement shall confer upon the Participant any right to continue in the employ of the Company or interfere in any way with any right of the Company to terminate the Participant's employment at any time, for any reason.

8. Custody of Certificates. At the Company's election, custody of share certificates evidencing any Shares issued upon exercise of the Option may be retained by the Company or such Shares may be held in uncertificated or electronic form. Any share certificates issued to the Participant may bear any legend deemed necessary or appropriate by the Company to comply with applicable securities laws or to reflect any restrictions under this Option Agreement or the Plan.

9. Joinder to Investor Rights Agreement. As a condition of issuing any Shares upon exercise of the Option, the Company may require the Participant to execute a joinder to the investor rights agreements in substantially the form attached as Exhibit A, as may be modified from time to time, and/or other agreements then in effect, and to provide representations regarding the Participant's investment intent. To the extent the Participant becomes party to any such investor rights and/or other agreements, the terms and conditions of such agreements are hereby incorporated by reference into this Option Agreement.

10. Applicable Withholding Taxes. As a condition of exercise, the Participant agrees to pay, or make arrangements satisfactory to the Company to pay, any applicable withholding taxes that may be required in connection with the exercise of the Option.

11. Adjustment of Shares. The number and kind of Shares subject to the Option and the exercise price of the Option shall be subject to adjustment by the Administrator in accordance with Section 15 of the Plan.

12. Notice of Sales Upon Disqualifying Disposition. The Participant shall dispose of the shares acquired pursuant to this Option only in accordance with the provisions of this Option Agreement. In addition, the Participant shall promptly notify the General Counsel or Chief

Financial Officer of the Company if the Participant disposes of any of the shares acquired pursuant to this Option within one (1) year from the date the Participant exercises all or part of this Option or within two (2) years of the Date of Grant. Until such time as the Participant disposes of such shares in a manner consistent with the provisions of this Option Agreement, the Participant shall hold all shares acquired pursuant to this Option in the Participant's name (and not in the name of any nominee) for the one-year period immediately after exercise of this Option and the two-year period immediately after the Date of Grant. The Participant also agrees to provide the Company with any information concerning any such dispositions required by the Company for tax purposes. At any time during the one-year or two-year periods set forth above, the Company may place a legend or legends on any certificate or certificates representing shares acquired pursuant to this Option requesting the transfer agent for the Company's stock to notify the Company of any such transfers. The obligation of the Participant to notify the Company of any such transfer shall continue notwithstanding that a legend has been placed on the certificate or certificates pursuant to the preceding sentence.

13. Right of First Refusal. This Option shall be subject to a right of first refusal in favor of the Company, on the terms and conditions set forth in the Plan.

14. Binding Effect. This Option Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

15. Termination or Amendment. The Administrator may terminate or amend this Option Agreement at any time; provided, however, that no such termination or amendment may materially adversely affect this Option or any unexercised portion hereof, as determined in the discretion of the Administrator, without the consent of the Participant unless such amendment is required to enable this Option to qualify as an Incentive Stock Option or to satisfy any requirement of Section 409A of the Code.

16. Integrated Agreement. This Option Agreement, together with the Plan, constitute the entire understanding and agreement of the Participant and the Company with respect to the subject matter contained herein, and there are no other agreements, understandings, restrictions, representations, or warranties among the Participant and the Company with respect to the subject matter contained herein other than those as set forth or provided for herein and therein. To the extent contemplated herein, the provisions of this Option Agreement shall survive any exercise of this Option and shall remain in full force and effect.

17. Applicable Law. To the extent not governed by federal law, this Option Agreement shall be construed in accordance with and governed by the laws of the State of North Carolina, without regard to the conflicts of law provisions of North Carolina.

18. Waiver. Any failure of the Company to enforce at any time any provision of this Option Agreement shall not be deemed to be a waiver of such provision or any other provision of this Option Agreement.

AVIDXCHANGE, INC.

By: _____
Name:
Title:
Date:

The Participant represents that he or she is familiar with the terms and provisions of the Plan and this Option Agreement, and hereby accepts this Option subject to all of the terms and provisions thereof. The Participant has reviewed this Option Agreement in its entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option Agreement, and fully understands all provisions of the Option Agreement.

Participant Signature: _____

Participant Printed Name: _____

Dated: _____

FAILURE OF PARTICIPANT TO EXECUTE THIS OPTION AGREEMENT AND DELIVER IT TO THE COMPANY BY A DATE SET BY THE COMPANY AND COMMUNICATED TO THE PARTICIPANT SHALL RENDER THE AWARD AND THIS OPTION AGREEMENT NULL AND VOID AND OF NO FORCE AND EFFECT.

NOTICE OF EXERCISE

Date:

Company: AvidXchange, Inc.

Attention: Legal Department

Address: 1210 AvidXchange Lane
Charlotte, North Carolina 28206

Re: Exercise of Incentive Stock Option

Dear Sir or Madam:

Pursuant to the terms and conditions of the Incentive Stock Option Agreement dated as of (the "**Agreement**"), by and between ("**Participant**") and AvidXchange, Inc. (the "**Company**"), pursuant to the terms of the AvidXchange, Inc. Equity Incentive Plan. Participant hereby agrees to purchase shares (the "**Shares**") of the Common Stock of the Company and tenders payment in full for such Shares in accordance with the terms of the Agreement.

The Shares are being issued to Participant in a transaction not involving a public offering and pursuant to an exemption from registration under the Securities Act of 1933, as amended (the "1933 Act"). In connection with such purchase, Participant represents, warrants and agrees as follows:

1. The Shares are being purchased for the Participant's own account and not for the account of any other person, with the intent of holding the Shares for investment and not with the intent of participating, directly or indirectly, in a distribution or resale of the Shares or any portion thereof

2. The Participant is not acquiring the Shares based upon any representation, oral or written, by any person with respect to the future value of, or income from, the Shares, but rather upon independent examination and judgment as to the prospects of the Company.

3. The Participant has had complete access to and the opportunity to review all material documents related to the business of the Company, has examined all such documents as the Participant desired, is familiar with the business and affairs of the Company and realizes that any purchase of the Shares is a speculative investment and that any possible profit therefrom is uncertain.

4. The Participant has had the opportunity to ask questions of and receive answers from the Company and its executive officers and to obtain all information necessary for the Participant to make an informed decision with respect to the investment in the Company represented by the Shares.

5. The Participant is able to bear the economic risk of any investment in the Shares, including the risk of a complete loss of the investment, and the Participant acknowledges that he or she may need to continue to bear the economic risk of the investment in the Shares for an indefinite period.

6. The Participant understands and agrees that the Shares are being issued and sold to the Participant without registration under any state or federal laws relating to the registration of securities, in reliance upon exemptions from registration under appropriate state and federal laws based in part upon the representations of the Participant made herein.

7. The Company is under no obligation to register the Shares or to comply with any exemption available for sale of the Shares by the Participant without registration, and the Company is under no obligation to act in any manner so as to make Rule 144 promulgated under the 1933 Act available with respect to any sale of the Shares by the Participant.

8. The Participant has not relied upon the Company or an employee or agent of the Company with respect to any tax consequences related to exercise of this Option or the disposition of the Shares. The Participant assumes full responsibility for all such tax consequences and the filing of all tax returns and elections the Participant may be required to or find desirable to file in connection therewith.

Participant Signature: _____

Participant Printed Name: _____

Participant Address: _____

_____

Exhibit A

Joinder Agreement

AGREEMENT TO JOIN AS A PARTY TO
SEVENTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT

This Agreement to Join as a party to Seventh Amended and Restated Investor Rights Agreement, as amended (this "**Agreement**"), is entered into as of [ ], 2020, by and between AvidXchange, Inc., a Delaware corporation (the **Company**"), and [ ] (the "**Investor**").

WHEREAS, the Company is party to that certain Seventh Amended and Restated Investor Rights Agreement, dated October 1, 2019 (as amended from time to time, the "**Investor Rights Agreement**"; capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Investor Rights Agreement);

WHEREAS, Section 6.9 of the Investor Rights Agreement provides that the Company is entitled to include additional holders, purchasers and permitted transferees of its Common Stock and Preferred Stock as parties to the Investor Rights Agreement by amending the applicable exhibit of the Investor Rights Agreement to include such additional holders, purchasers and permitted transferees; and

WHEREAS, the Investor desires to join and assume the rights and obligations of a party under the Investor Rights Agreement.

NOW, THEREFORE, in consideration of the premises, the covenants of the parties set forth below and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. The Investor hereby acknowledges that it has received a copy of the Investor Rights Agreement and has had the opportunity to review the terms thereof and hereby joins as a Common Holder and agrees to be bound by the terms and conditions of the Investor Rights Agreement on the date hereof.

2. The Company hereby consents to the Investor joining as a Common Holder under the Investor Rights Agreement and to the addition of the name of the undersigned Investor to the applicable exhibit in the possession of the Company to such Investor Rights Agreement.

3. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware without regard to conflicts of laws principles.

4. This Agreement may be executed in one or more counterparts.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

AVIDXCHANGE, INC.

By: _____
Name: Michael Praeger
Title: Chief Executive Officer

INVESTOR

By: _____

Name: _____

NONSTATUTORY STOCK OPTION AGREEMENT

THE SECURITY REPRESENTED BY THIS AGREEMENT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY APPLICABLE STATE SECURITIES LAW AND HAS BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISPOSITION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

AVIDXCHANGE, INC.
NONSTATUTORY STOCK OPTION AGREEMENT

This Nonstatutory Stock Option Agreement (the "**Option Agreement**") is between AvidXchange, Inc., a Delaware corporation (the "**Company**"), and (the "**Participant**"), and is dated as of (the "**Date of Grant**"). This Agreement is subject to the terms and conditions of the AvidXchange, Inc. Equity Incentive Plan, as such plan from time to time may be amended (the "**Plan**"), a copy of which has been provided to the Participant, receipt of which is hereby acknowledged. The terms of the Plan are incorporated into this Option Agreement by reference. In the case of any inconsistency between the Plan and this Option Agreement, the terms of the Plan shall control. Any term used in this Option Agreement that is defined in the Plan shall have the same meaning given to that term in the Plan. For purposes of this Option Agreement, the Vesting Commencement Date shall mean .

1. Grant of Nonstatutory Stock Option. The Company hereby grants to the Participant an option to purchase Shares at an exercise price of per Share (the "**Option**"), subject to the terms and conditions set forth below.

   This Option is intended to be a nonstatutory or "nonqualified" stock option. The Participant should consult with the Participant's own tax advisors regarding the tax effects of this Option.

2. Administration. All questions of interpretation concerning this Option shall be determined by the Administrator and shall be final and binding upon all persons.

3. Vesting and Exercise of this Option.

   (a) Right to Exercise. Subject to the Participant's continuous employment with or services to the Company through and until the applicable vesting date, this Option shall vest and become exercisable as set forth below, subject to the termination provisions of this Option Agreement and the Participant's acknowledgement and agreement that any Shares purchased upon exercise of this Option are subject to the Company's rights (including, but not limited to, repurchase rights) set forth in the Plan and the Company's bylaws, articles of incorporation, stockholders agreement and any similar agreements:

(i) On the first anniversary of the Vesting Commencement Date, this Option shall vest and may be exercised to purchase up to 25% of the Shares covered by this Option.

(ii) On each successive three-month anniversary thereafter, this Option shall vest and may be exercised to purchase up to an additional 6.25% of the Shares covered by this Option.

(iii) The foregoing provisions shall be interpreted such that on the fourth anniversary of the Vesting Commencement Date, this Option shall be vested in full and may be exercised to purchase up to 100% of the Shares covered by this Option.

The schedule set forth above is cumulative, so that shares as to which this Option has become exercisable on and after a date indicated by the schedule may be purchased pursuant to exercise of this Option at any subsequent date prior to termination of this Option. This Option may be exercised at any time and from time to time to purchase up to the number of the Shares covered by this Option as to which it is then exercisable.

(b) Method of Exercise. This Option shall be exercised by written notice to the Company in the form of the Notice of Exercise attached hereto. The written notice must be signed by the Participant and must be delivered in person or by certified mail, return receipt requested, or by electronic means as approved by the Company in its sole discretion, to the General Counsel, Chief Financial Officer or any other appropriate officer of the Company accompanied by full payment of the exercise price for the number of Shares covered by this Option that are being purchased. The Administrator may, in its discretion, authorize any alternative method of payment of the exercise price and any applicable withholding taxes in accordance with the terms of the Plan. Exercise of the Option shall not be effective, and no Shares shall be issued unless and until the exercise price and all applicable withholding taxes have been paid in full.

(c) Restrictions on Grant of this Option and Issuance of Shares. The grant of this Option and the issuance of the Shares upon exercise of this Option shall be subject to compliance with all applicable requirements of federal or state law with respect to such securities. This Option may not be exercised if the issuance of shares upon such exercise would constitute a violation of any applicable federal or state securities laws or other law or regulations. In addition, no Option may be exercised unless (i) a registration statement under the Securities Act of 1933, as amended (the "**Securities Act**"), and any applicable state securities laws shall at the time of exercise of this Option be in effect with respect to the Shares issuable upon exercise of this Option or (ii) in the opinion of legal counsel to the Company, the Shares issuable upon exercise of this Option may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act and any applicable state securities laws.

THE PARTICIPANT IS CAUTIONED THAT THIS OPTION MAY NOT BE EXERCISABLE UNLESS THE FOREGOING CONDITIONS ARE SATISFIED. ACCORDINGLY, THE PARTICIPANT MAY NOT BE ABLE TO EXERCISE THIS OPTION WHEN DESIRED EVEN THOUGH THIS OPTION IS EXERCISABLE PURSUANT TO THE TERMS HEREOF.

As a condition to the exercise of this Option, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

(d) Fractional Shares. The Company shall not be required to issue fractional shares upon the exercise of this Option.

4. Termination of Employment.

(a) Termination of Employment Other Than For Death or Disability. If the Participant ceases to be an employee of the Company for any reason except death or Disability, this Option, to the extent exercisable by the Participant on the date on which the Participant ceased to be an employee, may be exercised by the Participant until the earlier of (i) three (3) months after the date on which the Participant's employment terminates or (ii) the Option Term Date. Notwithstanding the foregoing, if the Participant's employment with the Company is terminated for Cause (as determined in good faith by the Company), the Participant shall forfeit any Shares acquired pursuant to this Option and 100% of this Option granted pursuant to this Option Agreement and this Option whether or not exercisable may not be exercised after the date on which the Participant's employment terminates.

(b) Termination of Employment on Death or Disability. If the Participant's employment with the Company is terminated because of the death or Disability of the Participant, this Option, to the extent exercisable by the Participant on the date on which the Participant ceased to be an employee, may be exercised by the Participant (or the Participant's legal representative) until the earlier of (i) the expiration of twelve (12) months from the date the Participant's employment terminated or (ii) the Option Term Date. The Participant's employment shall be deemed to have terminated on account of death if the Participant dies within three (3) months after the Participant's termination of employment.

(c) No Continued Vesting After Termination. Except as otherwise provided in an employment, consulting or other services agreement applicable to the Participant, this Section 4 shall be interpreted such that no additional Shares covered by this Option shall vest and become exercisable after the date on which the Participant ceases to be an employee of the Company for any reason, notwithstanding any period after such cessation of employment during which any Shares covered by this Option may remain exercisable as provided in this paragraph.

(d) Breach of Restrictive Covenants. Notwithstanding anything to the contrary in this Option Agreement, in the event that the Participant materially violates the terms of any restrictive covenants to which the Participant and the Company or its Affiliates are parties, as determined by the Administrator in good faith, the Participant shall forfeit any Shares acquired pursuant to this Option and 100% of this Option granted pursuant to this Option Agreement, whether or not exercisable.

(e) Exercise Prevented by Law. Except as provided in Sections (a) and (b) above, this Option shall terminate and may not be exercised after the Participant's employment with the Company terminates. If, however, the Option is exercisable after the Participant's employment with the Company terminates under the terms of Section (a) or (b) above but the exercise of this Option in accordance with this paragraph is prevented by applicable securities laws, this Option shall remain exercisable until the earlier of (i) three (3) months after the date the Participant is notified by the Company that this Option is exercisable or (ii) the Option Term Date.

(f) Participant Subject to Section 16(b). Notwithstanding the foregoing, if the exercise of this Option within the applicable time periods set forth above would subject the Participant to suit under Section 16(b) of the Securities Exchange Act of 1934, as amended, this Option shall remain exercisable until the earliest to occur of (i) the tenth (10th) day following the date on which the Participant would no longer be subject to such suit, (ii) the one hundred ninetieth (190th) day after the Participant's termination of employment, or (iii) the Option Term Date.

(g) Leave of Absence. For purposes hereof, the Administrator shall have the discretion to determine whether and to what extent the vesting of this Option shall be tolled during any leave of absence; provided, however, that in the absence of such determination, vesting of this Option shall be tolled during any unpaid leave (unless otherwise required by Applicable Laws).

(h) Directors, Consultants and Advisors. In the event a Participant is a Consultant, including a Director, but not an employee of the Company at the time this Option is granted, termination of the Participant's status as a Consultant or Director, as applicable, of the Company shall be deemed to be termination of the Participant's employment.

5. Termination of this Option. This Option shall terminate upon on the first to occur of: (a) the tenth anniversary of the Date of Grant (the "**Option Term Date**"); or (b) the last date for exercising this Option following termination of employment as described in this Option Agreement.

6. Non-Transferability of this Option. This Option may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution. This Option may be exercised during the Participant's lifetime only

by the Participant. Upon the Participant's death, the vested portion of the Option may be exercised during the applicable period set forth in this Option Agreement by the Participant's beneficiary.

7. Rights as a Stockholder or Employee. Neither the Participant nor any person claiming through the Participant shall have any rights as a stockholder with respect to any Shares covered by this Option, unless and until the Option has been exercised, all conditions with respect to the issuance of such Shares upon exercise have been satisfied in full, and a certificate or certificates for the Shares for which this Option has been exercised has been issued to the Participant or the Participant's beneficiary or a book entry has been entered into the Company's ledger. Nothing in this Option Agreement shall confer upon the Participant any right to continue in the employ of the Company or interfere in any way with any right of the Company to terminate the Participant's employment at any time, for any reason.

8. Custody of Certificates. At the Company's election, custody of share certificates evidencing any Shares issued upon exercise of the Option may be retained by the Company or such Shares may be held in uncertificated or electronic form. Any share certificates issued to the Participant may bear any legend deemed necessary or appropriate by the Company to comply with applicable securities laws or to reflect any restrictions under this Option Agreement or the Plan.

9. Joinder to Investor Rights Agreement. As a condition of issuing any Shares upon exercise of the Option, the Company may require the Participant to execute a joinder to the investor rights agreements in substantially the form attached as Exhibit A, as may be modified from time to time, and/or other agreements then in effect, and to provide representations regarding the Participant's investment intent. To the extent the Participant becomes party to any such investor rights and/or other agreements, the terms and conditions of such agreements are hereby incorporated by reference into this Option Agreement.

10. Applicable Withholding Taxes. As a condition of exercise, the Participant agrees to pay, or make arrangements satisfactory to the Company to pay, any applicable withholding taxes that may be required in connection with the exercise of the Option.

11. Adjustment of Shares. The number and kind of Shares subject to the Option and the exercise price of the Option shall be subject to adjustment by the Administrator in accordance with Section 15 of the Plan.

12. [intentionally omitted]

13. Right of First Refusal. This Option shall be subject to a right of first refusal in favor of the Company, on the terms and conditions set forth in the Plan.

14. Binding Effect. This Option Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

15. Termination or Amendment. The Administrator may terminate or amend this Option Agreement at any time; provided, however, that no such termination or amendment may materially adversely affect this Option or any unexercised portion hereof, as determined in the discretion of the Administrator, without the consent of the Participant.

16. Integrated Agreement. This Option Agreement, together with the Plan, constitute the entire understanding and agreement of the Participant and the Company with respect to the subject matter contained herein, and there are no other agreements, understandings, restrictions, representations, or warranties among the Participant and the Company with respect to the subject matter contained herein other than those as set forth or provided for herein and therein. To the extent contemplated herein, the provisions of this Option Agreement shall survive any exercise of this Option and shall remain in full force and effect.

17. Applicable Law. To the extent not governed by federal law, this Option Agreement shall be construed in accordance with and governed by the laws of the State of North Carolina, without regard to the conflicts of law provisions of North Carolina.

18. Waiver. Any failure of the Company to enforce at any time any provision of this Option Agreement shall not be deemed to be a waiver of such provision or any other provision of this Option Agreement.

AVIDXCHANGE, INC.

By: _____
Name:
Title:
Date:

The Participant represents that he or she is familiar with the terms and provisions of the Plan and this Option Agreement, and hereby accepts this Option subject to all of the terms and provisions thereof. The Participant has reviewed this Option Agreement in its entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option Agreement, and fully understands all provisions of the Option Agreement.

Participant Signature: _____

Participant Printed Name: _____

Dated: _____

FAILURE OF PARTICIPANT TO EXECUTE THIS OPTION AGREEMENT AND DELIVER IT TO THE COMPANY BY A DATE SET BY THE COMPANY AND COMMUNICATED TO THE PARTICIPANT SHALL RENDER THE AWARD AND THIS OPTION AGREEMENT NULL AND VOID AND OF NO FORCE AND EFFECT.

NOTICE OF EXERCISE

Date:

Company: AvidXchange, Inc.

Attention: Legal Department

Address: 1210 AvidXchange Lane
Charlotte, North Carolina 28206

Re: Exercise of Nonstatutory Stock Option

Dear Sir or Madam:

Pursuant to the terms and conditions of the Nonstatutory Stock Option Agreement dated as of (the "**Agreement**"), by and between ("**Participant**") and AvidXchange, Inc. (the "**Company**"), pursuant to the terms of the AvidXchange, Inc. Equity Incentive Plan. Participant hereby agrees to purchase shares (the "**Shares**") of the Common Stock of the Company and tenders payment in full for such Shares in accordance with the terms of the Agreement.

The Shares are being issued to Participant in a transaction not involving a public offering and pursuant to an exemption from registration under the Securities Act of 1933, as amended (the "1933 Act"). In connection with such purchase, Participant represents, warrants and agrees as follows:

1. The Shares are being purchased for the Participant's own account and not for the account of any other person, with the intent of holding the Shares for investment and not with the intent of participating, directly or indirectly, in a distribution or resale of the Shares or any portion thereof

2. The Participant is not acquiring the Shares based upon any representation, oral or written, by any person with respect to the future value of, or income from, the Shares, but rather upon independent examination and judgment as to the prospects of the Company.

3. The Participant has had complete access to and the opportunity to review all material documents related to the business of the Company, has examined all such documents as the Participant desired, is familiar with the business and affairs of the Company and realizes that any purchase of the Shares is a speculative investment and that any possible profit therefrom is uncertain.

4. The Participant has had the opportunity to ask questions of and receive answers from the Company and its executive officers and to obtain all information necessary for the Participant to make an informed decision with respect to the investment in the Company represented by the Shares.

5. The Participant is able to bear the economic risk of any investment in the Shares, including the risk of a complete loss of the investment, and the Participant acknowledges that he or she may need to continue to bear the economic risk of the investment in the Shares for an indefinite period.

6. The Participant understands and agrees that the Shares are being issued and sold to the Participant without registration under any state or federal laws relating to the registration of securities, in reliance upon exemptions from registration under appropriate state and federal laws based in part upon the representations of the Participant made herein.

7. The Company is under no obligation to register the Shares or to comply with any exemption available for sale of the Shares by the Participant without registration, and the Company is under no obligation to act in any manner so as to make Rule 144 promulgated under the 1933 Act available with respect to any sale of the Shares by the Participant.

8. The Participant has not relied upon the Company or an employee or agent of the Company with respect to any tax consequences related to exercise of this Option or the disposition of the Shares. The Participant assumes full responsibility for all such tax consequences and the filing of all tax returns and elections the Participant may be required to or find desirable to file in connection therewith.

Participant Signature: _____

Participant Printed Name: _____

Participant Address: _____

_____

Exhibit A

Joinder Agreement

AGREEMENT TO JOIN AS A PARTY TO
SEVENTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT

This Agreement to Join as a party to Seventh Amended and Restated Investor Rights Agreement, as amended (this "**Agreement**"), is entered into as of [ ], 2020, by and between AvidXchange, Inc., a Delaware corporation (the **Company**"), and [ ] (the "**Investor**").

WHEREAS, the Company is party to that certain Seventh Amended and Restated Investor Rights Agreement, dated October 1, 2019 (as amended from time to time, the "**Investor Rights Agreement**"; capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Investor Rights Agreement);

WHEREAS, Section 6.9 of the Investor Rights Agreement provides that the Company is entitled to include additional holders, purchasers and permitted transferees of its Common Stock and Preferred Stock as parties to the Investor Rights Agreement by amending the applicable exhibit of the Investor Rights Agreement to include such additional holders, purchasers and permitted transferees; and

WHEREAS, the Investor desires to join and assume the rights and obligations of a party under the Investor Rights Agreement.

NOW, THEREFORE, in consideration of the premises, the covenants of the parties set forth below and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. The Investor hereby acknowledges that it has received a copy of the Investor Rights Agreement and has had the opportunity to review the terms thereof and hereby joins as a Common Holder and agrees to be bound by the terms and conditions of the Investor Rights Agreement on the date hereof.

2. The Company hereby consents to the Investor joining as a Common Holder under the Investor Rights Agreement and to the addition of the name of the undersigned Investor to the applicable exhibit in the possession of the Company to such Investor Rights Agreement.

3. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware without regard to conflicts of laws principles.

4. This Agreement may be executed in one or more counterparts.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

AVIDXCHANGE, INC.

By: _____
Name: Michael Praeger
Title: Chief Executive Officer

INVESTOR

By: _____

Name: _____

FORM OF

RESTRICTED STOCK UNIT AGREEMENT

THE SECURITY REPRESENTED BY THIS AGREEMENT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY APPLICABLE STATE SECURITIES LAW AND HAS BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISPOSITION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

AVIDXCHANGE, INC.
RESTRICTED STOCK UNIT AGREEMENT

This Restricted Stock Unit Agreement (the "**RSU Agreement**") is between AvidXchange, Inc., a Delaware corporation (the "**Company**"), and (the "**Participant**"), and is dated as of (the "**Date of Grant**"). This Agreement is subject to the terms and conditions of the AvidXchange, Inc. Equity Incentive Plan, as such plan from time to time may be amended (the "**Plan**"), a copy of which has been provided to the Participant, receipt of which is hereby acknowledged. The terms of the Plan are incorporated into this RSU Agreement by reference. In the case of any inconsistency between the Plan and this RSU Agreement, the terms of the Plan shall control. Any term used in this RSU Agreement that is defined in the Plan shall have the same meaning given to that term in the Plan. For purposes of this RSU Agreement, the Vesting Commencement Date shall mean .

1. Grant of Restricted Stock Units. The Company hereby grants to the Participant [ ] Restricted Stock Units as of the Date of Grant (the "**RSUs**"). Each RSU represents the right to receive one Share upon satisfaction of the terms and conditions set forth in this RSU Agreement.

2. Administration. All questions of interpretation concerning the RSUs shall be determined by the Administrator and shall be final and binding upon all persons.

3. Vesting and Forfeiture of the Restricted Stock Units.

   (a) Vesting Schedule. Subject to the Participant's continuous employment with or services to the Company through and until the applicable vesting date, the RSUs shall be subject to time-based and performance-based vesting conditions. For the avoidance of doubt, both the time-based and performance-based vesting condition must be satisfied with respect to any RSU in order for such RSU to vest.

   The vesting of any RSUs shall also be subject to the termination provisions of this RSU Agreement and the Participant's acknowledgement and agreement that any Shares issued pursuant to this RSU Agreement are subject to the Company's rights

(including, but not limited to, repurchase rights) set forth in the Plan and the Company's bylaws, articles of incorporation, stockholders agreement and any similar agreements.

Subject to the Participant's continuous employment with or services to the Company through and until the applicable vesting date, the time-based vesting conditions shall lapse pursuant to the following schedule:

(i) On the first anniversary of the Vesting Commencement Date, 25% of the RSUs shall be deemed to have satisfied the time-based vesting condition.

(ii) On each successive three month anniversary thereafter, an additional 6.25% of the RSUs shall be deemed to have satisfied the time-based vesting condition.

(iii) The foregoing provisions shall be interpreted such that on the fourth anniversary of the Vesting Commencement Date, 100% of the RSUs shall be deemed to have satisfied the time-based vesting condition.

Except as provided in subsection (d) below, subject to the Participant's continuous employment with or services to the Company through and until the applicable vesting date, the performance-based vesting condition shall lapse upon the occurrence of (A) an initial public offering of capital stock made by the Company under the Securities Act or (B) a Transfer of Control (as defined in the Plan), in each case within the seven year period beginning on the Date of Grant, if any (collectively, the "Performance-Based Vesting Condition").

(b) Termination of Employment for Cause. Notwithstanding anything to the contrary in this RSU Agreement, if the Participant's employment with the Company is terminated for Cause (as determined in good faith by the Company), the Participant shall forfeit any Shares acquired pursuant to this RSU Agreement and 100% of the RSUs, whether vested or unvested.

(c) Breach of Restrictive Covenants. Notwithstanding anything to the contrary in this RSU Agreement, in the event that the Participant materially violates the terms of any restrictive covenants to which the Participant and the Company or its Affiliates are parties, as determined by the Administrator in good faith, the Participant shall forfeit any Shares acquired pursuant to this RSU Agreement and 100% of the RSUs, whether vested or unvested.

(d) Limited Continued Vesting After Termination. In the event the Participant's employment with the Company is terminated other than for Cause, any RSUs for which the time-based vesting condition have been satisfied as of such termination shall remain outstanding and shall vest in full in the event the Performance-Based Vesting Condition is satisfied within the three year period following the Participant's termination. Except as otherwise provided herein or in an employment agreement applicable to the Participant, this Section 3 shall be interpreted such that no additional RSUs vest after the date on which the Participant ceases to be an employee of the Company, for any reason.

(e) Leave of Absence. For purposes hereof, the Administrator shall have the discretion to determine whether and to what extent the vesting of the RSUs shall be tolled during any leave of absence; provided, however, that in the absence of such determination, vesting of the RSUs shall be tolled during any unpaid leave (unless otherwise required by Applicable Laws).

(f) Directors, Consultants and Advisors. In the event the Participant is a director or consultant or advisor but not an employee of the Company at the time the RSUs are granted, termination of the Participant's status as a director or consultant or advisor of the Company shall be deemed to be termination of the Participant's employment.

4. Settlement of Restricted Stock Units.

(a) General. The RSUs shall be settled by the Company delivering to the Participant (or after the Participant's death, the Participant' beneficiary), on the applicable Scheduled Settlement Date, a number of Shares equal to the number of RSUs vested as of such date, together with any related Dividend Equivalents (as defined below).

(b) Payment. Notwithstanding the foregoing, the Administrator reserves the right to determine whether RSUs may be paid in cash, Shares, or a fixed combination of Shares or cash on the applicable Scheduled Settlement Date.

(c) Dividend Equivalents. If the Company pays cash or stock dividends on the Common Stock, an amount equal to (i) the dollar amount of such cash dividend or (ii) the Fair Market Value of such stock dividend will be credited to a dividend book entry account on behalf of the Participant with respect to each vested and unvested RSU (a "**Dividend Equivalent**"). Credits on account of cash dividends will be held uninvested and will not accrue interest. Credits on account of stock dividends will be deemed to be reinvested in shares of Common Stock. All Dividend Equivalents will be paid in cash if and when the corresponding RSUs are settled.

(d) Timing. For purposes of this RSU Agreement, the "Scheduled Settlement Date" in the event of an initial public offering of capital stock made by the Company under the Securities Act shall not occur until on or after the six month anniversary of the initial public offering. Notwithstanding the foregoing or anything herein to the contrary, in no event shall the "Scheduled Settlement Date" occur after March 15 of the calendar year following the year in which the RSUs vest, even if such date occurs prior to the six month anniversary in the case of an initial public offering.

(e) Delivery Delay. The delivery of any certificate representing the Shares may be postponed by the Company for such period as may be required for it to comply with any applicable foreign, federal, state or provincial securities law, or any national securities exchange listing requirements, and the Company is not obligated to issue or deliver any Shares if, in the opinion of counsel for the Company, such issuance

or delivery constitutes a violation by the Participant or the Company of any provisions of any applicable foreign, federal, state or provincial law or of any regulations of any governmental authority or any national securities exchange.

(f) Restrictions on Grant of the RSUs and Issuance of Shares. The grant of the RSUs and the issuance of any Shares pursuant to this RSU Agreement shall be subject to compliance with all applicable requirements of federal or state law with respect to such securities. No Shares may be issued pursuant to this RSU Agreement if such issuance would constitute a violation of any applicable federal or state securities laws or other law or regulations. In addition, no Shares may be issued pursuant to this RSU Agreement unless (i) a registration statement under the Securities Act of 1933, as amended (the "**Securities Act**"), and any applicable state securities laws shall at the time of issuance be in effect with respect to the Shares issuable pursuant to this RSU Agreement or (ii) in the opinion of legal counsel to the Company, the Shares issuable pursuant to this RSU Agreement may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act and any applicable state securities laws.

As a condition to the issuance of Shares pursuant to this RSU Agreement, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

(g) Fractional Shares. The Company shall not be required to issue fractional shares pursuant to this RSU Agreement.

5. Non-Transferability of the Restricted Stock Units. The RSUs may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution.

6. Rights as a Stockholder or Employee. Neither the Participant nor any person claiming through the Participant shall have any rights as a stockholder with respect to any RSUs, unless and until the Participant has become the holder of record of the Shares, all conditions with respect to the issuance of such Shares have been satisfied in full, and a certificate or certificates for the Shares has been issued to the Participant or the Participant's beneficiary or a book entry has been entered into the Company's ledger. Nothing in this RSU Agreement shall confer upon the Participant any right to continue in the employ of the Company or interfere in any way with any right of the Company to terminate the Participant's employment at any time, for any reason.

7. Custody of Certificates. At the Company's election, custody of share certificates evidencing any Shares issued pursuant to this RSU Agreement may be retained by the Company or such Shares may be held in uncertificated or electronic form. Any share certificates issued to the Participant may bear any legend deemed necessary or appropriate by the Company to comply with applicable securities laws or to reflect any restrictions under this RSU Agreement or the Plan.

8. Joinder to Investor Rights Agreement. As a condition of issuing any Shares pursuant to this RSU Agreement, the Company may require the Participant to execute a joinder to the investor rights agreements in substantially the form attached as Exhibit A, as may be modified from time to time, and/or other agreements then in effect, and to provide representations regarding the Participant's investment intent. To the extent the Participant becomes party to any such investor rights and/or other agreements, the terms and conditions of such agreements are hereby incorporated by reference into this RSU Agreement.

9. Applicable Withholding Taxes. The Participant agrees to pay, or make arrangements satisfactory to the Company to pay, any applicable withholding taxes that the Company may be required to withhold at any time. The Administrator may, in its discretion, authorize payment of any applicable withholding taxes, in lieu of cash, in Shares to which the Participant has good title, free and clear of all liens and encumbrances, or by withholding Shares which would otherwise be issuable pursuant to this RSU Agreement (based on the Fair Market Value thereof as of the date of issuance), or in any combination of cash and Shares, or in any other manner that the Administrator may approve in its sole discretion.

10. Adjustment of Shares. The number and kind of Shares subject to the RSUs shall be subject to adjustment by the Administrator in accordance with Section 15 of the Plan.

11. Right of First Refusal. The RSUs shall be subject to a right of first refusal in favor of the Company, on the terms and conditions set forth in the Plan.

12. Binding Effect. This RSU Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

13. Termination or Amendment. The Administrator may terminate or amend this RSU Agreement at any time; provided, however, that no such termination or amendment may materially adversely affect the RSUs, as determined in the discretion of the Administrator, without the consent of the Participant unless such amendment is required to enable the RSUs to satisfy any requirement of Section 409A of the Code.

14. Integrated Agreement. This RSU Agreement, together with the Plan, constitute the entire understanding and agreement of the Participant and the Company with respect to the subject matter contained herein, and there are no other agreements, understandings, restrictions, representations, or warranties among the Participant and the Company with respect to the subject matter contained herein other than those as set forth or provided for herein and therein. To the extent contemplated herein, the provisions of this RSU Agreement shall survive any issuance of Shares pursuant to this RSU Agreement and shall remain in full force and effect.

15. Applicable Law. To the extent not governed by federal law, this RSU Agreement shall be construed in accordance with and governed by the laws of the State of North Carolina, without regard to the conflicts of law provisions of North Carolina.

16. Waiver. Any failure of the Company to enforce at any time any provision of this RSU Agreement shall not be deemed to be a waiver of such provision or any other provision of this RSU Agreement.

AVIDXCHANGE, INC.

By: _____
Name:
Title:
Date:

The Participant represents that he or she is familiar with the terms and provisions of the Plan and this RSU Agreement, and hereby accepts these Restricted Stock Units subject to all of the terms and provisions thereof. The Participant has reviewed this RSU Agreement in its entirety, has had an opportunity to obtain the advice of counsel prior to executing this RSU Agreement, and fully understands all provisions of the RSU Agreement.

Participant Signature: _____

Participant Printed Name: _____

Dated: _____

FAILURE OF PARTICIPANT TO EXECUTE THIS RSU AGREEMENT AND DELIVER IT TO THE COMPANY BY A DATE SET BY THE COMPANY AND COMMUNICATED TO THE PARTICIPANT SHALL RENDER THE AWARD AND THIS RSU AGREEMENT NULL AND VOID AND OF NO FORCE AND EFFECT.

Exhibit A

Joinder Agreement

AGREEMENT TO JOIN AS A PARTY TO
SEVENTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT

This Agreement to Join as a party to Seventh Amended and Restated Investor Rights Agreement, as amended (this "**Agreement**"), is entered into as of [ ], 2020, by and between AvidXchange, Inc., a Delaware corporation (the **Company**"), and [ ] (the "**Investor**").

WHEREAS, the Company is party to that certain Seventh Amended and Restated Investor Rights Agreement, dated October 1, 2019 (as amended from time to time, the "**Investor Rights Agreement**"; capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Investor Rights Agreement);

WHEREAS, Section 6.9 of the Investor Rights Agreement provides that the Company is entitled to include additional holders, purchasers and permitted transferees of its Common Stock and Preferred Stock as parties to the Investor Rights Agreement by amending the applicable exhibit of the Investor Rights Agreement to include such additional holders, purchasers and permitted transferees; and

WHEREAS, the Investor desires to join and assume the rights and obligations of a party under the Investor Rights Agreement.

NOW, THEREFORE, in consideration of the premises, the covenants of the parties set forth below and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. The Investor hereby acknowledges that it has received a copy of the Investor Rights Agreement and has had the opportunity to review the terms thereof and hereby joins as a Common Holder and agrees to be bound by the terms and conditions of the Investor Rights Agreement on the date hereof.

2. The Company hereby consents to the Investor joining as a Common Holder under the Investor Rights Agreement and to the addition of the name of the undersigned Investor to the applicable exhibit in the possession of the Company to such Investor Rights Agreement.

3. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware without regard to conflicts of laws principles.

4. This Agreement may be executed in one or more counterparts.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

AVIDXCHANGE, INC.

By: _____
Name: Michael Praeger
Title: Chief Executive Officer

[INVESTOR]

By: _____
Name: [ ]
Title: [ ]

AvidXchange Holdings, Inc.
2021 Long-Term Incentive Plan

Plan Document

Adopted by the Board of Directors: September 15, 2021
Approved by the Stockholders: September 30, 2021

1. **General.**

(a) *Purpose.* AvidXchange Holdings, Inc. hereby establishes this AvidXchange Holdings, Inc. 2021 Long-Term Incentive Plan (the "***Plan***"). This Plan is intended (i) to attract and retain the best available personnel to ensure the Company's success and accomplish the Company's goals; (ii) to incentivize Employees, Directors, and Consultants with long-term equity-based compensation to align their interests with the interests of the Company's stockholders; and (iii) to promote the success of the Company's business.

(b) *Eligible Award Recipients.* Employees, Consultants, and Directors (together, "***Eligible Persons***") may receive Awards, subject to the terms of this Plan.

(c) *Definitions.* Capitalized terms in this Plan are defined in Section 24.

(d) *Stockholder Approval.* The Plan is subject to approval by the stockholders of the Company within twelve (12) months after the date on which the Plan is adopted by the Board and such approval shall be obtained by a majority of votes cast at a duly held meeting of the Company's stockholders or by such other stockholder vote that the Committee determines to be sufficient for the issuance of Shares and Awards according to the Company's governing documents and Applicable Law.

(e) *Effect on Other Plans, Awards, and Arrangements*. No payment pursuant to this Plan shall be taken into account in determining any benefits under any Company or any Affiliate benefit plan, except to the extent otherwise expressly provided in writing in such other plan.

2. **Types of Awards.** The Company may grant the following types of Awards under this Plan:

Options	Section 5
Share Appreciation Rights ("***SARs***")	Section 6
Restricted Shares, Restricted Share Units ("***RSUs***"), and Unrestricted Shares	Section 7
Deferred Share Units ("***DSUs***")	Section 8
Dividend Equivalent Rights	Section 9

3. **Shares Available for Awards.**

(a) *Share Reserve.* The number of Shares that may be issued under this Plan, subject to Section 12 below, will not exceed the sum of 4,505,755 new Shares, plus a number of Shares equal to the number of Returning Shares, if any, as such Shares become available from time to

time. In addition, the number of Shares issuable pursuant to the Plan will automatically increase on January 1st of each year for a period of up to ten years, commencing on the first January 1 following the year in which the IPO Date occurs and ending on (and including) January 1, 2031, in an amount equal to the lesser of (i) 5% of the total number of Shares outstanding on December 31st of the preceding calendar year, or (ii) 4,505,755 Shares. Notwithstanding the foregoing, the Board may act prior to the first day of any calendar year to provide that there will be no January 1st increase in the share reserve for such calendar year or that the increase in the share reserve for such calendar year will be a lesser number of Shares than would otherwise occur pursuant to the preceding sentence. The Shares issuable pursuant to Awards shall be authorized but unissued or reacquired Shares, including Shares that the Company repurchased on the open market or otherwise, or that the Company otherwise holds in treasury or trust.

(b) *Replenishment; Counting of Shares.* Any Shares reserved for a given Award will again be available for future Awards if the Shares for any reason will never be issued to a Participant or Beneficiary (*e.g.*, due to the Award's forfeiture, cancellation, or expiration, or pursuant to an Award providing for settlement solely in cash rather than in Shares). Furthermore, (i) Shares withheld in connection with any exercise price or Withholding Taxes relating to an Award shall not constitute shares delivered to the Participant and shall again be available for issuance pursuant to Awards granted under the Plan, (ii) Shares tendered by a Participant in satisfaction of Withholding Taxes or payment of exercise price, and (iii) Shares reacquired by the Company in exchange for a payment no greater than the initial purchase price in connection with a repurchase due to a failure satisfy vesting conditions shall be available for future Awards under the Plan.

(c) *ISO Share Reserve.* The number of Shares that are available for ISO Awards shall not exceed 4,505,755 Shares (as adjusted under Section 12, and to the full extent allowable under Treasury Regulations Section 1.422-2(b)(3)(iii) as in effect on the IPO Date).

4. **Eligibility.**

(a) *General Rule*. The Committee shall determine which Eligible Persons may receive Awards. Each Award shall be evidenced by an Award Agreement that: sets forth the Grant Date and all other terms and conditions of the Award and (unless waived by the Committee) is signed by the Eligible Person in acceptance of the Award. The grant of an Award shall not obligate the Company or any Affiliate to continue the employment or service of any Eligible Person, or to provide any future Awards or other remuneration at any time thereafter.

(b) *Consultants*. A Consultant is eligible for an Award only if, at grant, the Consultant is a person to whom the issuance of Shares may be registered on Form S-8 promulgated under the Securities Act.

(c) *Service to Parent Companies.* Awards may not be granted to Employees, Directors and Consultants who are providing Continuous Service only to any "parent" of the Company, as defined in Rule 405 promulgated under the Securities Act, unless (i) the stock underlying the Awards is treated as "service recipient stock" under Code Section 409A (for example, because the Awards are granted pursuant to a corporate transaction such as a spin off transaction), or (ii) the Company, in consultation with its legal counsel, has determined that the Awards are otherwise exempt from, or alternatively comply with, Code Section 409A, or that the "service recipient stock" requirements thereunder otherwise do not apply.

(d) *Replacement Awards*. Subject to Applicable Law (including any stockholder approval requirements), in the Committee's sole discretion and upon terms it deems appropriate, the Committee may grant an Award to a Participant on the condition that the Participant consent to surrender for cancellation Awards received under this Plan or otherwise.

5. **Stock Options.**

(a) *Grants.* For U.S. Taxpayers, Options may be granted only if the Eligible Person is providing services to the Company or any of its subsidiaries such as to qualify the Company as an eligible issuer of "service recipient share" within the meaning of Code Section 409A, unless the Award is an ISO. Subject to the special rules for ISOs set forth in Section 5(b) below, the Committee may grant Options to Eligible Persons pursuant to Award Agreements setting forth the type of Option (ISO or Non-ISO) and terms and conditions for exercisability, vesting, and other requirements consistent with this Plan, as the Committee deems appropriate, and that may differ for any reason between Eligible Persons, ***provided*** in all instances that, with respect to Options granted to U.S. Taxpayers:

(i) the exercise price of each Option shall be at least 100% of the Fair Market Value of the underlying Shares on the Grant Date (except the exercise price may be lower than 100% of such Fair Market Value if the Award is designated as a "***Section 409A Award***" and has a fixed exercise date or is otherwise designed to comply with Code Section 409A); and

(ii) no Option can be exercised beyond ten (10) years after its Grant Date (or any such shorter period specified in the Award Agreement).

(b) *Special ISO Provisions*. ISOs may not be granted more than ten (10) years after Board approval of this Plan and may not be exercised beyond 10 years after the Grant Date (or any such shorter period specified in the Award Agreement). The following provisions control any ISO grants.

(i) Eligibility. The Committee may grant ISOs only to Employees (including officers who are Employees) of the Company or an Affiliate that is a "parent corporation" or "subsidiary corporation" within the meaning of Code Section 424.

(ii) Documentation. Each Option intended to be an ISO must be specifically designated as an ISO in the Award Agreement; ***provided*** that any Option designated as an ISO will be a Non-ISO to the extent the Option does not meet the requirements of Code Section 422 or the provisions of this Section 5(b). In the case of an ISO, the Committee shall determine on the Grant Date the acceptable methods of paying the exercise price for Shares, and it shall be included in the Award Agreement.

(iii) $100,000 Limit. To the extent that the aggregate Fair Market Value (determined at the Grant Date) of Shares with respect to which ISOs are exercisable for the first time by a Participant during any calendar year (under all plans of the Company and any Affiliates) exceeds $100,000 (or other limit established in the Code), the excess Options or portions thereof shall be treated as Non-ISOs (starting with the most recently granted Options), notwithstanding anything to the contrary in an Award Agreement. If the limitations of Code Section 422 are amended, the limitations of this subsection automatically shall be adjusted accordingly.

(iv) Grants to Ten Percent Holders. An ISO may be granted to an Employee who is a Ten Percent Holder on the Grant Date only if (A) the term of the ISO is no more than five years from the Grant Date, and (B) the exercise price is at least 110% of the Fair Market Value of the underlying Shares on the Grant Date. If the limitations in Code Section 422 are amended, the limitations of this subsection automatically shall be adjusted accordingly.

(v) Substitution of Options. If the Company or an Affiliate acquires (whether by purchase, merger, or otherwise) all or substantially all outstanding capital stock or assets of another corporation, or in the event of any reorganization or other transaction qualifying under Code Section 424, the Committee may, in accordance with the provisions of that Code Section, substitute ISOs for ISOs previously granted under the plan of the acquired company or its affiliate, ***provided*** (A) the excess of the aggregate Fair Market Value of the Shares subject to an ISO immediately after the substitution over the aggregate exercise price of such shares is not more than the similar excess immediately before the substitution, and (B) the new ISO does not give additional benefits to the Participant, including any extension of the exercise period.

(vi) Notice of Disqualifying Dispositions. By executing an ISO Award Agreement, a Participant agrees to notify the Company in writing immediately after the Participant sells, transfers or otherwise disposes of any Shares acquired pursuant to an exercise of the ISO, if such disposition occurs within either (A) two years of the Grant Date, or (B) one year after the applicable exercise date of such ISO. Each Participant further agrees to provide any information about a disposition of Shares as may be requested by the Company to assist it in complying with any Applicable Laws.

(c) *Method of Exercise.* Unless otherwise provided in an Award Agreement, each Option may be exercised in whole or in part (***provided*** that the Company shall not be required to issue fractional shares) before it expires, but only pursuant to the applicable Award Agreement, and not during any exercise blackout periods the Committee implements from time to time in its sole discretion. Exercise shall occur by delivery of both (x) written or electronic notice of exercise to the secretary of the Company, and (y) payment of the full exercise price for the Shares being purchased. The methods of payment that the Committee may in its discretion accept or commit to accept in an Award Agreement include:

(i) cash or check payable to the Company (in U.S. dollars);

(ii) other Shares that (A) are owned by the Participant, (B) 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 being exercised, (C) at the time of the surrender are free and clear of any and all claims, pledges, liens and encumbrances, or any restrictions on the transfer of such Shares to or by the Company (other than such restrictions as may have existed prior to an issuance of such Shares by the Company to the Participant), and (D) are duly endorsed for transfer to the Company; ***provided*** that doing so would not violate the provisions of any Applicable Law or agreement restricting the redemption of the Company's Shares;

(iii) a net exercise by surrendering to the Company Shares otherwise receivable on exercise of the Option (*e.g.*, the Company will reduce the number of Shares issued upon exercise of the Option by the largest whole number of Shares with a Fair Market Value that does not exceed the aggregate exercise price); ***provided*** that the Company consents at the time of exercise, the Option is a Non-ISO, the Participant pays any remaining balance of the aggregate exercise price not satisfied by the "net exercise" in cash or other permitted form of payment, and Shares will no longer be outstanding under the Option and will not be exercisable thereafter if those Shares (A) are used to pay the exercise price pursuant to the "net exercise," (B) are delivered to the Participant as a result of such exercise, or (C), if so permitted by the Company, are withheld to satisfy the Participant's Withholding Taxes;

(iv) a cashless exercise program that the Committee may approve, from time to time in its discretion, pursuant to which a Participant may elect to concurrently provide irrevocable instructions (A) to the Participant's broker or dealer to effect the immediate sale of the purchased Shares and remit to the Company, out of the sale proceeds available on the settlement date, sufficient funds to cover the exercise price of the Option plus all applicable Withholding Taxes, and (B) to the Company to deliver the certificates for the purchased Shares directly to the broker or dealer in order to complete the sale;

(v) any combination of the foregoing methods of payment; or

(vi) any other form of legal consideration acceptable to the Committee in its sole discretion.

The Company shall not be required to deliver Shares pursuant to the exercise of an Option and an Option will not be deemed exercised until the Company has received sufficient funds or value to cover the full exercise price due and all applicable Withholding Taxes.

(d) *Termination of Continuous Service*. The Committee may set forth in the applicable Award Agreement the terms and conditions by which an Option is exercisable, if at all, after the date of a Participant's termination of Continuous Service. The Committee may waive or modify these provisions at any time. To the extent that a Participant is not entitled to exercise an Option on the date of a Participant's termination of Continuous Service, or if the Participant (or other Person entitled to exercise the Option) does not exercise the Option within the time specified in the Award Agreement or below (as applicable), the Option shall terminate, unless the Award Agreement provides otherwise. Notwithstanding the foregoing, if the Company has a contingent contractual obligation to provide for accelerated vesting or extended exercisability of a Participant's Options after termination of the Participant's Continuous Service, such Options shall remain outstanding, until the maximum contractual time for determining whether such contingency will occur, and terminate at such time if the contingency has not then occurred; ***provided*** that for Options held by U.S. Taxpayers the foregoing shall not cause an Option to be exercisable after the 10-year anniversary of its Grant Date or the date such Option otherwise would have terminated had the Participant remained in Continuous Service.

Subject to the preceding paragraph and Section 5(h) and to the extent an Award Agreement does not otherwise specify the terms and conditions upon which an Option shall terminate when a Participant terminates Continuous Service, the following provisions apply:

Reason for Terminating Continuous Service	**Option Termination Date**
(I) For Cause.	All Options, whether or not vested, shall immediately expire effective on the date of termination of the Participant's Continuous Service, or when Cause first existed if earlier.
(II) The Participant dies or becomes Disabled during Continuous Service (in either case unless Reason I applies).	All unvested Options shall immediately effective as of the date of termination of the Participant's Continuous Service, and all vested and unexercised Options shall expire 12 months after such termination.
(III) Any other reason.	All unvested Options shall immediately expire effective on the date of termination of the Participant's Continuous Service. All vested and unexercised Options, shall expire three (3) months after the date of termination of the Participant's Continuous Service.

(e) *Blackout Periods*. If there is a blackout period (whether under the Company's insider trading policy, Applicable Law, or a Committee-imposed blackout period) that prohibits buying or selling Shares during any part of the ten (10) day period before an Option expires due to a Participant's termination of Continuous Service, the Option exercise period shall be extended until ten (10) days after the end of the blackout period. Notwithstanding anything to the contrary in this Plan or any Award Agreement, no Option can be exercised beyond the date its original term expires as set forth in the Award Agreement or the date on which the Option otherwise would become unexercisable absent termination of Continuous Service.

(f) *Company Cancellation Right.* Subject to Applicable Law, if the Fair Market Value for Shares subject to any Option is more than 33% below their exercise price for more than 90 consecutive business days, the Committee unilaterally may declare the Option terminated, effective on the date the Committee provides written notice to the Option holder. The Committee may take such action with respect to any or all Options granted under the Plan or with respect to any individual Option holder or class(es) of Option holders.

(g) *Exchange Program*. The Committee may at any time offer to buy out an Option, in exchange for a payment in cash, Shares or other Company equity, based on such terms and conditions as the Committee shall establish and communicate to the Participant at the time that such offer is made.

(h) *Non-Exempt Employees*. An Option granted to an Employee who is non-exempt for purposes of the Fair Labor Standards Act of 1938, as amended, will not be first exercisable for any Shares until at least six months after the Grant Date of the Option (although the Award may vest prior to such date). Notwithstanding the foregoing, consistent with the provisions of the Worker Economic Opportunity Act, the vested portion of any Option may be exercised earlier than six months after the Grant Date: (i) if the non-exempt Employee dies or becomes Disabled, (ii) upon a corporate transaction in which the Option is not assumed, continued, or substituted, (iii) upon a Change in Control, or (iv) upon the Participant's retirement (as may be defined in the Participant's Award Agreement or other agreement with the Company, or, if no such definition, in accordance with the Company's then current employment policies and guidelines). The foregoing provision is intended to operate so that any income derived by a non-exempt Employee in connection with the exercise or vesting of an Option will be exempt from his or her regular rate of pay and shall be interpreted consistent with that intention. Notwithstanding Section 5(d), to the extent necessary to accomplish the foregoing, a vested Option will not terminate until six months after the Grant Date.

6. **SARs.**

(a) *Grants.* The Committee may grant SARs to Eligible Persons pursuant to Award Agreements setting forth terms and conditions awarding appreciation-only rights relating to Shares; ***provided*** that the Award Agreement for each SAR shall set forth terms and conditions that are consistent with those for an Option, other than that settlement of the SAR shall occur pursuant to Section 6(b) below.

(b) *Settlement.* Subject to this Plan, a SAR shall entitle the Participant on exercise to receive Shares with a Fair Market Value on the date of exercise equal to the product of the (i) number of Shares as to which the SAR is being exercised, and (ii) the excess of (A) the Fair Market Value, on such date, of a Share covered by the exercised SAR, over (B) the exercise price designated in the SAR Award Agreement. Notwithstanding the foregoing, a SAR Award Agreement may limit the total settlement value that the Participant will be entitled to receive upon exercise, and may provide for settlement in cash, in Shares, or in any combination of cash or Shares that the Committee may authorize pursuant to an Award Agreement.

(c) *Other Rules*. The rules of Sections 5(d), 5(e), 5(f), 5(g) and 5(h) shall apply to SARs as if the Award was an Option.

7. **Restricted Shares, RSUs, and Unrestricted Shares.**

(a) *Grant.* The Committee may grant Restricted Shares, RSUs, or Unrestricted Shares to Eligible Persons, in all cases pursuant to Award Agreements setting forth terms and conditions consistent with this Plan. As to each Restricted Share or RSU Award, the Committee shall establish the number of Shares deliverable or subject to the Award (which may be determined by a written formula), and the period(s) of time at the end of which all or some restrictions specified in an Award Agreement shall lapse, and the Participant shall receive vested Shares (or cash to the extent provided in the Award Agreement) in settlement of the Award. Such conditions may include restrictions concerning voting rights and transferability, and may lapse separately or in combination at such times and pursuant to such circumstances or based on such criteria as selected by the Committee, including, without limitation, criteria based on the Participant's duration of Continuous Service; individual, group, or divisional performance criteria; or Company performance; or other criteria selection by the Committee. Subject to applicable law, the Committee may grant Restricted Share and RSU Awards with or without the requirement for payment of cash or other consideration. In addition, the Committee may grant Awards hereunder in the form of Unrestricted Shares which shall vest in full upon the Grant Date or which the Committee may issue pursuant to any program under which one or more Eligible Persons (selected by the Committee in its sole discretion) elect to pay for such Shares or to receive Unrestricted Shares in lieu of cash bonuses that otherwise would be paid.

(b) *Vesting and Forfeiture*. In an Award Agreement granting Restricted Shares or RSUs, the Committee shall set forth the terms and conditions that establish a "substantial risk of forfeiture" under Code Section 83, and when the Participant's interest in the Restricted Shares or Shares subject to RSUs become vested and non-forfeitable. Except as set forth in the Award Agreement or as the Committee otherwise determines, the Participant shall forfeit his or her non-vested Restricted Shares and RSUs upon terminating his or her Continuous Service for any reason; ***provided*** that if the Participant purchases Restricted Shares and forfeits them for any reason, the Company shall return to the Participant the lower of (i) the Fair Market Value of the Shares on the date of forfeiture or (ii) the Participant's original purchase price, to the extent set forth in an Award Agreement or required by Applicable Laws. Notwithstanding the foregoing, if the Company has a contingent contractual obligation to provide for accelerated vesting of

Restricted Shares and RSUs after termination of a Participant's Continuous Service, such Awards shall not terminate at the time they otherwise would terminate but instead shall remain outstanding until the maximum contractual time for determining whether such contingency will occur, and will terminate at such time if the contingency has not then occurred.

(c) *Certificates for Restricted Shares.* Unless otherwise provided in an Award Agreement, the Company shall hold certificates or, if not certificated, other indicia representing Restricted Shares, and subject to Section 9, any dividends, distributions, or other payments paid in any form in respect of Restricted Shares until the restrictions lapse, and the Participant shall provide the Company with appropriate stock powers endorsed in blank. The Participant's failure to provide such stock powers within ten days after a written request from the Company shall entitle the Committee to unilaterally declare all or some of the Participant's Restricted Shares forfeited.

(d) *Section 83(b) Elections*. A Participant may make an election under Code Section 83(b) with respect to Restricted Shares.

(e) *Deferral Elections for RSUs*. To the extent specifically provided in an Award Agreement and subject to and in accordance with Section 8 below, a Participant who is a Director or a member of a select group of management or highly compensated Employees (within the meaning of ERISA) may irrevocably elect, in accordance with Section 8 below, to defer the receipt of all or a percentage of the Shares that would otherwise be transferred to the Participant both more than 12 months after the date of the Participant's deferral election and upon the vesting of an RSU Award. If the Participant makes this election, the Company shall credit the Shares subject to the election, and any associated Shares attributable to Dividend Equivalent Rights attached to the Award, to a DSU account established pursuant to Section 8 below on the date such Shares would otherwise have been delivered to the Participant pursuant to this Section.

(f) *Issuance of Shares upon Vesting*. As soon as practicable after a Participant's Restricted Shares vest (or the right to receive Shares underlying RSUs vests) and unless a deferral under Section 7(e) has been validly elected, the Company shall deliver to the Participant, free from vesting restrictions, one Share for each surrendered and vested Restricted Share (or deliver one Share free of the vesting restriction for each vested RSU), unless an Award Agreement provides otherwise and subject to Section 10 regarding Withholding Taxes. No fractional Shares shall be distributed, and cash shall be paid in lieu thereof. Subject to any deferral election, if there is a blackout period (whether under the Company's insider trading policy, Applicable Law, or a Committee-imposed blackout period) that prohibits a Participant from buying or selling Shares, the settlement of RSUs held by such Participant shall be automatically deferred to the first to occur of (i) the first trading day after the expiration of the blackout period or (ii) March 15 of the year following the year when vesting occurs.

8. **DSUs.**

(a) *Elections to Defer*. The Committee may make DSU awards to Eligible Persons pursuant to Award Agreements (regardless of whether or not there is a deferral of the Eligible Person's compensation), and may permit select Eligible Persons who are Directors or members

of a select group of management or highly compensated Employees (within the meaning of ERISA) to irrevocably elect, on a form provided by and acceptable to the Committee (the "***Election Form***"), to forego the receipt of cash or other compensation (including the Shares deliverable pursuant to any RSU Award) and in lieu thereof to have the Company credit to an internal Plan account a number of DSUs having a Fair Market Value equal to the Shares and other compensation deferred. These credits will be made at the end of each calendar quarter (or other period determined by the Committee) during which compensation is deferred. Notwithstanding the foregoing sentence, a Participant's Election Form will be ineffective with respect to any compensation that the Participant earns before the date on which the Election Form takes effect. For any Participant who is a U.S. Taxpayer, the Committee shall only authorize deferral elections under this Section 8(a) (i) pursuant to written procedures, and using written Election Forms, that satisfy the requirements of Code Section 409A, and (ii) only by Eligible Persons who are Directors, Consultants, or members of a select group of management or highly compensated Employees (within the meaning of ERISA).

(b) *Vesting*. Unless an Award Agreement expressly provides otherwise, each Participant shall be 100% vested at all times in any Shares subject to DSUs.

(c) *Issuances of Shares*. Unless an Award Agreement expressly provides otherwise, the Company shall settle a Participant's DSU Award, by delivering one Share for each DSU, in five substantially equal annual installments that are issued before the last day of each of the five calendar years that end after the date on which the Participant's Continuous Service ends for any reason, subject to –

(i) the Participant's right to elect a different form of distribution, only on a form provided by and acceptable to the Committee, that permits the Participant to select any combination of a lump sum and annual installments that are triggered by, and completed within ten years following, the last day of the Participant's Continuous Service, and

(ii) the Company's acceptance of the Participant's distribution election form executed at the time the Participant elects to defer the receipt of cash or other compensation pursuant to Section 8(a), ***provided*** that the Participant may change a distribution election through any subsequent election that (A) the Participant delivers to the Company at least one year before the date on which distributions are otherwise scheduled to commence pursuant to the Participant's initial distribution election, and (B) defers the commencement of distributions by at least five years from the originally scheduled distribution commencement date.

Fractional shares shall not be issued, and instead shall be paid out in cash.

(d) *Emergency Withdrawals*. In the event that a Participant suffers an unforeseeable emergency within the contemplation of this Section 8(d), the Participant may apply to the Committee for an immediate distribution of all or a portion of the Participant's DSUs. The unforeseeable emergency must result from a sudden and unexpected illness or accident of the Participant, the Participant's spouse, or a dependent (within the meaning of Code Section 152) of

the Participant, casualty loss of the Participant's property, or other similar extraordinary and unforeseeable conditions beyond the control of the Participant. The Committee shall, in its sole and absolute discretion, determine whether a Participant has a qualifying unforeseeable emergency, may require independent verification of the emergency, and may determine whether or not to provide the Participant with cash or Shares. Examples of purposes which are not considered unforeseeable emergencies include post-secondary school expenses or the desire to purchase a residence. In no event will a distribution be made to the extent the unforeseeable emergency could be relieved through reimbursement or compensation by insurance or otherwise, or by liquidation of the Participant's nonessential assets to the extent such liquidation would not itself cause a severe financial hardship. The amount of any distribution hereunder shall be limited to the amount necessary to relieve the Participant's unforeseeable emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution. The number of Shares subject to the Participant's DSU Award shall be reduced by any Shares distributed to the Participant and by a number of Shares having a Fair Market Value on the date of the distribution equal to any cash paid to the Participant pursuant to this Section 8(d). For all DSUs granted to Participants who are U.S. Taxpayers, the term "unforeseeable emergency" shall be interpreted in accordance with Code Section 409A.

(e) *Termination of Service*. For purposes of this Section 8, a Participant's "Continuous Service" shall only end when the Participant incurs a "separation from service" within the meaning of Treasury Regulations Section 1.409A-1(h). Unless otherwise determined by the Committee, a Participant shall be considered to have experienced a termination of Continuous Service when the facts and circumstances indicate that either (i) no further services will be performed for the Company or any Affiliate after a certain date, or (ii) that the level of bona fide services the Participant will perform after such date (whether as an Employee, Director, or Consultant) are reasonably expected to permanently decrease to no more than 50% of the average level of bona fide services performed by such Participant (whether as an Employee, Director, or Consultant) over the immediately preceding 36-month period (or full period of services to the Company and its Affiliates if the Participant has been providing such services for less than 36 months).

9. **Dividend Equivalent Rights.**

(a) The Committee may grant Dividend Equivalent Rights to any Eligible Person, and may do either pursuant to an Award Agreement that is independent of any other Award, or through a provision in another Award (other than an Option or SAR) that Dividend Equivalent Rights attach to the Shares underlying the Award. For example, and without limitation, the Committee may grant a Dividend Equivalent Right in respect of each Share subject to a Restricted Share Award, RSU or DSU.

(b) *Cash Dividends Only*. Each Dividend Equivalent Right shall represent the right to receive, with respect to each Share or Restricted Share subject to such right, any cash dividends declared on a Share as of all dividend payment dates during the term of the Dividend Equivalent Right (as determined by the Committee). Unless otherwise determined by the Committee, a Dividend Equivalent Right shall expire upon termination of the Participant's Continuous Service, ***provided*** that a Dividend Equivalent Right that is granted as part of another Award shall have a term and an expiration date that coincide with those of the related Award. Section 13(a) below shall alone determine the adjustment to Award terms in the event of dividends payable in Shares during the term of the Award.

(c) *Settlement*. Unless otherwise provided in an Award Agreement, Dividend Equivalent Rights shall be paid out (i) on the record date for the underlying dividends if the Award occurs on a stand-alone basis, and (ii) on the vesting or later settlement date (or other date specified in the Award Agreement) for another Award if the Dividend Equivalent Right is granted as part of it. Payment of all amounts determined in accordance with this Section shall be in Shares, with cash paid in lieu of fractional Shares, ***provided*** that the Committee may instead provide in an Award Agreement for cash settlement of all or part of the Dividend Equivalent Rights. For Dividend Equivalent Rights settled in Shares, the total number of Shares credited to the Participant as Dividend Equivalent Rights shall count against the Share limits set forth in Section 3 above.

(d) *Other Terms*. The Committee may impose such other terms and conditions on the grant of a Dividend Equivalent Right as it deems appropriate in its discretion as reflected by the terms of the Award Agreement. The Committee may establish a program under which Dividend Equivalent Rights may be granted in conjunction with other Awards. The Committee may also authorize, for any Participant or group of Participants, a separate written program under which the payments with respect to Dividend Equivalent Rights may be deferred pursuant to the terms and conditions determined under Section 8 above.

10. **Taxes; Withholding; Code Section 409A.**

(a) *General Rule.* Notwithstanding any provision of this Plan or an Award Agreement to the contrary, Participants are solely responsible and liable for the satisfaction of all taxes and penalties that may arise in connection with Awards, and neither the Company, nor the Committee, nor any Affiliate, nor any of their employees, directors, or agents shall have any duty or obligation to mitigate, minimize, indemnify, or to otherwise hold any Participant harmless from any such consequences.

(b) *Withholding.* The Company's obligation to deliver Shares (or to pay cash) to Participants pursuant to Awards is at all times subject to their prior or coincident satisfaction of all Withholding Taxes. Except as otherwise provided under the Plan or in an Award Agreement, no later than the date as of which an amount first becomes includible in a Participant's taxable income for U.S. federal, state, local or non-U.S. income or social insurance tax purposes with respect to an Award (and thereafter at the time any additional such tax may be due), the Participant shall pay to the Company (or to the Affiliate employing the Participant), or make arrangements satisfactory to the Company (or such Affiliate) for the payment of, any such Withholding Taxes (which normally will not apply to non-Employees). Notwithstanding the foregoing, the Company and its Affiliates may, in each of their sole discretion, withhold a sufficient number of Shares that are otherwise issuable to the Participant pursuant to the Award (and/or cash that is otherwise payable to the Participant) in order to satisfy all or part of Withholding Taxes.

(c) *U.S. Code Section 409A.* To the extent that the Committee determines that any Award granted under this Plan is subject to Code Section 409A, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Code Section 409A. To the extent applicable, this Plan and Award Agreements shall be interpreted so that Awards comply with, or are exempt from the application of Code Section 409A in accordance with Code Section 409A and Department of Treasury regulations and other interpretive guidance issued thereunder. The Committee may adopt such amendments to the Plan and the applicable Award Agreement or adopt other policies and procedures (including amendments, policies and procedures or cancelling all or some Awards with retroactive effect), or take any other actions, that the Committee determines are necessary or appropriate (i) to exempt an Award from Code Section 409A and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (ii) to comply with the requirements of Code Section 409A and related Department of Treasury guidance and thereby avoid the application of any tax or other penalties under Code Section 409A.

(d) *Unfunded Tax Status.* This Plan is an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Person pursuant to an Award, nothing in this Plan or any Award Agreement shall give the Person any rights greater than those of a general creditor of the Company or any Affiliate, and a Participant's rights under this Plan at all times constitute an unsecured claim against the Company's general assets for the collection of benefits as they come due. Neither the Participant nor his or her duly-authorized transferee or Beneficiaries shall have any claim against or rights in any specific assets, Shares, other equity securities, or other funds of the Company.

11. **Non-Transferability of Awards.**

(a) *General.* Except as set forth in this Section, or as otherwise approved by the Committee and subject to restrictions on transfer contained in the Bylaws or other organizational documents of the Company, Awards may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution. The designation of a death Beneficiary by a Participant will not constitute a transfer. An Award may be exercised, during the lifetime of the holder of an Award, only by such holder, by the duly-authorized legal representative of a holder who is Disabled, or by a transferee permitted by this Section.

(b) *Limited Transferability Rights.* Subject to restrictions on transfer contained in the Bylaws or other organizational documents of the Company, the Committee may in its discretion provide in an Award Agreement that Awards in the form of a Non-ISO, Share-settled SAR, or Restricted Shares may be transferred, on such terms and conditions as the Committee deems appropriate, either (i) by instrument to the Participant's Immediate Family, (ii) by instrument to an inter vivos or testamentary trust (or other entity) in which the Award is to be passed to the Participant's designated Beneficiaries, (iii) even in the case of an ISO, pursuant to a domestic relations order (***provided***, however, that if an Option is an ISO, such Option may be deemed a non-ISO as a result of such transfer), or (iv) by gift to charitable institutions. Any permissible transferee of the Participant's rights shall succeed and be subject to all of the terms of the applicable Award Agreement and this Plan.

(c) *Death*. In the event of the death of a Participant, any outstanding vested Awards issued to the Participant shall automatically be transferred to the Participant's Beneficiary (or, if no Beneficiary is designated or surviving, to the person or persons to whom the Participant's rights under the Award pass by will or the laws of descent and distribution in the state or country in which the Participant was domiciled at the time of his or her death).

12. **Change in Capital Structure; Change in Control**

(a) *Changes in Capitalization.* The Committee shall equitably adjust the number of Shares covered by each outstanding Award, and the number of Shares that have been authorized for issuance under this Plan but as to which no Awards have yet been granted or that have been returned to this Plan upon cancellation, forfeiture, or expiration of an Award, or any other Plan limits, as well as the exercise price per Share covered by each such outstanding Award, to reflect any increase or decrease in the number of issued Shares resulting from a stock-split, reverse stock-split, stock dividend, combination, recapitalization or reclassification of the Shares, merger, consolidation, change in organization form, or any other increase or decrease in the number of issued Shares effected without receipt or payment of consideration by the Company. In the event of any such transaction or event, the Committee may provide in substitution for any or all outstanding Awards, or as an alternative to an adjustment, such alternative consideration (including cash or securities of any surviving entity) as it may in good faith determine to be equitable under the circumstances and may, if substitute consideration is provided, require in connection therewith the surrender of all Awards so substituted. In any case, such substitution of consideration shall not require the consent of any Participant.

(b) *Dissolution or Liquidation*. Except as otherwise provided in an Award Agreement, in the event of the dissolution or liquidation of the Company other than as part of a Change in Control, each Award will terminate immediately prior to the consummation of such dissolution or liquidation, subject to the ability of the Committee to exercise any discretion authorized in the case of a Change in Control.

(c) *Change in Control.* In the event of a Change in Control but subject to the terms of any Award Agreements or employment-related agreements between the Company or any Affiliates and any Participant, each outstanding Award may be assumed or a substantially equivalent award may be substituted by the surviving or successor company or a parent or subsidiary of such successor company (in each case, the "***Successor Company***") upon consummation of the transaction. Notwithstanding the foregoing, instead of having outstanding Awards be assumed or substituted with equivalent awards by the Successor Company, the Committee may in its sole and absolute discretion and authority, without obtaining the approval or consent of the Company's stockholders or any or all Participant(s), take one or more of the following actions:

(i) accelerate the vesting of Awards so that some or all Awards shall vest (and, to the extent applicable, become exercisable) as to some or all of the Shares that otherwise would have been unvested and/or provide that repurchase rights of the Company, if any, with respect to Shares issued pursuant to an Award shall lapse;

(ii) arrange or otherwise provide for the payment of cash or other consideration to Participants in exchange for the satisfaction and cancellation of all or some outstanding Awards (based on the Fair Market Value, on the date of the Change in Control, of the Award being cancelled, based on any reasonable valuation method selected by the Committee; ***provided*** that the Committee shall have full discretion to unilaterally cancel (A) either all Awards or only select Awards (such as only those that have vested on or before the Change in Control), and (B) any Options or SARs whose exercise price is equal to or greater than the Fair Market Value of the Shares, as of the date of the Change in Control, with such cancellation being without the payment of any consideration whatsoever to those Participants whose Options and SARs are being cancelled;

(iii) terminate all or some Awards upon the consummation of the transaction without payment of any consideration, subject to the notice requirements of Section 22; or

(iv) make such other modifications, adjustments or amendments to outstanding Awards or this Plan as the Committee deems necessary or appropriate.

13. **Termination, Rescission, and Recapture of Awards.**

(a) Each Award under this Plan is intended to align the Participant's long-term interests with those of the Company. Accordingly, unless otherwise expressly provided in an Award Agreement, the Committee may terminate any outstanding Awards ("***Termination***"), rescind any exercise, payment or delivery pursuant to an Award ("***Rescission***"), or recapture any Shares or proceeds from the Participant's sale of Shares issued pursuant to an Award ("***Recapture***"), if the Participant does not comply with the conditions of subsections 13(b), 13(c), and 13(e) (collectively, the "***Conditions***").

(b) A Participant shall not, without the Company's prior written authorization, disclose to anyone outside the Company, or use in other than the Company's business, any proprietary or confidential information or material, as those or other similar terms are used in any applicable patent, confidentiality, inventions, secrecy, or other agreement between the Participant and the Company or one of its Affiliates (or policy applicable to the Participant), including but not limited to those with regard to proprietary or confidential information or intellectual property (including but not limited to patents, trademarks, copyrights, trade secrets, inventions, developments, improvements, proprietary information, and confidential business and personnel information) (each a "***Confidentiality Agreement***"), and a Participant shall promptly disclose and assign to the Company or its designee all right, title, and interest in such intellectual property as "work made for hire" pursuant to the United States Copyright Act (17 U.S.C. Section 101) (provided that the foregoing provision shall not apply to the extent it may deem a non-employee Participant to be an employee of the Company or a Company Affiliate for purposes of workers compensation or unemployment insurance), and shall take all reasonable steps necessary to enable the Company to secure all right, title and interest in such intellectual property in the United States and in any foreign country. In addition, if any original works of authorship which is made by a Participant within the scope of his or her service and which is protectable by

copyright is not considered “work made for hire”, then the Participant shall take all reasonable steps necessary to assign all of the Participant’s right, title, and interest in and to such work of authorship to the Company. Notwithstanding the Participant’s confidentiality obligations set forth in this Plan or any Confidentiality Agreements, the Participant understands that, pursuant to the Defend Trade Secrets Act of 2016, the Participant will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. If the Participant files a lawsuit for retaliation by the Company for reporting a suspected violation of law, he or she may disclose the trade secret to his or her attorney and use the trade secret information in the court proceeding, if he or she (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order. In the event it is determined that disclosure of Company trade secrets was not done in good faith pursuant to the above, the Participant may be subject to substantial damages under federal criminal and civil law, including punitive damages and attorneys’ fees. In addition, nothing herein shall prohibit the Participant from reporting a suspected violation of law to the appropriate governmental authority or entity.

(c) Upon exercise, payment, or delivery of cash or Shares pursuant to an Award, the Participant shall, if requested in writing by the Committee (or the Company), certify on a form acceptable to the Committee (or, if applicable, the Company) that he or she is in compliance with the terms and conditions of this Plan.

(d) The Committee may, in its sole and absolute discretion, impose a Termination, Rescission, and/or Recapture with respect to any or all of a Participant’s relevant Awards or restricted Shares if the Committee determines, in its sole and absolute discretion, that (i) the Participant has materially violated any agreement between the Participant and the Company or one of its Affiliates, (ii) within six months after the termination of the Participant’s Continuous Service, the Participant has solicited any non-administrative employee of the Company to terminate employment with the Company, or (iii) during his or her Continuous Service, a Participant (A) has rendered services to or otherwise directly or indirectly engaged in or assisted, any organization or business that, in the judgment of the Committee in its sole and absolute discretion, is or is working to become competitive with the Company (or one of its Affiliates); (B) has solicited any non-administrative employee of the Company to terminate employment with the Company; or (C) has engaged in activities which are materially prejudicial to or in conflict with the interests of the Company, including any breaches of fiduciary duty or the duty of loyalty.

(e) Within ten (10) days after receiving notice from the Committee of any such activity described in Section 13(d) above, the Participant shall deliver to the Company the Shares acquired pursuant to the Award, or, if Participant has sold the Shares, the gain realized, or payment received as a result of the rescinded exercise, payment, or delivery; ***provided***, that if the Participant returns Shares that the Participant purchased, the Company shall promptly refund, without earnings, an amount equal to the cash, if any, that the Participant paid for the Shares or, if the Fair Market Value of the Shares is less than the cash purchase price paid, promptly pay to the Participant the Fair Market Value of the returned Shares. Any payment by the Participant to

the Company pursuant to this Section 13 shall be made either in cash or by returning to the Company the number of Shares that the Participant received in connection with the rescinded exercise, payment, or delivery.

(f) Notwithstanding the foregoing provisions of this Section 13, the Committee has sole and absolute discretion not to require Termination, Rescission and/or Recapture, and its determination not to require Termination, Rescission and/or Recapture with respect to any particular act by a particular Participant or Award shall not in any way reduce or eliminate the Committee's authority to require Termination, Rescission and/or Recapture with respect to any other act or Participant or Award. Nothing in this Section 13 shall be construed to impose obligations on the Participant to refrain from engaging in lawful competition with the Company after the termination of Continuous Service that does not violate the Conditions, other than any obligations that are part of any separate agreement between the Company and the Participant or that arise under Applicable Law.

(g) If any provision within this Section 13 is determined to be unenforceable or invalid under any Applicable Law, such provision will be applied to the maximum extent permitted by Applicable Law, and shall automatically be deemed amended in a manner consistent with its objectives and any limitations required under Applicable Law. Notwithstanding the foregoing, but subject to any contrary terms set forth in any Award Agreement, this Section 13 shall not apply to any Participant from and after his or her termination of Continuous Service after a Change in Control.

(h) This Section 13 is supplemental to, and does not supersede, any other agreement between the Participant and the Company or any of its Affiliates.

14. **Recoupment of Awards.**

(a) Unless otherwise specifically provided in an Award Agreement, and to the extent permitted by Applicable Law, the Committee may in its sole and absolute discretion, without obtaining the approval or consent of the Company's stockholders or of any Participant, require that any Participant reimburse the Company for all or any portion of any Awards granted under this Plan ("*Reimbursement*"), or the Committee may require the Termination or Rescission of, or the Recapture relating to, any Award held by the Participant, if and to the extent—

(i) the granting, vesting, or payment of an Award was predicated upon the achievement of certain financial results that were subsequently the subject of a material financial restatement;

(ii) in the Committee's view the Participant either benefited from a calculation that later proves to be materially inaccurate, or engaged in fraud or misconduct that caused or partially caused the need for a material financial restatement by the Company or any Affiliate;

(iii) a lower granting, vesting, or payment of an Award would have occurred based on the conduct described in the foregoing clauses (i) or (ii); or

(iv) as required by Applicable Laws.

In each instance, the Committee may, to the extent practicable and allowable or required under Applicable Laws, require Reimbursement, Termination or Rescission of, or Recapture relating to, any such Award granted to a Participant. Notwithstanding any other provision of the Plan, all Awards shall be subject to Reimbursement, Termination, Rescission, and/or Recapture to the extent required by Applicable Law, including but not limited to Section 10D of the Exchange Act.

15. **Administration of this Plan.**

(a) *General*. The Committee shall administer this Plan in accordance with its terms, *provided* that the Board may act in lieu of the Committee on any matter. The Committee shall hold meetings at such times and places as it may determine and may prescribe, amend, and rescind such rules and regulations, and procedures for the conduct of its business as it deems advisable. In the absence of a Committee, the Board shall function as the Committee for all purposes of this Plan.

(b) *Committee Composition*. The Board shall appoint the members of the Committee. Subject to Applicable Law and the restrictions set forth in this Plan, the Committee may delegate administrative functions to individuals who are Directors or Employees, and may authorize one or more executive officers to make Awards to Eligible Persons other than themselves, including establishing the terms and conditions of such Awards based upon the form of Awards authorized by the Committee. The Board may at any time appoint additional members to the Committee, remove and replace members of the Committee with or without Cause, and fill vacancies on the Committee however caused. The Committee shall have the power to delegate to a subcommittee of the Board any of the administrative powers the Committee is authorized to exercise, subject to such resolutions, consistent with this Plan, as the Board may adopt from time to time.

(c) *Powers of the Committee*. Subject to the provisions of this Plan, the Committee shall have the authority, in its sole discretion:

(i) to grant Awards and to determine Eligible Persons to whom Awards shall be granted from time to time, and the number of Shares, units, or dollars to be covered by each Award;

(ii) to determine, from time to time, the Fair Market Value of Shares;

(iii) to determine, and to set forth in Award Agreements, the terms and conditions of all Awards, including what type or combination of types of Awards shall be granted; any applicable exercise or purchase price; the installments and conditions under which an Award shall become vested (which may be based on performance), terminated, expired, cancelled, or replaced; the circumstances for vesting acceleration or waiver of forfeiture restrictions; and other restrictions and limitations;

(iv) to authorize, generally or in specific cases only, any adjustment in the exercise price, the vesting schedule, the number of Shares subject to, or the term of, an Option granted under this Plan by cancellation of an outstanding Option and a subsequent regranting of the Option, by

amendment, by substitution of an outstanding Option, by waiver or by other legally valid means. Such amendment or other action may result in, among other changes, an exercise price that is higher or lower than the exercise price of the original or prior Option, provide for a greater or lesser number of Shares subject to the Option, or provide for a longer or shorter vesting or exercise period;

(v) to approve the forms of Award Agreements and all other documents, notices and certificates in connection therewith, which need not be identical either as to type of Award or among Participants;

(vi) to construe and interpret the terms of this Plan and any Award Agreement, to determine the meaning of their terms, to correct any defect, omission or inconsistency in this Plan or any Award Agreement, in a manner and to the extent it shall deem necessary or expedient to make this Plan or an Award fully effective or as otherwise permitted pursuant to this Plan, and to prescribe, amend, and rescind rules and procedures relating to this Plan and its administration;

(vii) to the extent consistent with the purposes of this Plan and without amending this Plan, to modify, to cancel, or to waive the Company's rights with respect to any Awards, to adjust or to modify Award Agreements for changes in Applicable Law, and to recognize differences in foreign law, tax policies, or customs;

(viii) in the event that the Company establishes, for itself or using the services of a third party, an automated system for the documentation, granting, settlement, or exercise of Awards, such as a system using an Internet website or interactive voice response, to implement paperless documentation, granting, settlement, or exercise of Awards by a Participant through the use of such an automated system; and

(ix) to make all determinations and to take all other actions that the Committee may consider necessary or desirable to administer the Plan or to effectuate its purposes.

(d) *Powers of the Company*. Unless applicable law requires otherwise, all administrative and discretionary authority given to the Company under this Plan shall be exercised by the most senior human resources executive of the Company, or such other person or committee (including, without limitation, the Committee) as the Committee may designate from time to time.

(e) Local Law Adjustments and Sub-plans.

(i) To facilitate the making of any grant of an Award under this Plan, the Committee may adopt rules and provide for such special terms for Awards to Participants who are located within the United States, foreign nationals, or employed by the Company or any Affiliate outside of the United States

as the Committee may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Without limiting the foregoing, the Committee is specifically authorized to adopt rules and procedures regarding the conversion of local currency, taxes, withholding procedures and handling of stock certificates which vary with the customs and requirements of particular countries. The Committee may adopt procedures or sub-plans and establish escrow accounts and trusts, and settle Awards in cash in lieu of Shares, as may be appropriate, required or applicable to particular locations and countries.

(ii) *Action by Committee*. The Committee may modify the terms of any Award under this Plan made to or held by a Participant who is then a resident, or is primarily employed or providing services, outside of the United States, in any manner deemed by the Committee to be necessary or appropriate in order that such Award shall conform to laws, regulations, and customs of the country in which the Participant is then a resident or primarily employed or providing services, or so that the value and other benefits of the Award to the Participant, as affected by non-United States tax laws and other restrictions applicable as a result of the Participant's residence, employment, or providing services abroad, shall be comparable to the value of such Award to a Participant who is a resident, or is primarily employed or providing services, in the United States. An Award may be modified under this subsection in a manner that is inconsistent with the express terms of this Plan, so long as such modifications will not contravene any Applicable Law or regulation or result in actual liability under Section 16(b) of the Exchange Act for the Participant whose Award is modified. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by an officer or other Employee of the Company or any Affiliate, the Company's independent certified public accountants, or any executive compensation Consultant or other professional retained by the Company or the Committee to assist in the administration of this Plan, or by any Participant or Beneficiary.

(f) *Deference to Committee Determinations*. The Committee shall have the discretion to interpret or construe ambiguous, unclear, or implied (but omitted) terms as it deems to be appropriate in its sole discretion, and to make any findings of fact needed in the administration of this Plan or Award Agreements. The Committee's prior exercise of its discretionary authority shall not obligate it to exercise its authority in a like fashion thereafter. The Committee's interpretation and construction of any provision of this Plan, or of any Award or Award Agreement, and all determinations the Committee makes pursuant to this Plan shall be final, binding, and conclusive (subject only to the Committee's inherent authority to change its determinations). The validity of any such interpretation, construction, decision or finding of fact shall not be given de novo review if challenged in court, by arbitration, or in any other forum, and shall be upheld unless clearly made in bad faith or materially affected by fraud.

(g) Any determination made by the Committee with respect to any provisions of this Plan may be made on an Award-by-Award basis; the Committee has no obligation to be uniform, consistent, or nondiscriminatory between classes of similarly-situated Awards, except as required by Applicable Law.

(h) *Claims Limitations Period.* Any Participant who believes he or she is being denied any benefit or right under this Plan or under any Award may file a written claim with the Committee. Any claim must be delivered to the Committee within 45 days of the specific event giving rise to the claim. Untimely claims will not be processed and shall be deemed denied. The Committee, or its designee, will notify the Participant of its decision in writing as soon as administratively practicable. Claims shall be deemed denied if the Committee does not respond in writing within 120 days of the date the written claim is delivered to the Committee. The Committee's decision is final and conclusive and binding on all persons. No lawsuit relating to this Plan may be filed before a written claim is filed with the Committee and is denied or deemed denied, and any lawsuit must be filed within one year of such denial or deemed denial or be forever barred.

(i) *No Liability; Indemnification*. Neither the Board nor any Committee member, nor any Person acting at the direction of the Board or the Committee, shall be liable for any act, omission, interpretation, construction, or determination made in good faith with respect to this Plan, any Award, or any Award Agreement. The Company shall pay or reimburse any Director, Employee, or Consultant who in good faith takes action on behalf of this Plan, for all expenses incurred with respect to this Plan, and to the full extent allowable under Applicable Law shall indemnify each and every one of them for any claims, liabilities, and costs (including reasonable attorney's fees) arising out of their good faith performance of duties on behalf of this Plan. The Company and its Affiliates may, but shall not be required to, obtain liability insurance for this purpose.

(j) *Expenses***.** The Company shall bear the expenses of administering this Plan.

16. **Modification of Awards and Substitution of Options.**

Within the limitations of this Plan, the Committee may modify an Award to accelerate the rate at which an Option or SAR may be exercised, to accelerate the vesting of any Award, to extend or renew outstanding Awards, to accept the cancellation of outstanding Awards to the extent not previously exercised, or to make any change that this Plan would permit for a new Award. Notwithstanding the foregoing, no modification of an outstanding Award may materially and adversely affect a Participant's rights thereunder unless either (a) the Participant provides written consent to the modification, (b) before a Change in Control, the Committee determines in good faith that the modification is not materially adverse to the Participant, or (c) such modification is permitted by another Section of this Plan. Notwithstanding the foregoing, subject to the limitations of Applicable Law, if any, and without the affected Participant's consent, the Board may amend the terms of any one or more Awards if necessary to maintain the qualified status of the Award as an ISO or to bring the Award into compliance with Section 409A of the Code.

17. **Plan Amendment and Termination.**

The Board may amend or terminate this Plan as it shall deem advisable; *provided* that no change shall be made that increases the total number of Shares reserved for issuance pursuant to Awards (except pursuant to Section 12 above) unless such change is authorized by the stockholders of the Company to the extent required by Applicable Law. The Company will also obtain stockholder approval of any other Plan amendment to the extent necessary and desirable to comply with Applicable Laws. A termination or amendment of this Plan shall not materially and adversely affect a Participant's vested rights under an Award previously granted to him or her, unless the Participant consents in writing to such termination or amendment. Notwithstanding the foregoing, the Committee may amend this Plan to comply with changes in tax or securities laws or regulations, or in the interpretation thereof.

18. **Term of Plan.**

Subject to obtaining stockholder approval pursuant to Section 1(d), the Plan will become effective upon the IPO Date. It will continue in effect until terminated under Section 17, but no ISOs may be granted after ten (10) years the earlier of Board approval of this Plan or the date on which the Company's stockholders approve the Plan. No Awards shall be made under this Plan after its termination.

19. **Governing Law.**

The terms of this Plan and all agreements hereunder shall be governed by the laws of the State of Delaware, without regard to the State's conflict of laws rules.

20. **Laws and Regulations.**

(a) *General Rules.* This Plan, the granting of Awards, the exercise of Options and SARs, and the obligations of the Company and Committee hereunder (including those to pay cash or to deliver, sell or accept the surrender of any of its Shares or other securities) shall be subject to all Applicable Law. In the event that any Shares are not registered under any Applicable Law prior to the required delivery of them pursuant to Awards, the Committee may require, as a condition to their issuance or delivery, that the persons to whom the Shares are to be issued or delivered make any written representations and warranties (such as that such Shares are being acquired by the Participant for investment for the Participant's own account and not with a view to, for resale in connection with, or with an intent of participating directly or indirectly in, any distribution of such Shares) that the Committee may reasonably require, and the Committee may in its sole discretion include a legend to such effect on the certificates representing any Shares issued or delivered pursuant to this Plan (or notate such legend if Shares are in electronic or book-entry form).

(b) *Blackout Periods.* Notwithstanding any contrary terms within this Plan or any Award Agreement, the Committee shall have the absolute discretion to impose a "blackout" period on the exercise of any Option or SAR, as well as the settlement of any Award, with respect to any or all Participants (including those whose Continuous Service has ended) to the extent the Committee determines that doing so is desirable or required to comply with applicable securities laws or would adversely affect a public offering of securities by the Company.

(c) *Data Privacy*. As a condition of receipt of any Award, each Participant explicitly and unambiguously consents to the collection, use, and transfer, in electronic or other form, of personal data as described in this Section by and among, as applicable, the Company and its Affiliates for the exclusive purpose of implementing, administering, and managing this Plan and Awards and the Participant's participation in this Plan. In furtherance of such implementation, administration, and management, the Company and its Affiliates may hold certain personal information about a Participant with respect to one or more Awards under the Plan, including, but not limited to, the Participant's name, home address, telephone number, date of birth, social security or insurance number or other identification number, salary, nationality, job title(s), information regarding any securities of the Company or any of its Affiliates held by the Participant, and details of all Awards (the "***Data***"). In addition to transferring the Data amongst themselves as necessary for the purpose of implementation, administration, and management of this Plan and Awards and the Participant's participation in this Plan, the Company and its Affiliates each may transfer the Data to any third parties assisting the Company (including the Committee) in the implementation, administration, and management of this Plan and Awards and the Participant's participation in this Plan. Recipients of the Data may be located in the Participant's country or elsewhere, and the Participant's country and any given recipient's country may have different data privacy laws and protections. By accepting an Award, each Participant authorizes such recipients to receive, possess, use, retain, and transfer the Data, in electronic or other form, for the purposes of assisting the Company (or the Committee) in the implementation, administration, and management of this Plan and Awards and the Participant's participation in this Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Company or the Participant may elect to deposit any Shares. A Participant may, at any time, view the Data held by the Company with respect to such Participant, request additional information about the storage and processing of the Data with respect to such Participant, recommend any necessary corrections to the Data with respect to the Participant, or refuse or withdraw the consents herein in writing, in any case without cost, by contacting such Participant's local human resources representative. The Company or the Committee may cancel the Participant's eligibility to participate in this Plan, and in the Committee's discretion, the Participant may forfeit any outstanding Awards if the Participant refuses or withdraws the consents described herein. For more information on the consequences of refusal to consent or withdrawal of consent, Participants may contact their local human resources representative.

(d) *Severability; Blue Pencil*. In the event that any provision(s) of this Plan shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not be affected thereby. If in the opinion of any court of competent jurisdiction such covenants are not reasonable in any respect, such court shall have the right, power, and authority to excise or modify such provision or provisions of these covenants as to the court shall appear not reasonable and to enforce the remainder of these covenants as so amended. Any arbitrator shall have the same rights, powers, and authority.

21. **No Stockholder Rights.**

Neither a Participant nor any transferee or Beneficiary of a Participant shall have any rights or status as a stockholder of the Company with respect to any Shares underlying any Award until the date of issuance of a stock certificate to such Participant, transferee, or

Beneficiary for such Shares in accordance with the Company's governing instruments and Applicable Law, and if Shares are not certificated, the date the Company's records are updated to reflect the Participant's (or transferee's or Beneficiary's) status as a stockholder with respect to the Shares in accordance with the Company's governing instruments and Applicable Law. Prior to the issuance of Shares or Restricted Shares pursuant to an Award, a Participant shall not have the right to vote or to receive dividends or any other rights as a stockholder with respect to the Shares underlying the Award (unless otherwise provided in the Award Agreement for Restricted Shares), notwithstanding its exercise in the case of Options and SARs. No adjustment will be made for a dividend or other right that is determined based on a record date prior to the date the stock certificate is issued, except as otherwise specifically provided for in this Plan or an Award Agreement.

22. **No Obligation to Notify.**

The Company and the Committee shall have no duty or obligation to any Participant to advise such holder as to the time or manner of exercising an Award. Furthermore, the Company and the Committee shall have no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of an Award or a possible period in which the Award may not be exercised. Notwithstanding the foregoing, the Company shall take reasonable steps to notify the applicable Participants holding then outstanding Awards regarding the occurrence of a Change in Control pursuant to which outstanding Awards shall be cancelled for no consideration, and such notice shall be provided at least five (5) business days prior to the occurrence of the Change in Control (or such shorter period as the Committee may determine is reasonable in its sole discretion taking into account the potential need for confidentiality with respect to a Change in Control). For purposes of the foregoing, the Company providing notice via e-mail to (a) a Participant's Company email address for Participants who are then in Continuous Service who have a Company email address, or (b) the personal email address in the Company's personnel records for a Participant no longer in Continuous Service (or who does not have a Company email address) shall be deemed to be reasonable steps to notify a Participant on the part of the Company.

23. **Miscellaneous.**

(a) *Use of Proceeds from Sales of Shares*. Proceeds from the sale of Shares pursuant to Awards shall constitute general funds of the Company.

(b) *Corporate Action Constituting Grant of Awards*. Unless otherwise determined by the Board, corporate action constituting a grant by the Company of an Award to any Participant shall be deemed completed as of the date of such corporate action, regardless of when the instrument, certificate, or letter evidencing the Award is communicated to, or actually received or accepted by, the Participant. If a Participant does not sign his or her Award Agreement and return an executed copy as directed by the Committee within 30 days of delivery of the Award Agreement to the Participant, or within such longer period as the Committee may determine, then the offer of the Award shall terminate and the Company shall be under no obligation to make any further or replacement Award.

(c) *Share Replacement*. Unless prohibited by Applicable Law, the Company may substitute any consideration in lieu of providing Shares to a Participant on the exercise of an Option, or SAR, or the vesting of an RSU, to the extent such consideration is equal to the Fair Market Value of the Shares the Participant otherwise would receive.

24. **DEFINITIONS**

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly controls or is controlled by or under common control with such Person. For the purposes of this definition, "control," when used with respect to any Person, means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person or the power to elect directors, whether through the ownership of voting securities, by contract or otherwise; and the terms "affiliated," "controlling" and "controlled" have meanings correlative to the foregoing.

"Applicable Law" means the legal requirements as shall be in place from time to time under any statute, law, ordinance, regulation, rule, code, executive order, injunction, judgment, decree or order of any governmental authority, whether of the United States, any other country, and any provincial, state, or local subdivision, that relate to the administration of equity plans or equity awards or the issuance of securities, as well as any applicable Exchange rules or regulations.

"Award" means any award made, in writing or by an electronic medium, pursuant to this Plan, including awards made in the form of an Option, a SAR, a Restricted Share, a RSU, an Unrestricted Share, a DSU, or Dividend Equivalent Rights, or any combination thereof, whether alternative or cumulative.

"Award Agreement" means any written document (including in any electronic medium) setting forth the terms of an Award that has been authorized by the Committee. The Committee shall determine the form or forms of documents to be used, and may change them from time to time for any reason.

"Beneficial Owner" shall have the meaning attributed thereto in the Exchange Act.

"Beneficiary" means the person or entity designated by the Participant, in a form approved by the Company, to exercise the Participant's rights with respect to an Award or receive payment or settlement under an Award after the Participant's death.

"Board" means the Board of Directors of the Company.

"Cause" has the same meaning as set forth in any unexpired written employment agreement or independent contractor agreement between the Company and the Participant or, in the absence of any such agreements, as set forth in the Participant's Award Agreement. If no alternative definitions for "Cause" exist in a Participant's contracts with the Company, "Cause"

means that the Company determines in its reasonable discretion that any of the following situations gave rise to a Participant's termination from Continuous Service: (i) the Participant committed, was convicted, or pled no contest or any similar plea to a misdemeanor involving acts of dishonesty or breach of fiduciary duty or any felony, (ii) the Participant willfully failed to substantially perform his or her duties and responsibilities to the Company or deliberately violated a Company policy; (iii) the Participant committed any act or acts of fraud, embezzlement, dishonesty, or other willful misconduct; (iv) without authorization, the Participant used or disclosed any proprietary information or trade secrets of the Company or any other party to whom the Participant owes an obligation of nondisclosure as a result of his or her relationship with the Company; or (v) the Participant breached any of his or her material obligations under any written agreement with the Company. The foregoing definition does not in any way limit the Company's ability to terminate a Participant's employment or other service relationship at any time, and the term "Company" will be interpreted herein to include any Affiliate or successor thereto, if appropriate. Furthermore, a Participant's Continuous Service shall be deemed to have terminated for Cause within the meaning hereof if, at any time (whether before, on, or after termination of the Participant's Continuous Service), facts or circumstances are discovered that would have justified a termination for Cause.

"Change in Control" means, unless another definition is set forth in an Award Agreement, the first of the following to occur after the IPO Date:

(i) *Acquisition of Controlling Interest*. Any Person (other than Persons who are Employees or service providers at any time more than one year before a transaction) becomes the Beneficial Owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities; ***provided*** that the foregoing shall exclude any bona fide sale of securities of the Company by the Company to one or more third parties for purposes of raising capital. In applying the preceding sentence, an agreement to vote securities shall be disregarded unless its ultimate purpose is to cause what would otherwise be a Change in Control, as reasonably determined by the Board.

(ii) *Merger*. The Company consummates a merger or consolidation of the Company with any other corporation unless: (a) the voting securities of the Company outstanding immediately before the merger or consolidation would continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 50% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; and (b) no Person (other than Persons who are Employees or service providers at any time more than one year before the transaction) becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities.

(iii) *Sale of Assets*. The Company consummates a sale or disposition of all, or substantially all, of the Company's assets.

(iv) *Liquidation or Dissolution*. The stockholders of the Company approve a plan or proposal for liquidation or dissolution of the Company.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which (I) the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions, or (II) any Person who was a Beneficial Owner, directly or indirectly, of securities in the Company representing more than 50% acquires additional securities in the Company.

"Code" means the Internal Revenue Code of 1986, as amended.

"Committee" means the Compensation Committee of the Board or its successor; ***provided*** that the term "Committee" means (i) the Board when acting at any time in lieu of the Committee and (ii) with respect to any decision relating to a Reporting Person, a committee consisting solely of two or more Directors who are disinterested within the meaning of Rule 16b-3. The mere fact that a Committee member shall fail to qualify as a "non-employee director" within the meaning of Rule 16b-3 shall not invalidate any Award made by the Committee which Award is otherwise validly made under this Plan.

"Common Stock" means common stock, $0.001 par value per share, of the Company. In the event of a change in the capital structure of the Company affecting the common stock (as provided in Section 12), the Shares resulting from such a change in the common stock shall be deemed to be Common Stock within the meaning of this Plan.

"Company" means AvidXchange Holdings, Inc., a Delaware corporation or any successor corporation thereto.

"Conditions" has the meaning set forth in Section 13(a).

"Confidentiality Agreement" has the meaning set forth in Section 13(a).

"Consultant" means any natural person (other than an Employee or Director), including an advisor, who provides bona fide services to the Company, its parents, its majority-owned subsidiaries or majority-owned subsidiaries of the Company's parent, if such services are not in connection with the offer or sale of securities in a capital-raising transaction, and do not directly or indirectly promote or maintain a market for the Company's securities.

"Continuous Service" means a Participant's period of service in the absence of any interruption or termination as an Employee, Director, or Consultant. Continuous Service shall

not be considered interrupted in the case of: (i) sick leave; (ii) military leave; (iii) any other leave of absence approved by the Committee, ***provided*** that such leave is for a period of not more than 90 days, unless reemployment upon the expiration of such leave is guaranteed by contract or statute, or unless provided otherwise pursuant to Company policy adopted from time to time; (iv) changes in status from Director to advisory director or emeritus status; or (iv) transfers between locations of the Company or between the Company and its Affiliates. Changes in status between service as an Employee, Director, and a Consultant will not constitute an interruption of Continuous Service if the individual continues to perform bona fide services for the Company. The Committee shall have the discretion to determine whether and to what extent the vesting of any Awards shall be tolled during any paid or unpaid leave of absence; ***provided***, however, that in the absence of such determination, vesting for all Awards shall be tolled during any such unpaid leave (but not for a paid leave).

"Data" has the meaning set forth in Section 20(c).

"Deferred Share Units" or "DSUs" mean Awards pursuant to Section 8 of the Plan.

"Director" means a member of the Board, or a member of the board of directors of an Affiliate.

"Disabled" means (a) for an ISO, that the Participant is disabled within the meaning of Code Section 22(e)(3), and (b) for other Awards, a physical or mental condition under which the Participant is receiving benefits under the Company's long-term disability plan applicable to such Participant, and in the absence of such a plan that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

"Dividend Equivalent Rights" means Awards pursuant to Section 9 of the Plan, which may be attached to other Awards.

"Eligible Persons" has the meaning set forth in Section 1(b).

"Employee" means any person whom the Company or any Affiliate classifies as an employee (including an officer) for employment tax purposes or, if in a jurisdiction that does not have employment taxes, any person whom the Company or any Affiliate classifies as an employee (including an officer), in either case whether or not that classification is correct. The payment by the Company of a director's fee to a Director shall not be sufficient to constitute "employment" of such Director by the Company.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Exchange" means the New York Stock Exchange, other national securities exchange, the Nasdaq Global Select Market, the Nasdaq Global Market, the Nasdaq Capital Market or other automated quotation system.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Fair Market Value" means for purposes of this Plan and unless otherwise determined or provided by the Committee in the circumstances:

(i) If the Shares are listed or admitted to trade on an Exchange, the Fair Market Value shall equal the closing price of Shares as reported on the composite tape for securities on the Exchange for the date in question, or, if no sales of Shares were made on the Exchange on that date, the closing price of Shares as reported on said composite tape for the next preceding day on which sales of Shares were made on the Exchange. The Committee may, however, provide with respect to one or more Awards that the Fair Market Value shall equal the closing price of Shares as reported on the composite tape for securities listed on the Exchange on the last trading day preceding the date in question or the average of the high and low trading prices of Shares as reported on the composite tape for securities listed on the Exchange for the date in question or the most recent trading day.

(i) If Shares are not listed or admitted to trade on an Exchange, the Fair Market Value shall be the value as reasonably determined by the Committee for purposes of the Award in the circumstances; provided that, if so determined by the Committee, Fair Market Value shall be determined pursuant to a valuation of the Company by an independent appraisal that meets the requirements of Section 401(a)(28)(C) of the Code as of a date that is no more than 12 months before the date of grant of the Award or another methodology for determining fair market value that complies with Section 409A of the Code.

The Committee also may adopt a different methodology for determining Fair Market Value with respect to one or more Awards if a different methodology is necessary or advisable to secure any intended favorable tax, legal or other treatment for the particular Awards (for example, and without limitation, the Committee may provide that Fair Market Value for purposes of one or more Awards will be based on an average of closing prices (or the average of high and low daily trading prices) for a specified period preceding the relevant date). Any determination as to Fair Market Value made pursuant to this Plan shall be made without regard to any restriction other than a restriction which, by its terms, will never lapse, and shall be final, binding and conclusive on all persons with respect to Awards granted under this Plan.

"Grant Date" means the later of (i) the date designated as the "Grant Date" within an Award Agreement, and (ii) the date on which the Committee determines the key terms of an Award, ***provided*** that as soon as reasonably practicable thereafter the Committee both notifies the Eligible Person of the Award and enters into an Award Agreement with the Eligible Person.

"Immediate Family" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and shall include adoptive relationships. "Immediate Family" also shall include a trust in which these persons have more than 50% of the beneficial interest, a foundation in which these persons (or the Participant) control the

management of assets, any other entity in which these persons (or the Participant) own more than 50% of the voting interests, and any person sharing the Participant's household (other than a tenant or employee).

"IPO Date" means date of the underwriting agreement between the Company and the underwriters managing the initial public offering of the Common Stock, pursuant to which the Common Stock is priced for the initial public offering.

"ISO" means an Option that qualifies for favorable income tax treatment under Code Section 422 and is specifically designated as an incentive stock option in an Award Agreement.

"Non-ISO" means an Option not specifically designated as an ISO in an Award Agreement or not otherwise qualifying as an ISO.

"Option" means any right to buy Shares that is granted to a Participant pursuant to Section 5.

"Participant" means an Eligible Person who has an Award.

"Person" means any natural person, association, trust, business trust, cooperative, corporation, general partnership, joint venture, joint-stock company, limited partnership, limited liability company, real estate investment trust, regulatory body, governmental agency or instrumentality, unincorporated organization or organizational entity.

"Plan" has the meaning set forth in Section 1(a).

"Prior Plan" means each of the Company's 2010 Stock Option Plan, 2017 Amendment and Restatement of the 2010 Stock Option Plan and 2020 Equity Incentive Plan.

"Recapture" has the meaning set forth in Section 13(a).

"Recoupment" has the meaning set forth in Section 13(h).

"Rescission" has the meaning set forth in Section 13(a).

"Reimbursement" has the meaning set forth in Section 13(h).

"Reporting Person" means an Employee, Director, or Consultant who is required to file reports with the Securities and Exchange Commission pursuant to Section 16(a) of the Exchange Act and the rules promulgated thereunder.

"Restricted Share" means a Share awarded with restrictions imposed under Section 7.

"Restricted Share Unit" or "RSU" means a right granted to a Participant to receive Shares or cash upon the lapse of restrictions imposed under Section 7.

"Returning Shares" means Shares subject to outstanding stock awards granted under a Prior Plan and that following the IPO Date: (i) are not issued because such stock award or any portion thereof expires or otherwise terminates without all of the shares covered by such stock

award having been issued; (ii) are not issued because such stock award or any portion thereof is settled in cash; (iii) are forfeited back to or repurchased by the Company because of the failure to meet a contingency or condition required for the vesting of such Shares; (iv) are withheld or reacquired to satisfy the exercise, strike or purchase price; or (v) are withheld or reacquired to satisfy a tax withholding obligation.

"Rule 16b-3" means Rule 16b-3 promulgated under the Exchange Act, as amended from time to time, or any successor provision.

"Section 409A Award" has the meaning set forth in Section 5(a)(i).

"Share" means a share of Common Stock of the Company, as adjusted in accordance with Section 13 of this Plan.

"SAR" or "Share Appreciation Right" means a right to receive amounts awarded under Section 6.

"Ten Percent Holder" means a person who owns (within the meaning of Code Section 422) stock representing more than ten percent (10%) of the combined voting power of all classes of stock of the Company or any "parent corporation" or "subsidiary corporation" of the Company (as such terms are defined in Sections 424(e) and 424(f) of the Code, respectively).

"Successor Company" has the meaning set forth in Section 12(c).

"Termination" has the meaning set forth in Section 13(a).

"Unrestricted Shares" mean Shares that are both awarded to Participants pursuant to Section 7 of this Plan, and not subject to a "substantial risk of forfeiture" within the meaning of Code Section 83.

"U.S. Taxpayer" means an Eligible Person who is subject to U.S. taxation.

"Withholding Taxes" means the aggregate amount of federal, state, local and foreign income, social insurance, payroll, and other taxes that the Company and any Affiliates are required or permitted to withhold in connection with any Award.

AVIDXCHANGE HOLDINGS, INC.
STOCK OPTION GRANT NOTICE
(2021 LONG-TERM INCENTIVE PLAN)

AvidXchange Holdings, Inc. (the "***Company***"), pursuant to its 2021 Long-Term Incentive Plan (the "***Plan***"), has granted to you ("***Optionholder***") an option to purchase the number of shares of the Common Stock set forth below (the "***Option***"). Your Option is subject to all of the terms and conditions as set forth herein and in the Plan and the Stock Option Agreement, all of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein, but defined in the Plan or the Stock Option Agreement, shall have the meanings set forth in the Plan or the Stock Option Agreement, as applicable.

Optionholder:	_____
Date of Grant:	_____
Vesting Commencement Date:	_____
Number of Shares Subject to Option:	_____
Exercise Price (Per Share):	_____
Total Exercise Price:	_____
Expiration Date:	_____

Type of Grant: [ISO] OR [Non-ISO]

Exercise and Vesting Schedule: Subject to the Optionholder's Continuous Service through each applicable vesting date, the Option will vest as follows:

[_____].

Notwithstanding the foregoing, vesting shall terminate upon the Optionholder's termination of Continuous Service.

Optionholder Acknowledgements: By your signature below, or by electronic acceptance or authentication in a form authorized by the Company, you understand and agree that:

- The Option is governed by this Stock Option Grant Notice, and the provisions of the Plan and the Stock Option Agreement, all of which are made a part of this document. Unless otherwise provided in the Plan, this Grant Notice and the Stock Option Agreement (together, the "***Option Agreement***") may not be modified, amended or revised, except in a writing signed by you and a duly authorized officer of the Company.
- If the Option is an ISO, it (plus other outstanding ISOs granted to you) cannot be first *exercisable* for more than $100,000 in value (measured by exercise price) in any calendar year. Any excess over $100,000 is a Non-ISO.
- You consent to receive this Grant Notice, the Stock Option Agreement, the Plan, the prospectus prepared for the Plan (the "***Prospectus***") and any other Plan-related documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.
- You have read and are familiar with the provisions of the Plan, the Stock Option Agreement, and the Prospectus. In the event of any conflict between the provisions in this Grant Notice, the Option Agreement, or the Prospectus and the terms of the Plan, the terms of the Plan shall control.
- The Option Agreement sets forth the entire understanding between you and the Company regarding the acquisition of Common Stock and supersedes all prior oral and written agreements, promises and/or representations on that subject, with the exception of other equity awards previously granted to you and any

- written employment agreement, offer letter, severance agreement, written severance plan or policy, or other written agreement between the Company and you in each case that specifies the terms that should govern this Option.
- Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with applicable law) or other transmission method, and any counterpart so delivered, will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

AVIDXCHANGE HOLDINGS, INC.

By: _____
Signature

Title: _____

Date: _____

OPTIONHOLDER:

_____
Signature

Date: _____

AVIDXCHANGE HOLDINGS, INC.
2021 LONG-TERM INCENTIVE PLAN

STOCK OPTION AGREEMENT

As reflected by your Stock Option Grant Notice ("***Grant Notice***") AvidXchange Holdings, Inc., (the "***Company***") has granted you an option under its 2021 Long-Term Incentive Plan (the "***Plan***") to purchase a number of shares of Common Stock at the exercise price indicated in your Grant Notice (the "***Option***"). Capitalized terms not explicitly defined in this Agreement, but defined in the Grant Notice or the Plan, shall have the meanings set forth in the Grant Notice or Plan, as applicable. The terms of your Option as specified in the Grant Notice and this Stock Option Agreement constitute your Option Agreement.

The general terms and conditions applicable to your Option are as follows:

1. GOVERNING PLAN DOCUMENT. Your Option is subject to all the provisions of the Plan. Your Option is further subject to all interpretations, amendments, rules and regulations, which may, from time to time, be promulgated and adopted pursuant to the Plan. In the event of any conflict between the Option Agreement and the provisions of the Plan, the provisions of the Plan shall control.

2. EXERCISE.

(a) You may generally exercise the vested portion of your Option for whole shares of Common Stock at any time during its term by delivery of payment of the exercise price and applicable withholding taxes and other required documentation to the Plan Administrator in accordance with the exercise procedures established by the Plan Administrator, which may include an electronic submission. Please review the Plan, which may restrict or prohibit your ability to exercise your Option during certain periods.

(b) To the extent permitted by Applicable Law, you may pay your Option exercise price as follows:

(i) cash or check payable to the Company (in U.S. dollars);

(ii) subject to Company and/or Committee consent at the time of exercise, pursuant to a "cashless exercise" program as further described in the Plan, if at the time of exercise the Common Stock is publicly traded;

(iii) subject to Company and/or Committee consent at the time of exercise, by delivery of previously owned shares of Common Stock as further described in the Plan; or

(iv) subject to Company and/or Committee consent at the time of exercise, if the Option is a Non-ISO, by a "net exercise" arrangement as further described in the Plan.

3. TERM. You may not exercise your Option before the commencement of its term or after its term expires. The term of your option commences on the Date of Grant and expires upon the earliest of the following:

(a) immediately upon the termination of your Continuous Service for Cause;

(b) three months after the termination of your Continuous Service for any reason other than Cause, you become Disabled or death;

(c) 12 months after the termination of your Continuous Service if you become Disabled;

(d) 12 months after your death if you die during your Continuous Service;

(e) immediately upon a Change in Control if the Board has determined that the Option will terminate in connection with a Change in Control,

(f) the Expiration Date indicated in your Grant Notice; or

(g) the day before the 10th anniversary of the Date of Grant.

Notwithstanding the foregoing, if you die during the period provided in Section 3(b) or 3(c) above, the term of your Option shall not expire until the earlier of (i) 12 months after your death, (ii) upon any termination of the Option in connection with a Change in Control, (iii) the Expiration Date indicated in your Grant Notice, or (iv) the day before the 10th anniversary of the Date of Grant. Additionally, the Post-Termination Exercise Period of your Option may be extended as provided in the Plan.

To obtain the federal income tax advantages associated with an ISO, the Code requires that at all times beginning on the date of grant of your Option, and ending on the day three months before the date of your Option's exercise, you must be an employee of the Company or an Affiliate, except in the event of your death or if you become Disabled. If the Company provides for the extended exercisability of your Option under certain circumstances for your benefit, your Option will not necessarily be treated as an ISO if you exercise your Option more than three months after the date your employment terminates.

4. WITHHOLDING OBLIGATIONS.

(a) Regardless of any action taken by the Company or, if different, the Affiliate to which you provide Continuous Service (the "***Service Recipient***") with respect to any income tax, social insurance, payroll tax, fringe benefits tax, payment on account, or other tax-related items associated with the grant, vesting or exercise of the Option or sale of the underlying Common Stock or other tax-related items related to your participation in the Plan and legally applicable to you (the "***Tax Liability***"), you hereby acknowledge and agree that the Tax Liability is your ultimate responsibility and may exceed the amount, if any, actually withheld by the Company or the Service Recipient. You further acknowledge that the Company and the Service Recipient (i) make no representations or undertakings regarding any Tax Liability in connection with any aspect of this Option, including, but not limited to, the grant, vesting or exercise of the Option, the issuance of Common Stock pursuant to such exercise, the subsequent sale of shares of Common Stock, and the payment of any dividends on the shares; and (ii) do not commit to, and are under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate your Tax Liability or achieve a particular tax result. Further, if you are subject to Tax Liability in more than one jurisdiction, you acknowledge that the Company and/or the Service Recipient (or former service recipient, as applicable) may be required to withhold or account for Tax Liability in more than one jurisdiction.

(b) Prior to any relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to the Company and/or the Service Recipient to satisfy all Tax Liability. As further provided in Section 8 of the Plan, you hereby authorize the Company and any applicable Service Recipient to satisfy any applicable withholding obligations with regard to the Tax Liability by one or a combination of the following methods: (i) causing you to pay any portion of the Tax Liability in cash or cash equivalent in a form acceptable to the Company; (ii) withholding from any compensation otherwise payable to you by the Company or the Service Recipient; (iii) withholding from the proceeds of the sale of shares of Common Stock issued upon exercise of the Option (including by means of a "cashless exercise" pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board to the extent permitted by the Company, or by means of the Company acting as your agent to sell sufficient shares of Common Stock for the proceeds to settle such withholding requirements, on your behalf pursuant to this authorization without further consent); (iv) withholding shares of Common Stock otherwise issuable to you upon the exercise of the Option, provided that to the extent necessary to qualify for an exemption from application of Section 16(b) of the Exchange Act, if applicable, such share withholding procedure will be subject to the express prior approval of the Board or the Company's Compensation Committee; and/or (v) any other method determined by the Company to be in compliance with Applicable Law. Furthermore, you agree to pay the Company or the Service Recipient any amount the Company or the Service Recipient may be required to withhold, collect or pay as a result of your participation in the Plan or that cannot be satisfied by the means previously described. In the event it is determined that the amount of the Tax Liability was greater than the amount withheld by the Company or the Service Recipient, you agree to indemnify and hold the Company and/or the Service Recipient (as applicable) harmless from any failure by the Company or the applicable Service Recipient to withhold the proper amount.

(c) The Company may withhold or account for your Tax Liability by considering statutory withholding amounts or other withholding rates applicable in your jurisdiction(s), including (i) maximum applicable rates in your jurisdiction(s), in which case you may receive a refund of any over-withheld amount in cash (whether from applicable tax authorities or the Company) and you will have no entitlement to the equivalent amount in Common Stock or (ii) minimum or such other applicable rates in your jurisdiction(s), in which case, you may be solely responsible for paying any additional Tax Liability to the applicable tax authorities or to the Company and/or the Service Recipient. If the Tax Liability withholding obligation is satisfied by withholding shares of Common Stock, for tax purposes, you are deemed to have been issued the full number of shares of Common Stock subject to the exercised portion of the Option, notwithstanding that a number of the shares of Common Stock is held back solely for the purpose of paying such Tax Liability.

(d) You acknowledge that you may not be able to exercise your Option, even though the Option is vested, and that the Company shall have no obligation to issue shares of Common Stock, in each case, unless, and until you have fully satisfied any applicable Tax Liability, as determined by the Company. Unless any withholding obligation for the Tax Liability is satisfied, the Company shall have no obligation to deliver to you any Common Stock in respect of the Option.

5. ISO DISPOSITION REQUIREMENT. If your option is an ISO, you must notify the Company in writing within 15 days after the date of any disposition of any of the shares of the Common Stock issued upon exercise of your option that occurs within two years after the date of your option grant or within one year after such shares of Common Stock are transferred upon exercise of your option.

6. TRANSFERABILITY. Except as otherwise provided in the Plan, your Option is not transferable, except by will or by the applicable laws of descent and distribution, and is exercisable during your life only by you.

7. CHANGE IN CONTROL. Your Option is subject to the terms of any agreement governing a Change in Control involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on your behalf with respect to any escrow, indemnities and any contingent consideration.

8. NO LIABILITY FOR TAXES. As a condition to accepting the Option, you hereby (a) agree to not make any claim against the Company, or any of its officers, Directors, Employees or Affiliates related to tax liabilities arising from the Option or other Company compensation and (b) acknowledge that you were advised to consult with your own personal tax, financial and other legal advisors regarding the tax consequences of the Option, and have either done so, or knowingly and voluntarily declined to do so. Additionally, you acknowledge that the Option is exempt from Section 409A, only if the exercise price is at least equal to the "fair market value" of the Common Stock on the date of grant as determined by the Internal Revenue Service, and there is no other impermissible deferral of compensation associated with the Option. Additionally, as a condition to accepting the Option, you agree not make any claim against the Company, or any of its officers, Directors, Employees or Affiliates in the event that the Internal Revenue Service asserts that such exercise is less than the "fair market value" of the Common Stock on the date of grant as subsequently determined by the Internal Revenue Service.

9. SEVERABILITY. If any part of this Option Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Option Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Option Agreement (or part of such a Section) so declared to be unlawful or invalid, will, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible, while remaining lawful and valid.

10. INDEBTEDNESS TO THE COMPANY. In the event that you have any loans, draws, advances or any other indebtedness owing to the Company at the time of exercise of all or a portion of the Option, the Company may deduct and not deliver that number of shares of Common Stock with a Fair Market Value subject to the Option equal to such indebtedness to satisfy all or a portion of such indebtedness, to the extent permitted by law and in a manner consistent with Section 409A of the Code, if applicable.

11. OTHER DOCUMENTS. You hereby acknowledge receipt of, or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Prospectus. In addition, you acknowledge receipt of the Company's insider trading policy.

12. QUESTIONS. If you have questions regarding these or any other terms and conditions applicable to your Option, including a summary of the applicable federal income tax consequences, please see the Prospectus.

* * * *

AVIDXCHANGE HOLDINGS, INC.
RSU AWARD GRANT NOTICE
(2021 LONG-TERM INCENTIVE PLAN)

AvidXchange Holdings, Inc. (the "***Company***") has awarded to you (the "***Participant***") the number of restricted stock units specified and on the terms set forth below in consideration of your services (the "***RSU Award***"). Your RSU Award is subject to all of the terms and conditions as set forth herein and in the Company's 2021 Long-Term Incentive Plan (the "***Plan***") and the Award Agreement (the "***Agreement***"), which are incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Agreement shall have the meanings set forth in the Plan or the Agreement.

Participant: _____

Date of Grant: _____

Vesting Commencement Date: _____

Number of Restricted Stock Units: _____

Vesting Schedule: [_____].

Notwithstanding the foregoing, vesting shall terminate upon the Participant's termination of Continuous Service.

Issuance Schedule: One share of Common Stock will be issued for each restricted stock unit, which vests at the time set forth in Section 5 of the Agreement

Participant Acknowledgements: By your signature below or by electronic acceptance or authentication in a form authorized by the Company, you understand and agree that:

- The RSU Award is governed by this RSU Award Grant Notice (the "***Grant Notice***"), and the provisions of the Plan and the Agreement, all of which are made a part of this document. Unless otherwise provided in the Plan, this Grant Notice and the Agreement (together, the "***RSU Award Agreement***") may not be modified, amended or revised except in a writing signed by you and a duly authorized officer of the Company.
- You have read and are familiar with the provisions of the Plan, the RSU Award Agreement and the prospectus prepared for the Plan (the "***Prospectus***"). In the event of any conflict between the provisions in the RSU Award Agreement, or the Prospectus and the terms of the Plan, the terms of the Plan shall control.
- The RSU Award Agreement sets forth the entire understanding between you and the Company regarding the acquisition of Common Stock and supersedes all prior oral and written agreements, promises and/or representations on that subject with the exception of: (i) other equity awards previously granted to you, and (ii) any written employment agreement, offer letter, severance agreement, written severance plan or policy, or other written agreement between the Company and you in each case that specifies the terms that should govern this RSU Award.

- Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with applicable law) or other transmission method, and any counterpart so delivered, will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

AVIDXCHANGE HOLDINGS, INC.

By: _____
Signature

Title: _____

Date: _____

PARTICIPANT:

_____
Signature

Date: _____

AVIDXCHANGE HOLDINGS, INC.
2021 LONG-TERM INCENTIVE PLAN
AWARD AGREEMENT (RSU AWARD)

As reflected by your Restricted Stock Unit Grant Notice ("***Grant Notice***"), AvidXchange Holdings, Inc. (the "***Company***") has granted you an RSU Award under its 2021 Long-Term Incentive Plan (the "***Plan***") for the number of restricted stock units as indicated in your Grant Notice (the "***RSU Award***"). The terms of your RSU Award as specified in this Award Agreement for your RSU Award (the "***Agreement***") and the Grant Notice constitute your "***RSU Award Agreement***". Defined terms not explicitly defined in this Agreement but defined in the Grant Notice or the Plan shall have the same definitions as in the Grant Notice or Plan, as applicable.

The general terms applicable to your RSU Award are as follows:

1. GOVERNING PLAN DOCUMENT. Your RSU Award is subject to all the provisions of the Plan. Your RSU Award is further subject to all interpretations, amendments, rules and regulations, which may, from time to time, be promulgated and adopted pursuant to the Plan. In the event of any conflict between the RSU Award Agreement and the provisions of the Plan, the provisions of the Plan shall control.

2. GRANT OF THE RSU AWARD. This RSU Award represents your right to be issued on a future date the number of shares of the Company's Common Stock that is equal to the number of restricted stock units indicated in the Grant Notice subject to your satisfaction of the vesting conditions set forth therein (the "***Restricted Stock Units***"). Any additional Restricted Stock Units that become subject to the RSU Award pursuant to Capitalization Adjustments as set forth in the Plan and the provisions of Section 3 below, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units covered by your RSU Award.

3. DIVIDENDS. You shall receive no benefit or adjustment to your RSU Award with respect to any cash dividend, stock dividend or other distribution that does not result from a Capitalization Adjustment as provided in the Plan; provided, however, that this sentence shall not apply with respect to any shares of Common Stock that are delivered to you in connection with your RSU Award after such shares have been delivered to you.

4. WITHHOLDING OBLIGATIONS.

(a) Regardless of any action taken by the Company or, if different, the Affiliate to which you provide Continuous Service (the "***Service Recipient***") with respect to any income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items associated with the grant or vesting of the RSU Award or sale of the underlying Common Stock or other tax-related items related to your participation in the Plan and legally applicable to you (the "***Tax Liability***"), you hereby acknowledge and agree that the Tax Liability is your ultimate responsibility and may exceed the amount, if any, actually withheld by the Company or the Service Recipient. You further acknowledge that the Company and the Service Recipient (i) make no representations or undertakings regarding any Tax Liability in connection with any aspect of this RSU Award, including, but not limited to, the grant or vesting of the RSU Award, the issuance of Common Stock pursuant to such vesting, the subsequent sale of shares of Common Stock, and the payment of any dividends on the Common Stock; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSU Award to reduce or eliminate your Tax Liability or achieve a particular tax result. Further, if you are subject to Tax Liability in more than one jurisdiction, you acknowledge that the Company and/or the Service Recipient (or former service recipient, as applicable) may be required to withhold or account for Tax Liability in more than one jurisdiction.

(b) Prior to any relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to the Company and/or the Service Recipient to satisfy all Tax Liability. As further provided in Section 8 of the Plan, you hereby authorize the Company and any applicable Service Recipient to satisfy any applicable withholding obligations with regard to the Tax Liability by any of the following means or by a combination of such means: (i) causing you to pay any portion of the Tax Liability in cash or cash equivalent in a form acceptable to the Company; (ii) withholding from any compensation otherwise payable to you by the Company or the Service Recipient; (iii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the Award; *provided*, however, that to the extent necessary to qualify for

an exemption from application of Section 16(b) of the Exchange Act, if applicable, such share withholding procedure will be subject to the express prior approval of the Board or the Company's Compensation Committee; (iv) permitting or requiring you to enter into a "same day sale" commitment, if applicable, with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a "***FINRA Dealer***"), pursuant to this authorization and without further consent, whereby you irrevocably elect to sell a portion of the shares of Common Stock to be delivered in connection with your Restricted Stock Units to satisfy the Tax Liability and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Tax Liability directly to the Company or the Service Recipient; and/or (v) any other method determined by the Company to be in compliance with Applicable Law. Furthermore, you agree to pay the Company or the Service Recipient any amount the Company or the Service Recipient may be required to withhold, collect, or pay as a result of your participation in the Plan or that cannot be satisfied by the means previously described. In the event it is determined that the amount of the Tax Liability was greater than the amount withheld by the Company and/or the Service Recipient (as applicable), you agree to indemnify and hold the Company and/or the Service Recipient (as applicable) harmless from any failure by the Company or the applicable Service Recipient to withhold the proper amount.

(c) The Company may withhold or account for your Tax Liability by considering statutory withholding amounts or other withholding rates applicable in your jurisdiction(s), including (i) maximum applicable rates in your jurisdiction(s), in which case you may receive a refund of any over-withheld amount in cash (whether from applicable tax authorities or the Company) and you will have no entitlement to the equivalent amount in Common Stock or (ii) minimum or such other applicable rates in your jurisdiction(s), in which case you may be solely responsible for paying any additional Tax Liability to the applicable tax authorities or to the Company and/or the Service Recipient. If the Tax Liability withholding obligation is satisfied by withholding shares of Common Stock, for tax purposes, you are deemed to have been issued the full number of shares of Common Stock subject to the vested portion of the RSU Award, notwithstanding that a number of the shares of Common Stock is held back solely for the purpose of paying such Tax Liability.

(d) You acknowledge that you may not participate in the Plan and the Company shall have no obligation to deliver shares of Common Stock until you have fully satisfied the Tax Liability, as determined by the Company. Unless any withholding obligation for the Tax Liability is satisfied, the Company shall have no obligation to deliver to you any Common Stock in respect of the RSU Award.

5. DATE OF ISSUANCE.

(a) The issuance of shares in respect of the Restricted Stock Units is intended to comply with U.S. Treasury Regulations Section 1.409A-3(a) and will be construed and administered in such a manner. Subject to the satisfaction of the Tax Liability withholding obligation, if any, in the event one or more Restricted Stock Units vests, the Company shall issue to you one (1) share of Common Stock for each vested Restricted Stock Unit. Each issuance date determined by this paragraph is referred to as an "***Original Issuance Date***."

(b) If the Original Issuance Date falls on a date that is not a business day, delivery shall instead occur on the next following business day. In addition, if:

(i) the Original Issuance Date does not occur (1) during an "open window period" applicable to you, as determined by the Company in accordance with the Company's then-effective policy on trading in Company securities, or (2) on a date when you are otherwise permitted to sell shares of Common Stock on an established stock exchange or stock market (including but not limited to under a previously established written trading plan that meets the requirements of Rule 10b5-1 under the Exchange Act and was entered into in compliance with the Company's policies (a "***10b5-1 Arrangement***")), *and*

(ii) either (1) a Tax Liability withholding obligation does not apply, or (2) the Company decides, prior to the Original Issuance Date, (A) not to satisfy the Tax Liability withholding obligation by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this Award, and (B) not to permit you to enter into a "same day sale" commitment with a broker-dealer (including, but not limited to, a commitment under a 10b5-1 Arrangement) and (C) not to permit you to pay your Tax Liability in cash, then the shares that would otherwise be issued to you on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when you are not prohibited from selling

shares of the Common Stock in the open public market, but in no event later than December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of your taxable year in which the Original Issuance Date occurs), or, if and only if permitted in a manner that complies with U.S. Treasury Regulations Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the applicable year following the year in which the shares of Common Stock under this Award are no longer subject to a "substantial risk of forfeiture" within the meaning of U.S. Treasury Regulations Section 1.409A-1(d).

6. **TRANSFERABILITY**. Except as otherwise provided in the Plan, your RSU Award is not transferable, except by will or by the applicable laws of descent and distribution.

7. **CHANGE IN CONTROL**. Your RSU Award is subject to the terms of any agreement governing a Change in Control involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on your behalf with respect to any escrow, indemnities and any contingent consideration.

8. **NO LIABILITY FOR TAXES**. As a condition to accepting the RSU Award, you hereby (a) agree to not make any claim against the Company, or any of its officers, Directors, Employees or Affiliates related to tax liabilities arising from the RSU Award or other Company compensation and (b) acknowledge that you were advised to consult with your own personal tax, financial and other legal advisors regarding the tax consequences of the RSU Award and have either done so or knowingly and voluntarily declined to do so.

9. **SEVERABILITY**. If any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

10. **OTHER DOCUMENTS**. You hereby acknowledge receipt of or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Prospectus. In addition, you acknowledge receipt of the Company's insider trading policy.

11. **QUESTIONS**. If you have questions regarding these or any other terms and conditions applicable to your RSU Award, including a summary of the applicable federal income tax consequences please see the Prospectus.

AVIDXCHANGE HOLDINGS, INC.
2021 EMPLOYEE STOCK PURCHASE PLAN
ADOPTED BY THE BOARD OF DIRECTORS: [____], 2021
APPROVED BY THE STOCKHOLDERS: [____], 2021

1. GENERAL; PURPOSE.

(a) The Plan provides a means by which Eligible Employees of the Company and certain Designated Companies may be given an opportunity to purchase shares of Common Stock. The Plan permits the Company to grant a series of Purchase Rights to Eligible Employees under an Employee Stock Purchase Plan. In addition, the Plan permits the Company to grant a series of Purchase Rights to Eligible Employees that do not meet the requirements of an Employee Stock Purchase Plan.

(b) The Plan includes two components: a 423 Component and a Non-423 Component. The Company intends (but makes no undertaking or representation to maintain) the 423 Component to qualify as an Employee Stock Purchase Plan. The provisions of the 423 Component, accordingly, will be construed in a manner that is consistent with the requirements of Section 423 of the Code. Except as otherwise provided in the Plan or determined by the Board, the Non-423 Component will operate and be administered in the same manner as the 423 Component.

(c) The Company, by means of the Plan, seeks to retain the services of such 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 the Company and its Related Corporations.

2. ADMINISTRATION.

(a) The Board or the Committee will administer the Plan. References herein to the Board shall be deemed to refer to the Committee except where context dictates otherwise.

(b) The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine how and when Purchase Rights will be granted and the provisions of each Offering (which need not be identical).

(ii) To designate from time to time (A) which Related Corporations will be eligible to participate in the Plan as Designated 423 Corporations, (B) which Related Corporations or Affiliates will be eligible to participate in the Plan as Designated Non-423 Corporations, (C) which Designated Companies will participate in each separate Offering (to the extent that the Company makes separate Offerings).

(iii) To construe and interpret the Plan and Purchase Rights, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, in a manner and to the extent it deems necessary or expedient to make the Plan fully effective.

(iv) To settle all controversies regarding the Plan and Purchase Rights granted under the Plan.

(v) To suspend or terminate the Plan at any time as provided in Section 12.

(vi) To amend the Plan at any time as provided in Section 12.

(vii) Generally, to exercise such powers and to perform such acts as it deems necessary or expedient to promote the best interests of the Company and its Related Corporations and to carry out the intent that the Plan be treated as an Employee Stock Purchase Plan with respect to the 423 Component.

(viii) To adopt such rules, procedures and sub-plans as are necessary or appropriate to permit or facilitate participation in the Plan by Employees who are foreign nationals or employed or located outside the United States. Without limiting the generality of, and consistent with, the foregoing, the Board specifically is authorized to adopt rules, procedures, and sub-plans regarding, without limitation, eligibility to participate in the Plan, the definition of Compensation, handling and making of Contributions, establishment of bank or trust accounts to hold Contributions, payment of interest, conversion of local currency, obligations to pay payroll tax, determination of beneficiary designation requirements, withholding procedures and handling of share issuances, any of which may vary according to applicable requirements, and which, if applicable to a Designated Non-423 Corporation, do not have to comply with the requirements of Section 423 of the Code.

(c) The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board will thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. Further, to the extent not prohibited by Applicable Law, the Board or Committee may, from time to time, delegate some or all of its authority under the Plan to one or more officers of the Company or other persons or groups of persons as it deems necessary, appropriate or advisable under conditions or limitations that it may set at or after the time of the delegation. The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revest in the Board some or all of the powers previously delegated. Whether or not the Board has delegated administration of the Plan to a Committee, the Board will have the final power to determine all questions of policy and expediency that may arise in the administration of the Plan.

(d) All determinations, interpretations and constructions made by the Board in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

3. SHARES OF COMMON STOCK SUBJECT TO THE PLAN.

(a) Subject to the provisions of Section 11(a) relating to Capitalization Adjustments, the maximum number of shares of Common Stock that may be issued under the Plan will not exceed 675,863 shares of Common Stock, plus the number of shares of Common Stock that are automatically added on January 1st of each year for a period of up to ten years, commencing on the first January 1 following the year in which the IPO Date occurs and ending on (and including) January 1, 2031, in an amount equal to the lesser of (i) 1% of the total number of shares of Common Stock outstanding on December 31st of the preceding calendar year, or (ii) 675,863 shares of Common Stock. Notwithstanding the foregoing, the Board may act prior to the first day of any calendar year to provide that there will be no January 1st increase in the share reserve for such calendar year or that the increase in the share reserve for such calendar year will be a lesser number of shares of Common Stock than would otherwise occur pursuant to the preceding sentence. For the avoidance of doubt, up to the maximum number of shares of Common Stock reserved under this Section 3(a) may be used to satisfy purchases of Common Stock under the 423 Component and any remaining portion of such maximum number of shares may be used to satisfy purchases of Common Stock under the Non-423 Component.

(b) If any Purchase Right granted under the Plan terminates without having been exercised in full, the shares of Common Stock not purchased under such Purchase Right will again become available for issuance under the Plan.

(c) The stock purchasable under the Plan will be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market.

4. GRANT OF PURCHASE RIGHTS; OFFERING.

(a) The Board may, from time to time, grant or provide for the grant of Purchase Rights to Eligible Employees under an Offering (consisting of one or more Purchase Periods) on an Offering Date or Offering Dates selected by the Board. Each Offering will be in such form and will contain such terms and conditions as the Board will deem appropriate, including, without limitation, the number of Purchase Periods in the Offering, and, with respect to the 423 Component, will comply with the requirement of Section 423(b)(5) of the Code that all Employees granted Purchase Rights will have the same rights and privileges. The terms and conditions of an Offering shall be incorporated by reference into the Plan and treated as part of the Plan. The provisions of separate Offerings need not be identical, but each Offering will include (through incorporation of the provisions of this Plan by reference in the document comprising the Offering or otherwise) the period during which the Offering will be effective, which period will not exceed 27 months beginning with the Offering Date, and the substance of the provisions contained in Sections 5 through 8, inclusive.

(b) If a Participant has more than one Purchase Right outstanding under the Plan, unless he or she otherwise indicates in forms delivered to the Company or a third party designated by the Company (each, a "***Company Designee***"): (i) each form will apply to all of his or her Purchase Rights under the Plan, and (ii) a Purchase Right with a lower exercise price (or an earlier-granted Purchase Right, if different Purchase Rights have identical exercise prices) will be exercised to the fullest possible extent before a Purchase Right with a higher exercise price (or a later-granted Purchase Right if different Purchase Rights have identical exercise prices) will be exercised.

(c) The Board will have the discretion to structure an Offering so that if the Fair Market Value of a share of Common Stock on the first Trading Day of a new Purchase Period within that Offering is less than or equal to the Fair Market Value of a share of Common Stock on the Offering Date for that Offering, then (i) that Offering will terminate immediately as of that first Trading Day, and (ii) the Participants in such terminated Offering will be automatically enrolled in a new Offering beginning on the first Trading Day of such new Purchase Period.

5. ELIGIBILITY.

(a) Purchase Rights may be granted only to Employees of the Company or, as the Board may designate in accordance with Section 2(b), to Employees of a Related Corporation or an Affiliate. Except as provided in Section 5(b) or as required by Applicable Law, an Employee will not be eligible to be granted Purchase Rights unless, on the Offering Date, the Employee has been in the employ of the Company or the Related Corporation or an Affiliate, as the case may be, for such continuous period preceding such Offering Date as the Board may require, but in no event will the required period of continuous employment be equal to or greater than two (2) years. In addition, the Board may (unless prohibited by Applicable Law) provide that no Employee will be eligible to be granted Purchase Rights under the Plan unless, on the Offering Date, such Employee's customary employment with the Company, the Related Corporation, or the Affiliate is more than twenty (20) hours per week and more than five (5) months per calendar year or such other criteria as the Board may determine consistent with Section 423 of the Code with respect to the 423 Component. The Board may also exclude from participation in the Plan or any Offering Employees who are "highly compensated employees" (within the meaning of Section 423(b)(4)(D) of the Code) of the Company or a Related Corporation or a subset of such highly compensated employees.

(b) The Board may provide that each person who, during the course of an Offering, first becomes an Eligible Employee will, on a date or dates specified in the Offering which coincides with the day on which such person becomes an Eligible Employee or which occurs thereafter, receive a Purchase Right under that Offering, which Purchase Right will thereafter be deemed to be a part of that Offering. Such Purchase Right will have the same characteristics as any Purchase Rights originally granted under that Offering, as described herein, except that:

(i) the date on which such Purchase Right is granted will be the "Offering Date" of such Purchase Right for all purposes, including determination of the exercise price of such Purchase Right;

(ii) the period of the Offering with respect to such Purchase Right will begin on its Offering Date and end coincident with the end of such Offering; and

(iii) the Board may provide that if such person first becomes an Eligible Employee within a specified period of time before the end of the Offering, he or she will not receive any Purchase Right under that Offering.

(c) No Employee will be eligible for the grant of any Purchase Rights if, immediately after any such Purchase Rights are granted, such Employee owns stock possessing five percent or more of the total combined voting power or value of all classes of stock of the Company or of any Related Corporation. For purposes of this Section 5(c), the rules of Section 424(d) of the Code will apply in determining the stock ownership of any Employee, and stock that such Employee may purchase under all outstanding Purchase Rights and options will be treated as stock owned by such Employee.

(d) As specified by Section 423(b)(8) of the Code, an Eligible Employee may be granted Purchase Rights only if such Purchase Rights, together with any other rights granted under all Employee Stock Purchase Plans of the Company and any Related Corporations, do not permit such Eligible Employee's rights to purchase stock of the Company or any Related Corporation to accrue at a rate which, when aggregated, exceeds US $25,000 of Fair Market Value of such stock (determined at the time such rights are granted, and which, with respect to the Plan, will be determined as of their respective Offering Dates) for each calendar year in which such rights are outstanding at any time.

(e) Officers of the Company and any Designated Company, if they are otherwise Eligible Employees, will be eligible to participate in Offerings under the Plan. Notwithstanding the foregoing, the Board may (unless prohibited by Applicable Law) provide in an Offering that Employees who are highly compensated Employees within the meaning of Section 423(b)(4)(D) of the Code will not be eligible to participate.

(f) Notwithstanding anything in this Section 5 to the contrary, in the case of an Offering under the Non-423 Component, an Eligible Employee (or group of Eligible Employees) may be excluded from participation in the Plan or an Offering if the Board has determined, in its sole discretion, that participation of such Eligible Employee(s) is not advisable or practical for any reason.

6. PURCHASE RIGHTS; PURCHASE PRICE.

(a) On each Offering Date, each Eligible Employee, pursuant to an Offering made under the Plan, will be granted a Purchase Right to purchase up to 715 shares of Common Stock per Purchase Period (or such lesser number of shares determined by the Board prior to the commencement of the Offering), but not exceeding 15% (or such lesser percentage determined by the Board prior to the commencement of an Offering) of such Employee's Compensation during the period that begins on the Offering Date (or such later date as the Board determines for a particular Offering) and ends on the date stated in the Offering, which date will be no later than the end of the Offering.

(b) The Board will establish one or more Purchase Dates during an Offering on which Purchase Rights granted for that Offering will be exercised and shares of Common Stock will be purchased in accordance with such Offering.

(c) In connection with each Offering made under the Plan, the Board may specify (i) a maximum number of shares of Common Stock that may be purchased by any Participant on any Purchase Date during such Offering, (ii) a maximum aggregate number of shares of Common Stock that may be purchased by all Participants pursuant to such Offering and/or (iii) a maximum aggregate number of shares of Common Stock that may be purchased by all Participants on any Purchase Date under the Offering. If the aggregate purchase of shares of Common Stock issuable upon exercise of Purchase Rights granted under the Offering would exceed any such maximum aggregate number, then, in the absence of any Board action otherwise, a pro rata (based on each Participant's accumulated Contributions) allocation of the shares of Common Stock (rounded down to the nearest whole share) available will be made in as nearly a uniform manner as will be practicable and equitable.

(d) The purchase price of shares of Common Stock acquired pursuant to Purchase Rights will be not less than the lesser of:

(i) an amount equal to 85% of the Fair Market Value of the shares of Common Stock on the Offering Date; or

(ii) an amount equal to 85% of the Fair Market Value of the shares of Common Stock on the applicable Purchase Date.

7. PARTICIPATION; WITHDRAWAL; TERMINATION.

(a) An Eligible Employee may elect to participate in an Offering and authorize payroll deductions as the means of making Contributions by completing and delivering to the Company or a Company Designee, within the time specified in the Offering, an enrollment form provided by the Company or Company Designee. The enrollment form will specify the amount of Contributions not to exceed the maximum amount specified by the Board. Each Participant's Contributions will be credited to a bookkeeping account for such Participant under the Plan and will be deposited with the general funds of the Company except where Applicable Law requires that Contributions be deposited with a third party. If permitted in the Offering, a Participant may begin such Contributions with the first payroll occurring on or after the Offering Date (or, in the case of a payroll date that occurs after the end of the prior Offering but before the Offering Date of the next new Offering, Contributions from such payroll will be included in the new Offering). If permitted in the Offering, a Participant may thereafter reduce (including to zero) or increase his or her Contributions. If required under Applicable Law or if specifically provided in the Offering, in addition to or instead of making Contributions by payroll deductions, a Participant may make Contributions through payment by cash, check or wire transfer prior to a Purchase Date.

(b) During an Offering, a Participant may cease making Contributions and withdraw from the Offering by delivering to the Company or a Company Designee a withdrawal form provided by the Company. The Company may impose a deadline before a Purchase Date for withdrawing. Upon such withdrawal, such Participant's Purchase Right in that Offering will immediately terminate and the Company will distribute as soon as practicable to such Participant all of his or her accumulated but unused Contributions, without interest or earnings (unless otherwise required by applicable law), and such Participant's Purchase Right in that Offering shall thereupon terminate. A Participant's withdrawal from that Offering will have no effect upon his or her eligibility to participate in any other Offerings under the Plan, but such Participant will be required to deliver a new enrollment form to participate in subsequent Offerings.

(c) Unless otherwise required by Applicable Law, Purchase Rights granted pursuant to any Offering under the Plan will terminate immediately if the Participant either (i) is no longer an Employee for any reason or for no reason (subject to any post-employment participation period required by Applicable Law) or (ii) is otherwise no longer eligible to participate. The Company will distribute as soon as practicable to such individual all of his or her accumulated but unused Contributions, without interest or earnings (unless otherwise required by applicable law).

(d) Unless otherwise determined by the Board, a Participant whose employment transfers or whose employment terminates with an immediate rehire (with no break in service) by or between the Company and a Designated Company or between Designated Companies will not be treated as having terminated employment for purposes of participating in the Plan or an Offering; however, if a Participant transfers from an Offering under the 423 Component to an Offering under the Non-423 Component, the exercise of the Participant's Purchase Right will be qualified under the 423 Component only to the extent such exercise complies with Section 423 of the Code. If a Participant transfers from an Offering under the Non-423 Component to an Offering under the 423 Component, the exercise of the Purchase Right will remain non-qualified under the Non-423 Component. The Board may establish different and additional rules governing transfers between separate Offerings within the 423 Component and between Offerings under the 423 Component and Offerings under the Non-423 Component.

(e) During a Participant's lifetime, Purchase Rights will be exercisable only by such Participant. Purchase Rights are not transferable by a Participant, except by will, by the laws of descent and distribution, or, if permitted by the Company, by a beneficiary designation as described in Section 10.

(f) Unless otherwise specified in the Offering or as required by Applicable Law, the Company will have no obligation to pay interest on Contributions.

8. EXERCISE OF PURCHASE RIGHTS.

(a) On each Purchase Date, each Participant's accumulated Contributions will be applied to the purchase of shares of Common Stock, up to the maximum number of shares of Common Stock permitted by the Plan and the applicable Offering, at the purchase price specified in the Offering. No fractional shares will be issued unless specifically provided for in the Offering.

(b) Unless otherwise provided in the Offering, if any amount of accumulated Contributions remains in a Participant's account after the purchase of shares of Common Stock on the final Purchase Date of an Offering, then such remaining amount will not roll over to the next Offering and will instead be distributed in full to such Participant after the final Purchase Date of such Offering without interest or earnings (unless otherwise required by Applicable Law).

(c) No Purchase Rights may be exercised to any extent unless the shares of Common Stock to be issued upon such exercise under the Plan are covered by an effective registration statement pursuant to the Securities Act and the Plan is in material compliance with all applicable U.S. federal and state, foreign and other securities, exchange control and other laws applicable to the Plan. If on a Purchase Date the shares of Common Stock are not so registered or

the Plan is not in such compliance, no Purchase Rights will be exercised on such Purchase Date, and the Purchase Date will be delayed until the shares of Common Stock are subject to such an effective registration statement and the Plan is in material compliance, except that the Purchase Date will in no event be more than 27 months from the Offering Date. If, on the Purchase Date, as delayed to the maximum extent permissible, the shares of Common Stock are not registered and the Plan is not in material compliance with all Applicable Laws, as determined by the Company in its sole discretion, no Purchase Rights will be exercised and all accumulated but unused Contributions will be distributed to the Participants without interest or earnings (unless the payment of interest is otherwise required by Applicable Law).

9. COVENANTS OF THE COMPANY.

The Company will seek to obtain from each U.S. federal or state, foreign or other regulatory commission, agency or other Governmental Body having jurisdiction over the Plan such authority as may be required to grant Purchase Rights and issue and sell shares of Common Stock thereunder unless the Company determines, in its sole discretion, that doing so is not practical or would cause the Company to incur costs that are unreasonable. If, after commercially reasonable efforts, the Company is unable to obtain the authority that counsel for the Company deems necessary for the grant of Purchase Rights or the lawful issuance and sale of Common Stock under the Plan, and at a commercially reasonable cost, the Company will be relieved from any liability for failure to grant Purchase Rights and/or to issue and sell Common Stock upon exercise of such Purchase Rights.

10. DESIGNATION OF BENEFICIARY.

(a) The Company may, but is not obligated to, permit a Participant to submit a form designating a beneficiary who will receive any shares of Common Stock and/or Contributions from the Participant's account under the Plan if the Participant dies before such shares and/or Contributions are delivered to the Participant. The Company may, but is not obligated to, permit the Participant to change such designation of beneficiary. Any such designation and/or change must be on a form approved by the Company.

(b) If a Participant dies, and in the absence of a valid beneficiary designation, the Company will deliver any shares of Common Stock and/or Contributions to the executor or administrator of the estate of the Participant. If no executor or administrator has been appointed (to the knowledge of the Company), the Company, in its sole discretion, may deliver such shares of Common Stock and/or Contributions, without interest (unless the payment of interest is otherwise required by Applicable Law), to the Participant's spouse, dependents or relatives, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

11. ADJUSTMENTS UPON CHANGES IN COMMON STOCK; CORPORATE TRANSACTIONS.

(a) In the event of a Capitalization Adjustment, the Board will appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a), (ii) the class(es) and maximum number of securities by which the share reserve is to increase automatically each year pursuant to Section 3(a), (iii) the class(es) and number of securities subject to, and the purchase price applicable to outstanding Offerings and Purchase Rights and (iv) the class(es) and number of securities that are the subject of the purchase limits under each ongoing Offering. The Board will make these adjustments, and its determination will be final, binding and conclusive.

(b) In the event of a Corporate Transaction, then: (i) any surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) may assume or continue outstanding Purchase Rights or may substitute similar rights (including a right to acquire the same consideration paid to the stockholders in the Corporate Transaction) for outstanding Purchase Rights, or (ii) if any surviving or acquiring corporation (or its parent company) does not assume or continue such Purchase Rights or does not substitute similar rights for such Purchase Rights, then the Participants' accumulated Contributions will be used to purchase shares of Common Stock (rounded down to the nearest whole share) within ten business days (or such other period specified by the Board) prior to the Corporate Transaction under the outstanding Purchase Rights, and the Purchase Rights will terminate immediately after such purchase.

12. AMENDMENT, TERMINATION OR SUSPENSION OF THE PLAN.

(a) The Board may amend the Plan at any time in any respect the Board deems necessary or advisable. However, except as provided in Section 11(a) relating to Capitalization Adjustments, stockholder approval will be required for any amendment of the Plan for which stockholder approval is required by Applicable Law.

(b) The Board may suspend or terminate the Plan at any time. No Purchase Rights may be granted under the Plan while the Plan is suspended or after it is terminated.

Any benefits, privileges, entitlements and obligations under any outstanding Purchase Rights granted before an amendment, suspension or termination of the Plan will not be materially impaired by any such amendment, suspension or termination except (i) with the consent of the person to whom such Purchase Rights were granted, (ii) as necessary to facilitate compliance with any laws, listing requirements, or governmental regulations (including, without limitation, the provisions of Section 423 of the Code and the regulations and other interpretive guidance issued thereunder relating to Employee Stock Purchase Plans) including without limitation any such regulations or other guidance that may be issued or amended after the date the Plan is adopted by the Board, or (iii) as necessary to obtain or maintain favorable tax, listing, or regulatory treatment. To be clear, the Board may amend outstanding Purchase Rights without a Participant's consent if such amendment is necessary to ensure that the Purchase Right and/or the Plan complies with the requirements of Section 423 of the Code with respect to the 423 Component or with respect to other Applicable Laws. Notwithstanding anything in the Plan or any Offering Document to the contrary, the Board will be entitled to: (i) establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars; (ii) permit Contributions in excess of the amount designated by a Participant in order to adjust for mistakes in the Company's processing of properly completed Contribution elections; (iii) establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with amounts withheld from the

Participant's Contributions; (iv) amend any outstanding Purchase Rights or clarify any ambiguities regarding the terms of any Offering to enable the Purchase Rights to qualify under and/or comply with Section 423 of the Code with respect to the 423 Component; and (v) establish other limitations or procedures as the Board determines in its sole discretion advisable that are consistent with the Plan. The actions of the Board pursuant to this paragraph will not be considered to alter or impair any Purchase Rights granted under an Offering as they are part of the initial terms of each Offering and the Purchase Rights granted under each Offering.

13. TAX QUALIFICATION; TAX WITHHOLDING.

(a) Although the Company may endeavor to (i) qualify a Purchase Right for special tax treatment under the laws of the United States or jurisdictions outside of the United States or (ii) avoid adverse tax treatment, the Company makes no representation to that effect and expressly disavows any covenant to maintain special or to avoid unfavorable tax treatment, notwithstanding anything to the contrary in this Plan. The Company will be unconstrained in its corporate activities without regard to the potential negative tax impact on Participants.

(b) Each Participant will make arrangements, satisfactory to the Company and any applicable Related Corporation, to enable the Company or the Related Corporation to fulfill any withholding obligation for Tax-Related Items. Without limitation to the foregoing, in the Company's sole discretion and subject to Applicable Law, such withholding obligation may be satisfied in whole or in part by (i) withholding from the Participant's salary or any other cash payment due to the Participant from the Company or a Related Corporation; (ii) withholding from the proceeds of the sale of shares of Common Stock acquired under the Plan, either through a voluntary sale or a mandatory sale arranged by the Company; or (iii) any other method deemed acceptable by the Board. The Company shall not be required to issue any shares of Common Stock under the Plan until such obligations are satisfied.

14. EFFECTIVE DATE OF PLAN.

The Plan will become effective immediately prior to and contingent upon the IPO Date. No Purchase Rights will be exercised unless and until the Plan has been approved by the stockholders of the Company, which approval must be within 12 months before or after the date the Plan is adopted (or if required under Section 12(a) above, materially amended) by the Board.

15. MISCELLANEOUS PROVISIONS.

(a) Proceeds from the sale of shares of Common Stock pursuant to Purchase Rights will constitute general funds of the Company.

(b) A Participant will not be deemed to be the holder of, or to have any of the rights of a holder with respect to, shares of Common Stock subject to Purchase Rights unless and until the Participant's shares of Common Stock acquired upon exercise of Purchase Rights are recorded in the books of the Company (or its transfer agent).

(c) The Plan and Offering do not constitute an employment contract. Nothing in the Plan or in the Offering will in any way alter the at will nature of a Participant's employment or amend a Participant's employment contract, if applicable, or be deemed to create in any way whatsoever any obligation on the part of any Participant to continue in the employ of the Company or a Related Corporation or an Affiliate, or on the part of the Company, a Related Corporation or an Affiliate to continue the employment of a Participant.

(d) The provisions of the Plan will be governed by the laws of the State of Delaware without resort to that state's conflicts of laws rules.

(e) If any particular provision of the Plan is found to be invalid or otherwise unenforceable, such provision will not affect the other provisions of the Plan, but the Plan will be construed in all respects as if such invalid provision were omitted.

(f) If any provision of the Plan does not comply with Applicable Law, such provision shall be construed in such a manner as to comply with Applicable Law.

16. DEFINITIONS.

As used in the Plan, the following definitions will apply to the capitalized terms indicated below:

(a) "***423 Component***" means the part of the Plan, which excludes the Non-423 Component, pursuant to which Purchase Rights that satisfy the requirements for an Employee Stock Purchase Plan may be granted to Eligible Employees.

(b) "***Affiliate***" means any entity, other than a Related Corporation, whether now or subsequently established, which is at the time of determination, a "parent" or "subsidiary" of the Company as such terms are defined in Rule 405 promulgated under the Securities Act. The Board may determine the time or times at which "parent" or "subsidiary" status is determined within the foregoing definition.

(c) "***Applicable Law***" means shall mean the Code and any applicable securities, federal, state, foreign, material local or municipal or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, listing rule, regulation, judicial decision, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Body (or under the authority of any stock exchange or quotation system on which the Common Stock is listed or quoted).

(d) "***Board***" means the board of directors of the Company.

(e) "***Capitalization Adjustment***" means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Purchase Right after the date the Plan is adopted by the Board without the receipt of consideration by the Company 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 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

(f) "***Code***" means the U.S. Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

(g) "***Committee***" means a committee of one or more members of the Board to whom authority has been delegated by the Board in accordance with Section 2(c).

(h) "***Common Stock***" means the common stock of the Company.

(i) "***Company***" means AvidXchange Holdings, Inc., a Delaware corporation, or any successor thereto.

(j) "***Compensation***" means an Eligible Employee's cash compensation, including, without limitation, regular and recurring straight time gross earnings, payments for overtime and shift premium, as well as cash payments for incentive compensation, bonuses and other similar compensation. The Board or the Committee, may, on a uniform and nondiscriminatory basis, establish a different definition of Compensation for an Offering prior to the commencement of such Offering.

(k) "***Contributions***" means the payroll deductions and other additional payments specifically provided for in the Offering that a Participant contributes to fund the exercise of a Purchase Right. A Participant may make additional payments into his or her account if specifically provided for in the Offering, and then only if the Participant has not already had the maximum permitted amount withheld during the Offering through payroll deductions.

(l) "***Corporate Transaction***" means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board in its sole discretion, of the consolidated assets of the Company and its subsidiaries;

(ii) a sale or other disposition of more than 50% of the outstanding securities of the Company;

(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(m) "***Designated 423 Corporation***" means any Related Corporation selected by the Board to participate in the 423 Component.

(n) "***Designated Company***" means any Designated Non-423 Corporation or Designated 423 Corporation, provided, however, that at any given time, a Related Corporation participating in the 423 Component shall not be a Related Corporation participating in the Non-423 Component.

(o) "***Designated Non-423 Corporation***" means any Related Corporation or Affiliate selected by the Board to participate in the Non-423 Component.

(p) "***Director***" means a member of the Board.

(q) "***Eligible Employee***" means an Employee who meets the requirements set forth in the document(s) governing the Offering for eligibility to participate in the Offering, provided that such Employee also meets the requirements for eligibility to participate set forth in the Plan.

(r) "***Employee***" means any person, including an Officer or Director, who is "employed" for purposes of Section 423(b)(4) of the Code by the Company or a Related Corporation, or solely with respect to the Non-423 Component, an Affiliate. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an "Employee" for purposes of the Plan.

(s) "***Employee Stock Purchase Plan***" means a plan that grants Purchase Rights intended to be options issued under an "employee stock purchase plan," as that term is defined in Section 423(b) of the Code.

(t) "***Exchange Act***" means the U.S. Securities Exchange Act of 1934, as amended and the rules and regulations promulgated thereunder.

(u) "***Fair Market Value***" means, as of any date, the value of the Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or traded on any established market, the Fair Market Value of a share of Common Stock will be the closing sales price for such stock as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) on the date of determination, as reported in such source as the Board deems reliable. Unless otherwise provided by the Board, if there is no closing sales price for the Common Stock on the date of determination, then the Fair Market Value will be the closing sales price on the last preceding date for which such quotation exists.

(ii) In the absence of such markets for the Common Stock, the Fair Market Value will be determined by the Board in good faith in compliance with Applicable Laws and regulations and, to the extent applicable as determined in the sole discretion of the Board, in a manner that complies with Sections 409A of the Code

(iii) Notwithstanding the foregoing, for any Offering that commences on the IPO Date, the Fair Market Value of the shares of Common Stock on the Offering Date will be the price per share at which shares are first sold to the public in the Company's initial public offering as specified in the final prospectus for that initial public offering.

(v) "***Governmental Body***" means any: (a) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign or other government; (c) governmental or regulatory body, or quasi-governmental body of any nature (including any governmental division, department, administrative agency or bureau, commission, authority, instrumentality, official, ministry, fund, foundation, center, organization, unit, body or entity and any court or other tribunal, and for the avoidance of doubt, any tax authority) or other body exercising similar powers or authority; or (d) self-regulatory organization (including the NASDAQ Stock Market and the Financial Industry Regulatory Authority).

(w) "***IPO Date***" means the date of the underwriting agreement between the Company and the underwriters managing the initial public offering of the Common Stock, pursuant to which the Common Stock is priced for the initial public offering.

(x) "***Non-423 Component***" means the part of the Plan, which excludes the 423 Component, pursuant to which Purchase Rights that are not intended to satisfy the requirements for an Employee Stock Purchase Plan may be granted to Eligible Employees.

(y) "***Offering***" means the grant to Eligible Employees of Purchase Rights, with the exercise of those Purchase Rights automatically occurring at the end of one or more Purchase Periods. The terms and conditions of an Offering will generally be set forth in the "***Offering Document***" approved by the Board for that Offering.

(z) "***Offering Date***" means a date selected by the Board for an Offering to commence.

(aa) "***Officer***" means a person who is an officer of the Company or a Related Corporation within the meaning of Section 16 of the Exchange Act.

(bb) "***Participant***" means an Eligible Employee who holds an outstanding Purchase Right.

(cc) "***Plan***" means this AvidXchange Holdings, Inc. 2021 Employee Stock Purchase Plan, as amended from time to time, including both the 423 Component and the Non-423 Component.

(dd) "***Purchase Date***" means one or more dates during an Offering selected by the Board on which Purchase Rights will be exercised and on which purchases of shares of Common Stock will be carried out in accordance with such Offering.

(ee) "***Purchase Period***" means a period of time specified within an Offering, generally beginning on the Offering Date or on the first Trading Day following a Purchase Date, and ending on a Purchase Date. An Offering may consist of one or more Purchase Periods.

(ff) "***Purchase Right***" means an option to purchase shares of Common Stock granted pursuant to the Plan.

(gg) "***Related Corporation***" means any "parent corporation" or "subsidiary corporation" of the Company whether now or subsequently established, as those terms are defined in Sections 424(e) and (f), respectively, of the Code.

(hh) "***Securities Act***" means the U.S. Securities Act of 1933, as amended.

(ii) "***Tax-Related Items***" means any income tax, social insurance, payroll tax, fringe benefit tax, payment on account or other tax-related items arising out of or in relation to a Participant's participation in the Plan, including, but not limited to, the exercise of a Purchase Right and the receipt of shares of Common Stock or the sale or other disposition of shares of Common Stock acquired under the Plan.

(jj) "***Trading Day***" means any day on which the exchange(s) or market(s) on which shares of Common Stock are listed, including but not limited to, the New York Stock Exchange, Nasdaq Global Select Market, the Nasdaq Global Market, the Nasdaq Capital Market or any successors thereto, is open for trading.

Exhibit 10.17

Execution Version

PLEDGE AND SECURITY AGREEMENT

dated as of October 1, 2019

between

EACH OF THE GRANTORS PARTY HERETO

and

TPG SPECIALTY LENDING, INC.,

as Collateral Agent

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This **PLEDGE AND SECURITY AGREEMENT**, dated as of October 1, 2019 (as it may be amended, restated, supplemented or otherwise modified from time to time, this "**Agreement**"), between **EACH OF THE UNDERSIGNED**, whether as an original signatory hereto or as an Additional Grantor (as herein defined) (each, a "**Grantor**"), and **TPG SPECIALTY LENDING, INC.**, as collateral agent for the Secured Parties (as herein defined) (in such capacity as collateral agent, together with its successors and assigns in such capacity, the "**Collateral Agent**").

RECITALS:

WHEREAS, reference hereby is made to that certain **CREDIT AND GUARANTY AGREEMENT**, dated as of October 1, 2019 (as amended, restated, modified, supplemented or otherwise modified from time to time in accordance with the provisions of the Credit Agreement and this Agreement, the "Credit Agreement"), by and among **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**"), and **AFV HOLDINGS ONE, INC.**, a North Carolina corporation ("**AFV**"), and **BTS Alliance, LLC**, a Delaware limited liability company ("**BankTEL**" and together with Holdings, AFS, Piracle, Strongroom, Ariett, and AFV, individually and collectively and jointly and severally, the "**Company**"), **CERTAIN OTHER SUBSIDIARIES OF HOLDINGS**, as borrowers or Guarantors, the Lenders party thereto from time to time, **TPG 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**"), TSL and **KEYBANK NATIONAL ASSOCIATION** ("**KeyBank**"), as Joint Lead Arrangers, and TSL and KeyBank as Joint Book Runners;

WHEREAS, subject to the terms and conditions of the Credit Agreement, the Lenders have agreed to make certain financial accommodations to the Company from time to time pursuant to the terms and conditions thereof;

WHEREAS, the Collateral Agent has agreed to act for the benefit of the Secured Parties (as hereinafter defined) in connection with the transactions contemplated by the Credit Agreement and this Agreement;

WHEREAS, in order to induce the Lenders to enter into the Credit Agreement and the other Credit Documents and to extend or to continue to provide, as applicable, the Loans thereunder, to induce the Ancillary Services Providers to enter into the Ancillary Services Agreements, to induce the Lender Counterparties to enter into the Hedge Agreements, and to induce the Lenders, the Ancillary Services Providers and the Lender Counterparties to make or to continue to provide, as applicable, financial accommodations to the Company as provided for in the Credit Agreement, the other Credit Documents, the Ancillary Services Agreements, and the Hedge Agreements, each Grantor has agreed to secure such Grantor's obligations under the Credit Documents, the Ancillary Services Agreements and the Hedge Agreements as set forth herein; and

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each Grantor and the Collateral Agent agree as follows:

SECTION 1. DEFINITIONS; GRANT OF SECURITY.

1.1 General Definitions. In this Agreement, the following terms shall have the following meanings:

"**Account Debtor**" shall mean an account debtor (as defined in the UCC) and, in any event, shall include each Person who is obligated on a Receivable or any Supporting Obligation related thereto.

"**Accounts**" shall mean an "account" as defined in Article 9 of the UCC, including Health Care Insurance Receivables.

"**Additional Grantors**" shall have the meaning assigned in Section 5.3.

"**Agreement**" shall have the meaning set forth in the preamble.

"**Assigned Agreements**" shall mean all agreements and contracts to which such Grantor is a party as of the date hereof, or to which such Grantor becomes a party after the date hereof, including, without limitation, each Material Contract, as each such agreement may be amended, supplemented or otherwise modified from time to time.

"**Books**" means books and records (including each Grantor's Records indicating, summarizing, or evidencing such Grantor's assets (including the Collateral) or liabilities, each Grantor's Records relating to such Grantor's business operations or financial condition, and each Grantor's goods or General Intangibles related to such information).

"**Cash Proceeds**" shall have the meaning assigned in Section 7.7.

"**Chattel Paper**" shall mean all "chattel paper" as defined in Article 9 of the UCC, including, without limitation, "electronic chattel paper" or "tangible chattel paper", as each term is defined in Article 9 of the UCC.

"**Collateral**" shall have the meaning assigned in Section 2.1.

"**Collateral Account**" shall mean any account established by the Collateral Agent.

"**Collateral Agent**" shall have the meaning set forth in the preamble.

"**Collateral Records**" shall mean books, records, ledger cards, files, correspondence, customer lists, blueprints, technical specifications, manuals, computer software, computer printouts, tapes, disks and similar items that at any time evidence or contain information relating to any of the Collateral or are otherwise necessary or helpful in the collection thereof or realization thereupon.

"**Collateral Support**" shall mean all property (real or personal) assigned, hypothecated or otherwise securing any Collateral and shall include any security agreement or other agreement granting a lien or security interest in such real or personal property.

"**Collections**" shall mean all collections, wire transfers, electronic funds transfers, Cash, checks, notes, instruments, and other items of payment (including insurance proceeds, proceeds of cash sales, rental proceeds, and tax refunds) and all proceeds of Accounts and Receivables.

"**Commercial Tort Claims**" shall mean all "commercial tort claims" as defined in Article 9 of the UCC, including, without limitation, all commercial tort claims listed on Schedule 4.8 (as such schedule may be amended or supplemented from time to time).

"**Commodities Accounts**" (i) shall mean all "commodity accounts" as defined in Article 9 of the UCC and (ii) shall include, without limitation, all of the accounts listed on Schedule 4.4 under the heading "Commodities Accounts" (as such schedule may be amended or supplemented from time to time).

"**Company**" shall have the meaning set forth in the recitals.

"**Controlled Account**" shall have the meaning assigned in Section 4.4.

"**Controlled Account Bank**" shall have the meaning assigned in Section 4.4.

"**Copyright Licenses**" shall mean any and all agreements providing for the granting of any right in or to Copyrights (whether such Grantor is licensee or licensor thereunder) including, without limitation, each agreement referred to in Schedule 4.7(B) (as such schedule may be amended or supplemented from time to time).

"**Copyright Security Agreement**" means a copyright security agreement substantially in the form of Exhibit C hereto.

"**Copyrights**" shall mean any and all rights in all United States and foreign copyrights, works of authorship, and moral rights (including Community designs), including but not limited to software, algorithms, programs (in source and object code), blueprints, drawings, specifications, documentations, reports, catalogs, literature, and databases, and all Mask Works (as defined under 17 U.S.C. 901 of the U.S. Copyright Act), whether registered or unregistered, and, with respect to any and all of the foregoing: (i) all registrations and applications therefor including, without limitation, the registrations and applications referred to in Schedule 4.7(A) (as such schedule may be amended or supplemented from time to time), (ii) all extensions and renewals thereof, (iii) all rights corresponding thereto throughout the world, (iv) all rights of any kind or nature therein, including the right to sue for past, present and future infringements thereof, and (v) all Proceeds of the foregoing, including, without limitation, licenses, royalties, income, payments, claims, damages and proceeds of suit.

"**Credit Agreement**" shall have the meaning set forth in the recitals.

"**Deposit Accounts**" (i) shall mean all "deposit accounts" as defined in Article 9 of the UCC, (ii) all "Deposit Accounts" as defined in the Credit Agreement and (iii) shall include, without limitation, all of the accounts listed on Schedule 4.4 under the heading "Deposit Accounts" (as such schedule may be amended or supplemented from time to time).

"**Documents**" shall mean all "documents" as defined in Article 9 of the UCC.

"**Equipment**" shall mean: (i) all "equipment" as defined in Article 9 of the UCC, (ii) all machinery, manufacturing equipment, data processing equipment, computers, office equipment, furnishings, furniture, appliances, fixtures and tools (in each case, regardless of whether characterized as equipment under the UCC) and (iii) all accessions or additions thereto, all parts thereof, whether or not at any time of determination incorporated or installed therein or attached thereto, and all replacements therefor, wherever located, now or hereafter existing, including any fixtures.

"**Excluded Property**" shall have the meaning set forth in Section 2.2.

"**Farm Products**" shall mean farm products (as that term is defined in the UCC).

"**General Intangibles**" (i) shall mean all "general intangibles" as defined in Article 9 of the UCC, including "payment intangibles" also as defined in Article 9 of the UCC and (ii) shall include, without limitation, all payment intangibles, all rights under interest rate or currency protection or commodities or hedging arrangements (including all Hedge Agreements) (including the right to receive payment on account of the termination (voluntarily or involuntarily) of such arrangements), software, contract rights, rights to payment, all tax refunds, all licenses, permits, concessions and authorizations, all Assigned Agreements, rights arising under common law, statutes, or regulations, choses or things in action, goodwill, purchase orders, customer lists, monies due or recoverable from pension funds, route lists, rights to payment and other rights under any royalty or licensing agreements (including Copyright Licenses, Patent Licenses, Trademark Licenses and the Trade Secret Licenses), infringement claims, pension plan refunds, pension plan refund claims, insurance premium rebates, tax refunds, and tax refund claims, interests in a partnership or limited liability company which do not constitute a security under Article 8 of the UCC, and any other personal property other than Commercial Tort Claims, money, Accounts, Chattel Paper, Deposit Accounts, goods, Investment Related Property, Negotiable Collateral, and oil, gas, or other minerals before extraction (in each case, regardless of whether characterized as general intangibles under the UCC).

"**Goods**" (i) shall mean all "goods" as defined in Article 9 of the UCC and (ii) shall include, without limitation, all Inventory and Equipment (in each case, regardless of whether characterized as goods under the UCC).

"**Grantor IP**" shall mean all Intellectual Property owned by a Grantor that is used in or necessary to conduct business of a Grantor (other than the Intellectual Property licensed to such Grantor pursuant to a Patent License, Trademark License, Trade Secret License, or Copyright License).

"**Grantors**" shall have the meaning set forth in the preamble.

"**Health Care Insurance Receivable**" shall mean a "health care insurance receivable" as defined in Article 9 of the UCC.

"**Hedge Agreement**" shall mean any Interest Rate Agreement or any Currency Agreement.

"**Holdings**" shall have the meaning set forth in the recitals.

"**Instruments**" shall mean all "instruments" as defined in Article 9 of the UCC.

"**Insurance**" shall mean (i) all insurance policies covering any or all of the Collateral or any of the Grantors (regardless of whether the Collateral Agent is the loss payee thereof) and (ii) any key man life insurance policies.

"**Intellectual Property**" shall mean, collectively, the Copyrights, the Copyright Licenses, the Patents, the Patent Licenses, the Trademarks, the Trademark Licenses, the Trade Secrets, the Trade Secret Licenses, and any other forms of technology or proprietary information of any kind or nature, including all rights therein and all applications for registration or registrations thereof and contracts relating thereto.

"**Inventory**" shall mean (i) all "inventory" as defined in Article 9 of the UCC and (ii) all goods held for sale or lease or to be furnished under contracts of service or so leased or furnished, all raw materials, work in process, finished goods, and materials used or consumed in the manufacture, packing, shipping, advertising, selling, leasing, furnishing or production of such inventory or otherwise used or consumed in any Grantor's business; all goods in which any Grantor has an interest in mass or a joint or other interest or right of any kind; and all goods which are returned to or repossessed by any Grantor, all computer programs embedded in any goods and all accessions thereto and products thereof (in each case, regardless of whether characterized as inventory under the UCC).

"**Investment Accounts**" shall mean the Collateral Account, Securities Accounts, Commodities Accounts and Deposit Accounts.

"**Investment Related Property**" shall mean: (i) all "investment property" (as such term is defined in Article 9 of the UCC) and (ii) all of the following (regardless of whether classified as investment property under the UCC): all Pledged Equity Interests, Pledged Debt, the Investment Accounts and certificates of deposit.

"**Lender**" shall have the meaning set forth in the recitals. For the avoidance of doubt, "Lender" shall include Issuing Bank for the purposes hereof.

"**Letter of Credit Right**" shall mean "letter-of-credit right" as defined in Article 9 of the UCC.

"**Money**" shall mean "money" as defined in the UCC.

"**Negotiable Collateral**" means letters of credit, letter-of-credit rights, instruments, promissory notes, drafts and documents (as each such term is defined in the UCC).

"**Patent Licenses**" shall mean all agreements providing for the granting of any right in or to Patents (whether such Grantor is licensee or licensor thereunder) including, without limitation, each agreement referred to in Schedule 4.7(D) (as such schedule may be amended or supplemented from time to time).

"**Patent Security Agreement**" means a patent security agreement substantially in the form of Exhibit D hereto.

"**Patents** " shall mean any and all United States and foreign patents and certificates of invention, or similar industrial property rights, and applications for any of the foregoing, including, but not limited to: (i) each patent and patent application referred to in Schedule 4.7(C) hereto (as such schedule may be amended or supplemented from time to time), (ii) all reissues, divisions, continuations, continuations-in-part, extensions, renewals, and reexaminations thereof, (iii) all rights corresponding thereto throughout the world, (iv) all inventions and improvements of any kind (whether or not patentable), processes, product designs, industrial designs, and those inventions described in the items set forth in subsections (i) and (ii) hereof, (v) all rights of any kind or nature therein, including the right to sue for past, present and future infringements thereof, (vi) all licenses, claims, damages, and proceeds of suit arising therefrom, and (vii) all Proceeds of the foregoing, including, without limitation, licenses, royalties, income, payments, claims, damages, and proceeds of suit.

"**Permitted Priority Liens**" means Liens described under Sections 6.2(b), (c), (d), (e), (i), (j), (k), (m), (p), (q), (r), (s), (t), (u) or (v) of the Credit Agreement.

"**Pledge Supplement**" shall mean any supplement to this agreement in substantially the form of Exhibit A.

"**Pledged Debt**" shall mean all Indebtedness owed to such Grantor, including, without limitation, all Indebtedness described on Schedule 4.4(A) under the heading "Pledged Debt" (as such schedule may be amended or supplemented from time to time), issued by the obligors named therein, the instruments evidencing such Indebtedness, and all interest, cash, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Indebtedness.

"**Pledged Equity Interests**" shall mean all Pledged Stock, Pledged LLC Interests, Pledged Partnership Interests and Pledged Trust Interests.

"**Pledged LLC Interests**" shall mean all right, title and interests in any limited liability company, regardless of class or designation, including, without limitation, all limited liability company interests listed on Schedule 4.4(A) under the heading "Pledged LLC Interests" (as such schedule may be amended or supplemented from time to time) and all substitutions therefor and replacements thereof, all proceeds thereof and all rights relating thereto, also including the certificates, if any, representing such limited liability company interests and the right to receive any certificates representing such limited liability company interests and any interest of in the entries on the books of the issuer of such limited liability company interests or on the books of any securities intermediary pertaining to such limited liability company interests, all warrants, options, share appreciation rights and other rights, contractual or otherwise, in respect thereof and the right to receive all dividends, distributions of income, profits, surplus, or other compensation by way of income or liquidating distributions, in cash or in kind, and all cash, securities, instruments, and other property from time to time received, receivable, or otherwise distributed in respect of or in addition to, in substitution of, on account of, or in exchange for any or all of the foregoing.

"**Pledged Operating Agreements**" means all of each Grantor's rights, powers, and remedies under the limited liability company operating agreements of each of the issuers of all Pledged LLC Interests.

"**Pledged Partnership Agreements**" means all of each Grantor's rights, powers, and remedies under the partnership agreements of each of the issuers of all Pledged Partnership Interests.

"**Pledged Partnership Interests**" shall mean all right, title and interests in any general partnership, limited partnership, limited liability partnership or other partnership, regardless of class or designation, including, without limitation, all partnership interests listed on Schedule 4.4(A) under the heading "Pledged Partnership Interests" (as such schedule may be amended or supplemented from time to time) and all substitutions therefor and replacements thereof, all proceeds thereof and all rights relating thereto, also including the certificates, if any, representing such partnership interests and the right to receive any certificates representing such partnership interests and any interest of in the entries on the books of the issuer of such partnership interests or on the books of any securities intermediary pertaining to such partnership interests, all warrants, options, share appreciation rights and other rights, contractual or otherwise, in respect thereof and the right to receive all dividends, distributions of income, profits, surplus, or other compensation by way of income or liquidating distributions, in cash or in kind, and all cash, instruments, securities and other property from time to time received, receivable, or otherwise distributed in respect of or in addition to, in substitution of, on account of, or in exchange for any or all of the foregoing.

"**Pledged Stock**" shall mean all of each Grantor's right, title and interest in and to all shares of capital stock now owned or hereafter acquired by such Grantor, regardless of class or designation, including, without limitation, all shares of capital stock described on Schedule 4.4(A) under the heading "Pledged Stock" (as such schedule may be amended or supplemented from time to time), and all substitutions therefor and replacements thereof, all proceeds thereof and all rights relating thereto, also including the certificates, if any, representing such shares and the right to receive any certificates representing such shares and any interest in the entries on the books of the issuer of such shares or on the books of any securities intermediary pertaining to such shares, all warrants, options, share appreciation rights and other rights, contractual or otherwise, in respect thereof and the right to receive all dividends, distributions of income, profits, surplus, or other compensation by way of income or liquidating distributions, in cash or in kind, and all cash, instruments, securities and other property from time to time received, receivable, or otherwise distributed in respect of or in addition to, in substitution of, on account of, or in exchange for any or all of the foregoing.

"**Pledged Trust Interests** " shall mean all right, title and interests in a Delaware business trust or other trust, regardless of class or designation, including, without limitation, all trust interests listed on Schedule 4.4(A) under the heading "Pledged Trust Interests" (as such schedule may be amended or supplemented from time to time) and all substitutions therefor and replacements thereof, all proceeds thereof and all rights relating thereto, also including the certificates, if any, representing such trust interests and the right to receive any certificates representing such trust interests and any interest of in the entries on the books of the issuer of such trust interests or on the books of any securities intermediary pertaining to such trust interests, all warrants, options, share appreciation rights and other rights, contractual or otherwise, in respect thereof and the right to receive all dividends, distributions of income, profits, surplus, or other compensation by way of income or liquidating distributions, in cash or in kind, and all cash, instruments, and other property from time to time received, receivable, or otherwise distributed in respect of or in addition to, in substitution of, on account of, or in exchange for any or all of the foregoing.

"**Proceeds**" shall mean: (i) all "proceeds" as defined in Article 9 of the UCC, (ii) payments or distributions made with respect to any Investment Related Property and (iii) whatever is receivable or received when Collateral or proceeds are sold, leased, licensed, exchanged, collected or otherwise disposed of, whether such disposition is voluntary or involuntary, any rebates or refunds, whether for taxes or otherwise, and all proceeds of any such proceeds, or any portion thereof or interest therein, and the proceeds thereof, and all proceeds of any loss of, damage to, or destruction of the above, whether insured or not insured, and, to the extent not otherwise included, any indemnity, warranty, or guaranty payable by reason of loss or damage to, or otherwise with respect to, any Collateral.

"**Receivables**" shall mean all rights to payment, whether or not earned by performance, for goods or other property sold, leased, licensed, assigned or otherwise disposed of, or services rendered or to be rendered, including, without limitation all such rights constituting or evidenced by any Account, Chattel Paper, Instrument, Negotiable Collateral, General Intangible or Investment Related Property, together with all of Grantor's rights, if any, in any goods or other property giving rise to such right to payment and all Collateral Support and Supporting Obligations related thereto and all Receivables Records.

"**Receivables Records**" shall mean (i) all original copies of all documents, instruments or other writings or electronic records or other Records evidencing the Receivables, (ii) all books, correspondence, credit or other files, Records, ledger sheets or cards, invoices, and other papers relating to Receivables, including, without limitation, all tapes, cards, computer tapes, computer discs, computer runs, record keeping systems and other papers and documents relating to the Receivables, whether in the possession or under the control of Grantor or any computer bureau or agent from time to time acting for Grantor or otherwise, (iii) all evidences of the filing of financing statements and the registration of other instruments in connection therewith, and amendments, supplements or other modifications thereto, notices to other creditors or secured parties, and certificates, acknowledgments, or other writings, including, without limitation, lien search reports, from filing or other registration officers, (iv) all credit information, reports and memoranda relating thereto and (v) all other written or nonwritten forms of information related in any way to the foregoing or any Receivable.

"**Record**" means information that is inscribed on a tangible medium or which is stored in an electronic or other medium and is retrievable in perceivable form.

"**Secured Obligations**" shall have the meaning assigned in Section 3.1.

"**Secured Parties**" shall mean each Agent, each Lender (including, for the avoidance of doubt, Issuing Bank), each of the Ancillary Services Providers and each of the Lender Counterparties and shall include, without limitation, all former Agents, Lenders, Ancillary Services Providers and Lender Counterparties to the extent that any Obligations or Secured Obligations owing to such Persons were incurred while such Persons were Agents, Lenders, Ancillary Services Providers or Lender Counterparties (including Obligations and Secured Obligations that were contingent at such time, *e.g.*, obligations to reimburse amounts under Letters of Credit if they are ever drawn), and such Obligations have not been paid or satisfied in full.

"**Securities**" shall mean 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 Accounts**" (i) shall mean all "securities accounts" as defined in Article 8 of the UCC and (ii) shall include, without limitation, all of the accounts listed on Schedule 4.4(A) under the heading "Securities Accounts" (as such schedule may be amended or supplemented from time to time).

"**Supporting Obligation**" shall mean all "supporting obligations" as defined in Article 9 of the UCC and includes letters of credit and guaranties issued in support of Accounts, Chattel Paper, Documents, General Intangibles, Instruments or Investment Property.

"**Trademark Licenses**" shall mean any and all agreements providing for the granting of any right in or to Trademarks (whether such Grantor is licensee or licensor thereunder) including, without limitation, each agreement referred to in Schedule 4.7(F) (as such schedule may be amended or supplemented from time to time).

"**Trademark Security Agreement**" means a trademark security agreement substantially in the form of Exhibit B hereto.

"**Trademarks**" shall mean any and all United States, and foreign trademarks, trade names, corporate names, company names, business names, fictitious business names, Internet domain names, URLs, service marks, certification marks, collective marks, logos, other source or business identifiers, designs and general intangibles of a like nature, all registrations and applications for any of the foregoing including, but not limited to: (i) the registrations and applications referred to in Schedule 4.7(E) (as such schedule may be amended or supplemented from time to time), (ii) all extensions or renewals of any of the foregoing, (iii) all of the goodwill of the business connected with the use of and symbolized by the foregoing, (iv) all rights of any kind or nature therein, including the right to sue for past, present and future infringement or dilution of any of the foregoing or for any injury to goodwill, and (v) all Proceeds of the foregoing, including, without limitation, licenses, royalties, income, payments, claims, damages, and proceeds of suit.

"**Trade Secret Licenses**" shall mean any and all agreements providing for the granting of any right in or to Trade Secrets (whether such Grantor is licensee or licensor thereunder) including, without limitation, each agreement referred to in Schedule 4.7(G) (as such schedule may be amended or supplemented from time to time).

"**Trade Secrets**" shall mean all trade secrets and all other confidential or proprietary information and know-how whether or not such Trade Secret has been reduced to a writing or other tangible form, including all documents, customer lists, and things embodying, incorporating, or referring in any way to such Trade Secret, including but not limited to: (i) all rights of any kind or nature therein, including the right to sue for past, present and future misappropriation or other violation of any Trade Secret, and (ii) all Proceeds of the foregoing, including, without limitation, licenses, royalties, income, payments, claims, damages, and proceeds of suit.

"**UCC**" shall mean the Uniform Commercial Code as in effect from time to time in the State of New York; provided, however, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, priority or remedies with respect to Collateral Agent's Lien on any Collateral is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the State of New York, the term "UCC" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority or remedies.

"**United States**" shall mean the United States of America.

1.2 Definitions; Interpretation. All capitalized terms used herein (including the preamble and recitals hereto) and not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement or, if not defined therein, in the UCC. References to "Sections," "Exhibits" and "Schedules" shall be to Sections, Exhibits and Schedules, as the case may be, of this Agreement unless otherwise specifically provided. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect. Any of the terms defined herein may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference. 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 nonlimiting 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." If any conflict or inconsistency exists between this Agreement and the Credit Agreement, the Credit Agreement shall govern. All references herein to provisions of the UCC shall include all successor provisions under any subsequent version or amendment to any Article of the UCC. 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 Secured Obligations shall have the meaning specified for satisfaction, repayment or payment in full of the Obligations as provided in Section 1.3 of the Credit Agreement. Reference to a Grantor's "knowledge" or similar concept means actual knowledge of an Authorized Officer.

SECTION 2. GRANT OF SECURITY.

2.1 Grant of Security. Each Grantor hereby unconditionally grants, assigns, and pledges to the Collateral Agent, for the benefit of each Secured Party, a continuing security interest in and continuing lien on all of such Grantor's right, title and interest in, to and under all of the following, in each case whether now owned or existing or hereafter acquired or arising and wherever the same may be located (all of which being hereinafter collectively referred to as the "**Collateral**"):

(a) all such Grantor's Accounts;

(b) all such Grantor's Books;

(c) all such Grantor's Chattel Paper;

(d) all such Grantor's Deposit Accounts;

(e) all such Grantor's Documents;

(f) all such Grantor's Equipment;

(g) all such Grantor's Farm Products;

(h) all such Grantor's General Intangibles;

(i) all such Grantor's Goods;

(j) all such Grantor's Instruments;

(k) all such Grantor's Insurance;

(l) all such Grantor's Intellectual Property;

(m) all such Grantor's Inventory;

(n) all such Grantor's Investment Related Property (including all Pledged Operating Agreements and Pledged Partnership Agreements);

(o) all such Grantor's Letters of Credit and Letter of Credit Rights;

(p) all such Grantor's Negotiable Collateral;

(q) all such Grantor's Receivables and Receivable Records;

(r) all such Grantor's Securities Accounts;

(s) all such Grantor's Commercial Tort Claims identified in Schedule 4.8 hereto (as such schedule may be amended or supplemented from time to time);

(t) all such Grantor's Fixtures;

(u) all such Grantor's Money, Cash, Cash Equivalents, or other assets of such Grantor that now or hereafter come into the possession, custody, or control of Collateral Agent (or its agent or designee) or any other Agent or Lender;

(v) to the extent not otherwise included above, all Collateral Records, Collateral Support and Supporting Obligations relating to any of the foregoing; and

(w) to the extent not otherwise included above, all Proceeds, products, accessions, rents and profits of or in respect of any of the foregoing.

2.2 Certain Limited Exclusions. Notwithstanding anything herein to the contrary, in no event shall the Collateral include or the security interest granted under Section 2.1 hereof attach to any of the following (collectively, the "**Excluded Property**"): (a) any lease, license, contract, or agreement to which any Grantor is a party, including any Patent License, Trademark License, Trade Secret License, and Copyright License and any other Assigned Agreement, or any of its rights or interests thereunder if and for so long as the grant of such security interest (i) is prohibited by law, statute or regulation applicable thereto or (ii) shall constitute or result in (A) the abandonment, invalidation or unenforceability of any right, title or interest of any Grantor therein or (B) in a breach or termination pursuant to the terms of, or a default under, any such lease, license, contract or agreement; provided, however, that (I) the foregoing exclusions set forth in clause (a) to the contrary notwithstanding, the Collateral shall include (and "Excluded Property" shall not include) any lease, license, contract, or agreement which would otherwise be excluded by operation of clause (a)(i) or clause (a)(ii) above if and to the extent that any such described term, provision, restriction, or prohibition triggering the applicability of clause (a)(i) or (a)(ii) would be rendered ineffective with respect to the creation of the security interest hereunder

pursuant to Sections 9-406, 9-407, 9¬408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law (including the Bankruptcy Code) or principles of equity, (II) the Collateral shall include (and "Excluded Property" shall not include) and such security interest shall attach to any lease, license, contract, or agreement which would otherwise be excluded by operation of clause (a)(i) or clause (a)(ii) above immediately at such time as the condition causing such breach, termination, default, prohibition, abandonment, invalidation or unenforceability shall be remedied (whether by change in law, statute or regulation (or in the interpretation of any law, statute or regulation) or by consent, waiver or other means) and to the extent severable, shall attach immediately to any portion of such lease, license, contract, or agreement that does not result in any of the consequences specified in (a)(i) or (a)(ii) above, and (III) the foregoing exclusion set forth in clause (a) shall in no way be construed to limit, impair or otherwise affect Collateral Agent's continuing security interests in and liens upon any rights or interests of any Grantor in or to (1) monies due or to become due under or in connection with any described lease, license, contract, or agreement (including any Accounts) or (2) any proceeds from the sale, license, lease or other dispositions of any such lease, license, contract, or agreement, (b) voting Capital Stock of a Foreign Subsidiary of any Grantor solely to the extent that such voting Capital Stock represents more than 65% of the voting Capital Stock of such Foreign Subsidiary and pledging more than 65% of such voting Capital Stock would reasonably be expected to result in adverse tax consequences to the Company; provided that immediately upon the amendment of the Internal Revenue Code to allow the pledge of a greater percentage of the voting power of Capital Stock in a CFC without adverse tax consequences, the Collateral shall include, and the security interest granted by each Grantor shall attach to, such greater percentage of the Capital Stock of each CFC; provided, that the foregoing exclusion set forth in clause (b) shall in no way be construed to limit, impair or otherwise affect Collateral Agent's continuing security interests in and liens upon any rights or interests of any Grantor in or to any proceeds from the sale, license, lease or other dispositions of any such Capital Stock, (c) any United States intent-to-use trademark applications to the extent that, and solely during the period in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark applications under applicable federal law, provided that upon submission and acceptance by the United States Patent and Trademark Office of an amendment to allege use pursuant to 15 U.S.C. Section 1060(a) (or any successor provision), such intent-to-use trademark application shall be considered Collateral, (d) Excluded Accounts or (e) any asset to the extent Company and Administrative Agent reasonably agree in writing that the costs of perfection for such asset exceed the benefit of the collateral security provided to the Secured Parties by such asset and such asset is specifically identified in such writing as "Excluded Property". Anything to the contrary contained in the foregoing notwithstanding, assets or property that constitute or are purported to constitute collateral for the Indebtedness incurred under the Credit Agreement shall not be "Excluded Property".

SECTION 3. SECURITY FOR OBLIGATIONS; GRANTORS REMAIN LIABLE.

3.1 Security for Obligations. This Agreement secures, and the Collateral is collateral security for, the prompt and complete payment or performance in full when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including the payment of 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) (and any successor provision thereof)), of all Obligations (other than any Excluded Swap Obligations), whether now existing or arising hereafter, with respect to every Grantor, including, without limitation, (a) all Obligations arising from, or owing under or pursuant to this Agreement, the Credit Agreement, or any other Credit Document, (b) all Obligations arising from, or owing under or pursuant to any Ancillary Services Agreement, (c) all Obligations arising from, or owing

under or pursuant to any Hedge Agreement, and (d) all other Obligations of the Company and all other Guaranteed Obligations of each Guarantor (collectively, the "**Secured Obligations**"). Without limiting the generality of the foregoing, this Agreement secures the payment of all amounts which constitute part of the Secured Obligations and would be owed by Grantors, or any of them, to the Agents, the Lenders, the Ancillary Services Providers, the Lender Counterparties or any of them, but for the fact that they are unenforceable or not allowable (in whole or in part) as a claim in an insolvency proceeding involving any Grantor due to the existence of such insolvency proceeding.

3.2 Continuing Liability Under Collateral. Notwithstanding anything herein to the contrary, (a) each Grantor shall remain liable for all of such Grantor's obligations and duties under the Collateral (including the Pledged Operating Agreements and the Pledged Partnership Agreements) and nothing contained herein is intended or shall be a delegation of such obligations or duties to the Collateral Agent or any Secured Party, (b) each Grantor shall remain liable under each of the agreements included in the Collateral, including, without limitation, the Pledged Operating Agreements, the Pledged Partnership Agreements and any other agreements relating to Pledged Partnership Interests or Pledged LLC Interests, to perform all of the obligations undertaken by it thereunder all in accordance with and pursuant to the terms and provisions thereof and neither the Collateral Agent nor any Secured Party shall have any obligation or liability under any of such agreements by reason of or arising out of this Agreement or any other document related thereto nor shall the Collateral Agent nor any Secured Party have any obligation to make any inquiry as to the nature or sufficiency of any payment received by it or have any obligation to take any action to collect or enforce any rights under any agreement included in the Collateral, including, without limitation, the Pledged Operating Agreements, the Pledged Partnership Agreements and any other agreements relating to Pledged Partnership Interests or Pledged LLC Interests, and (c) the exercise by the Collateral Agent of any of its rights hereunder shall not release any Grantor from any of its duties or obligations under the contracts and agreements included in the Collateral.

SECTION 4. REPRESENTATIONS AND WARRANTIES AND COVENANTS.

4.1 Generally.

(a) Representations and Warranties. Each Grantor hereby represents and warrants to the Secured Parties, on the Closing Date and on each Credit Date, which representations and warranties shall be true and correct on the Closing Date and on each such Credit Date as though made on such date and shall survive execution and delivery of this Agreement, that:

(i) it owns the Collateral purported to be owned by it or otherwise has the rights it purports to have in each item of Collateral and, as to all Collateral whether now existing or hereafter acquired, will continue to own or have such rights in each item of the Collateral, in each case free and clear of any and all Liens, rights or claims of all other Persons other than Permitted Liens;

(ii) it has indicated on Schedule 4.1(A) (as such schedule may be amended or supplemented from time to time): (A) the type of organization of such Grantor, (B) the jurisdiction of organization of such Grantor, (C) its organizational identification number and (D) the jurisdiction where the chief executive office or its sole place of business is (or the principal residence if such Grantor is a natural person), and for the one-year period preceding the date hereof has been, located.

(iii) the full legal name of such Grantor is as set forth on Schedule 4.1(A) (as such schedule may be amended or supplemented from time to time) and it has not done in the last five (5) years, and does not do, business under any other name (including any trade-name or fictitious business name) except for those names set forth on Schedule 4.1(B) (as such schedule may be amended or supplemented from time to time);

(iv) except as provided on Schedule 4.1(C) (as such schedule may be amended or supplemented from time to time), it has not changed its name, jurisdiction of organization, chief executive office or sole place of business (or principal residence if such Grantor is a natural person) or its corporate structure in any way (e.g., by merger, consolidation, change in corporate form or otherwise) within the past five (5) years;

(v) [reserved];

(vi) [reserved];

(vii)(A) upon the filing of all UCC financing statements naming each Grantor as "debtor" and the Collateral Agent as "secured party" and describing the Collateral in the filing offices set forth opposite such Grantor's name on Schedule 4.1(D) hereof (as such schedule may be amended or supplemented from time to time) and other filings delivered by each Grantor, (B) upon delivery of all Instruments, Chattel Paper and certificated Pledged Equity Interests and Pledged Debt, (C) upon sufficient identification of Commercial Tort Claims set forth on Schedule 4.8 (as such schedule may be amended or supplemented from time to time), (D) upon execution of a Control Agreement establishing the Collateral Agent's "control" (within the meaning of Section 8-106, 9-106 or 9-104 of the UCC, as applicable) with respect to any Investment Account other than Excluded Accounts, and (E) to the extent not subject to Article 9 of the UCC, upon recordation of the security interests granted hereunder in Patents, Trademarks and Copyrights in the applicable intellectual property registries, including but not limited to the United States Patent and Trademark Office and the United States Copyright Office, the security interests granted to the Collateral Agent hereunder constitute valid and perfected First Priority Liens (subject in the case of priority only to Permitted Priority Liens) on all of the Collateral (other than (v) in respect of motor vehicles or other collateral that is subject to a certificate of title statute and not, by the terms of this Agreement, required to be perfected, (w) Letter of Credit Rights (other than Supporting Obligations) that, by the terms of this Agreement, are not required to be perfected, (x) Commercial Tort Claims (other than those that, by the terms of this Agreement, are not required to be perfected), (y) any Deposit Accounts and Securities Accounts not subject to a Control Agreement as permitted by this Agreement and (z) Money);

(viii) subject to Section 5.14 of the Credit Agreement, upon taking the perfection actions described in the immediately preceding clause (vii), all actions and consents, including all filings, notices, registrations and recordings necessary or desirable for the exercise by the Collateral Agent of the voting or other rights provided for in this Agreement or the exercise of remedies in respect of the Collateral (other than as provided in the immediately preceding clause (vii)) have been made or obtained except as may be required in connection with such disposition of Investment Related Property by laws affecting the offering and sale of securities generally and except for consents, approvals, authorizations, or other orders or actions that have been obtained or given (as applicable) and that are still in force;

(ix) other than the financing statements filed in favor of the Collateral Agent, no effective UCC financing statement, fixture filing or other instrument similar in effect under any applicable law covering all or any part of the Collateral is on file in any filing or recording office except for (A) financing statements for which proper termination statements, authorized by the secured party of record or under applicable law, have been filed or delivered to the Collateral Agent for filing and (B) financing statements filed in connection with Permitted Liens;

(x) no authorization, approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body is required for either (A) the pledge or grant by any Grantor of the Liens purported to be created in favor of the Collateral Agent hereunder or (B) the exercise by Collateral Agent of any rights or remedies in respect of any Collateral (whether specifically granted or created hereunder or created or provided for by applicable law), except (x) for the filings contemplated by clause (vii) above and (y) as may be required, in connection with the disposition of any Investment Related Property, by laws generally affecting the offering and sale of Securities;

(xi) all information supplied by any Grantor with respect to any of the Collateral (in each case taken as a whole with respect to any particular Collateral) in connection with the Credit Documents is accurate and complete in all material respects;

(xii) none of the Collateral constitutes, or is the Proceeds of, "farm products" (as defined in the UCC);

(xiii) it does not own any "as extracted collateral" (as defined in the UCC) or any timber to be cut;

(xiv) [reserved]; and

(xv) Such Grantor has been duly organized as an entity of the type as set forth opposite such Grantor's name on Schedule 4.1(A) (as such schedule may be amended or supplemented from time to time) solely under the laws of the jurisdiction as set forth opposite such Grantor's name on Schedule 4.1(A) (as such schedule may be amended or supplemented from time to time) and remains duly existing as such, except as permitted pursuant to Section 4.1(b)(iii). Such Grantor has not filed any certificates of domestication, transfer or continuance in any other jurisdiction, except as permitted pursuant to Section 4.1(b)(iii).

(b) Covenants and Agreements. Each Grantor hereby covenants and agrees that:

(i) except for the security interest created by this Agreement, such Grantor shall not create or suffer to exist any Lien upon or with respect to any of the Collateral, except Permitted Liens, and such Grantor shall use commercially reasonable efforts to defend the Collateral against all Persons at any time claiming any interest therein (other than holders of Permitted Liens (except to the extent otherwise provided under the Credit Agreement));

(ii) such Grantor shall not produce, use or permit any Collateral to be used unlawfully or in violation of any provision of this Agreement or any applicable statute, regulation or ordinance or any policy of insurance covering the Collateral except as otherwise permitted by the Credit Agreement;

(iii) such Grantor shall not change its name, identity, corporate structure (e.g., by merger, consolidation, change in corporate form or otherwise) sole place of business (or principal residence if such Grantor is a natural person), chief executive office, type of organization or jurisdiction of organization unless it shall have (A) notified the Collateral Agent in writing, by executing and delivering to the Collateral Agent a completed Pledge Supplement, substantially in the form of Exhibit A attached hereto, together with all Supplements to Schedules thereto, at least five (5) days prior to any such change, identifying such new proposed name, identity, corporate structure, sole place of business (or principal residence if such Grantor is a natural person), chief executive office or jurisdiction of organization and providing such other information in connection therewith as the Collateral Agent may reasonably request, (B) with respect to type of organization and jurisdiction of organization, notified Collateral Agent in writing at least ten (10) Business Days prior to any such change and (C) taken all actions necessary or advisable to maintain the continuous validity, perfection and at least the same priority of the Collateral Agent's security interest in the Collateral intended to be granted and agreed to hereby;

(iv) [reserved];

(v) [reserved];

(vi) upon such Grantor or any officer of such Grantor obtaining knowledge thereof, it shall promptly notify the Collateral Agent in writing of any event that may have a material adverse effect on the value of the Collateral (taken as a whole) or any material portion thereof, or the rights and remedies of the Collateral Agent in relation thereto, including, without limitation, the levy of any legal process against such Collateral or any material portion thereof; and

(vii) such Grantor shall not take or permit any action, in the reasonable opinion of such Grantor, which could impair the Collateral Agent's rights as a secured creditor in respect of the Collateral.

4.2 Equipment and Inventory.

(a) Representations and Warranties. Each Grantor hereby represents and warrants to the Secured Parties, on the Closing Date and on each Credit Date, which representations and warranties shall be true and correct on the Closing Date and on each such Credit Date as though made on such date and shall survive execution and delivery of this Agreement, that:

(i) all of the Equipment and Inventory included in the Collateral as of the Closing Date is kept only at the locations specified in Schedule 4.2 (as such schedule may be amended or supplemented from time to time) (other than (A) mobile equipment in the possession of such Grantors employees or agents, (B) Equipment or Inventory in transit to, from or between the locations listed on Schedule 4.2 (as such schedule may be amended or supplemented from time to time) or (C) assets located at locations containing Collateral with a fair market value of less than $500,000 in the aggregate);

(ii) any Goods now or hereafter produced by any Grantor included in the Collateral have been and will be produced in compliance in all material respects with the applicable requirements of the Fair Labor Standards Act, as amended; and

(iii) none of the Inventory or Equipment (A) is in the possession of an issuer of a negotiable document (as defined in Section 7-104 of the UCC) therefor or (B) other than Inventory and Equipment with a value of less than $500,000 in the aggregate for all Inventory and Equipment in possession of bailees or warehousemen, is in the possession of a bailee or warehouseman.

(b) Covenants and Agreements. Each Grantor covenants and agrees that:

(i) subject to the limitations set forth in the Credit Agreement or otherwise set forth herein, it shall keep the Equipment, Inventory and any Documents evidencing any Equipment and Inventory in each case included in the Collateral (other than (A) mobile equipment in the possession of such Grantors employees or agents, (B) Equipment or Inventory in transit to, from or between the locations listed on Schedule 4.2 (as such schedule may be amended or supplemented from time to time), (C) assets disposed of in connection with dispositions permitted under the Credit Agreement or (D) assets located at locations containing Collateral with a fair market value of less than $500,000 in the aggregate) in the locations specified on Schedule 4.2 (as such schedule may be amended or supplemented from time to time) unless it shall have (x) notified the Collateral Agent in writing, by executing and delivering to the Collateral Agent a completed Pledge Supplement, substantially in the form of Exhibit A attached hereto, together with all Supplements to Schedules thereto, at least ten (10) days prior to any change in locations, identifying such new locations (which shall be located in the United States) and providing such other information in connection therewith as the Collateral Agent may reasonably request and (y) taken all actions necessary or advisable to maintain the continuous validity, perfection and the same or better priority of the Collateral Agent's security interest in the Collateral intended to be granted and agreed to hereby, or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder, with respect to such Equipment and Inventory;

(ii) it shall keep correct and accurate records of the Inventory, as is customarily maintained under similar circumstances by Persons engaged in similar business, and in any event in conformity with GAAP;

(iii) it shall not deliver any Document covering any Equipment or Inventory to any Person other than the issuer of such Document (or any agent thereof) to claim the Goods evidenced therefor or the Collateral Agent or the holder of any Permitted Priority Lien;

(iv) if any Equipment (other than any motor vehicles) or Inventory is in possession or control of any third party at a location containing inventory and equipment not acquired with Indebtedness permitted under the Credit Agreement, with a fair market value in excess of $300,000, each Grantor shall join with the Collateral Agent in notifying the third party of the Collateral Agent's security interest and shall use commercially reasonable efforts to obtain an acknowledgment from the third party that it is holding the Equipment and Inventory for the benefit of the Collateral Agent;

(v) Motor Vehicles. Promptly (and in any event within thirty (30) days) after request by Collateral Agent, with respect to all goods covered by a certificate of title with a value in excess of $200,000 owned by any Grantor, such Grantor shall deliver to Collateral Agent or Collateral Agent's designee, the certificates of title for all such goods and promptly (and in any event within sixty (60) days) after request by Agent, such Grantor shall take all actions necessary to cause such certificates to be filed (with the Agent's Lien noted thereon) in the appropriate state motor vehicle filing office.

4.3 Receivables.

(a) Covenants and Agreements. Each Grantor hereby covenants and agrees that:

(i) it shall keep and maintain at its own cost and expense records of the Receivables which are complete in all material respects, including, but not limited to, the originals of all documentation with respect to all Receivables and records of all payments received and all credits granted on the Receivables, all merchandise returned and all other dealings therewith;

(ii) it shall not amend, modify, terminate or waive any provision of any Receivable in any manner which could reasonably be expected to materially reduce the value of such Receivable as Collateral, except as otherwise permitted by the Credit Agreement. Other than in the ordinary course of business as generally conducted by it from time to time, upon the occurrence and during the continuance of an Event of Default, such Grantor shall not (A) grant any extension or renewal of the time of payment of any Receivable, (B) compromise or settle any dispute, claim or legal proceeding with respect to any Receivable for less than the total unpaid balance thereof, (C) release, wholly or partially, any Person liable for the payment thereof, or (D) allow any credit or discount thereon, in each case, except to the extent expressly permitted by the Credit Agreement; and

(iii) except as otherwise provided in this subsection, each Grantor shall continue to collect all amounts due or to become due to such Grantor under the Receivables and any Supporting Obligation and diligently exercise each material right it may have under any Receivable any Supporting Obligation or Collateral Support, in each case, at its own expense. Notwithstanding the foregoing, the Collateral Agent shall have the right upon the occurrence and during the continuance of an Event of Default at any time to notify, or require any Grantor to notify, any Account Debtor of the Collateral Agent's security interest in the Receivables and, in addition, at any time following the occurrence and during the continuation of an Event of Default, the Collateral Agent may: (A) direct the Account Debtors under any Receivables to make payment of all amounts due or to become due to such Grantor thereunder directly to the Collateral Agent; (B) notify, or require any Grantor to notify, each Person maintaining a lockbox or similar arrangement to which Account Debtors under any Receivables have been directed to make payment to remit all amounts representing collections on checks and other payment items from time to time sent to or deposited in such lockbox or other arrangement directly to the Collateral Agent; and (C) enforce, at the expense of such Grantor, collection of any such Receivables and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor might have done. If the Collateral Agent notifies any Grantor that it has elected to collect the Receivables in accordance with the preceding sentence, any payments of Receivables

received by such Grantor shall be forthwith (and in any event within two (2) Business Days) deposited by such Grantor in the exact form received, duly indorsed by such Grantor to the Collateral Agent if required, in the Collateral Account maintained under the sole dominion and control of the Collateral Agent, and until so turned over, all amounts and proceeds (including checks and other instruments) received by such Grantor in respect of the Receivables, any Supporting Obligation or Collateral Support shall be received in trust for the benefit of the Collateral Agent hereunder and shall be segregated from other funds of such Grantor and, during the continuance of any such Event of Default, such Grantor shall not adjust, settle or compromise the amount or payment of any Receivable, or release wholly or partly any Account Debtor or obligor thereof, or allow any credit or discount thereon.

(b) Delivery and Control of Receivables; Collateral. With respect to any Collateral with a value or face amount in excess of $300,000 individually or $600,000 in the aggregate which is evidenced by, or constitutes, Chattel Paper, Negotiable Collateral or Instruments (other than, for the avoidance of doubt, checks or other instruments for deposit in the ordinary course of business), each Grantor shall cause each originally executed copy thereof to be delivered to the Collateral Agent (or its agent or designee) appropriately indorsed to the Collateral Agent or indorsed in blank and shall do such other acts or things deemed necessary or desirable by Collateral Agent in its reasonable discretion to protect Collateral Agent's Lien therein: (i) with respect to any such Collateral in existence on the date hereof, on or prior to the date hereof and (ii) with respect to any such Collateral hereafter arising, within ten (10) Business Days of such Grantor acquiring rights therein. With respect to any Collateral with a value or face amount in excess of $300,000 individually or $600,000 in the aggregate which would constitute "electronic chattel paper" under Article 9 of the UCC, each Grantor shall take all steps necessary to give the Collateral Agent control over such Collateral (within the meaning of Section 9-105 of the UCC): (i) with respect to any such Collateral in existence on the date hereof, on or prior to the date hereof and (ii) with respect to any such Collateral hereafter arising, within ten (10) Business Days of such Grantor acquiring rights therein. Any such Chattel Paper, Negotiable Collateral or Instruments permitted to be retained by a Grantor shall be marked with the following legend: "This writing and the obligations evidenced or secured hereby are subject to the security interest of TPG Specialty Lending, Inc., as Collateral Agent for the benefit of the Secured Parties."

4.4 Investment Related Property.

4.4.1 Investment Related Property Generally

(a) Covenants and Agreements. Each Grantor hereby covenants and agrees that:

(i) in the event it acquires rights in any Investment Related Property after the date hereof, it shall deliver to the Collateral Agent a completed Pledge Supplement, substantially in the form of Exhibit A attached hereto, together with all Supplements to Schedules thereto, reflecting such new Investment Related Property and all other Investment Related Property. Notwithstanding the foregoing, it is understood and agreed that the security interest of the Collateral Agent shall attach to all Investment Related Property immediately upon any Grantor's acquisition of rights therein and shall not be affected by the failure of any Grantor to deliver a supplement to Schedule 4.4 as required hereby;

(ii) except as provided in the next sentence, in the event such Grantor receives any dividends, interest or distributions on any Investment Related Property, or any securities or other property upon the merger, consolidation, liquidation or dissolution of any issuer of any Investment Related Property, then (A) such dividends, interest or distributions and securities or other property shall be included in the definition of Collateral without further action and (B) such Grantor shall promptly take all reasonable steps, if any, necessary or advisable to ensure the validity, perfection, priority and, if applicable, control of the Collateral Agent over such Investment Related Property (including, without limitation, delivery thereof to the Collateral Agent) and pending any such action such Grantor shall be deemed to hold such dividends, interest, distributions, securities or other property in trust for the benefit of the Collateral Agent and shall segregate such dividends, distributions, Securities or other property from all other property of such Grantor. Notwithstanding the foregoing, so long as no Event of Default shall have occurred and be continuing, or if an Event of Default shall have occurred and be continuing so long as the Collateral Agent has not given prior notice to such Grantor to the contrary, the Collateral Agent authorizes each Grantor to retain all ordinary cash dividends and distributions paid in the normal course of the business of the issuer and consistent with the past practice of the issuer and all scheduled payments of interest;

(iii) each Grantor consents to the grant by each other Grantor of a Security Interest in all Investment Related Property to the Collateral Agent;

(iv) each Grantor shall promptly deliver to Collateral Agent a copy of each notice sent or received by it in respect of any Investment Related Property if the subject of such notice would reasonably be expected to materially and adversely affect the interests of the Secured Parties (it being understood that any notice relating to the obligation to make a Restricted Junior Payment (or any event that could trigger the obligation to make a Restricted Junior Payment) not permitted by the Credit Agreement is deemed to be materially adverse to the interests of the Secured Parties);

(v) [reserved];

(vi) each Grantor agrees that it will cooperate with Collateral Agent in obtaining all necessary approvals and making all necessary filings under federal, state, local, or foreign law to effect the perfection of the security interest on the Investment Related Property or following the occurrence and during the continuance of an Event of Default, to the extent requested by the Collateral Agent, to effect any sale or transfer thereof.

(b) Delivery and Control.

(i) Each Grantor agrees that with respect to any Investment Related Property in which it currently has rights it shall comply with the applicable provisions of this Section 4.4.1 on or before the Closing Date and with respect to any Investment Related Property hereafter acquired by such Grantor it shall comply with the provisions of this Section 4.4.1 within ten (10) Business Days after acquiring rights therein (as such time period may be extended by the Collateral Agent in its reasonable discretion), in each case, to the extent applicable, in form and substance reasonably satisfactory to the Collateral Agent. With respect to any Investment Related Property that is represented by a certificate or that is an “instrument” (other than any Investment Related Property credited to a Securities Account) it shall cause such certificate or instrument to be

delivered to the Collateral Agent, indorsed in blank by an "effective indorsement" (as defined in Section 8-107 of the UCC), regardless of whether such certificate constitutes a "certificated security" for purposes of the UCC. With respect to any Investment Related Property that is an "uncertificated security" for purposes of the UCC (other than any "uncertificated security" credited to a Securities Account), it shall cause the issuer of such uncertificated security to enter into a control agreement, in form and substance reasonably satisfactory to Collateral Agent, pursuant to which such issuer agrees to comply with the Collateral Agent's instructions with respect to such uncertificated security without further consent by such Grantor.

(c) Voting and Distributions.

(i) So long as no Event of Default shall have occurred and be continuing, or if an Event of Default shall have occurred and be continuing so long as the Collateral Agent has not given prior notice to such Grantor to the contrary:

(1) except as otherwise provided under the covenants and agreements relating to Investment Related Property in this Agreement or elsewhere herein or in the Credit Agreement, each Grantor shall be entitled to exercise or refrain from exercising any and all voting and other consensual rights pertaining to the Investment Related Property or any part thereof for any purpose not inconsistent with the terms of this Agreement or the Credit Agreement; provided, no Grantor shall exercise or refrain from exercising any such right if such action would have a material and adverse effect on the value of the Investment Related Property or would materially adversely affect the rights of any Secured Party under the Credit Documents; it being understood, however, that neither the voting by such Grantor of any Pledged Stock for, or such Grantor's consent to, the election of directors (or similar governing body) at a regularly scheduled annual or other meeting of stockholders or with respect to incidental matters at any such meeting, nor such Grantor's consent to or approval of any action otherwise permitted under this Agreement and the Credit Agreement, shall be deemed inconsistent with the terms of this Agreement or the Credit Agreement within the meaning of this Section 4.4(c)(i)(1), and no notice of any such voting or consent need be given to the Collateral Agent; and

(2) the Collateral Agent shall promptly execute and deliver (or cause to be executed and delivered) to each Grantor all proxies, and other instruments as such Grantor may from time to time reasonably request for the purpose of enabling such Grantor to exercise the voting and other consensual rights when and to the extent which it is entitled to exercise pursuant to clause (1) above;

(3) Upon the occurrence and during the continuation of an Event of Default and upon written notice from the Collateral Agent to such Grantor of the Collateral Agent's intention to exercise such rights,

(A) at Collateral Agent's option (or as directed by the Requisite Lenders) all rights of each Grantor to exercise or refrain from exercising the voting and other consensual rights which such Grantor would otherwise be entitled to exercise pursuant hereto shall cease and all such rights shall thereupon become vested in the Collateral Agent who shall thereupon have the sole right to exercise such voting and other consensual rights (but under no circumstances is Collateral Agent obligated by the terms of this Agreement to exercise such rights); and

(B) in order to permit the Collateral Agent to exercise the voting and other consensual rights which it may be entitled to exercise pursuant hereto and to receive all dividends and other distributions which it may be entitled to receive hereunder: (x) each Grantor shall promptly execute and deliver (or cause to be executed and delivered) to the Collateral Agent all proxies, dividend payment orders and other instruments as the Collateral Agent may from time to time reasonably request and (y) each Grantor acknowledges that the Collateral Agent may utilize the power of attorney set forth in Section 6.1.

4.4.2 Pledged Equity Interests

(a) Representations and Warranties. Each Grantor hereby represents and warrants to the Secured Parties, on the Closing Date and on each Credit Date, which representations and warranties shall be true and correct on the Closing Date and on each such Credit Date as though made on such date and shall survive execution and delivery of this Agreement, that:

(i) Schedule 4.4(A) (as such schedule may be amended or supplemented from time to time) sets forth under the headings "Pledged Stock, "Pledged LLC Interests," "Pledged Partnership Interests" and "Pledged Trust Interests," respectively, all of the Pledged Stock, Pledged LLC Interests, Pledged Partnership Interests and Pledged Trust Interests owned by any Grantor and such Pledged Equity Interests constitute the percentage of issued and outstanding shares of stock, percentage of membership interests, percentage of partnership interests or percentage of beneficial interest of the respective issuers thereof indicated on such Schedule;

(ii) except as set forth on Schedule 4.4(B) (as such schedule may be amended or supplemented from time to time), it has not acquired any equity interests of another entity or substantially all the assets of another entity within the past five (5) years;

(iii) except as set forth on Schedule 4.4(B) (as such schedule may be amended or supplemented from time to time), it is the record and beneficial owner of the Pledged Equity Interests free of all Liens, rights or claims of other Persons other than Permitted Liens and there are no outstanding warrants, options or other rights to purchase, or shareholder, voting trust or similar agreements outstanding with respect to, or property that is convertible into, or that requires the issuance or sale of, any Pledged Equity Interests;

(iv) no consent of any Person including any other general or limited partner, any other member of a limited liability company, any other shareholder or any other trust beneficiary is necessary or desirable in connection with the creation, perfection or first priority status of the security interest of the Collateral Agent in any Pledged Equity Interests or the exercise by the Collateral Agent of the voting or other rights provided for in this Agreement or the exercise of remedies in respect thereof, other than those consents which have already been obtained;

(v) none of the Pledged LLC Interests nor Pledged Partnership Interests are or represent interests in issuers that: (a) are registered as investment companies, (b) are dealt in or traded on securities exchanges or markets or (c) are held in a Securities Account; and

(vi) except as otherwise set forth on Schedule 4.4(C) (as such schedule may be amended or supplemented from time to time), none of the Pledged Operating Agreements, the Pledged Partnership Agreements, or any other agreements governing any of the Pledged LLC Interests and Pledged Partnership Interests provide that such Pledged LLC Interests or Pledged Partnership Interests are securities governed by Article 8 of the UCC as in effect in any relevant jurisdiction.

(b) Covenants and Agreements. Each Grantor hereby covenants and agrees that:

(i) except as otherwise permitted by the Credit Agreement, without the prior written consent of the Collateral Agent, it shall not vote to enable or take any other action to: (A) amend or terminate any partnership agreement, limited liability company agreement, certificate of incorporation, by-laws or other organizational documents in any way that materially and adversely affects the validity, perfection or priority of the Collateral Agent's security interest or any Agent or Lender, (B) [reserved], (C) [reserved], (D) waive any default under or breach of any terms of organizational document relating to the issuer of any Pledged Equity Interest or the terms of any Pledged Debt if such waiver would reasonably be expected to materially and adversely affect the interests of the Secured Parties, or (E) cause any issuer of any Pledged Partnership Interests or Pledged LLC Interests which are not securities (for purposes of the UCC) on the date hereof to elect or otherwise take any action to cause such Pledged Partnership Interests or Pledged LLC Interests to be treated as securities for purposes of the UCC; provided, however, notwithstanding the foregoing, if any issuer of any Pledged Partnership Interests or Pledged LLC Interests takes any such action in violation of the foregoing in this clause (E), such Grantor shall promptly notify the Collateral Agent in writing of any such election or action and, in such event, shall take all steps necessary or advisable to establish the Collateral Agent's "control" thereof;

(ii) it shall comply with all of its material obligations under any partnership agreement or limited liability company agreement relating to Pledged Partnership Interests or Pledged LLC Interests and, except as otherwise permitted by the Credit Agreement, it shall enforce all of its material rights with respect to any Investment Related Property;

(iii) except as otherwise permitted by the Credit Agreement, without the prior written consent of the Collateral Agent, it shall not permit any issuer of any Pledged Equity Interest to merge or consolidate unless permitted by the Credit Agreement and subject to the terms of the Credit Agreement and Section 2.2 herein (A) such issuer creates a security interest that is perfected by a filed financing statement (that is not effective solely under section 9-508 of the UCC) in collateral in which such new debtor has or acquires rights, and (B) all the outstanding capital stock or other equity interests of the surviving or resulting corporation, limited liability company, partnership or other entity is, upon such merger or consolidation, pledged hereunder and, except as otherwise provided in the Credit Agreement, no cash, securities or other property is distributed in respect of the outstanding equity interests of any other constituent Grantor; and

(iv) each Grantor consents to the grant by each other Grantor of a security interest in all Investment Related Property to the Collateral Agent and, without limiting the foregoing, consents to the transfer of any Pledged Partnership Interest and any Pledged LLC Interest to the Collateral Agent or its nominee following an Event of Default and to the substitution of the Collateral Agent or its nominee as a partner in any partnership or as a member in any limited liability company with all the rights and powers related thereto.

4.4.3 Pledged Debt

(a) Representations and Warranties. Each Grantor hereby represents and warrants to the Secured Parties, on the Closing Date and on each Credit Date, which representations and warranties shall be true and correct on the Closing Date and on each such Credit Date as though made on such date and shall survive execution and delivery of this Agreement, that:

(i) Schedule 4.4 (as such schedule may be amended or supplemented from time to time) sets forth under the heading "Pledged Debt" all of the Pledged Debt owned by any Grantor and all of such Pledged Debt has been duly authorized, authenticated or issued, and delivered and is the legal, valid and binding obligation of the issuers thereof and is not in material default and constitutes all of the issued and outstanding intercompany Indebtedness owned by any Grantor;

(b) Covenants and Agreements. Each Grantor hereby covenants and agrees that without the prior written consent of Collateral Agent or as otherwise permitted by the Credit Agreement, it will not (A) waive or release any material obligation of any Person that is obligated under any of the Pledged Debt if such waiver or release would be materially adverse to the Secured Parties, (B) take or omit to take any action or knowingly suffer or permit any action to be omitted or taken, the taking or omission of which would result in any right of offset against sums payable under the Pledged Debt, or (C) other than as permitted by the Credit Agreement, assign or surrender their rights and interests under any of the Pledged Debt.

4.4.4 Investment Accounts

(a) Representations and Warranties. Each Grantor hereby represents and warrants to the Secured Parties, on the Closing Date and on each Credit Date, which representations and warranties shall be true and correct on the Closing Date and on each such Credit Date as though made on such date and shall survive execution and delivery of this Agreement, that:

(i) Schedule 4.4 hereto (as such schedule may be amended or supplemented from time to time) sets forth under the headings "Securities Accounts" and "Commodities Accounts," respectively, all of the Securities Accounts and Commodities Accounts in which each Grantor has an interest. Each Grantor is the sole entitlement holder of each such Securities Account and Commodity Account, and such Grantor has not consented to, and is not otherwise aware of, any Person (other than the Collateral Agent pursuant hereto) having "control" (within the meanings of Sections 8-106 and 9- 106 of the UCC) over, or any other interest in, any such Securities Account or Commodity Account or securities or other property credited thereto;

(ii) Schedule 4.4 hereto (as such schedule may be amended or supplemented from time to time) sets forth under the headings "Deposit Accounts" all of the Deposit Accounts in which each Grantor has an interest. Each Grantor is the sole account holder of each such Deposit Account and such Grantor has not consented to, and is not otherwise aware of, any Person (other than the Collateral Agent pursuant hereto) having either sole dominion and control (within the meaning of common law) or "control" (within the meanings of Section 9-104 of the UCC) over, or any other interest in, any such Deposit Account (other than any Excluded Account) or any money or other property deposited therein; and

(iii) each Grantor has taken all or shall take in accordance with the Credit Agreement and this Agreement all actions reasonably necessary or desirable, including those specified in Section 4.4.4(c), to: (A) establish Collateral Agent's "control" (within the meanings of Sections 8-106 and 9-106 of the UCC) over any portion of the Investment Related Property constituting Certificated Securities, Uncertificated Securities, Securities Accounts, Securities Entitlements or Commodities Accounts (each as defined in the UCC), in each case, other than any Excluded Accounts; (B) establish the Collateral Agent's "control" (within the meaning of Section 9-104 of the UCC) over all Deposit Accounts (other than Excluded Accounts); and (C) if required by Section 4.3(b), deliver all Instruments to the Collateral Agent.

(b) Covenants and Agreements.

(i) [Reserved].

(ii) Each Grantor shall use its commercially reasonable best efforts to establish within 365 days of the Closing Date its primary domestic depository and cash management relationships with KeyBank or one of its Affiliates (together with, only until such relationships are established with KeyBank or one of its Affiliates, Pacific Western Bank, each a "**Controlled Account Bank**") to the extent that the service and pricing options provided by KeyBank and/or its Affiliates to such Grantor are competitive with those offered by other banks to companies similarly situated to Company. If such relationships are so established, each Grantor will maintain such depository and cash management relationships at all times during the term of the Credit Agreement; provided, that such Grantor 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 under the Credit Agreement, or (y) the service or pricing options provided by KeyBank and/or its Affiliates to such Grantor are no longer competitive with those offered by other banks to companies similarly situated to Company. Further, each Grantor shall ensure that all Collections owed to it and its Subsidiaries are either (A) remitted directly to a Controlled Account Bank by the applicable Account Debtors, or (B) deposited or caused to be deposited promptly, and in any event no later than the third Business Day after the date of receipt thereof, into a deposit account of such Grantor (each, a "**Controlled Account**") at one of the Controlled Account Banks.

(iii) Each Grantor shall establish and maintain Control Agreements with Collateral Agent and the applicable Controlled Account Bank at which Deposit Accounts other than Excluded Accounts are held, in form and substance reasonably acceptable to Collateral Agent. Each such Control Agreement shall provide, among other things, that (A) the Controlled Account Bank will comply with any instructions originated by Collateral Agent directing the disposition of the funds in such Controlled Account without further consent by the applicable Grantor, (B) the Controlled Account Bank waives, subordinates, or agrees not to exercise any rights of setoff or recoupment or any other claim against the applicable Controlled Account other than for payment of its service fees and other charges directly related to the administration of such Controlled Account and for returned checks or other items of payment, and (C) upon the instruction of Collateral Agent (an "**Activation Instruction**"), the Controlled Account Bank will forward by daily sweep all amounts in the applicable Controlled Account to the Collateral Account or otherwise comply with the instructions of Collateral Agent. With respect to any Controlled Account, Collateral Agent shall not issue an Activation Instruction or other notice of control with respect to such Controlled Account unless an Event of Default has occurred and is continuing at the time such Activation Instruction or notice of control is issued.

(iv) Each Grantor shall close any of its Controlled Accounts (as promptly as practicable and in any event within sixty (60) days or such longer period (not to exceed ninety (90) days) as may be required for such Grantor to establish a replacement Controlled Account) after notice from Collateral Agent that the operating performance, funds transfer, or availability procedures or performance of the Controlled Account Bank with respect to such Controlled Account or Collateral Agent's liability under any Control Agreement with such Controlled Account Bank is no longer acceptable in Collateral Agent's reasonable judgment.

(v) No Grantor will, and no Grantor will permit its Subsidiaries to, make, acquire, or permit to exist investments consisting of Cash, Cash Equivalents, or amounts credited to Deposit Accounts or Securities Accounts unless Grantor or its Subsidiary, as applicable, and the applicable bank or securities intermediary have entered into Control Agreements with Collateral Agent governing such Investments or assets in order to perfect (and further establish) Collateral Agent's Liens in such investments or assets, in each case, other than with respect to Excluded Accounts.

(c) Delivery and Control

(i) With respect to any Investment Related Property consisting of Securities Accounts or Securities Entitlements and with respect to any Commodities Accounts (other than Excluded Accounts), it shall cause the securities intermediary maintaining such Securities Account or Securities Entitlement or the commodities intermediary maintaining such Commodities Account, as the case may be, to enter into a Control Agreement pursuant to which it shall agree to comply with the Collateral Agent's "entitlement orders" without further consent by such Grantor or otherwise establish Collateral Agent's control over such account to the reasonable satisfaction of Collateral Agent. With respect to each Deposit Account and any Investment Related Property that is a "Deposit Account" (other than any Excluded Account) it shall cause the depositary institution maintaining such account to enter into a Control Agreement, pursuant to which the Collateral Agent shall have both sole dominion and control over such Deposit Account (within the meaning of the common law) and "control" (within the meaning of Section 9-104 of the UCC) over such Deposit Account. Each Grantor shall have entered into such Control Agreement or agreements with respect to: (A) any Securities Accounts, Securities Entitlements, Commodities Accounts or Deposit Accounts that exist on the

Closing Date, subject to Section 5.14(d) of the Credit Agreement, as of or prior to the Closing Date, (B) any Securities Accounts, Securities Entitlements, Commodities Accounts or Deposit Accounts that are created after the Closing Date, as of or prior to the deposit or transfer of any such Securities Entitlements or funds, whether constituting moneys or investments, into such Securities Accounts, Commodities Accounts or Deposit Accounts, and (C) any Securities Accounts, Securities Entitlements, Commodities Accounts or Deposit Accounts that are acquired after the Closing Date, within ten (10) Business Days following the deposit or transfer of any such Securities Entitlements or funds, whether constituting moneys or investments, into such Securities Accounts, Commodities Accounts or Deposit Accounts, in each case, other than Excluded Accounts; and

In addition to the foregoing, if any issuer of any Investment Related Property is located in a jurisdiction outside of the United States, each Grantor shall take such additional actions, including, without limitation, causing the issuer to register the pledge on its books and records or making such filings or recordings, in each case as may be necessary or advisable, under the laws of such issuer's jurisdiction to ensure the validity, perfection and priority of the security interest of the Collateral Agent subject to Permitted Liens. Upon the occurrence of an Event of Default, the Collateral Agent shall have the right, upon written notice to any Grantor, to transfer all or any portion of the Investment Related Property to its name or the name of its nominee or agent. In addition, the Collateral Agent shall have the right at any time, upon written notice to any Grantor, to exchange any certificates or instruments representing any Investment Related Property for certificates or instruments of smaller or larger denominations.

Notwithstanding anything to the contrary set forth herein, Collateral Agent shall not exercise any rights or remedies against any Controlled Account unless an Event of Default shall have occurred and is continuing.

4.5 [Reserved].

4.6 Letter of Credit Rights.

(a) Representations and Warranties. Each Grantor hereby represents and warrants to the Secured Parties, on the Closing Date and on each Credit Date, which representations and warranties shall be true and correct on the Closing Date and on each such Credit Date as though made on such date and shall survive execution and delivery of this Agreement, that all letters of credit to which such Grantor has rights is listed on Schedule 4.6 (as such schedule may be amended or supplemented from time to time) hereto.

(b) Covenants and Agreements. If the Grantors (or any of them) are or become the beneficiary of letters of credit having a face amount or value of $300,000 or more in the aggregate for all letters of credit, then the applicable Grantor or Grantors shall promptly (and in any event within ten (10) Business Days after becoming a beneficiary) notify Collateral Agent, and upon Collateral Agent's request use commercially reasonable efforts to enter into a tri-party agreement with Collateral Agent and the issuer or confirming bank with respect to letter-of-credit rights assigning such letter-of-credit rights to Collateral Agent and directing all payments thereunder to an account designated by Collateral Agent, all in form and substance reasonably satisfactory to Collateral Agent, and shall deliver to the Collateral Agent a completed Pledge Supplement in respect thereof, substantially in the form of Exhibit A attached hereto, together with all Supplements to Schedules thereto.

4.7 Intellectual Property.

(a) Representations and Warranties. Except as disclosed in Schedule 4.7(H) (as such schedule may be amended or supplemented from time to time), Grantor hereby represents and warrants to the Secured Parties, on the Closing Date and on each Credit Date, which representations and warranties shall be true and correct on the Closing Date and on each such Credit Date as though made on such date and shall survive execution and delivery of this Agreement, that:

(i) Schedule 4.7 (as such schedule may be amended or supplemented from time to time) sets forth a true and complete list of (A) all United States, state and foreign registrations of and applications for Patents, Trademarks, and Copyrights owned by each Grantor and (B) all Patent Licenses, Trademark Licenses, Trade Secret Licenses and Copyright Licenses of each Grantor, other than (x) non-exclusive licenses granted by a Grantor to another Person in the ordinary course of business consistent with past practice and (y) agreements for generally commercially available, off the shelf software costing less than $10,000 per agreement;

(ii) other than the Intellectual Property licensed to a Grantor pursuant to a Patent License, Trademark License, Trade Secret License, or Copyright License, it is the sole and exclusive owner of the entire right, title, and interest in and to all Intellectual Property listed on Schedule 4.7(a)(i) (as such schedule may be amended or supplemented from time to time), and, other than the Intellectual Property licensed to a Grantor pursuant to a Patent License, Trademark License, Trade Secret License, or Copyright License that, in each case, is valid, continuing and in full force and effect, it is the sole and exclusive owner of all Intellectual Property used in or necessary to conduct its business, free and clear of all Liens, claims, encumbrances and licenses, except for Permitted Liens;

(iii) all employees of each Grantor who were involved in the creation or development of any Intellectual Property for such Grantor that is necessary to or in used in the business of such Grantor (A) have signed agreements containing assignment of Intellectual Property rights to such Grantor and obligations of confidentiality or (B) created or developed such Intellectual Property within the scope of their employment as a "work made for hire" such that Grantor is deemed to be the owner of such Intellectual Property;

(iv) all Grantor IP is subsisting and has not been finally adjudged invalid or unenforceable, in whole or in part, and each Grantor has performed all acts and has paid all renewal, maintenance, and other fees and taxes required to maintain each and every registration and application identified and set forth on Schedule 4.7(a)(i)(A) in full force and effect;

(v) all Grantor IP is to each Grantor's knowledge enforceable and valid; no holding, decision, or judgment has been finally rendered in any action or proceeding before any court or administrative authority challenging the validity of, such Grantor's right to register, or such Grantor's rights to own or use, any Intellectual Property and no such action or proceeding is pending or, to the best of such Grantor's knowledge, threatened that would result in a material adverse effect to the Company;

(vi) all registrations and applications identified and set forth on Schedule 4.7(a)(i)(A) are standing in the name of the applicable Grantor that is the owner of such Grantor IP, and none of the Grantor IP has been licensed by any Grantor to any Affiliate or third party, except as disclosed in Schedule 4.7(B), (D), (F), or (G) (as each may be amended or supplemented from time to time);

(vii) each Grantor has been using in accordance with all laws and regulations appropriate statutory notice of registration in connection with its use of registered Trademarks, and proper marking practices in connection with the use of Patents;

(viii) each Grantor uses reasonable standards of quality in the manufacture, distribution, and sale of all products sold and in the provision of all services rendered under or in connection with all Trademark Collateral and has taken reasonable action necessary to insure that all licensees of the Trademark Collateral owned by such Grantor use such reasonable standards of quality;

(ix) to each Grantor's knowledge, the conduct of such Grantor's business has never infringed, misappropriated or violated, and does not currently infringe upon, misappropriate, or otherwise violate any Intellectual Property rights owned or controlled by a third party; and, to each Grantor's knowledge, no product manufactured, used, distributed, licensed, or sold by or service provided by such Grantor has ever infringed upon, misappropriated, or violated, or is currently infringing upon, misappropriating, or violating, any Intellectual Property rights of any third party;

(x) no claim has been made to any Grantor that the use of any Grantor IP or any other Intellectual Property used by Grantor (or any of its respective licensees) infringes upon, misappropriates, or violates the asserted rights of any third party, and there are no pending infringement, misappropriation, or violation claims or proceedings pending against any Grantor, or to any Grantor's knowledge after reasonable inquiry, threatened against any Grantor;

(xi) to each Grantor's knowledge, no third party is infringing upon or otherwise violating any rights in any Grantor IP or any other Intellectual Property used by such Grantor, or any of its respective licensees;

(xii) no settlement or consents, covenants not to sue, nonassertion assurances, or releases have been entered into by Grantor or to which Grantor is bound that adversely affect Grantor's rights to own or use any Intellectual Property;

(xiii) each Grantor has not made a previous assignment, sale, transfer or agreement constituting a present or future assignment, sale, transfer or agreement of any Intellectual Property that has not been terminated or released, and to each Grantor's knowledge there is no effective financing statement or other document or instrument now executed, or on file or recorded in any public office, granting a security interest in or otherwise encumbering any part of the Grantor IP, other than in favor of the Collateral Agent;

(xiv) each Grantor has taken reasonable steps to maintain the confidentiality of and otherwise protect and enforce its rights in all Trade Secrets included among the Grantor IP that are necessary in or material to the conduct of the business of such Grantor; and

(xv) none of the proprietary software licensed or distributed by any Grantor that is material to generating revenue for such Grantor is subject to any "copyleft" or other obligation or condition (including any obligation or condition under any "open source" license such as the GNU Public License, Lesser GNU Public License, or Mozilla Public License) that would require, or condition the use or distribution of such software, on the disclosure, licensing or distribution of any source code of the proprietary software; and

(xvi) as of the Closing Date, no Patent License, Copyright License, Trade Secret License, or Trademark License that is necessary in or material to the conduct of the Grantors' business taken as a whole, and that is identified as such on Schedule 4.7 (as such schedule may be amended or supplemented from time to time), requires any consent of any other Person that has not been obtained in order for such Grantor to grant the security interest granted hereunder in such Grantor's right, title or interest in or to such licenses (except as specified in such Schedule 4.7 (as such schedule may be amended or supplemented from time to time)).

(b) Covenants and Agreements. Each Grantor hereby covenants and agrees as follows:

(i) except with respect to Intellectual Property which such Grantor determines in its reasonable business judgment is not material to such Grantor's business, it shall take reasonable and necessary action to preserve and maintain all of such Grantor's Intellectual Property, and its rights therein, including paying all maintenance fees and filing of applications for renewal, affidavits of use, and affidavits of noncontestability, and except as determined by a Grantor in its reasonable business judgment, it shall not do any act or omit to do any act whereby any of the Intellectual Property which is material to the business of any Grantor may lapse, or become abandoned, dedicated to the public, or unenforceable, or which would adversely affect the validity, grant, or enforceability of the security interest granted therein;

(ii) except as determined by a Grantor in its reasonable business judgment, it shall not, with respect to any Trademarks which are material to the business of any Grantor, cease the use of any of such Trademarks or fail to maintain the level of the quality of products sold and services rendered under any of such Trademark at a level at least substantially consistent with the quality of such products and services as of the date hereof, and it shall take all steps necessary to insure that licensees of such material Trademarks use such consistent standards of quality;

(iii) it shall provide to the Collateral Agent (1) thirty (30) days notice following (x) the filing of any application to register any Grantor IP with the United States Patent and Trademark Office or any state registry or foreign counterpart of the foregoing (whether such application is filed by such Grantor or through any agent, employee, licensee, or designee thereof) and (y) the registration of any Grantor IP by any such office, in each case by executing and delivering to the Collateral Agent a completed Pledge Supplement, substantially in the form of Exhibit A attached hereto, together with all Supplements to Schedules thereto Trademark Security Agreement or Patent Security Agreement, as applicable, in respect thereof, and (2) thirty (30) days notice prior to

(x) the filing of any application to register any Grantor IP with the United States Copyright Office or any state registry or foreign counterpart of the foregoing (whether such application is filed by such Grantor or through any agent, employee, licensee, or designee thereof) and (y) the registration of any Grantor IP by any such office, in each case by executing and delivering to the Collateral Agent a completed Pledge Supplement, substantially in the form of Exhibit A attached hereto, together with all Supplements to Schedules thereto Copyright Security Agreement in respect thereof ;

(iv) it shall continue to register or not register with the United States Copyright Office, as the case may be, its Copyrightable work consisting of any proprietary software program that such Grantor reasonably determines will generate material revenue for any Grantor in accordance with its historical practices as they existed as of the Closing Date and, with respect to any such Copyrightable work that is to be registered, it shall cause to be prepared, executed, and delivered to Collateral Agent, with sufficient time to permit Collateral Agent to record no later than five (5) Business Days following such Grantor's receipt of notice of registration of such Copyrights, (A) a Pledge Supplement, Copyright Security Agreement or supplemental schedules to the Copyright Security Agreement reflecting the security interest of Collateral Agent in such Copyrights, which supplemental schedules shall be in form and content suitable for recordation with the United States Copyright Office (or any similar office of any other jurisdiction in which Copyrights are used) and (B) any other documentation as Collateral Agent reasonably deems necessary and requests in order to perfect and continue perfected Collateral Agent's Liens on such Copyrights following such recordation;

(v) upon receipt from the United States Copyright Office of notice of registration of any Copyright, it shall promptly (but in no event later than five (5) Business Days following such receipt) notify (but without duplication of any notice required by Section 4.7(b)(vii)) Collateral Agent of such registration by delivering, or causing to be delivered, to Collateral Agent, documentation sufficient for Collateral Agent to perfect Collateral Agent's Liens on such Copyright, and if it acquires from any Person any Copyright registered with the United States Copyright Office or an application to register any Copyright with the United States Copyright Office, it shall promptly (but in no event later than five (5) Business Days following such acquisition) notify Collateral Agent of such acquisition and deliver, or cause to be delivered, to Collateral Agent, documentation sufficient for Collateral Agent to perfect Collateral Agent's Liens on such Copyright (including a Copyright Security Agreement), and in the case of such Copyright registrations or applications therefor which were acquired by such Grantor, it shall promptly (but in no event later than ten (10) days following such acquisition) file the necessary documents with the appropriate governmental authority identifying the applicable Grantor as the owner (or as a co-owner thereof, if such is the case) of such Copyrights;

(vi) on each date on which a Compliance Certificate is to be delivered pursuant to Section 5.1(b) of the Credit Agreement (or, if an Event of Default has occurred and is continuing, more frequently if requested by Collateral Agent), each Grantor shall provide Collateral Agent with a written report of all new Patents, Trademarks or Copyrights that are registered or the subject of pending applications for registrations, and of all Intellectual Property licenses that are material to the conduct of such Grantor's business, in each case, which were acquired, registered, or for which applications for registration were filed by any Grantor during the prior period and any statement of use or amendment to allege use with respect to intent-to-use trademark

applications. In the case of such registrations or applications therefor, which were acquired by any Grantor, each such Grantor shall file the necessary documents with the appropriate Governmental Authority identifying the applicable Grantor as the owner (or as a co-owner thereof, if such is the case) of such Intellectual Property. In each of the foregoing cases, the applicable Grantor shall promptly cause to be prepared, executed, and delivered to Collateral Agent (A) a completed Pledge Supplement, substantially in the form of Exhibit A attached hereto, or supplemental schedules thereto, reflecting the security interest of Collateral Agent in any such Intellectual Property, which supplemental schedules shall be in form and content suitable for recordation with the United States Copyright Office or United States Patent and Trademark Office (as applicable) (or any similar office of any other jurisdiction in which such Intellectual Property is used), and (B) any other documentation as Collateral Agent reasonably deems necessary and requests in order to perfect and continue perfected Collateral Agent's Liens on such Intellectual Property;

(vii) it shall promptly (but in any event, within thirty (30) Business Days after it obtains knowledge thereof) notify the Collateral Agent if it knows that any item of the Intellectual Property that is material to the business of any Grantor may become (A) abandoned or dedicated to the public or placed in the public domain, (B) invalid or unenforceable, or (C) subject to any adverse determination or development (including the institution of proceedings) in any action or proceeding in the United States Patent and Trademark Office, the United States Copyright Office, any state registry, any foreign counterpart of the foregoing, or any court, in each case that would result in a material adverse effect to the Company;

(viii) it shall take reasonable steps in the United States Patent and Trademark Office, the United States Copyright Office, any state registry or any foreign counterpart of the foregoing, as determined by a Grantor in its reasonable business judgment, to diligently pursue any application and maintain any registration of each Trademark, Patent, and Copyright material to any Grantor's business which is now or shall become included in the Grantor IP including, but not limited to, those items on Schedule 4.7(A), (C) and (E) (as each may be amended or supplemented from time to time);

(ix) in the event any Grantor obtains knowledge that any Grantor IP or Intellectual Property exclusively licensed to any Grantor, in either case, necessary to the conduct of any Grantor's business, is infringed, misappropriated, violated, or diluted by a third party, it shall promptly and diligently take reasonable actions, as such Grantor shall reasonably determine, to stop such infringement, misappropriation, violation, or dilution and protect its rights in such Intellectual Property including, but not limited to, the initiation of a suit for injunctive relief and to recover damages;

(x) it shall, promptly upon the reasonable request of the Collateral Agent (but in any event, within ten (10) Business Days after any such request), execute and deliver to the Collateral Agent any document requested to acknowledge, confirm, register, record, or perfect the Collateral Agent's interest in any part of the Intellectual Property, whether now owned or hereafter acquired, and including a Copyright Security Agreement, Trademark Security Agreement or Patent Security Agreement, as applicable;

(xi) except with the prior consent of the Collateral Agent or as permitted under the Credit Agreement, each Grantor shall not sell, assign, transfer, license, grant any option, or create or suffer to exist any Lien upon or with respect to the Intellectual Property, except for Permitted Liens and the Lien created by and under this Agreement and the other Credit Documents;

(xii) it shall hereafter use commercially reasonable efforts so as not to permit the inclusion in any contract to which it hereafter becomes a party of any provision that could or might in any way materially impair or prevent the creation of a security interest in, or the assignment of, such Grantor's rights and interests in any property included within the definitions of any Intellectual Property acquired under such contracts; provided that such efforts shall not restrict any Grantor from entering into any such contract;

(xiii) it shall take reasonable steps to protect the secrecy of and otherwise protect and enforce its rights in all Trade Secrets, including, without limitation, entering into confidentiality agreements with employees and labeling and restricting access to secret information and documents, taking actions reasonably necessary to ensure that no trade secret falls into the public domain; and protecting the secrecy and confidentiality of the source code of all software programs and applications of which it is the owner or licensee by having and enforcing a policy requiring any licensees (or sublicensees) of such source code to enter into license agreements with commercially reasonable use and non-disclosure restrictions;

(xiv) it shall continue to collect, at its own expense, all amounts due or to become due to such Grantor in respect of the Intellectual Property or any portion thereof, and in connection with such collections, each Grantor may take (and, at the Collateral Agent's reasonable direction, shall take) such action as such Grantor or the Collateral Agent may deem reasonably necessary or advisable to enforce collection of such amounts. Notwithstanding the foregoing, the Collateral Agent shall have the right at any time, to notify, or require any Grantor to notify, any obligors with respect to any such amounts of the existence of the security interest created hereby;

(xv) it shall require all of its employees, consultants, and contractors who were involved in the creation or development of any Intellectual Property for such Grantor to sign agreements containing assignment of Intellectual Property rights and obligations of confidentiality in favor of such Grantor; and

(xvi) it shall not incorporate into any proprietary software licensed or distributed by such Grantor any third-party code that is licensed pursuant to any open source license such as the GNU Public License, Lesser GNU Public License, or Mozilla Public License, in a manner that would require or condition the use or distribution of such software on, the disclosing, licensing, or distribution of any source code for any portion of the proprietary software that is licensed or distributed by any Grantor.

(c) Grantors acknowledge and agree that the Lenders shall have no duties with respect to any Intellectual Property of any Grantor. Without limiting the generality of the foregoing, Grantors acknowledge and agree that no Secured Party shall be under any obligation to take any steps necessary to preserve rights in the Collateral consisting of Intellectual Property against any other Person, but Collateral Agent may do so at its option from and after the occurrence and during the continuance of an Event of Default, and reasonable expenses incurred in connection therewith (including reasonable and documented fees and expenses of attorneys and other professionals) shall be for the sole account of the Grantors and shall constitute Obligations and shall be payable by Company on demand by Collateral Agent.

4.8 Commercial Tort Claims

(a) Representations and Warranties. Each Grantor hereby represents and warrants to the Secured Parties, on the Closing Date and on each Credit Date, which representations and warranties shall be true and correct on the Closing Date and on each such Credit Date as though made on such date and shall survive execution and delivery of this Agreement, that Schedule 4.8 (as such schedule may be amended or supplemented from time to time) sets forth all Commercial Tort Claims of the Grantors in excess of $300,000 in the aggregate for all such Commercial Tort Claims; and

(b) Covenants and Agreements. Each Grantor hereby covenants and agrees that with respect to all Commercial Tort Claims in excess of $300,000 in the aggregate for all such Commercial Tort Claims hereafter arising it shall, within ten (10) Business Days after any Grantor obtaining any such Commercial Tort Claim, deliver to the Collateral Agent a completed Pledge Supplement, substantially in the form of Exhibit A attached hereto, together with all Supplements to Schedules thereto, identifying such new Commercial Tort Claims and which is otherwise reasonably satisfactory to Collateral Agent, and each Grantor hereby authorizes the filing of additional financing statements or amendments to existing financing statements describing such Commercial Tort Claims, and agrees to do such other acts or things deemed necessary or desirable by Collateral Agent in its reasonable discretion to give Collateral Agent a first priority, perfected security interest in any such Commercial Tort Claim (subject to nonconsensual Permitted Liens).

4.9 Government Contracts

(a) Other than Accounts, Receivables and Chattel Paper the aggregate value of which does not at any one time exceed $300,000 in the aggregate for all such Accounts, Receivables and Chattel Paper, if any Account, Receivable or Chattel Paper arises out of a contract or contracts with the United States of America or any department, agency, or instrumentality thereof, the applicable Grantor shall promptly (and in any event within ten (10) Business Days of the creation thereof) notify Collateral Agent thereof and, promptly (and in any event within one hundred and twenty (120) days) after request by Collateral Agent, execute any instruments or take any steps reasonably required by Collateral Agent in order that all moneys due or to become due under such contract or contracts shall be assigned to Collateral Agent, for the benefit of the Secured Parties, and shall provide written notice thereof under the Assignment of Claims Act or other applicable law;

SECTION 5. ACCESS; RIGHT OF INSPECTION AND FURTHER ASSURANCES; ADDITIONAL GRANTORS.

5.1 Access; Right of Inspection. Each Grantor agrees to permit the Agents and the Lenders to visit and inspect its properties as provided under Section 5.6 of the Credit Agreement.

5.2 Further Assurances.

(a) Each Grantor agrees that from time to time, in accordance with the terms of the Credit Agreement and subject to the limits set forth in the other Credit Documents and at the expense of such Grantor, that it shall promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the Collateral Agent may reasonably request, in order to create and/or maintain the validity, perfection or priority of and protect any security interest granted hereby or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, each Grantor shall:

(i) file such financing or continuation statements, or amendments thereto, and execute and deliver such other agreements, instruments, endorsements, powers of attorney or notices, as may be necessary or desirable, or as the Collateral Agent may reasonably request, in order to perfect and preserve the security interests granted or purported to be granted hereby;

(ii) take all actions necessary to ensure the recordation of appropriate evidence of the liens and security interest granted hereunder in the Intellectual Property with any intellectual property registry in which said Intellectual Property is registered or in which an application for registration is pending including, without limitation, the United States Patent and Trademark Office, the United States Copyright Office, the various Secretaries of State, and the foreign counterparts on any of the foregoing;

(iii) [reserved]; and

(iv) [reserved].

(b) Each Grantor hereby authorizes the Collateral Agent to file a Record or Records, including, without limitation, financing or continuation statements, and amendments thereto, in any jurisdictions and with any filing offices as the Collateral Agent may determine, in its sole discretion, are necessary or advisable to perfect the security interest granted to the Collateral Agent herein. Such financing statements may describe the Collateral in the same manner as described herein or may contain an indication or description of collateral that describes such property in any other manner as the Collateral Agent may determine, in its sole discretion, is necessary, advisable or prudent to ensure the perfection of the security interest in the Collateral granted to the Collateral Agent herein, including, without limitation, describing such property as “all assets” or “all personal property, whether now owned or hereafter acquired” or words of similar effect. Each Grantor also hereby ratifies any and all financing statements or amendments filed or previously filed by Collateral Agent in any jurisdiction. Each Grantor shall furnish to the Collateral Agent from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Collateral Agent may reasonably request, all in reasonable detail.

(c) Each Grantor hereby authorizes the Collateral Agent to modify this Agreement after obtaining such Grantor’s approval of or signature to such modification by amending Schedule 4.7 (as such schedule may be amended or supplemented from time to time) to include reference to any right, title or interest in any existing Intellectual Property or any Intellectual Property acquired or developed by any Grantor after the execution hereof or to delete any reference to any right, title or interest in any Intellectual Property in which any Grantor no longer has or claims any right, title or interest.

(d) Each Grantor acknowledges that it is not authorized to file any amendment or termination with respect to any financing statement filed in connection with this Agreement without the prior authorization of Collateral Agent until the termination of this Agreement in accordance with its terms.

5.3 Additional Grantors. From time to time subsequent to the date hereof, additional Persons may become parties hereto as additional Grantors (each, an "**Additional Grantor**"), by executing a Counterpart Agreement. Upon delivery of any such counterpart agreement to the Collateral Agent, notice of which is hereby waived by Grantors, each Additional Grantor shall be a Grantor and shall be as fully a party hereto as if Additional Grantor were an original signatory hereto. Each Grantor expressly agrees that its obligations arising hereunder shall not be affected or diminished by the addition or release of any other Grantor hereunder, nor by any election of Collateral Agent not to cause any Subsidiary of Company to become an Additional Grantor hereunder. This Agreement shall be fully effective as to any Grantor that is or becomes a party hereto regardless of whether any other Person becomes or fails to become or ceases to be a Grantor hereunder.

SECTION 6. COLLATERAL AGENT APPOINTED ATTORNEY-IN-FACT.

6.1 Power of Attorney. Each Grantor hereby irrevocably appoints the Collateral Agent (such appointment being coupled with an interest) as such Grantor's attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor, the Collateral Agent or otherwise, from time to time in the Collateral Agent's discretion to take any action and to execute any instrument that the Collateral Agent may deem reasonably necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, the following:

(a) upon failure of such Grantor to obtain insurance required to be maintained by such Grantor within ten (10) Business Days following written demand from Collateral Agent, to obtain insurance required to be maintained by such Grantor or paid to the Collateral Agent pursuant to the Credit Agreement;

(b) upon the occurrence and during the continuance of any Event of Default, to ask for, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(c) upon the occurrence and during the continuance of any Event of Default, to receive, endorse and collect any drafts or other instruments, documents, Negotiable Collateral and chattel paper;

(d) upon the occurrence and during the continuance of any Event of Default, to file any claims or take any action or institute any proceedings that the Collateral Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Collateral Agent with respect to any of the Collateral;

(e) to prepare and file any UCC financing statements against such Grantor as debtor;

(f) to prepare, sign, and file for recordation in any intellectual property registry, appropriate evidence of the lien and security interest granted herein in the Intellectual Property in the name of such Grantor as debtor;

(g) [reserved];

(h) upon the occurrence and during the continuance of any Event of Default and the exercise of remedies in accordance with the Credit Agreement, to exercise or refraining from exercising in Collateral Agent's complete discretion (or as directed by the Requisite Lenders) the voting and other consensual rights which such Grantor would otherwise be entitled to exercise with respect to Investment Related Property;

(i) upon the occurrence and during the continuance of any Event of Default, generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Collateral Agent were the absolute owner thereof for all purposes, and to do, at the Collateral Agent's option and such Grantor's expense, at any time or from time to time, all acts and things that the Collateral Agent deems reasonably necessary to protect, preserve or realize upon the Collateral and the Collateral Agent's security interest therein in order to effect the intent of this Agreement, all as fully and effectively as such Grantor might do;

(j) upon the occurrence and during the continuance of any Event of Default, to use any Intellectual Property of a Grantor, including but not limited to any labels, Patents, Trademarks, trade names, URLs, domain names, industrial designs, Copyrights, Trade Secrets, or advertising matter, in preparing for sale, advertising for sale, or selling Collateral and to collect any amounts due to Grantor under any agreements, Accounts, contracts, Negotiable Collateral or Receivables of any Grantor;

(k) upon the occurrence and during the continuance of an Event of Default, to instruct the applicable depositary bank in respect of each Deposit Account (other than any Excluded Account) to transfer all funds in such Deposit Account to the Collateral Account or otherwise to or for the benefit of the Collateral Agent for application in accordance with this Agreement and the other Credit Documents;

(l) upon the occurrence and during the continuance of an Event of Default, to repair, alter, or supply goods, if any, necessary to fulfill in whole or in part the purchase order of any Person obligated to such Grantor in respect of any Account of such Grantor; and

(m) upon the occurrence and during the continuance of an Event of Default, Collateral Agent, on behalf of the Secured Parties, shall have the right, but shall not be obligated, to bring suit in its own name to enforce the Intellectual Property all Patent Licenses, Trademark Licenses, Trade Secret Licenses and Copyright Licenses and, if Collateral Agent shall commence any such suit, the appropriate Grantor shall, at the request of Collateral Agent, do any and all lawful acts and execute any and all proper documents reasonably required by Collateral Agent in aid of such enforcement.

To the extent permitted by law, each Grantor hereby ratifies all that such attorney-in-fact shall lawfully do or cause to be done by virtue hereof (except for such attorney-in-fact's own bad faith, gross negligence, willful misconduct or violation of the Credit Documents). This power of attorney is coupled with an interest and shall be irrevocable until this Agreement is terminated

6.2 No Duty on the Part of Collateral Agent or Secured Parties. The powers conferred on the Collateral Agent under this Agreement are solely to protect the interests of the Secured Parties in the Collateral and shall not impose any duty upon the Collateral Agent or any Secured Party to exercise any such powers. The Collateral Agent and the Secured Parties shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to any Grantor for any act or failure to act hereunder, except for their own bad faith, gross negligence, willful misconduct or violation of the Credit Documents.

SECTION 7. REMEDIES.

7.1 Generally.

(a) If any Event of Default shall have occurred and be continuing, the Collateral Agent may, and shall upon the instruction of the Requisite Lenders, exercise in respect of the Collateral, in addition to all other rights and remedies provided for herein or under the other Credit Documents or otherwise available to it at law or in equity, all the rights and remedies of the Collateral Agent on default under the UCC (whether or not the UCC applies to the affected Collateral) to collect, enforce or satisfy any Secured Obligations then owing, whether by acceleration or otherwise, and also may, without demand of performance or other demand, advertisement or notice of any kind (except a notice specified below of time and place of public or private sale) to or upon any Grantor or any other Person (all and each of which demands, advertisements and notices are hereby expressly waived to the maximum extent permitted by the UCC or any other applicable law) pursue any of the following separately, successively or simultaneously:

(i) take immediate possession of all or any portion of the Collateral and of anything in, on or attached to any of the Collateral;

(ii) disable all or any portion of the Collateral;

(iii) require any Grantor to, and each Grantor hereby agrees that it shall at its expense and promptly upon request of the Collateral Agent forthwith, assemble all or part of the Collateral as directed by the Collateral Agent and make it available to the Collateral Agent at a place to be designated by the Collateral Agent that is reasonably convenient to both parties;

(iv) peaceably enter onto the property where any Collateral is believed to be located and take possession thereof with or without judicial process;

(v) prior to the disposition of the Collateral, store, process, repair or recondition the Collateral or otherwise prepare the Collateral for disposition in any manner to the extent the Collateral Agent deems appropriate; and

(vi) without notice except as specified below or under the UCC, sell, assign, lease, license (on an exclusive or nonexclusive basis) or otherwise dispose of the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, at such time or times and at such price or prices and upon such other terms as the Collateral Agent may deem commercially reasonable.

(b) The Collateral Agent or any Secured Party may be the purchaser of any or all of the Collateral at any public or private (to the extent to the portion of the Collateral being privately sold is of a kind that is customarily sold on a recognized market or the subject of widely distributed standard price quotations) sale in accordance with the UCC and the Collateral Agent, as collateral agent for and representative of the Secured Parties, shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the

Collateral sold at any such sale made in accordance with the UCC, subject to the terms of Section 9.8 of the Credit Agreement, to use and apply any of the Secured Obligations as a credit on account of the purchase price for any Collateral payable by the Collateral Agent at such sale. Each purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of any Grantor, and each Grantor hereby waives (to the extent permitted by applicable law) all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. Each Grantor agrees that, to the extent notification of sale shall be required by law, at least ten (10) days authenticated notification to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification and specifically such notification shall constitute a reasonable "authenticated notification of disposition" within the meaning of Section 9-611 of the UCC. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Each Grantor agrees that (i) it would not be commercially unreasonable for the Collateral Agent to dispose of the Collateral or any portion thereof by using internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (ii) the internet shall constitute a "place" for purposes of Section 9-610(b) of the UCC and (iii) to the extent notification of sale shall be required by law, notification of the URL where a sale will occur and the time when a sale will commence at least ten (10) days prior to the sale shall constitute a reasonable notification for purposes of Section 9-611(b) of the UCC. Each Grantor agrees that any sale of Collateral to a licensor pursuant to the terms of a license agreement between such licensor and a Grantor is sufficient to constitute a commercially reasonable sale (including as to method, terms, manner, and time) within the meaning of Section 9-610 of the UCC. Each Grantor hereby waives any claims against the Collateral Agent arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if the Collateral Agent accepts the first offer received and does not offer such Collateral to more than one offeree. If the proceeds of any sale or other disposition of the Collateral are insufficient to pay all the Secured Obligations, Grantors shall be jointly and severally liable for the deficiency and the fees of any attorneys employed by the Collateral Agent to collect such deficiency. Each Grantor further agrees that a breach of any of its covenants contained in this Agreement will cause irreparable injury to the Collateral Agent, that the Collateral Agent has no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant of such Grantor contained in this Agreement shall be specifically enforceable against such Grantor, and such Grantor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no default has occurred giving rise to the Secured Obligations becoming due and payable prior to their stated maturities. Nothing in this Section shall in any way alter the rights of the Collateral Agent hereunder.

(c) Disposition of Investment Related Property after an Event of Default may be restricted to one or more private (instead of public) sales in view of the lack of registration under various federal or state securities laws. Each Grantor understands that in connection with such disposition, Collateral Agent may approach only a restricted number of potential purchasers and further understands that a sale under such circumstances may yield a lower price for the Investment Related Property than if the Investment Related Property were registered and qualified pursuant to federal and state securities laws and sold on the open market. Each Grantor, therefore, agrees that: (A) if Collateral Agent shall, pursuant to the terms of this Agreement, sell or cause the Investment Related Property or any portion thereof to be sold

at a private sale, Collateral Agent shall have the right to rely upon the advice and opinion of any nationally recognized brokerage or investment firm (but shall not be obligated to seek such advice and the failure to do so shall not be considered in determining the commercial reasonableness of such action) as to the best manner in which to offer the Investment Related Property or any portion thereof for sale and as to the best price reasonably obtainable at the private sale thereof; and (B) such reliance shall be conclusive evidence that Collateral Agent has handled the disposition in a commercially reasonable manner.

(d) The Collateral Agent may sell the Collateral without giving any warranties as to the Collateral. The Collateral Agent may specifically disclaim or modify any warranties of quality, title, noninfringement or the like. This procedure will not adversely affect the commercial reasonableness of any sale of the Collateral.

(e) The Collateral Agent shall have no obligation to marshal any of the Collateral.

(f) The Collateral Agent is granted a license or other right to use, without liability for royalties or any other charge, each Grantor's Intellectual Property, including but not limited to, any labels, Patents, Trademarks, trade names, URLs, domain names, industrial designs, Copyrights, and advertising matter, whether owned by any Grantor or with respect to which any Grantor has rights under license, sublicense, or other agreements (including any Copyright License, Patent License, Trademark License or the Trade Secret License), as it pertains to the Collateral, in preparing for sale, advertising for sale and selling any Collateral, in each case exercisable solely upon the occurrence and during the continuance of an Event of Default, and, upon the occurrence and during the continuance of any such Event of Default, each Grantor's rights under all licenses and all franchise agreements shall inure to the benefit of the Collateral Agent.

(g) Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent may, in addition to other rights and remedies provided for herein, in the other Credit Documents, or otherwise available to it under applicable law and without the requirement of notice to or upon any Grantor or any other Person (which notice is hereby expressly waived to the maximum extent permitted by the UCC or any other applicable law), (i) with respect to any Grantor's Deposit Accounts (other than Excluded Accounts (except (x) Deposit Accounts constituting Excluded Accounts in reliance on clause (d) of the definition thereof and (y) Excluded Accounts that are Controlled Accounts)), instruct the bank maintaining such Deposit Account for the applicable Grantor to pay the balance of such Deposit Account to or for the benefit of the Collateral Agent, and (ii) with respect to any Grantor's Securities Accounts or Commodities Accounts, instruct the securities intermediary or commodities intermediary maintaining such Securities Account or Commodities Account for the applicable Grantor to (A) transfer any cash in such Securities Account or Commodities Account, as the case may be, to or for the benefit of Collateral Agent, or (B) liquidate any financial assets in such Securities Account or Commodities Account, as the case may be, that are customarily sold on a recognized market and transfer the cash proceeds thereof to or for the benefit of the Collateral Agent.

(h) [Reserved].

(i) Collateral Agent shall have the right to the appointment of a receiver for the properties and assets of each Grantor, and each Grantor hereby consents to such rights and such appointment and hereby waives any objection such Grantor may have thereto or the right to have a bond or other security posted by the Collateral Agent.

7.2 Application of Proceeds. Except as expressly provided elsewhere in this Agreement, if an Application Event shall have occurred, all proceeds received by the Collateral Agent in respect of any sale, any collection from, or other realization upon all or any part of the Collateral shall be applied in full or in part by the Collateral Agent against the Secured Obligations as set forth in Section 2.14(h) of the Credit Agreement.

7.3 Sales on Credit. If Collateral Agent sells, leases, licenses or collects any of the Collateral, Collateral Agent need not credit the Grantor with the amount or value of any noncash proceeds received thereby unless the failure to do so would be commercially unreasonable.

7.4 [Reserved].

7.5 Investment Related Property.

Each Grantor recognizes that, by reason of certain prohibitions contained in the Securities Act and applicable state securities laws, the Collateral Agent may be compelled in connection with the exercise of its remedies under the Credit Agreement following the occurrence and during the continuance of an Event of Default, with respect to any sale of all or any part of the Investment Related Property conducted without prior registration or qualification of such Investment Related Property under the Securities Act and/or such state securities laws, to limit purchasers to those who will agree, among other things, to acquire the Investment Related Property for their own account, for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges that any such private sale may be at prices and on terms less favorable than those obtainable through a public sale without such restrictions (including a public offering made pursuant to a registration statement under the Securities Act) and, notwithstanding such circumstances, each Grantor agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner and that the Collateral Agent shall have no obligation to engage in public sales and no obligation to delay the sale of any Investment Related Property for the period of time necessary to permit the issuer thereof to register it for a form of public sale requiring registration under the Securities Act or under applicable state securities laws, even if such issuer would, or should, agree to so register it. If the Collateral Agent determines to exercise its right to sell any or all of the Investment Related Property following the occurrence and during the continuance of an Event of Default, upon written request, each Grantor shall and shall cause each issuer of any Pledged Stock to be sold hereunder, each partnership and each limited liability company from time to time to furnish to the Collateral Agent all such information as the Collateral Agent may request in order to determine the number and nature of interest, shares or other instruments included in the Investment Related Property which may be sold by the Collateral Agent in exempt transactions under the Securities Act and the rules and regulations of the Securities and Exchange Commission thereunder, as the same are from time to time in effect.

7.6 Intellectual Property.

(a) Anything contained herein to the contrary notwithstanding, upon the occurrence and during the continuation of an Event of Default:

(i) the Collateral Agent shall have the right (but not the obligation) to bring suit or otherwise commence any action or proceeding in the name of any Grantor, the Collateral Agent or otherwise, in the Collateral Agent's sole discretion, to enforce any Intellectual Property, in which event such Grantor shall, at the request of the Collateral Agent, do any and all lawful acts and execute any and all documents reasonably required by the Collateral Agent in aid of such enforcement and such Grantor

shall promptly, upon demand, reimburse and indemnify the Collateral Agent as provided in Section 10 hereof in connection with the exercise of its rights under this Section, and, to the extent that the Collateral Agent shall elect not to bring suit to enforce any Intellectual Property as provided in this Section, each Grantor agrees to use all commercially reasonable measures, whether by action, suit, proceeding or otherwise, to prevent the infringement or other violation of any of such Grantor's rights in the Intellectual Property by others and for that purpose agrees to diligently maintain any action, suit or proceeding against any Person so infringing as shall be necessary to prevent such infringement or violation;

(ii) upon written demand from the Collateral Agent, each Grantor shall grant, assign, convey or otherwise transfer to the Collateral Agent or such Collateral Agent's designee all of such Grantor's right, title and interest in and to the Intellectual Property and shall execute and deliver to the Collateral Agent such documents as are necessary or appropriate to carry out the intent and purposes of this Agreement;

(iii) each Grantor agrees that such an assignment and/or recording shall be applied to reduce the Secured Obligations outstanding only to the extent that the Collateral Agent (or any Secured Party) receives cash proceeds in respect of the sale of, or other realization upon, the Intellectual Property;

(iv) within five (5) Business Days after written notice from the Collateral Agent, each Grantor shall make available to the Collateral Agent, to the extent within such Grantor's power and authority, such personnel in such Grantor's employ on the date of such Event of Default as the Collateral Agent may reasonably designate, by name, title or job responsibility, to permit such Grantor to continue, directly or indirectly, to produce, advertise and sell the products and services sold or delivered by such Grantor under or in connection with the Trademarks, Trademark Licenses, such persons to be available to perform their prior functions on the Collateral Agent's behalf and to be compensated by the Collateral Agent at such Grantor's expense on a per diem, pro-rata basis consistent with the salary and benefit structure applicable to each as of the date of such Event of Default; and

(v) the Collateral Agent shall have the right to notify, or require each Grantor to notify, any obligors with respect to amounts due or to become due to such Grantor in respect of the Intellectual Property, of the existence of the security interest created herein, to direct such obligors to make payment of all such amounts directly to the Collateral Agent, and, upon such notification and at the expense of such Grantor, to enforce collection of any such amounts and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor might have done;

(1) all amounts and proceeds (including checks and other instruments) received by Grantor in respect of amounts due to such Grantor in respect of the Collateral or any portion thereof shall be received in trust for the benefit of the Collateral Agent hereunder, shall be segregated from other funds of such Grantor and shall be forthwith paid over or delivered to the Collateral Agent in the same form as so received (with any necessary endorsement) to be held as cash Collateral and applied as provided by Section 7.7 hereof; and

(2) Grantor shall not adjust, settle or compromise the amount or payment of any such amount or release wholly or partly any obligor with respect thereto or allow any credit or discount thereon.

(b) If (i) an Event of Default shall have occurred and, by reason of cure, waiver, modification, amendment or otherwise, no longer be continuing, (ii) no other Event of Default shall have occurred and be continuing, (iii) an assignment or other transfer to the Collateral Agent of any rights, title and interests in and to the Intellectual Property shall have been previously made and shall have become absolute and effective, and (iv) the Secured Obligations shall not have become immediately due and payable, upon the written request of any Grantor, the Collateral Agent shall promptly execute and deliver to such Grantor, at such Grantor's sole cost and expense, such assignments or other transfer as may be necessary to reassign to such Grantor any such rights, title and interests as may have been assigned to the Collateral Agent as aforesaid, subject to any disposition thereof that may have been made by the Collateral Agent; provided, after giving effect to such reassignment, the Collateral Agent's security interest granted pursuant hereto, as well as all other rights and remedies of the Collateral Agent granted hereunder, shall continue to be in full force and effect; and provided further, the rights, title and interests so reassigned shall be free and clear of any other Liens granted by or on behalf of the Collateral Agent and the Secured Parties.

(c) Solely for the purpose of enabling the Collateral Agent to exercise rights and remedies under this Section 7 and at such time as the Collateral Agent shall be lawfully entitled to exercise such rights and remedies, each Grantor hereby grants to the Collateral Agent, to the extent it has the right to do so, an irrevocable, nonexclusive license (exercisable (i) without payment of royalty or other compensation to such Grantor and (ii) upon the occurrence and during the continuance of an Event of Default), subject, in the case of Trademarks, to sufficient rights to quality control and inspection in favor of such Grantor to avoid the risk of invalidation of said Trademarks, to use, operate under, license, or sublicense any Intellectual Property now owned or hereafter acquired by such Grantor, and wherever the same may be located.

7.7 Cash Proceeds. In addition to the rights of the Collateral Agent specified in Section 4.3 with respect to payments of Receivables, following the occurrence and during the continuance of an Event of Default under Section 8.1(f) or (g) of the Credit Agreement and provided that the Collateral Agent is exercising remedies against any of the Controlled Accounts, all proceeds of any Collateral received by any Grantor consisting of cash, checks and other similar items (collectively, "**Cash Proceeds**"), other than such Cash Proceeds as are deposited directly into Deposit Accounts constituting Excluded Accounts in reliance on clauses (a)-(c) of the definition thereof, shall be held by such Grantor in trust for the Collateral Agent, segregated from other funds of such Grantor, and shall, forthwith upon receipt by such Grantor, unless otherwise provided pursuant to Section 4.4.4(b)(ii), be turned over to the Collateral Agent in the exact form received by such Grantor (duly indorsed by such Grantor to the Collateral Agent, if required) and held by the Collateral Agent. Any Cash Proceeds received by the Collateral Agent (whether from a Grantor or otherwise): (i) if no Event of Default shall have occurred and be continuing, shall be promptly deposited into a Controlled Account and (ii) if an Event of Default shall have occurred and be continuing, may, in the sole discretion of the Collateral Agent, (A) be held by the Collateral Agent for the ratable benefit of the Secured Parties, as collateral security for the Secured Obligations (whether matured or unmatured) and/or(B) then or at any time thereafter may be applied by the Collateral Agent against the Secured Obligations then due and owing in accordance with the provisions of the Credit Agreement.

7.8 Remedies Cumulative. Each right, power, and remedy of Collateral Agent or any other Secured Party as provided for in this Agreement, the other Credit Documents or any Interest Rate Agreement or Currency Agreement now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for in this Agreement, the other Credit Documents and each Interest Rate Agreement and Currency Agreement or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by Collateral Agent or any other Secured Party, of any one or more of such rights, powers, or remedies shall not preclude the simultaneous or later exercise by Collateral Agent, such other Secured Parties of any or all such other rights, powers, or remedies. Collateral Agent shall not be required to marshal any present or future collateral security (including but not limited to the Collateral) for, or other assurances of payment of, the Secured Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of its rights and remedies hereunder and in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights and remedies, however existing or arising. To the extent that it lawfully may, each Grantor hereby agrees that it will not invoke any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of Collateral Agent's rights and remedies under this Agreement or under any other instrument creating or evidencing any of the Secured Obligations or under which any of the Secured Obligations is outstanding or by which any of the Secured Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, each Grantor hereby irrevocably waives the benefits of all such laws.

SECTION 8. COLLATERAL AGENT.

The Collateral Agent has been appointed to act as Collateral Agent hereunder by Lenders and, by their acceptance of the benefits hereof, the other Secured Parties. The Collateral Agent shall be obligated, and shall have the right hereunder, to make demands, to give notices, to exercise or refrain from exercising any rights, and to take or refrain from taking any action (including, without limitation, the release or substitution of Collateral), solely in accordance with this Agreement and the Credit Agreement; provided, the Collateral Agent shall, after payment in full of all Obligations under the Credit Agreement and the other Credit Documents, exercise, or refrain from exercising, any remedies provided for herein in accordance with the instructions of the holders of a majority of the aggregate notional amount (or, with respect to any Hedge Agreement that has been terminated in accordance with its terms, the amount then due and payable (exclusive of expenses and similar payments but including any early termination payments then due) under such Hedge Agreement) under all Hedge Agreements. In furtherance of the foregoing provisions of this Section, each Secured Party, by its acceptance of the benefits hereof, agrees that it shall have no right individually to realize upon any of the Collateral hereunder, it being understood and agreed by such Secured Party that all rights and remedies hereunder may be exercised solely by the Collateral Agent for the benefit of Secured Parties in accordance with the terms of this Section. Collateral Agent may resign at any time by giving thirty (30) days' prior written notice thereof to Lenders and the Grantors. Upon any such notice of resignation or any such removal, Requisite Lenders shall have the right, upon five (5) Business Days' notice to the Administrative Agent, to appoint a successor Collateral Agent in accordance with Section 9.7 of the Credit Agreement; provided that no Disqualified Person may be appointed successor Collateral Agent. Upon the acceptance of any appointment as Collateral Agent hereunder by a successor Collateral Agent, that successor Collateral Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring or removed Collateral Agent under this Agreement, and the retiring or removed Collateral Agent under this Agreement shall promptly (a) transfer to such successor Collateral Agent all sums,

Securities and other items of Collateral held hereunder, together with all records and other documents necessary or appropriate in connection with the performance of the duties of the successor Collateral Agent under this Agreement, and (b) execute and deliver to such successor Collateral Agent or otherwise authorize the filing of such amendments to financing statements, and take such other actions, as may be necessary or appropriate in connection with the assignment to such successor Collateral Agent of the security interests created hereunder, whereupon such retiring or removed Collateral Agent shall be discharged from its duties and obligations under this Agreement. After any retiring or removed Collateral Agent's resignation or removal hereunder as the Collateral Agent, the provisions of this Agreement shall inure to its benefit as to any actions taken or omitted to be taken by it under this Agreement while it was the Collateral Agent hereunder.

SECTION 9. CONTINUING SECURITY INTEREST; TRANSFER OF LOANS.

This Agreement shall create a continuing security interest in the Collateral and shall remain in full force and effect until the payment in full of all Secured Obligations and the cancellation or termination of the Commitments, be binding upon each Grantor, its successors and assigns, and inure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of the Collateral Agent and its successors, transferees and assigns. Upon the payment in full of all Secured Obligations and the cancellation or termination of the Commitments, the security interest granted hereby shall automatically terminate hereunder and of record and all rights to the Collateral shall automatically revert to Grantors. Upon any such termination (and from time to time thereafter) the Collateral Agent shall, at Grantors' expense, execute and deliver to Grantors or otherwise authorize the filing of such documents as Grantors shall reasonably request, including financing statement amendments to evidence such termination. No transfer or renewal, extension, assignment, or termination of this Agreement or of the Credit Agreement, any other Credit Document, or any other instrument or document executed and delivered by any Grantor to Collateral Agent nor any additional Revolving Loans or other loans made by any Lender to Company, nor the taking of further security, nor the retaking or re-delivery of the Collateral to Grantors, or any of them, by Collateral Agent, nor any other act of the Secured Parties or any of them, shall release any Grantor from any obligation, except a release or discharge executed in writing by Collateral Agent in accordance with the provisions of the Credit Agreement. Collateral Agent shall not by any act, delay, omission or otherwise, be deemed to have waived any of its rights or remedies hereunder, unless such waiver is in writing and signed by Collateral Agent and then only to the extent therein set forth. A waiver by Collateral Agent of any right or remedy on any occasion shall not be construed as a bar to the exercise of any such right or remedy which Collateral Agent would otherwise have had on any other occasion.

If Collateral Agent or any Secured Party repays, restores, or returns, in whole or in part, any payment or property previously paid or transferred and applied to the Secured Obligations because the payment or transfer is declared to be void, voidable, or otherwise recoverable under any state or federal law (collectively, a "Voidable Transfer"), or because Collateral Agent or Secured Party elects to do so on the reasonable advice of its counsel in connection with an assertion that the payment or transfer is a Voidable Transfer, then, as to any such Voidable Transfer, or the amount thereof that Creditor repays, restores, or returns, the liability of each grantor will automatically and immediately be revived, reinstated, and restored and will exist as though the Voidable Transfer had never been made and any Lien or other Collateral securing such liability shall be and remain in full force and effect, as fully as if such payment or transfer had never been made. If, prior to any of the foregoing, (b) any Lien or other Collateral securing such Grantor's liability hereunder shall have been released or terminated by virtue of the immediately preceding paragraph, or (b) any provision of the Guaranty shall have been terminated, cancelled or surrendered, such Lien, other Collateral or provision 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 obligations of any such Grantor in respect of any Lien or other Collateral securing such obligation or the amount of such payment.

SECTION 10. STANDARD OF CARE; COLLATERAL AGENT MAY PERFORM.

The powers conferred on the Collateral Agent hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the exercise of reasonable care in the custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Collateral Agent shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of Collateral in its possession if such Collateral is accorded treatment substantially equal to that which the Collateral Agent accords its own property. Neither the Collateral Agent nor any of its directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Grantor or otherwise. If any Grantor fails to perform any agreement contained herein, and such failure results in the occurrence and continuance of an Event of Default, the Collateral Agent may, after reasonable notice to the applicable Grantor, itself perform, or cause performance of, such agreement, and the expenses of the Collateral Agent incurred in connection therewith shall be payable by each Grantor under Section 10.2 of the Credit Agreement.

SECTION 11. MISCELLANEOUS.

Any notice required or permitted to be given under this Agreement shall be given in accordance with Section 10.1 of the Credit Agreement. No failure or delay on the part of the Collateral Agent 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. All rights and remedies existing under this Agreement and the other Credit Documents are cumulative to, and not exclusive of, any rights or remedies otherwise available. In case any provision in or obligation under this Agreement 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. All covenants hereunder 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 except as expressly provided shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists. This Agreement shall be binding upon and inure to the benefit of the Collateral Agent and Grantors and their respective successors and assigns. No Grantor shall, without the prior written consent of the Collateral Agent given in accordance with the Credit Agreement, assign any right, duty or obligation hereunder. This Agreement and the other Credit Documents embody the entire agreement and understanding between Grantors and the Collateral Agent and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof. Accordingly, the Credit Documents may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties. This Agreement may be executed in

one or more counterparts and by different parties hereto in separate 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; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. All representations and warranties made by the Grantors in this Agreement and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that Collateral Agent or any Lender may have had notice or knowledge of any Default or Event of Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as any Obligations are unpaid and so long as the Commitments have not expired or terminated.

Each reference herein to any right granted to, benefit conferred upon or power exercisable by the "Collateral Agent" shall be a reference to Collateral Agent, for the benefit of each of the Secured Parties.

This Agreement is a Credit Document. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement. The foregoing shall apply to each other Credit Document *mutatis mutandis*.

Any provision of this Agreement which is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof in that jurisdiction or affecting the validity or enforceability of such provision in any other jurisdiction. Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

Headings and numbers have been set forth herein for convenience only. Unless the contrary is compelled by the context, everything contained in each Section applies equally to this entire Agreement.

This Agreement is the joint work product of all the parties hereto, has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to accomplish fairly the purposes and intentions of all parties hereto. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed against any Secured Party or any Grantor, whether under any rule of construction or otherwise.

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.

(A) THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING OUT OF OR RELATING HERETO 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 STATE, COUNTY AND CITY OF NEW YORK; PROVIDED THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT COLLATERAL AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE COLLATERAL AGENT ELECTS TO BRING SUCH ACTION OR WHERE SUCH COLLATERAL OR PROPERTY MAY BE FOUND. BY EXECUTING AND DELIVERING THIS AGREEMENT, EACH GRANTOR, 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 COLLATERAL AGENT'S OR ANY OTHER SECURED PARTY'S RIGHT TO BRING ANY SUIT, ACTION OR PROCEEDING AGAINST ANY GRANTOR 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 AS PROVIDED IN THE CREDIT AGREEMENT; AND (IV) AGREES THAT COLLATERAL AGENT AND THE OTHER SECURED PARTIES 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.

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 PARAGRAPH 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.

[*Signature pages follow.*]

IN WITNESS WHEREOF, each Grantor and the Collateral Agent 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 company

By: /s/ Michael Praeger
Name: Michael Praeger
Title: President

TPG SPECIALTY LENDING, INC., as Collateral Agent

By: /s/ Robert (Bo) Stanley
Name: Robert (Bo) Stanley
Title: President

[SIGNATURE PAGE TO PLEDGE AND SECURITY AGREEMENT]

EXHIBIT A
TO PLEDGE AND SECURITY AGREEMENT

PLEDGE SUPPLEMENT

This **PLEDGE SUPPLEMENT**, dated as of [mm/dd/yy], is delivered by [Name of Grantor], a [Jurisdiction of Organization] [Type of Entity] (the "**Grantor**"), pursuant to that certain Pledge and Security Agreement dated as of October 1, 2019 (as amended, restated, supplemented or otherwise modified, the "**Security Agreement**"), by and among **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 Holdings**"), **BTS ALLIANCE, LLC**, a Delaware limited liability company ("**BankTEL**"), and **TPG SPECIALTY LENDING, INC.** ("**TSL**"), as the Collateral Agent. Capitalized terms used herein not otherwise defined herein shall have the meanings ascribed thereto in the Security Agreement.

Grantor hereby confirms the grant to the Collateral Agent set forth in the Security Agreement of, and does hereby grant to the Collateral Agent, for the benefit of the Secured Parties, a security interest in all of Grantor's right, title and interest in and to all Collateral to secure the Secured Obligations, in each case whether now or hereafter existing or in which Grantor now has or hereafter acquires an interest and wherever the same may be located. Grantor represents and warrants that the attached Supplements to Schedules accurately and completely in all material respects set forth all additional information required to be provided pursuant to the Security Agreement and hereby agrees that such Supplements to Schedules shall constitute part of the Schedules to the Security Agreement.

IN WITNESS WHEREOF, Grantor has caused this Pledge Supplement to be duly executed and delivered by its duly authorized officer as of **[mm/dd/yy]**.

[NAME OF GRANTOR]

By: _____
Name:
Title:

SUPPLEMENT TO SCHEDULE 4.1
TO PLEDGE AND SECURITY AGREEMENT

Additional Information:

(L) Full Legal Name, Type of Organization, Jurisdiction of Organization, Chief Executive Office/Sole Place of Business (or Residence if Grantor is a Natural Person) and Organizational Identification Number of each Grantor:

Full Legal Name	Type of Organization	Jurisdiction of Organization	Chief Executive Office/Sole Place of Business (or Residence if Grantor is a Natural Person)	Organization I.D.#

(M) Other Names (including any Trade-Name or Fictitious Business Name) under which each Grantor has conducted business for the past five (5) years:

Full Legal Name	Trade Name or Fictitious Business Name

(N) Changes in Name, Jurisdiction of Organization, Chief Executive Office or Sole Place of Business (or Principal Residence if Grantor is a Natural Person) and Corporate Structure within past five (5) years:

Name of Grantor	Date of Change	Description of Change

(O) Financing Statements:

Name of Grantor	Filing Jurisdiction(s)

(P) Agreements pursuant to which any Grantor is found as debtor within past five (5) years:

Name of Grantor	Description of Agreement

SUPPLEMENT TO SCHEDULE 4.4
TO PLEDGE AND SECURITY AGREEMENT

Additional Information:

(A)

Pledged Stock:

Pledged Partnership Interests:

Pledged LLC Interests:

Pledged Trust Interests:

Pledged Debt:

Securities Account:

Commodities Accounts:

Deposit Accounts:

(B)

Name of Grantor	Date of Acquisition	Description of Acquisition

(c)

Name of Grantor	Name of Issuer of Pledged LLC Interest/Pledged Partnership Interest

SUPPLEMENT TO SCHEDULE 4.6
TO PLEDGE AND SECURITY AGREEMENT

Additional Information:

Name of Grantor	Description of Letters of Credit

EXHIBIT A-4

SUPPLEMENT TO SCHEDULE 4.7
TO PLEDGE AND SECURITY AGREEMENT

Additional Information:

(Q) Copyrights

(R) Copyright Licenses

(S) Patents

(T) Patent Licenses

(U) Trademarks

(V) Trademark Licenses

(W) Trade Secret Licenses

(X) Intellectual Property Exceptions

SUPPLEMENT TO SCHEDULE 4.8
TO PLEDGE AND SECURITY AGREEMENT

Additional Information:

Name of Grantor	Commercial Tort Claims

EXHIBIT A-6

EXHIBIT B
TO PLEDGE AND SECURITY AGREEMENT

TRADEMARK SECURITY AGREEMENT

This TRADEMARK SECURITY AGREEMENT (this "**Trademark Security Agreement**") is made this day of , 20__, by and among the Grantors listed on the signature pages hereof (collectively, jointly and severally, "**Grantors**" and each individually "**Grantor**"), and **TPG SPECIALTY LENDING, INC.** ("**TSL**"), as collateral agent for the Secured Parties (together with its successors and assigns in such capacity, the "**Collateral Agent**"). Capitalized terms used but not defined herein shall have the meaning assigned in the Pledge and Security Agreement dated as of October 1, 2019 (as amended, restated, supplemented or otherwise modified, the "**Security Agreement**"), by and among **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 Holdings**"), **BTS ALLIANCE, LLC**, a Delaware limited liability company ("**BankTEL**"), and the Collateral Agent.

1. **GRANT OF SECURITY INTEREST IN TRADEMARK COLLATERAL**. Each Grantor hereby unconditionally grants, assigns, and pledges to the Collateral Agent, for the benefit of the Secured Parties to secure the Secured Obligations, a continuing security interest (referred to in this Trademark Security Agreement as the "**Security Interest**") in all of such Grantor's right, title and interest in and to the following, whether now owned or hereafter acquired or arising (collectively, the "**Trademark Collateral**"):

(a) all of its Trademarks and Trademark Licenses to which it is a party including those referred to on Schedule I;

(b) all goodwill of the business connected with the use of, and symbolized by, each Trademark and each Trademark License; and

(c) all products and proceeds (as that term is defined in the UCC) of the foregoing, including any claim by such Grantor against third parties for past, present or future (i) infringement or dilution of any Trademark or any Trademarks exclusively licensed under any Trademark Licenses, including right to receive any damages, (ii) injury to the goodwill associated with any Trademark, or (iii) right to receive license fees, royalties, and other compensation under any Trademark License.

Notwithstanding the foregoing, in no event shall the Trademark Collateral include any Excluded Property.

2. **SECURITY FOR SECURED OBLIGATIONS**. This Trademark Security Agreement and the Security Interest created hereby secures the payment and performance of the Secured Obligations, whether now existing or arising hereafter. Without limiting the generality of the foregoing, this Trademark Security Agreement secures the payment of all amounts which constitute part of the Secured Obligations and would be owed by Grantors, or any of them, to the Collateral Agent, the other Secured Parties or any of them, whether or not they are unenforceable or not allowable due to the existence of an insolvency proceeding involving any Grantor.

3. **SECURITY AGREEMENT**. The Security Interest granted pursuant to this Trademark Security Agreement is granted in conjunction with the security interests granted to the Collateral Agent, for the benefit of the Secured Parties, pursuant to the Security Agreement. Each Grantor hereby acknowledges and affirms that the rights and remedies of the Collateral Agent with respect to the Security Interest in the Trademark Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. To the extent there is any inconsistency between this Trademark Security Agreement and the Security Agreement, the Security Agreement shall control.

4. **AUTHORIZATION TO SUPPLEMENT**. If any Grantor shall obtain rights to any new trademarks, the provisions of this Trademark Security Agreement shall automatically apply thereto. Grantors shall give prompt notice in writing to the Collateral Agent with respect to any such new trademarks or renewal or extension of any trademark registration. Without limiting Grantors' obligations under this Section, Grantors hereby authorize Collateral Agent unilaterally to modify this Trademark Security Agreement by amending Schedule I to include any such new trademark rights of each Grantor. Notwithstanding the foregoing, no failure to so modify this Trademark Security Agreement or amend Schedule I shall in any way affect, invalidate or detract from the Collateral Agent's continuing security interest in all Collateral, whether or not listed on Schedule I.

5. **COUNTERPARTS**. This Trademark Security Agreement is a Credit Document. This Trademark Security Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Trademark Security Agreement. Delivery of an executed counterpart of this Trademark Security Agreement by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Trademark Security Agreement. Any party delivering an executed counterpart of this Trademark Security Agreement by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Trademark Security Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Trademark Security Agreement.

6. **CHOICE OF LAW AND VENUE, JURY TRIAL WAIVER, AND JUDICIAL REFERENCE PROVISION**. THIS TRADEMARK SECURITY AGREEMENT SHALL BE SUBJECT TO THE PROVISIONS REGARDING CHOICE OF LAW AND VENUE, JURY TRIAL WAIVER, AND JUDICIAL REFERENCE SET FORTH IN THE CREDIT AGREEMENT, AND SUCH PROVISIONS ARE INCORPORATED HEREIN BY THIS REFERENCE, *MUTATIS MUTANDIS*.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Trademark Security Agreement to be executed and delivered as of the day and year first above written.

GRANTORS:

_____

By: _____
Name:
Title:

_____

By: _____
Name:
Title:

COLLATERAL AGENT:

ACCEPTED AND ACKNOWLEDGED BY:

TPG SPECIALTY LENDING, INC.

By: _____
Name:
Title:

SCHEDULE I
to
TRADEMARK SECURITY AGREEMENT

Trademark Registrations/Applications

Grantor	Country	Mark	Application/ Registration No.	App/Reg Date

Trade Names

Common Law Trademarks

Trademarks Not Currently In Use

Trademark Licenses

EXHIBIT C
TO PLEDGE AND SECURITY AGREEMENT

COPYRIGHT SECURITY AGREEMENT

This COPYRIGHT SECURITY AGREEMENT (this "**Copyright Security Agreement**") is made this ____day of _____, 20__, by and among the Grantors listed on the signature pages hereof (collectively, jointly and severally, "**Grantors**" and each individually "**Grantor**"), and **TPG SPECIALTY LENDING, INC.** ("**TSL**"), as collateral agent for the Secured Parties (together with its successors and assigns in such capacity, the "**Collateral Agent**"). Capitalized terms used but not defined herein shall have the meaning assigned in the Pledge and Security Agreement dated as of October 1, 2019 (as amended, restated, supplemented or otherwise modified, the "**Security Agreement**"), by and among **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 Holdings**"), **BTS ALLIANCE, LLC**, a Delaware limited liability company ("**BankTEL**"), and the Collateral Agent.

1. **GRANT OF SECURITY INTEREST IN COPYRIGHT COLLATERAL**. Each Grantor hereby unconditionally grants, assigns, and pledges to the Collateral Agent, for the benefit of the Secured Parties to secure the Secured Obligations, a continuing security interest (referred to in this Copyright Security Agreement as the "**Security Interest**") in all of such Grantor's right, title and interest in and to the following, whether now owned or hereafter acquired or arising (collectively, the "**Copyright Collateral**"):

(a) all of its Copyrights and Copyright Licenses to which it is a party including those referred to on Schedule I;

(b) all renewals or extensions of the foregoing; and

(c) all products and proceeds of the foregoing, including any claim by such Grantor against third parties for past, present or future infringement of any Copyright or any Copyright exclusively licensed under any Copyright Licenses, including the right to receive damages or the right to receive license fees, royalties, and other compensation under any Copyright License.

Notwithstanding the foregoing, in no event shall the Copyright Collateral include any Excluded Property.

2. **SECURITY FOR SECURED OBLIGATIONS**. This Copyright Security Agreement and the Security Interest created hereby secures the payment and performance of the Secured Obligations, whether now existing or arising hereafter. Without limiting the generality of the foregoing, this Copyright Security Agreement secures the payment of all amounts which constitute part of the Secured Obligations and would be owed by Grantors, or any of them, to the Collateral Agent, the other Secured Parties or any of them, whether or not they are unenforceable or not allowable due to the existence of an insolvency proceeding involving any Grantor.

3. **SECURITY AGREEMENT**. The Security Interest granted pursuant to this Copyright Security Agreement is granted in conjunction with the security interests granted to the Collateral Agent, for the benefit of the Secured Parties, pursuant to the Security Agreement. Each Grantor hereby acknowledges and affirms that the rights and remedies of the Collateral Agent with respect to the Security Interest in the Copyright Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. To the extent there is any inconsistency between this Copyright Security Agreement and the Security Agreement, the Security Agreement shall control.

4. **AUTHORIZATION TO SUPPLEMENT**. Grantors shall give the Collateral Agent prior written notice of no less than five (5) Business Days before filing any additional application for registration of any copyright and prompt notice in writing of any additional

copyright registrations granted therefor after the date hereof. Without limiting Grantors' obligations under this Section, Grantors hereby authorize Collateral Agent unilaterally to modify this Copyright Security Agreement by amending Schedule I to include any future United States registered copyrights or applications therefor of each Grantor. Notwithstanding the foregoing, no failure to so modify this Copyright Security Agreement or amend Schedule I shall in any way affect, invalidate or detract from the Collateral Agent's continuing security interest in all Collateral, whether or not listed on Schedule I.

5. **COUNTERPARTS**. This Copyright Security Agreement is a Credit Document. This Copyright Security Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Copyright Security Agreement. Delivery of an executed counterpart of this Copyright Security Agreement by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Copyright Security Agreement. Any party delivering an executed counterpart of this Copyright Security Agreement by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Copyright Security Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Copyright Security Agreement.

6. **CHOICE OF LAW AND VENUE, JURY TRIAL WAIVER, AND JUDICIAL REFERENCE PROVISION**. THIS COPYRIGHT SECURITY AGREEMENT SHALL BE SUBJECT TO THE PROVISIONS REGARDING CHOICE OF LAW AND VENUE, JURY TRIAL WAIVER, AND JUDICIAL REFERENCE SET FORTH IN THE CREDIT AGREEMENT, AND SUCH PROVISIONS ARE INCORPORATED HEREIN BY THIS REFERENCE, *MUTATIS MUTANDIS*.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Copyright Security Agreement to be executed and delivered as of the day and year first above written.

GRANTORS:

_____

By: _____
Name:
Title:

_____

By: _____

Name:
Title:

COLLATERAL AGENT:

ACCEPTED AND ACKNOWLEDGED BY:

TPG SPECIALTY LENDING, INC.

By: _____
Name:
Title:

SCHEDULE I
to
COPYRIGHT SECURITY AGREEMENT

Copyright Registrations

Grantor	Country	Copyright	Registration No.	Registration Date

Copyright Licenses

EXHIBIT D
TO PLEDGE AND SECURITY AGREEMENT

PATENT SECURITY AGREEMENT

This PATENT SECURITY AGREEMENT (this "**Patent Security Agreement**") is made this _____day of _____, 20__, by and among the Grantors listed on the signature pages hereof (collectively, jointly and severally, "**Grantors**" and each individually "**Grantor**"), and **TPG SPECIALTY LENDING, INC.** ("**TSL**"), as collateral agent for the Secured Parties (together with its successors and assigns in such capacity, the "**Collateral Agent**"). Capitalized terms used but not defined herein shall have the meaning assigned in the Pledge and Security Agreement dated as of October 1, 2019 (as amended, restated, supplemented or otherwise modified, the "**Security Agreement**"), by and among **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 Holdings**"), **BTS ALLIANCE, LLC**, a Delaware limited liability company ("**BankTEL**"), and the Collateral Agent.

7. **GRANT OF SECURITY INTEREST IN PATENT COLLATERAL**. Each Grantor hereby unconditionally grants, assigns, and pledges to the Collateral Agent, for the benefit of the Secured Parties to secure the Secured Obligations, a continuing security interest (referred to in this Patent Security Agreement as the "**Security Interest**") in all of such Grantor's right, title and interest in and to the following, whether now owned or hereafter acquired or arising (collectively, the "**Patent Collateral**"):

(a) all of its Patent and Patent Licenses to which it is a party including those referred to on Schedule I;

(b) all divisionals, continuations, continuations-in-part, reissues, reexaminations or extensions of the foregoing; and

(c) all products and proceeds of the foregoing, including any claim by such Grantor against third parties for past, present or future infringement of any Patent or any Patent exclusively licensed under any Patent Licenses, including the right to receive damages or the right to receive license fees, royalties, and other compensation under any Patent License.

Notwithstanding the foregoing, in no event shall the Patent Collateral include any Excluded Property.

8. **SECURITY FOR SECURED OBLIGATIONS**. This Patent Security Agreement and the Security Interest created hereby secures the payment and performance of the Secured Obligations, whether now existing or arising hereafter. Without limiting the generality of the foregoing, this Patent Security Agreement secures the payment of all amounts which constitute part of the Secured Obligations and would be owed by Grantors, or any of them, to the Collateral Agent, the other Secured Parties or any of them, whether or not they are unenforceable or not allowable due to the existence of an insolvency proceeding involving any Grantor.

9. **SECURITY AGREEMENT**. The Security Interest granted pursuant to this Patent Security Agreement is granted in conjunction with the security interests granted to the Collateral Agent, for the benefit of the Secured Parties, pursuant to the Security Agreement. Each Grantor hereby acknowledges and affirms that the rights and remedies of the Collateral Agent with respect to the Security Interest in the Patent Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. To the extent there is any inconsistency between this Patent Security Agreement and the Security Agreement, the Security Agreement shall control.

10. **AUTHORIZATION TO SUPPLEMENT**. If any Grantor shall obtain rights to any new patent application or issued patent or become entitled to the benefit of any patent application or patent for any divisional, continuation, continuation-in-part, reissue or reexamination of any existing patent or patent application, the provisions of this Patent Security Agreement shall automatically apply thereto. Grantors shall give prompt notice in writing to the Collateral Agent with respect to any such new patent rights. Without limiting Grantors' obligations under this Section, Grantors hereby authorize the Collateral Agent unilaterally to modify this Patent Security Agreement by amending Schedule I to include such new patent rights of each Grantor. Notwithstanding the foregoing, no failure to so modify this Patent Security Agreement or amend Schedule I shall in any way affect, invalidate or detract from the Collateral Agent's continuing security interest in all Collateral, whether or not listed on Schedule I.

11. **COUNTERPARTS**. This Patent Security Agreement is a Credit Document. This Patent Security Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Patent Security Agreement. Delivery of an executed counterpart of this Patent Security Agreement by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Patent Security Agreement. Any party delivering an executed counterpart of this Patent Security Agreement by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Patent Security Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Patent Security Agreement.

12. **CHOICE OF LAW AND VENUE, JURY TRIAL WAIVER, AND JUDICIAL REFERENCE PROVISION**. THIS PATENT SECURITY AGREEMENT SHALL BE SUBJECT TO THE PROVISIONS REGARDING CHOICE OF LAW AND VENUE, JURY TRIAL WAIVER, AND JUDICIAL REFERENCE SET FORTH IN THE CREDIT AGREEMENT, AND SUCH PROVISIONS ARE INCORPORATED HEREIN BY THIS REFERENCE, *MUTATIS MUTANDIS*.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Patent Security Agreement to be executed and delivered as of the day and year first above written.

GRANTORS:

_____

By: _____
Name:
Title:

_____

By: _____
Name:
Title:

COLLATERAL AGENT:

ACCEPTED AND ACKNOWLEDGED BY:

TPG SPECIALTY LENDING, INC.

By: _____
Name:
Title:

SCHEDULE I
to
PATENT SECURITY AGREEMENT

Patents

Grantor	Country	Patent	Application/ Patent No.	Filing Date

Patent Licenses

Exhibit D-4

Exhibit 21.1

AvidXchange Holdings, Inc.

List of Subsidiaries

Subsidiaries	**Jurisdiction of Incorporation**
AvidXchange, Inc.	Delaware
Oak HC/FT FPP Blocker Corp.	Delaware
AO Holding Co.	Delaware
BTS Alliance, LLC	Delaware
AFV Holdings One, Inc.	North Carolina
AFV Holdings II, LLC	North Carolina
AvidXchange Financial Services, Inc.	Delaware
Ariett Business Solutions, Inc.	Massachusetts
Core Associates, LLC	Delaware
Piracle, Inc.	Utah
Strongroom Solutions, Inc.	Texas
FP Services Inc.	Delaware
FastPay Payment Technologies Inc.	Delaware
FPP Enterprise LLC	Delaware

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
September 30, 2021