Table of Contents

Registration No. 333-

As filed with the Securities and Exchange Commission on April 23, 2021

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

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Paycor HCM, Inc.
(Exact name of registrant as specified in its charter)

Delaware	7372	83-1813909
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

4811 Montgomery Road
Cincinnati, Ohio 45212
Telephone: (800) 381-0053
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Raul Villar Jr.
Chief Executive Officer
4811 Montgomery Road
Cincinnati, Ohio 45212
(800) 381-0053
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of all communications, including communications sent to agent for service, should be sent to:

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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, check the following box: ☐

If this Form is filed to registered additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated Filer	☐
Non-accelerated filer	☒	Smaller Reporting Company	☐
		Emerging Growth Company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

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

(1) Includes the aggregate offering price of shares of common stock subject to the underwriters' option to purchase additional shares.
(2) Estimated solely for purposes of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

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 of 1933 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.

Table of Contents

The information in this preliminary 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 preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated April 23, 2021

Shares

Common Stock

This is an initial public offering of shares of common stock of Paycor HCM, Inc. We are offering shares of our common stock and the selling shareholder named herein is offering shares of our common stock. We will not receive any proceeds from the sale of the shares being sold by the selling shareholder.

Prior to this offering, there has been no public market for our common stock. It is currently estimated that the initial public offering price per share will be between $ and $. We have applied to list our common stock on The Nasdaq Global Select Market under the symbol "PYCR."

We are an "emerging growth company" as defined under the federal securities laws, and as such, we have elected to comply with certain reduced reporting requirements for this prospectus and may elect to do so in future filings. See "Prospectus Summary—Implications of Being an Emerging Growth Company."

Investing in our common stock involves risks. See "Risk Factors" beginning on page 19 to read about factors you should consider before buying shares of our common stock.

Immediately after this offering, assuming an offering size as set forth above, funds controlled by our equity sponsor, Apax Partners L.P., will own approximately % of our outstanding common stock (or % of our outstanding common stock if the underwriters' option to purchase additional shares, including from the selling shareholder, is exercised in full). As a result, we expect to be a "controlled company" within the meaning of the corporate governance standards of Nasdaq. See "Management—Corporate Governance—Controlled Company Status."

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	$	$
Underwriting discount(1)	$	$
Proceeds, before expenses, to Paycor HCM, Inc.	$	$
Proceeds, before expenses, to the selling shareholder	$	$

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

We and the selling shareholder have granted the underwriters an option for a period of 30 days after the date of this prospectus to purchase up to an additional shares of common stock from us and shares of our common stock from the selling shareholder at the initial public offering price less the underwriting discounts and commissions.

The underwriters expect to deliver the shares of common stock against payment in New York, New York on , 2021.

(Lead bookrunners listed in alphabetical order)

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

Jefferies **Credit Suisse** **Deutsche Bank Securities**

Baird

Cowen

JMP Securities

Needham & Company

Raymond James

Stifel

Truist Securities

Fifth Third Securities

Prospectus dated , 2021

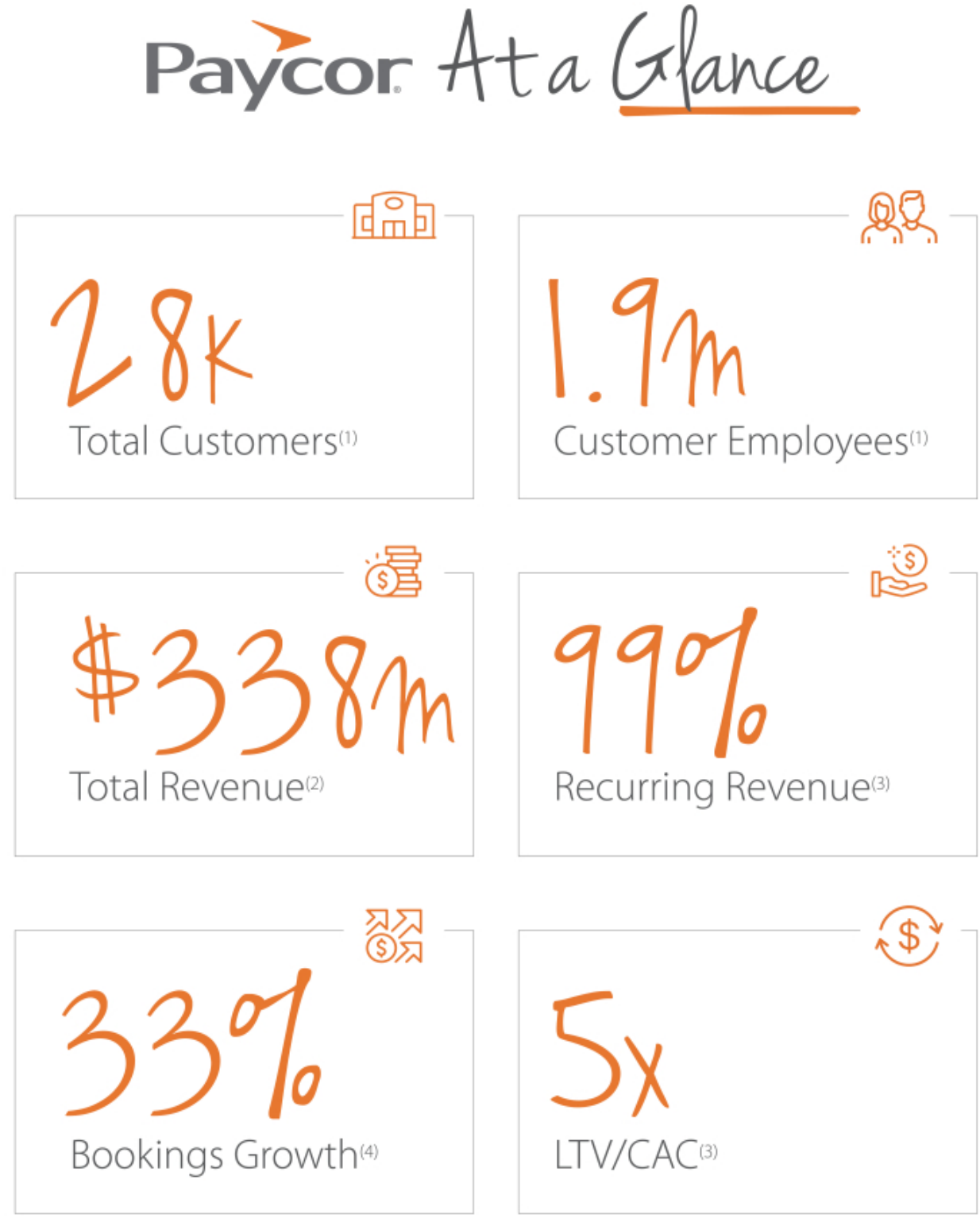
Table of Contents

Table of Contents

Paycor

Empowers Leaders to

Develop Winning Teams



(1) as of March 31, 2021 (2) calculated by adding total revenue for the fiscal year ended June 30, 2020 and the nine months ended March 31, 2021 and subtracting total revenue for the nine months ended March 31, 2020 (3) for the nine months ended March 31, 2021 (4) for the nine months ended March 31, 2021 as compared to the nine months ended March 31, 2020

Table of Contents

Paycor

HCM Software Built for Leaders

TABLE OF CONTENTS

We, the selling shareholder and the underwriters have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. We, the selling shareholder and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may provide you. We and the selling shareholder are offering to sell, and seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the common stock.

For investors outside of the United States, neither we nor the selling shareholder nor any of the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about, and to observe any restrictions relating to, this offering and the distribution of this prospectus outside of the United States.

Through and including , 2021 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

Basis of Presentation

Our fiscal year ends on June 30. Unless otherwise noted, any reference to a year preceded by the word "fiscal" refers to the fiscal year ended June 30 of that year. For example, references to "fiscal 2020" refer to the fiscal year ended June 30, 2020. Any reference to a year not preceded by "fiscal" refers to a calendar year.

Paycor HCM, Inc., a Delaware corporation ("Paycor HCM"), was incorporated in August 2018 to serve as a holding company in connection with Apax Partners' (as defined below) acquisition of the Company (the "Apax Acquisition"). As Paycor HCM did not have any previous operations, Paycor, Inc., a Delaware corporation ("Predecessor Paycor"), is viewed as the predecessor to Paycor HCM and its consolidated subsidiaries. Accordingly, this prospectus includes certain historical consolidated financial and other data for Predecessor Paycor for periods prior to the completion of the Apax Acquisition. The Apax Acquisition closed on November 2, 2018. The financial information for the period after November 2, 2018, represents the consolidated financial information of Paycor HCM and its subsidiaries, including Predecessor Paycor, which is referred to as the "Successor" company. Prior to November 2, 2018, the consolidated financial statements include the accounts of Predecessor Paycor and its subsidiaries, which is referred to herein as the "Predecessor" company. References to the "Successor 2019 Period" refer to the period from November 2, 2018 through June 30, 2019, following the Apax Acquisition. References to the "Predecessor 2019 Period" refer to the period from July 1, 2018 through November 1, 2018, prior to the Apax Acquisition.

As a result of the Apax Acquisition, which is discussed further in Note 4 to our audited consolidated financial statements included herein, Paycor HCM was determined to be the accounting acquirer and Predecessor Paycor's historical assets and liabilities are reflected at fair value as of November 2, 2018, the closing date of the Apax Acquisition.

As a result of the Apax Acquisition, the results of operations and financial position of the Predecessor and Successor are not directly comparable.

In connection with the completion of this offering, we will effect a -for- stock split with respect to our common stock and all shares of our Series A preferred stock will automatically convert into shares of our common stock on a 1-for-1 basis. We refer to these actions as the "Reorganization Transactions." In this prospectus, we include certain metrics on an "as adjusted" basis to give effect to the Reorganization Transactions.

As used throughout this prospectus, the following terms have the meanings as set forth below:

- *"We," "us," "our," "the Company," "Paycor,"* and similar references refer to Paycor HCM, Inc., and unless otherwise stated, all of its subsidiaries.
- *"Apax Partners," "Apax,"* or "*our Sponsor*" refers to Apax Partners L.P., a global private equity firm, collectively, with its affiliates.
- *"LTV/CAC"* refers to the Company's lifetime value to customer acquisition cost ratio, which is calculated as (i) total recurring bookings multiplied by adjusted gross margin excluding interest income and depreciation and amortization and divided by one minus the gross revenue retention in a given period, and (ii) divided by the sum of gross sales and marketing and implementation expense before capitalization and amortization, less one-time implementation bookings in the same period.
- "*Metropolitan statistical areas*" refers to the metropolitan statistical areas delineated by the United States Office of Management and Budget as in effect as of the date of this prospectus.
- *"Net revenue retention"* refers to the current quarterly period recurring revenue for the cohort of customers at the beginning of the prior year quarterly period, divided by the recurring revenue in the prior year reporting period for that same cohort. In calculating the net revenue retention for a period longer than a quarter, such as a fiscal year, we use the weighted average of the retention rates (calculated in accordance with the preceding sentence) for each applicable quarter included in such period.

- "*Pride Aggregator*" refers to Pride Aggregator, L.P., the parent of Paycor HCM, Inc.
- "*Pride Midco*" refers to Pride Midco Inc., a direct subsidiary of Paycor HCM, Inc.
- *"Recurring revenue"* refers to, with respect to any period, all recurring service revenues attributable to payroll, workforce management, and HR-related cloud-based computing services.
- *"Tier 1 markets"* refers to the 15 most populous metropolitan statistical areas in the United States.
- *"Tier 2 markets"* refers to the 15 most populous metropolitan statistical areas in the United States other than Tier 1 markets.
- *"Tier 3 markets"* refers to the 20 most populous metropolitan statistical areas in the United States other than Tier 1 markets and Tier 2 markets.
- "*Total bookings*" with respect to any period is defined as the aggregate year-one values of all new customer contracts acquired during such period, including new sales to existing clients. Total bookings includes both recurring fees and implementation services.

Certain amounts, percentages, and other figures presented in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals, dollars, or percentage amounts of changes may not represent the arithmetic summation or calculation of the figures that precede them.

Market and Industry Data

Unless otherwise indicated, information in this prospectus concerning economic conditions, our industry, our markets, and our competitive position is based on a variety of sources, including information from independent industry analysts and publications, as well as our own estimates and research. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. While we believe the information presented in this prospectus is generally reliable, forecasts, assumptions, expectations, beliefs, estimates, and projections involve risk and uncertainties and are subject to change based on various factors, including those described under "Forward-Looking Statements" and "Risk Factors."

Trademarks, Service Marks, and Trade Names

We own or have rights to use various trademarks, service marks, and trade names that we use in connection with the operation of our business. We use our "Paycor" trademark and related design marks in this prospectus. This prospectus may also contain trademarks, service marks, and trade names of third parties, which are the property of their respective owners. Our use or display of third parties' trademarks, service marks, trade names, or products in this prospectus is not intended to, and does not imply a relationship with, or endorsement or sponsorship by us. Solely for convenience, the trademarks, service marks, and trade names referred to in this prospectus may appear without the ®, TM, or SM symbols, but the omission of such references is not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable owner of these trademarks, service marks, and trade names.

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 investing in our common stock. For a more complete understanding of us and this offering, you should read and carefully consider the entire prospectus, including the more detailed information set forth under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our consolidated financial statements and the related notes. Some of the statements in this prospectus are forward-looking statements. See "Forward-Looking Statements."

Unless the context otherwise requires, the terms "Paycor," the "Company," "our company," "we," "us," and "our" in this prospectus refer to Paycor HCM, Inc. and, where appropriate, its consolidated subsidiaries. The term "Apax Partners" or "our Sponsor" refers to Apax Partners L.P., a global private equity firm, collectively, with its affiliates.

Mission

Paycor empowers leaders to develop winning teams.

Overview

Paycor is a leading Software-as-a-Service provider of human capital management solutions for small and medium-sized businesses. Our unified, cloud-native platform is built to empower business leaders by producing actionable, real-time insights to drive workforce optimization. Our comprehensive suite of solutions enables organizations to streamline human capital management ("HCM") and payroll workflows and achieve regulatory compliance while serving as the single, secure system of record for all employee data. Our highly flexible, scalable, and extensible platform offers award-winning ease-of-use with an intuitive user experience and deep third-party integrations, all augmented by industry-specific domain expertise. Over 28,000 customers across all 50 states trust Paycor to help their leaders develop winning teams.

People management has evolved significantly over the last 30 years from an administrative, payroll-centric cost center to a highly strategic function focused on talent management and employee engagement. To be competitive in today's environment, organizations are increasingly reliant on this function as they seek to leverage people analytics to identify trends and track performance across their workforce. However, most existing HCM solutions lack the comprehensive functionality, ease-of-use, and integration capabilities needed to facilitate effective people management. These limitations are particularly problematic for small and medium sized businesses ("SMBs") which often lack the technical, financial, and people resources of larger organizations.

Our unified, cloud-native platform is purpose-built to provide business leaders with the tools they need to optimize all aspects of people management, including:

- ***Core HCM and Payroll***. A powerful calculation engine that enables real-time changes to drive fast and accurate payroll processing. Robust workflows and approval capabilities assist leaders with expediting and automating their most common tasks.
- ***Workforce Management***. Flexible time entry, overtime calculations, and scheduling capabilities with real-time payroll synchronization allowing leaders to manage costs and increase productivity.

- ***Benefits Administration***. Advanced decision support to help leaders streamline and optimize their company's benefits administration and spend with superior carrier connectivity and the ability to setup complex plans.
- ***Talent Management***. Integrated compensation and performance management capabilities, including advanced goal management paired with employee-manager one-on-ones, empowering leaders to drive employee professional growth and corporate alignment.
- ***Employee Engagement.*** Interactive learning tools and AI-powered surveys that use natural language processing to surface actionable, easy-to-understand insights from feedback allowing leaders to solve issues like turnover and low morale.

Our easy-to-use platform incorporates intuitive analytics functionality, enabling SMBs to automate and simplify mission-critical people management processes and enhance visibility into their business operations. Our platform is architected for extensibility and features an open API led interoperability engine that allows customers to easily connect their people data with third-party applications to create a seamlessly integrated digital ecosystem. Our products are supported by a differentiated implementation process and vibrant community of users, which together ensure customers can take full advantage of our platform.

We market and sell our solutions through direct sales teams, leveraging our strong demand generation engine and broker partnerships. Our highly efficient and multi-pronged go-to-market strategy is a key driver of our growth, which is evidenced by our LTV/CAC of 5.0x for the nine months ended March 31, 2021 and 3.8x as of the twelve months ending June 30, 2020. We primarily target companies with 10 to 1,000 employees, with this segment of the SMB market accounting for 81% of our recurring billing for the fiscal year ended June 30, 2020. For this 'target segment' of our customer base the LTV/CAC was 5.6x for the nine months ended March 31, 2021. We intend to grow our customer base by accelerating the expansion of our sales coverage and broker networks in both new and existing markets, with a focus on Tier 1 markets where we see substantial opportunity. We also intend to grow our customer base through our industry focused product and go-to-market strategy. We market our products via a bundled pricing strategy where we charge customers on a per-employee-per-month ("PEPM") or per-employee-per-payroll basis and have demonstrated success at driving growth through the expansion of our Core HCM and Payroll product bundle. We intend to continue to expand our product suite and further cross-sell products into our existing customer base.

During the nine months ended March 31, 2021 and 2020, our revenues were $264.8 million and $254.5 million, respectively, representing year-over-year growth of 4%. During the nine months ended March 31, 2021 and 2020, our recurring and other revenues were $263.4 million and $245.4 million, respectively, representing 99% and 96% of our total revenue, respectively. During the nine months ended March 31, 2021 and 2020, we generated net losses of $46.2 million and $47.2 million, respectively, and losses from operations of $57.0 million and $64.8 million, respectively, representing operating margins of (21.5)% and (25.5)%, respectively. During the nine months ended March 31, 2021 and 2020, we generated Adjusted Operating Income of $47.8 million and $34.9 million, respectively, representing margins of 18.0% and 13.7%, respectively. See the "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" section for additional information on our non-GAAP metrics.

During the fiscal year ended June 30, 2020, the Successor 2019 Period, and the Predecessor 2019 Period, our revenues were $327.9 million, $201.9 million, and $89.6 million, respectively, representing year-over-year growth in revenues of 13%. During the fiscal year ended June 30, 2020, the Successor 2019 Period, and the Predecessor 2019 Period, our recurring and other revenues were $317.6 million, $191.9 million, and $86.3 million, respectively, representing 97%, 95%, and 96% of our total revenue, respectively. During the fiscal year ended June 30, 2020, the Successor 2019 Period, and the Predecessor 2019 Period, we generated net losses of $67.3 million, $72.8 million, and $14.9 million, respectively, and losses from operations of $94.7 million,

$88.7 million and $16.6 million, respectively, representing operating margins of (28.9)%, (43.9)% and (18.5)%, respectively. During the fiscal year ended June 30, 2020, the Successor 2019 Period, and the Predecessor 2019 Period, we generated Adjusted Operating Income of $46.3 million, $36.9 million, and $5.0 million, respectively, representing margins of 14.1%, 18.3%, and 5.6%, respectively. See the "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" section for additional information on our non-GAAP metrics.

Industry Background

Human capital management is an evolving necessity for organizations, with several key trends that have shaped today's environment.

The Evolution of People Management

Over the last 30 years, the demands of business leaders, employees, and people management strategies have significantly evolved in response to shifting demographics, employee expectations, and technological capabilities. As a result, the importance of people management has been elevated from a payroll-centric cost center to a highly strategic function focused on talent management as a critical component of business competitiveness. The COVID-19 pandemic has further reinforced this strategic shift. The HR function has been pivotal as companies strive to maintain morale and productivity for remote workforces. Considering these evolving demands, HCM technology has been forced to transform to replace manual processes with strategic platforms that surface business insights, enabling leaders to make data-driven decisions.

In the late 2000s, the emergence of Software-as-a-Service ("SaaS") brought about two key developments: HCM solutions shifting to focus on digitizing old processes and organizations increasingly using point solutions. This led to more system fragmentation, an overcomplicated user experience, and increased total costs. At the same time, the separation between work and life began to blur, driving an increased need for employee engagement tools.

To address this lack of engagement, many HCM solution providers targeted their product development efforts at enhancing the employee experience. Such providers did this by developing employee portals to drive engagement, similar to social media platforms, but found that employees were not seeking this from their employers. Other unsuccessful attempts to drive engagement included adding gamification attributes to influence behavior, such as encouraging employees to complete compliance training. These product features overlooked the importance of business leaders as the primary users of HCM platforms and as the people most influential in achieving positive employee engagement.

Complex Regulatory Environment

The ever-evolving regulatory landscape continues to place a burden on small businesses. As a result, businesses continue to demand HCM platforms that enable them to maintain a robust compliance framework and abstract the complexity of regulatory changes, such as responding to special employee leave provisions.

Growing Importance of People Analytics

In recent years, businesses have begun to appreciate the value they could derive from stronger data analytics capabilities. SMB leaders are increasingly willing to invest in data-driven decision-making tools to improve their business performance. An IDC survey found that analyzing data and employee engagement had the highest level of third-party investment. In addition, a survey by Gartner showed that 64% of participants ranked improvement of reporting quality and people analytics as their main HR objective when evaluating HCM solutions. SMBs have

a particular need for all-in-one solutions considering their unique capacity constraints, such as single person HR departments and limited in-house legal and IT support.

Unique Needs of SMBs

SMBs demand solutions that have the following key characteristics:

- ***Ease of Implementation***. The ability to get mission critical solutions up and running seamlessly and successfully without overburdening company resources.
- ***Ease of Use***. Intuitive design and simple workflows for leaders and their teams.
- ***Full Suite of Solutions***. Fully integrated platform to serve as a single system of record for all HCM functions with built-in critical capabilities such as compliance, mobility, analytics, and security.
- ***Highly Scalable Cloud-based Platform***. Flexible solutions built to meet the needs of organizations as they grow in size and complexity.
- ***Industry-specific Focus***. Solutions, integrations, and support tailored to unique industry needs.

Limitations of Existing Solutions

The vast majority of SMBs still rely on legacy solutions to fulfill their HCM technology requirements. These offerings are typically provided by national and regional payroll service bureaus or in-house solutions built on top of generic enterprise resource planning ("ERP") systems. In addition to these legacy solutions, advancements in cloud technology have led to the emergence of other competing SaaS-based HCM offerings. Both legacy and other competing SaaS offerings possess significant limitations in addressing the full HCM needs of SMBs. These limitations include:

- ***Incomplete HCM Solutions Lacking in Product Breadth and Depth.*** Many existing HCM platforms offer incomplete product suites that deliver only a portion of the capabilities required by SMBs or offer 'full suites' comprised of products with limited functionality, forcing SMBs to use multiple products from multiple vendors or continue to manage processes manually outside of their HCM solution.
- ***Lack a Unified Approach.*** Many existing HCM 'suites' are comprised of a patchwork of stand-alone applications with limited integration. As a result, SMBs are forced to rely on manual, redundant, and error-prone processes to manage and track employee data, which can often lead to untimely payroll, poor employee engagement, and significant compliance issues.
- ***Difficult to Integrate with Third-Party Systems.*** Most existing HCM solutions are built on inflexible, closed technology architectures, and are not designed to communicate with external applications. This inhibits organizations' ability to establish flexible digital ecosystems capable of addressing the evolving needs of a growing business.
- ***Lack Robust Analytics Capabilities.*** Existing SMB solutions lack tools which are both sophisticated and easy-to-use to access, aggregate, analyze, and act on employee data in real-time. As a result, SMBs are unable to efficiently derive actionable workforce insights and make critical, informed decisions to improve the way they hire, manage, and develop people.
- ***'One Size Fits All' Approach.*** Certain industry verticals have unique people management requirements. Most existing HCM solutions provide generic out-of-the-box functionality and limited configurability, with professional service teams that often lack vertical expertise. As a result, SMBs struggle to address evolving industry-specific people management needs and reporting requirements with existing HCM solutions.

- ***Difficult to Use.*** Many existing solutions have arcane, inflexible user interfaces that lack the intuitive, consumer-like feel of modern SaaS applications. These solutions are often difficult for both employees and leaders to use effectively without significant training. As a result, people leaders are often forced to revert to time-consuming manual processes to execute simple HR tasks and assist with tedious employee troubleshooting.
- ***Not Designed for Business Leaders.*** Many existing HCM solutions were built with engagement functionality specifically designed for employees, not business leaders who have the most influence over employee engagement. These solutions often lack the end-to-end functionality and powerful analytics required by business leaders for effective people management.

Our Solution and Key Strengths

We offer a unified, cloud-native platform, purpose-built to address the comprehensive people management needs of SMB leaders. Our intuitive, easy-to-use platform enables SMBs to easily automate and simplify the most mission-critical people management processes and enhance visibility into organizations' human capital to drive employee engagement and data-driven decisions. The key strengths of our platform include:

- ***Comprehensive Suite of HCM Solutions Architected to Meet the Full Range of an SMB's Needs.*** Our comprehensive HCM suite delivers industry-leading functionality. This empowers business leaders to achieve strategic goals through differentiated people management. The key components of our HCM solutions include Core HCM and Payroll, Workforce Management, Benefits Administration, Talent Management, and Employee Engagement.
- ***Uniquely Unified Platform Enabling Differentiated Analytics.*** Our platform leverages a modern cloud architecture and robust API led interoperability engine. We deliver a unified user and data experience that serves as the single source of truth for our customers' employee data. Our platform allows for seamless access to people data across applications and the visibility to extract meaningful business insights from employee information in real-time. This unified data architecture automates error-prone manual processes, empowering business leaders to shift their focus to strategic initiatives that drive long term business value.
- ***Open, Cloud-native Architecture Enables Differentiated Platform Extensibility.*** Our SaaS platform is flexible, scalable, and extensible, allowing us to continuously expand the breadth and depth of our product suite without compromising the unified user experience for both employers and employees. Our single instance, multitenant deployment enables us to deliver frequent, silent updates to maintain a consistent user experience on the latest version of our software. The extensibility of our platform allows for easy integrations to various technologies both within and outside of the HCM ecosystem, such as connections to benefits platforms to support our broker partnerships and integrations to industry-specific ERP systems.
- ***Industry-specific Functionality and Expertise.*** We provide SMBs with a combination of industry-specific product configurations, pre-built integrations with sought-after third-party solutions, and served by professionals with industry-specific training. Our HCM platform is configurable and flexibly designed to address a broad cross-section of vertical-specific use cases. Our solutions are supported by a proprietary implementation program and vibrant community of users, which together ensure customers can take full advantage of our industry-specific functionality.
- ***Powerful Analytics to Deliver Actionable Insights.*** We enable real-time visibility into an organization's people data through a comprehensive set of out-of-the-box analytics capabilities. Our powerful analytics allow SMBs to cost-effectively transform data into trends and predictions to benchmark, understand, and easily report on their workforce. With predictive analytics and robust

benchmarking tools, our platform enables SMBs to make strategic, data-driven decisions to improve recruiting, labor cost management, employee performance, diversity and inclusion, and employee retention.

- ***Designed for Business Leaders.*** Effective business leadership is critical to maximizing employee engagement and successful business performance. Our platform is purpose-built to provide business leaders with the tools they need to optimize every aspect of people management. With our end-to-end HCM functionality and deep analytics capabilities, business leaders can streamline people management functions, surface actionable insights, facilitate successful hiring, meaningfully engage their employees, and focus people management on strategic initiatives that drive business value.

Our Market Opportunity

We estimate our current annual recurring market opportunity is $26 billion in the U.S. and we expect the opportunity to grow as the number of SMBs increases and we continue to expand our product portfolio. To estimate our market opportunity, we identified the number of companies in the U.S. with an employee count between 10 and 1,000. Based on data from the U.S. Bureau of Labor Statistics as of January 27, 2021, there were over 1.3 million businesses with between 10 to 1,000 employees, totaling 61.2 million employees within our target demographic. We then applied our $35 total list PEPM rate as of June 30, 2020 for our full suite of products including Core HCM and Payroll, Workforce Management, Benefits Administration, Talent Management, and Employee Engagement to derive our current total addressable market opportunity of $26 billion.

Growth Strategy

We intend to capitalize on our market opportunity with the following key growth strategies:

- ***Expand Sales Coverage.*** We believe there is substantial opportunity to continue to broaden our customer base. We intend to drive new customer additions by expanding our sales coverage in the markets where we have a sales presence and into new markets over the next two years.
- ***Accelerate Broker Channel Partnerships.*** Benefits brokers are trusted advisors to SMBs and are influential in the HCM selection process. We will continue to work with our existing broker partners and intend to expand our broker network through regional and national partnerships to drive customer acquisition.
- ***Expand Industry-specific Functionality and Leadership.*** SMBs in certain industries require unique functionality for their people management needs. We designed our platform to be easily configurable for industry-specific applications in key verticals. We will continue to expand our solutions and expertise in both existing and new key industries.
- ***Expand Product Penetration within Existing Customer Base.*** Our PEPM is increasing as we continue to grow our HCM product bundle. Our customers typically start with our core HR and payroll solution, eventually expanding their usage of our platform over time. We intend to accelerate this trend going forward and have a significant opportunity to further penetrate our existing customer base.
- ***Continue to Innovate and Add New Solutions.*** We intend to continue to invest significantly in research and development, particularly regarding the functionality of our platform, to sustain and advance our product leadership.
- ***Pursue Strategic M&A.*** We have successfully acquired and integrated several businesses that complement and enhance our software and technology capabilities. We will continue to take a disciplined approach to identifying and evaluating potential acquisitions.

Recent Developments

In December 2020 and January 2021, we completed private placements of shares of our Series A preferred stock with certain institutional investors, which generated net proceeds of approximately $270 million. We issued an aggregate of 7,715 shares of Series A preferred stock, or shares after giving effect to the -for- stock split we will effect in connection with this offering. Each share of the Series A preferred stock has an initial liquidation preference of $35,000, subject to adjustment in accordance with our Amended and Restated Certificate of Incorporation. The proceeds from the issuance of our Series A preferred stock were used to redeem certain Class A and Class A-1 Units of Pride Aggregator and for general corporate purposes, including to finance a recent acquisition. See "Certain Relationships and Related Party Transactions—Related Party Transactions—Redemption Agreement and Intercompany Promissory Note with Pride Aggregator." In connection with the completion of this offering, the Series A preferred stock will automatically convert into shares of our common stock on a 1-to-1 basis.

Summary of Risks Related to our Business, Regulation, our Indebtedness, our Common Stock and this Offering

There are a number of risks related to our business, regulation, our indebtedness, our common stock, and this offering that you should consider before you decide to participate in this offering. Some of the principal risks related to our business include the following:

- Our ability to manage our growth effectively.
- The expansion and retention of our direct sales force with qualified and productive persons and the related effects on the growth of our business.
- The impact on customer expansion and retention if implementation, user experience, customer service, or performance relating to our solutions is not satisfactory.
- Our ability to innovate and deliver high-quality, technologically advanced products and services.
- Our relationships with third parties.
- The proper operation of our software.
- Future acquisitions of other companies' businesses, technologies, or customer portfolios.
- The continued service of our key executives.
- Our ability to attract and retain qualified personnel, including software developers and skilled IT, sales, marketing, and operation personnel.
- Payments made to employees and taxing authorities due for a payroll period before a customer's electronic funds transfers are settled to our account.
- The potential breach of our security measures and the unauthorized access to our customers' or their employees' personal data and the resulting effects thereof which may include lawsuits, fines, or other regulatory action, significant costs related to remediation, negative perceptions regarding the security of our solutions, and reduction or cessation of customers' use of our solutions.
- Damage, failure, or disruption of our SaaS delivery model, data centers, or our third-party providers' services.
- Our ability to protect our intellectual and proprietary rights.
- The use of open source software in our applications.

- The growth of the market for cloud-based HCM and payroll software among SMBs.
- The competitiveness of our market generally.
- The impact of COVID-19.
- Our customers' dependence on our solutions to comply with applicable laws.
- Changes in laws, regulations, or requirements applicable to our software and services.
- The impact of privacy, data protection, tax and other laws and regulations.
- Our ability to maintain effective internal controls over financial reporting.
- The other factors set forth under "Risk Factors."

These and other risks are more fully described in the section entitled "Risk Factors" in this prospectus. If any of these risks actually occurs, our business, financial condition, results of operations, cash flows, and prospects could be materially and adversely affected. As a result, you could lose all or part of your investment in our common stock.

Our Sponsor

We have a valuable relationship with our equity sponsor, Apax Partners. Apax Partners is a leading global private equity advisory firm. For more than four decades, Apax Partners has built specialist expertise across four industry sectors: Tech, Services, Healthcare, and eConsumer. To date, Apax Partners has raised and advised funds with aggregate commitments of more than $60 billion. The Apax funds have a strong track record of investing in the technology and telecommunications sector, having committed €8.4 billion of equity across multiple geographies, including the U.S., Europe, and Asia. Funds advised by Apax Partners provide long-term equity financing to build and strengthen world-class companies.

Corporate Structure

The following chart summarizes our corporate structure as of the date of this prospectus after giving effect to the Reorganization Transaction, this offering and the use of proceeds therefrom. This chart is provided for illustrative purposes only and does not represent all legal entities affiliated with, or all subsidiaries of, the Company:

(1) Represents common stock ownership on an as-converted basis. In connection with the completion of this offering, the Series A preferred stock will automatically convert into shares of our common stock on a 1-to-1 basis.

(2) All outstanding Midco Redeemable Preferred Stock is expected to be redeemed in connection with the completion of this offering.

Certain Agreements with our Existing Investors

Immediately following this offering, Pride Aggregator, an investment vehicle affiliated with Apax Partners, will beneficially own approximately % of our common stock (or % of our outstanding common stock if the

underwriters' option to purchase additional shares is exercised in full). We will enter into a Director Nomination Agreement with Apax Partners (the "Director Nomination Agreement") that provides Apax Partners the right to designate (i) all of the nominees for election to our board of directors (the "Board") for so long as Apax Partners beneficially owns at least 40% of the total number of shares of our common stock beneficially owned by it upon completion of this offering, as adjusted for any reorganization, recapitalization, stock dividend, stock split, reverse stock split, or similar changes in the Company's capitalization (the "Original Amount"); (ii) 40% of the nominees for election to our Board for so long as Apax Partners beneficially owns less than 40% but at least 30% of the Original Amount; (iii) 30% of the nominees for election to our Board for so long as Apax Partners beneficially owns less than 30% but at least 20% of the Original Amount; (iv) 20% of the nominees for election to our Board for so long as Apax Partners beneficially owns less than 20% but at least 10% of the Original Amount; and (v) one of the nominees for election to our Board for so long as Apax Partners beneficially owns at least 5% of the Original Amount, which could result in representation on our Board that is disproportionate to Apax Partners' beneficial ownership. If Pride Aggregator is dissolved after this offering, then Apax Partners will be permitted to nominate (i) up to three directors so long as it owns at least 25% of the Original Amount; (ii) up to two directors so long as it owns at least 15% of the Original Amount; and (iii) one director so long as it owns at least 5% of the Original Amount, which could result in representation on our Board that is disproportionate to Apax Partners' beneficial ownership. See "Certain Relationships and Related Party Transactions—Related Party Transactions—Director Nomination Agreement."

Implications of Being an Emerging Growth Company

We qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). We will remain an emerging growth company until the earliest of (1) the last day of the fiscal year following the fifth anniversary of the completion of this offering, (2) the last day of the fiscal year in which we have total annual gross revenue of at least $1.07 billion, (3) the date on which we are deemed to be a large accelerated filer (this means the market value of common stock that is held by non-affiliates exceeds $700.0 million as of the end of the second quarter of that fiscal year) or (4) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the prior three-year period.

An emerging growth company may take advantage of reduced reporting requirements that are otherwise applicable to public companies. These provisions include, but are not limited to:

- Emerging growth companies are not required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act").
- A requirement to present only two years of audited financial statements, plus unaudited condensed consolidated financial statements for any interim period and related discussion in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations."
- Reduced disclosure obligations regarding executive compensation in periodic reports, proxy statements, and registration statements.
- Exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

We have elected to take advantage of certain of the reduced disclosure obligations regarding financial statements (such as not being required to provide audited financial statements for the fiscal year ended June 30, 2018) in this prospectus and executive compensation in this prospectus and expect to elect to take advantage of other reduced burdens in future filings. As a result, the information that we provide to our stockholders may be different than you might receive from other public reporting companies in which you hold equity interests.

The JOBS Act also permits an emerging growth company like us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We have elected to "opt-in" to this extended transition period for complying with new or revised accounting standards and, therefore, we will not be subject to the same new or revised accounting standards as other public companies that comply with such new or revised accounting standards on a non-delayed basis.

General Corporate Information

We were incorporated in August 2018 as Pride Parent, Inc. to serve as a holding company in connection with the Apax Acquisition. In April 2021, we changed our name to Paycor HCM, Inc. Our principal executive offices are located at 4811 Montgomery Road, Cincinnati, Ohio 45212. Our telephone number is (800) 381-0053. Our website address is www.paycor.com. The information contained on, or that can be accessed through, our website is not incorporated by reference into this prospectus, and you should not consider any information contained on, or that can be accessed through, our website as part of this prospectus or in deciding whether to purchase our common stock. We are a holding company and all of our business operations are conducted through our subsidiaries.

THE OFFERING

Issuer	Paycor HCM, Inc.
Common Stock Offered by Us	shares.
Common Stock Offered by the Selling Shareholder	shares.
Option to Purchase Additional Shares from Us	shares.
Option to Purchase Additional Shares from the Selling Shareholder	shares.
Common Stock to be Outstanding After this Offering	shares (or shares if the underwriters' option to purchase additional shares is exercised in full), after giving effect to the Reorganization Transactions.
Use of Proceeds	We estimate that our net proceeds from this offering will be approximately $ million, or approximately $ million if the underwriters' option to purchase additional shares is exercised in full, assuming an initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover page of this prospectus, and after deducting the underwriting discount and estimated offering expenses payable by us. The principal purposes of this offering are to increase our capitalization and financial flexibility, create a public market for our common stock, and enable access to the public equity markets for us and our shareholders. We expect to use approximately $ million of the net proceeds of this offering to fund the redemption of the Midco Redeemable Preferred Stock (as defined below) by Pride Midco at a redemption price of % of the liquidation preference thereof and the remainder of such net proceeds will be used for general corporate purposes. An affiliate of Apax Partners currently owns $25 million of Midco Redeemable Preferred Stock and we expect such affiliate will receive approximately $ in proceeds as a result of the redemption of the Midco Redeemable Preferred Stock. At this time, other than the redemption of the Midco Redeemable Preferred Stock, we have not specifically identified a large single use for which we intend to use the net proceeds and, accordingly, we are not able to allocate the net proceeds among any of these potential uses in light of the variety of factors that will impact how such net proceeds are ultimately utilized by us. We will have broad discretion in the application of these proceeds. The Midco Redeemable Preferred Stock accrues dividends at a rate of the London interbank offered rate ("LIBOR") plus

	8.875%, which rate will decrease to LIBOR plus 8.375% beginning November 3, 2021. The dividends are payable, or are compounded, quarterly on March 31, June 30, September 30 and December 31 of each year. Additionally, Pride Midco may, at its option, redeem for cash any or all of the then outstanding Midco Redeemable Preferred Stock, in whole at any time or in part from time to time, at (i) a redemption price per share equal to 101.0% prior to and including November 1, 2021; and 100.0% on November 2, 2021 and thereafter, plus (ii) the amount of all accrued dividends for the then current and all prior dividend payment periods. We will not receive any proceeds from the sale of the shares being offered by the selling shareholder, including any shares of common stock sold by the selling shareholder pursuant to any exercise by the underwriters of their option to purchase additional shares. See "Use of Proceeds" for additional information.
Controlled Company	After this offering, assuming an offering size as set forth in this section, Apax Partners will own, through its control of Pride Aggregator, approximately % of our common stock (or % of our common stock if the underwriters' option to purchase additional shares, including from the selling shareholder, is exercised in full). As a result, we expect to be a controlled company within the meaning of the corporate governance standards of The Nasdaq Global Select Market ("Nasdaq"). See "Management—Corporate Governance—Controlled Company Status."
Director Nomination Agreement	In connection with the completion of this offering, we expect to enter into a director nomination agreement that will provide Apax Partners with certain rights to nominate members of our Board. See "Certain Relationships and Related Party Transactions—Director Nomination Agreement."
Registration Rights Agreement	We have entered into a registration rights agreement with Pride Aggregator and certain other stockholders pursuant to which we have provided such parties with certain registration rights. See "Certain Relationships and Related Party Transactions—Registration Rights Agreement."
Risk Factors	Investing in our common stock involves a high degree of risk. See "Risk Factors" elsewhere in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock.
Dividends	We do not currently anticipate paying dividends on our common stock. Any declaration and payment of future dividends to holders of our common stock will be at the sole discretion of our Board and will depend on many factors, including our financial condition, earnings, capital requirements, level of indebtedness, statutory and contractual restrictions applicable to the payment of dividends, and other considerations that our Board deem relevant. Because we are a

	holding company and have no direct operations, we will only be able to pay dividends from our available cash on hand and any funds we receive from our subsidiaries. Certain of our debt agreements limit the ability of certain of our subsidiaries to pay dividends. In addition, Delaware law may impose requirements that may restrict our ability to pay dividends. See "Dividend Policy."
Proposed Trading Symbol	"PYCR".

The number of shares of common stock to be outstanding following this offering is based on shares of common stock outstanding as of , 2021 after giving effect to the Reorganization Transactions and excludes:

- million shares of common stock reserved for future issuance under our 2021 Omnibus Incentive Plan (the "2021 Plan"), which will be adopted in connection with this offering.
- million shares of common stock reserved for future issuance under our Employee Stock Purchase Plan ("ESPP"), which will be adopted in connection with this offering.
- Any shares of common stock issuable upon settlement of Pride Aggregator's outstanding Long Term Incentive Plan units ("LTIP Units"). As of , 2021, shares of common stock would be issuable upon such settlement, based on an assumed initial public offering price of $, which is the midpoint of the estimated public offering price range set forth on the cover of this prospectus.

Unless otherwise indicated, all information in this prospectus assumes:

- The filing of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws, each in connection with the closing of this offering.
- No exercise by the underwriters of their option to purchase up to additional shares of common stock from us and additional shares of common stock from the selling shareholder.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables summarize our consolidated financial data. For accounting purposes, the terms “Predecessor” and “Successor” used below and throughout this prospectus refer to the periods prior and subsequent to the Apax Acquisition on November 2, 2018, respectively. See “Basis of Presentation.” As a result of the Apax Acquisition, the results of operations and financial position of the Predecessor and Successor are not directly comparable.

The summary consolidated statement of operations data and summary consolidated statement of cash flows data for the period from July 1, 2018 to November 1, 2018 relate to the Predecessor and are derived from the audited consolidated financial statements included elsewhere in this prospectus. The summary consolidated statement of operations data and summary consolidated statement of cash flows data for the period from November 2, 2018 to June 30, 2019 and for the fiscal year ended June 30, 2020 and the summary consolidated balance sheet data as of June 30, 2020 relate to the Successor and are derived from the audited consolidated financial statements that are included elsewhere in this prospectus. The summary consolidated statement of operations data and summary consolidated statement of cash flows data for the nine months ended March 31, 2020 and 2021 and the summary consolidated balance sheet data as of March 31, 2021 relate to the Successor and are derived from our unaudited condensed consolidated financial statements that are included elsewhere in this prospectus. The unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments that are necessary for the fair statement of our unaudited interim consolidated financial statements. Our results for any interim period are not necessarily indicative of results that may be expected for any full fiscal year.

You should read the summary historical financial data below in conjunction with the sections titled “Basis of Presentation,” “Selected Consolidated Financial Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the financial statements and related notes included elsewhere in this prospectus.

(in thousands, except per share data)	Successor				Predecessor
	Nine Months Ended March 31, 2021	Nine Months Ended March 31, 2020	Fiscal Year Ended June 30, 2020	Period from November 2, 2018 to June 30, 2019	Period from July 1, 2018 to November 1, 2018
	(Unaudited)				
Consolidated Statement of Operations Data:					
Revenue:					
Recurring and other revenue	$ 263,372	$ 245,357	$317,620	$ 191,881	$ 86,262
Interest income on funds held for clients	1,392	9,192	10,289	9,977	3,343
Total revenues	264,764	254,549	327,909	201,858	89,605
Cost of revenues	112,506	105,501	139,683	77,566	31,939
Gross profit	152,258	149,048	188,226	124,292	57,666
Operating expenses:					
Sales and marketing	75,864	74,970	99,998	56,660	30,479
General and administrative	106,914	102,964	137,071	127,862	31,069
Research and development	26,507	35,918	45,866	28,428	12,695
Total operating expenses	209,285	213,852	282,935	212,950	74,243
Loss from operations	(57,027)	(64,804)	(94,709)	(88,658)	(16,577)
Other income (expense):					
Interest expense	(1,847)	(1,403)	(1,780)	(1,119)	(1,036)
Other	320	6,438	9,004	423	175
Loss before benefit for income taxes	(58,554)	(59,769)	(87,485)	(89,354)	(17,438)
Income tax benefit	(12,344)	(12,619)	(20,182)	(16,531)	(2,517)
Net loss	(46,210)	(47,150)	(67,303)	(72,823)	(14,921)
Net loss attributable to Paycor HCM, Inc.	$ (64,110)	$ (64,931)	$ (90,193)	$ (88,518)	$ (14,921)
Per Share Data(1):					
Net loss per share:					
Basic and diluted	$ (656.70)	$ (649.31)	$ (901.93)	$ (885.18)	
Weighted-average shares used in computing net loss per share:					
Basic and diluted	97,624	100,000	100,000	100,000	

(1) See Note 13 of our unaudited condensed consolidated financial statements for the nine months ended March 31, 2021 and 2020 and Note 15 to our audited consolidated financial statements for the year ended June 30, 2020, Successor 2019 and Predecessor 2019 periods appearing elsewhere in this prospectus for an explanation of the method used to calculate our basic and diluted net loss per share and the weighted-average number of shares used in the computation of the per share amounts.

(in thousands)	Successor				Predecessor
	Nine Months Ended March 31, 2021	Nine Months Ended March 31, 2020	Fiscal Year Ended June 30, 2020	Period from November 2, 2018 to June 30, 2019	Period from July 1, 2018 to November 1, 2018
	(Unaudited)				
Consolidated Statement of Cash Flow Data:					
Net cash provided by (used in) operating activities	$ 26,185	$ (1,791)	$ 88	$ (11,584)	$ (1,003)
Net cash (used in) provided by investing activities	$ (43,810)	$ (24,194)	$121,529	$ (772,039)	$ 90,100
Net cash provided by (used in) financing activities	$202,049	$126,526	$ (20,880)	$1,152,334	$ (283,506)

(in thousands)	Successor		
	March 31, 2021		June 30, 2020
	Actual (Unaudited)	Pro Forma As Adjusted (2) (Unaudited)	Actual
Consolidated Balance Sheet Data			
Cash and cash equivalents	$ 19,364	$	$ 828
Funds held for clients(3)	823,123		614,115
Working capital(4)	(5,434)		(19,865)
Total assets	2,209,241		2,007,783
Client fund obligations(5)	822,551		613,151
Total debt	43,769		24,435
Total liabilities	1,051,991		821,123
Redeemable noncontrolling interest(6)	245,041		233,335
Stockholder's equity	912,209		953,325

(2) Reflects our sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, which is the midpoint of the estimated public offering price range set forth on the cover page of this prospectus, and after deducting the underwriting discount and estimated offering expenses payable by us and the application of the net proceeds from this offering to redeem $ million of the Midco Redeemable Preferred Stock as set forth under "Use of Proceeds."

(3) Consists of cash and cash equivalents and debt-security investments relating to obtaining funds from clients in advance of performing payroll and payroll tax filing services on behalf of our clients.

(4) We define working capital as total current assets (including funds held for clients) less total current liabilities (including client fund obligations).

(5) Represents the Company's contractual obligations to remit funds to satisfy clients' payroll and tax payment obligations within one year of the balance sheet date.

(6) Refers to the Midco Redeemable Preferred Stock, the shares of which accrue dividends at a rate of LIBOR plus 8.875%, which rate will decrease to LIBOR plus 8.375% beginning November 3, 2021. The dividends are payable, or are compounded, quarterly on March 31, June 30, September 30, and December 31 of each year. Additionally, the Company may, at its option, redeem for cash any or all of the then outstanding Midco Redeemable Preferred Stock, in whole at any time or in part from time to time, at (i) a redemption price per share equal to 101.0% prior to and including November 1, 2021; and 100.0% on November 2, 2021 and thereafter, plus (ii) the amount of all accrued dividends for the then current and all prior dividend payment periods.

(in thousands)	Successor				Predecessor
	Nine Months Ended March 31, 2021	Nine Months Ended March 31, 2020	Fiscal Year Ended June 30, 2020	Period from November 2, 2018 to June 30, 2019	Period from July 1, 2018 to November 1, 2018
Other Financial Data (unaudited):					
Gross Profit Margin	57.5%	58.6%	57.4%	61.6%	64.4%
Adjusted Gross Profit(7)	$ 187,327	$ 182,089	$233,377	$ 152,211	$ 58,464
Adjusted Gross Profit Margin(7)	70.8%	71.5%	71.2%	75.4%	65.2%
Adjusted Operating Income(7)	$ 47,768	$ 34,900	$ 46,263	$ 36,940	$ 4,977
Adjusted Operating Income Margin(7)	18.0%	13.7%	14.1%	18.3%	5.6%
Adjusted Net Income Attributable to Paycor HCM, Inc.(7)	$ 33,434	$ 23,883	$ 35,093	$ 22,636	$ 1,460

(7) Adjusted Gross Profit, Adjusted Gross Profit Margin, Adjusted Operating Income and Adjusted Net Income Attributable to Paycor HCM are non-GAAP measures and should not be considered as alternatives to measures prepared in accordance with GAAP such as gross profit, operating income and net loss attributable to Paycor HCM. Adjusted Gross Profit is defined as gross profit, before amortization of intangible assets, stock-based compensation expenses, and certain corporate expenses, in each case that are included in costs of recurring revenues. We define Adjusted Gross Profit Margin as Adjusted Gross Profit divided by total revenues. Adjusted Operating Income is defined as loss from operations before amortization of acquired intangible assets, stock-based award and liability incentive award compensation expenses, and other certain corporate expenses, such as costs related to acquisitions, including the Apax Acquisition. We define Adjusted Operating Income Margin as Adjusted Operating Income divided by total revenues. We define Adjusted Net Income Attributable to Paycor HCM, Inc. as Net Loss Attributable to Paycor HCM, Inc. before the accretion of redeemable noncontrolling interests, amortization of acquired intangible assets, stock-based award and liability incentive award compensation expenses, gain on the extinguishment of debt, and other certain corporate expenses, such as costs related to acquisitions, including the Apax Acquisition. For a reconciliation of each of these measures to the most comparable GAAP measure, see “Management’s Discussion and Analysis of Financial Condition and Result of Operations—Non-GAAP Financial Measures.”

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all the other information contained in this prospectus, including our consolidated financial statements and the related notes thereto, before deciding to invest in our common stock. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that affect us. If any of the following risks occur, our business, financial condition, operating results, and prospects could be materially and adversely affected. In that event, the price of our common stock could decline, and you could lose all or part of your investment. The ongoing COVID-19 pandemic may also have the effect of heightening many of the risks described in this "Risk Factors" section.

Because of the following factors, as well as other factors affecting our businesses, financial condition, operating results, and prospects, past financial performance should not be considered a reliable indicator of future performance, and investors should not rely on historical trends to anticipate trends or results in the future.

Risks Relating to Our Business, Products, and Operations

Failure to manage our growth effectively could increase our expenses, decrease our revenue, and prevent us from implementing our business strategy, and sustaining our revenue growth rates.

We have been rapidly growing our revenue and number of customers, and we will seek to do the same for the foreseeable future. However, the growth in our number of customers puts significant strain on our business, requires significant capital expenditures, and increases our operating expenses. To manage this growth effectively, we must attract, train, and retain a substantial number of qualified sales, implementation, customer service, software development, information technology, and management personnel. We also must maintain and enhance our technology infrastructure and our financial and accounting systems and controls. If we fail to effectively manage our growth, or we over-invest or under-invest in our business, our business and results of operations could suffer from the resultant weaknesses in our infrastructure, systems, or controls. We could also suffer operational mistakes, a loss of business opportunities, and employee losses. If our management is unable to effectively manage our growth, our expenses might increase more than expected, our revenue could decline or might grow more slowly than expected, and we might be unable to implement our business strategy. In addition, our revenue growth rates may decline in future periods because of several factors, including our failure to manage our growth effectively, our increased market penetration and the maturation of our business, slowing demand for our services, reductions in the number of employees by our customers, reductions in the number of our customers, public health issues such as the COVID-19 pandemic, or a decrease in the growth of the overall market, among other factors.

Additionally, we rely on the expansion of our relationships with our third-party partners as we grow our solutions. Our agreements with third parties are typically non-exclusive and do not prohibit them from working with our competitors. Our competitors may be effective in providing incentives to these same third parties to favor their products or services. In addition, acquisitions of our partners by our competitors could result in a reduction in the number of our current and potential customers, as our partners may no longer facilitate the adoption of our applications by potential customers after an acquisition by any of our competitors.

If we are unsuccessful in establishing or maintaining our relationships with third parties, our ability to compete in the marketplace or to grow our revenues could be impaired, which could have a material adverse effect on our business, financial condition, and results of operations. Even if we are successful, we cannot assure you that these relationships will result in increased customer usage of our applications or increased revenues.

If we fail to adequately expand and retain our direct sales team with qualified and productive persons, or if our direct sales efforts are not successful, we may not be able to grow our business effectively.

We primarily sell our products and implementation services through our direct sales team. Generating new customer relationships with SMBs, our primary customer base, depends heavily on a qualified and trained sales team. To grow our business, we intend to focus on growing our direct sales force and our customer base for the foreseeable future. Our ability to add customers and to achieve revenue growth in the future will depend upon our ability to grow and develop our direct sales force and on our direct sale force's ability to productively sell our solutions. Identifying and recruiting qualified personnel and training them in the use of our software requires considerable time, expense, and attention. Recruiting and developing sales personnel in locations where we do not have experience hiring and selling our products may be more difficult than we anticipate. The amount of time it takes for our sales representatives to be fully trained and to become productive varies widely. Some of our sales personnel do not successfully generate new business with customers even after significant investment by us in recruiting, hiring and training them, and we incur expenses to replace them. In addition, if we hire sales personnel from competitors or other companies, their former employers may attempt to assert that these employees have breached their legal obligations, resulting in a diversion of our time and resources.

Our ability to achieve significant revenue growth in the future will depend on the success of our direct sales force and our ability to adapt our sales efforts to address the evolving markets for our products. If our sales organization does not perform as expected, our revenues and revenue growth could suffer. In addition, if we are unable to hire, develop, and retain talented sales personnel, if our sales team becomes less efficient as it grows or if new sales representatives are unable to achieve desired productivity levels in a reasonable period of time, we may not be able to grow our customer base and revenues and our sales and marketing expenses may increase.

Our business, operating results, financial condition, or reputation could be adversely affected if our customers are not satisfied with our implementation, user experience, or customer service, or if our solutions fail to perform properly.

Our business depends on our ability to satisfy our customers, both with respect to our applications and the technical support provided to help our customers use the applications that address the needs of their businesses. We use implementation and customer services teams to implement and configure our solutions and provide support to our customers. Customers' support requests span numerous subjects, and the volume of such requests can be high, particularly during peak periods (such as open enrollment season), which may result in long wait times to contact us for support. If a customer is not satisfied with the quality of our solutions, the applications delivered, or the timeliness or quality of support provided, we could incur additional costs to address the situation, our profitability might be negatively affected, and the customer's dissatisfaction with our implementation or support service could harm our ability to sell additional applications to that customer. In addition, our sales process is highly dependent on the reputation of our solutions and applications and on positive recommendations from our existing customers. Our customers have no obligation to continue to use our applications and may choose not to continue to use our applications at the same or higher level of service, if at all. Moreover, our customers generally have the right to cancel their agreements with us for any or no reason by providing 30 days' prior written notice. In the past, some of our customers have elected not to continue to use our applications. Any failure to maintain a high-quality user experience and customer support, or a market perception that we do not maintain high-quality support, could adversely affect customer retention, our reputation, our ability to sell our applications to existing and prospective customers, and, as a result, our business, operating results, or financial condition.

Further, our solutions are inherently complex and may in the future contain or develop undetected defects or errors. Any defects in our applications could adversely affect our reputation, impair our ability to sell our applications in the future, and result in significant costs to us. The costs incurred in correcting any application defects may be substantial and could adversely affect our business, operating results, or financial condition. Any defects in functionality or defects that cause interruptions in the availability of our applications could result in:

- Loss or delayed market acceptance and sales of our applications.
- Termination of service agreements or loss of customers.

- Credits, refunds, or other liability to customers, including reimbursements for any fees or penalties assessed by regulatory agencies.
- Breach of contract, breach of warranty, or indemnification claims against us, which may result in litigation.
- Diversion of development and service resources.
- Increased scrutiny of our solutions from regulatory agencies.
- Injury to our reputation.

Because of the large amount of data that we collect and manage, it is possible that hardware failures or errors in our applications could result in data loss, data corruption, or cause the information that we collect to be incomplete or contain inaccuracies that our customers regard as significant. Our customers might assert claims against us in the future alleging that they suffered damages due to a defect, error, or other failure of our solutions. Our errors and omissions insurance may be inadequate or may not be available in the future on acceptable terms, or at all. In addition, our policy may not cover all claims made against us, and defending a suit, regardless of its merit, could be costly and divert management's attention. Any failures in the performance of our solutions could harm our reputation and our ability to retain existing customers and attract new customers, which would have an adverse impact on our business, operating results, or financial condition. See "—Risks Relating to Our Business, Products and Operations—Our software might not operate properly, which could damage our reputation, give rise to claims against us, or divert application of our resources from other purposes, any of which could harm our business and operating results."

If we do not continue to innovate and deliver high-quality, technologically advanced products and services, we will not remain competitive, and our revenue and operating results could suffer.

The market for our solutions is characterized by rapid technological advancements, changes in customer requirements, frequent new product introductions and enhancements, and changing industry standards. The life cycles of our products are difficult to estimate. Rapid technological changes and the introduction of new products and enhancements by new or existing competitors could undermine our current market position.

Our success depends in substantial part on our continuing ability to provide products and services that SMBs will find superior to our competitors' offerings and will continue to use. Our future success will depend upon our ability to anticipate and to adapt to changes in technology and industry standards, and to effectively develop, to introduce, to market, and to gain broad acceptance of new product and service enhancements incorporating the latest technological advancements. In addition, because our solutions are designed to operate on a variety of systems, we will need to continuously modify and enhance our solutions to keep pace with changes in internet-related hardware, iOS, and other software, and communication, browser, and database technologies. We intend to continue to invest significant resources in research and development to enhance our existing products and services and introduce new high-quality products that customers will want. If we are unable to predict user preferences or industry changes, or if we are unable to modify our products and services on a timely basis or to effectively bring new products to market, our sales may suffer. In addition, investment in product development often involves a long return on investment cycle. We have made and expect to continue to make significant investments in product development. We may expend significant time and resources developing and pursuing sales of a particular enhancement or application that may not result in revenues in the anticipated time frame or at all, or may not result in revenue growth sufficient to offset increased expenses. Furthermore, uncertainties about the timing and nature of new functionality, or new functionality to existing platforms or technologies, could increase our research and development expenses. Any failure of our applications to operate effectively with future network platforms and technologies could reduce the demand for our applications, result in customer dissatisfaction, and have a material adverse effect on our business, financial condition, and results of operations.

In addition, we may experience difficulties with software development, industry standards, design, or marketing that could delay or prevent our development, introduction or implementation of new solutions and enhancements. The introduction of new solutions by competitors, the emergence of new industry standards, or the development of entirely new technologies to replace existing offerings could render our existing or future solutions obsolete.

We may not have sufficient resources to make the necessary investments in software development and we may experience difficulties that could delay or prevent the successful development, introduction, or marketing of new products or enhancements. In addition, our products or enhancements may not meet the increasingly complex customer requirements of the marketplace or achieve market acceptance at the rate we expect, or at all. Any failure by us to anticipate or respond adequately to technological advancements, customer requirements, and changing industry standards, or any significant delays in the development, introduction, or availability of new products or enhancements, could undermine our current market position.

Our business depends in part on the success of our relationships with third parties.

We rely on third-party couriers, financial and accounting processing systems, and various financial institutions, to deliver payroll checks and tax forms, perform financial services in connection with our applications, such as providing automated clearing house ("ACH") and wire transfers as part of our payroll and tax payment services, and to provide technology and content support, manufacture time clocks, and process background checks. We anticipate that we will continue to depend on various third-party relationships to grow our business, provide technology and content support, manufacture time clocks, process background checks, and deliver payroll checks and tax forms. Identifying, negotiating, and documenting relationships with these third parties and integrating third-party content and technology requires considerable time and resources. Our agreements with third parties typically are non-exclusive and do not prohibit them from working with our competitors. In addition, these third parties may not perform as expected under our agreements, and we may have disagreements or disputes with such third parties, which could negatively affect our brand and reputation. A global economic slowdown could also adversely affect the businesses of our third-party providers, hindering their ability to provide the services on which we rely. Further, a disruption of the Federal Reserve Bank's services, including ACH processing, could negatively affect our payroll and expense reimbursement services by delaying direct deposits and other financial transactions across the United States. If we are unsuccessful in establishing or maintaining our relationships with these third parties, our ability to compete in the marketplace or to grow our revenues could be impaired, and our business, operating results, or financial condition could be adversely affected. Even if we are successful, these relationships may not result in improved operating results.

Our software might not operate properly, which could damage our reputation, give rise to claims against us, or divert application of our resources from other purposes, any of which could harm our business and operating results.

Our payroll and HCM software is complex and may contain or develop undetected defects or errors, particularly when first introduced or as new versions and updates are released. Despite extensive testing, from time to time we have discovered defects or errors in our products. In addition, because changes in employer and legal requirements are frequent, we discover defects and errors in our software and service processes in the normal course of business compared against these requirements and practices. Material performance problems or defects in our products and services might arise in the future, which could have an adverse impact on our business and customer relationship and subject us to claims.

Defects and errors and any failure by us to identify and address them could result in delays in product introductions and updates, loss of revenue or market share, liability to customers or others, failure to achieve market acceptance or expansion, diversion of development and other resources, injury to our reputation, and increased service and maintenance costs. Defects or errors in our product or service processes might discourage existing or potential customers from purchasing from us. Correction of defects or errors could prove to be

impossible or impracticable. The costs incurred in correcting any defects or errors or in responding to resulting claims or liability might be substantial and could adversely affect our operating results.

Because of the large amount of data that we collect and manage, it is possible that errors in our systems could result in data loss or corruption, or cause the information that we collect to be incomplete or contain inaccuracies that our customers, their employees and taxing and other regulatory authorities regard as significant. The costs incurred in correcting any errors or in responding to regulatory authorities or to resulting claims or liability might be substantial and could adversely affect our operating results.

We may continue to acquire other companies' businesses, technologies, or customer portfolios, which could divert our management's attention, result in additional dilution to our stockholders and otherwise disrupt our operations and adversely affect our operating results.

We have acquired and may in the future seek to acquire or invest in other businesses, technologies, or customer portfolios. The pursuit of potential acquisitions or investments may divert the attention of management and cause us to incur various expenses in identifying, investigating, and pursuing suitable acquisitions, whether or not they are consummated.

Successful integration involves many challenges, and we may have difficulty integrating acquired personnel, operations, and technologies of acquired companies, or effectively managing the combined business following the acquisition. We also may not achieve the anticipated benefits from the 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 associated with the acquisition.
- Incurrence of acquisition-related costs.
- Difficulty integrating the accounting systems, operations, and personnel of the acquired business.
- Difficulties and additional expenses associated with supporting legacy products and hosting infrastructure of the acquired business.
- Difficulty converting the customers of the acquired business onto our platform and contract terms, including disparities in the revenues, licensing, support, or professional services model of the acquired company.
- Diversion of management's attention from other business concerns.
- Adverse effects to our existing business relationships with business partners and customers because of the acquisition.
- The potential loss of key employees.
- Difficulty obtaining acquisition financing on attractive terms, or at all.
- Use of resources that are needed in other parts of our business.
- Use of substantial portions of our available cash to consummate the acquisition.

In addition, a significant portion of the purchase price of acquisitions may be allocated to acquired goodwill and other intangible assets on our balance sheet, which must be assessed for impairment at least annually. In the future, if our acquisitions do not yield expected returns, we may be required to take charges to our operating results based on this impairment assessment process, which could adversely affect our results of operations.

Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, which could increase our interest expense and adversely affect our operating results on a total or per-share basis. In addition, if an acquired business fails to meet our expectations, our operating results, business, and financial position may suffer.

We are dependent on the continued service of our key executives and, if we fail to retain such key executives, our business could be adversely affected.

We believe that our success depends in part on the continued services of our senior management team, including Raul Villar Jr., our Chief Executive Officer, Adam Ante, our Chief Financial Officer, Chuck Mueller, our Chief Revenue Officer, and other executive officers. Our business could be adversely affected if we fail to retain these key executives. Except with Mr. Villar Jr., Mr. Ante and Mr. Mueller, we do not have employment agreements with our executive officers or other key personnel that require them to continue to work for us for any specified period, and, therefore, they could terminate their employment with us at any time. Although the employment arrangements of certain of our key executives contain non-competition restrictions, our business could nonetheless be adversely affected if a key executive leaves Paycor and attempts to compete with us. In addition, we have not purchased key person life insurance on any members of our executive team.

If we are unable to attract and retain qualified personnel, including software developers and skilled IT, sales, marketing, and operational personnel, our ability to develop and market new and existing products, as well as acquire and retain customers, and, in turn, increase our revenue and profitability could be adversely affected.

Our future success is dependent on our ability to continue to enhance and introduce new applications. As a result, we are heavily dependent on our ability to attract and retain qualified software developers and IT personnel with the requisite education, background, and industry experience. In addition, to continue to execute our growth strategy, we must also attract and retain qualified sales, marketing, and operational personnel capable of supporting a larger and more diverse customer base. The software industry is characterized by a high level of employee mobility and aggressive recruiting among competitors. This competition for qualified personnel may be amplified by new immigration laws or policies that could limit software companies' ability to recruit internationally. Although such changes in immigration laws or policies would not have a significant direct impact on our workforce, the ensuing increase in demand for software developers and IT personnel could impair our ability to attract or retain skilled employees and/or significantly increase our costs to do so. Furthermore, identifying and recruiting qualified personnel and training them in the use of our applications requires considerable time, expense, and attention, and it can take a substantial amount of time before our employees are fully trained and productive. Additionally, to the extent we hire employees that are subject to non-competition agreements with prior employers, they and we may be subject to litigation to enforce such agreements, which may divert their and our attention and resources and ultimately result in their inability to remain employed by us. Certain of our employees have been or are a party to litigation of non-competition agreements, which we have agreed to defend. The loss of the services of a significant number of employees could be disruptive to our development efforts, which may adversely affect our business by causing us to lose customers, increase operating expenses, or divert management's attention to recruit replacements for the departed employees.

We may pay employees and taxing authorities amounts due for a payroll period before a customer's electronic funds transfers are finally settled to our account. If customer payments are rejected by banking institutions or otherwise fail to clear into our accounts, we may require additional sources of short-term liquidity or incur a loss and our operating results could be adversely affected.

Our payroll processing application moves significant funds from the account of a customer to employees and relevant taxing authorities. For larger funding amounts, we typically require customers to transfer the funds to us via fed wire, but we sometimes process payroll prior to confirmation of receipt of such funds. For smaller funding amounts, we debit a customer's account prior to any disbursement on its behalf, and due to ACH banking regulations, funds previously credited could be reversed under certain circumstances and time frames after our payment of amounts due to employees and taxing and other regulatory authorities. There is therefore a risk that the customer's funds will be insufficient to cover the amounts we have already paid on its behalf. While such shortage and accompanying financial exposure has only occurred in very limited circumstances in the past, should customers default on their payment obligations in the future, we might be required to advance substantial funds to cover such obligations. Additionally, if our customers enter into bankruptcy or liquidation proceedings

following such a default, we may be treated as an unsecured creditor and incur related expenses or fail to obtain the full amount of such obligation, resulting in a loss. For example, we have in the past had customers enter into Chapter 11 bankruptcy proceedings following a failure to fund payroll that we advanced. In such an event, we may incur a negative impact to our cash position and be required to seek additional sources of short-term liquidity, which may not be available on reasonable terms, if at all, and our operating results and our liquidity could be adversely affected, and our banking relationships could be harmed.

Our financial results may continue to fluctuate due to many factors, some of which may be beyond our control.

Our results of operations, including our revenues, costs of revenues, administrative expenses, operating income, cash flow, and deferred revenue, may vary significantly in the future, and the results of any one period should not be relied upon as an indication of future performance. Fluctuations in our financial results may negatively impact the value of our common stock. Our financial results may fluctuate because of a variety of factors, many of which are outside of our control, and as a result, may not fully reflect the underlying performance of our business. Factors that may cause our financial results to fluctuate from period to period include, without limitation:

- Our ability to attract new customers or sell additional applications to our existing customers.
- The number of new customers and their employees, as compared to the number of existing customers and their employees in a particular period.
- The mix of customers between small and mid-sized organizations.
- The extent to which we retain existing customers and the expansion or contraction of our relationships with them.
- The mix of applications sold during a period.
- Changes in our pricing policies or those of our competitors.
- Seasonal factors affecting payroll processing, demand for our applications, or potential customers' purchasing decisions.
- The amount and timing of operating expenses, including those related to the maintenance and expansion of our business, operations, and infrastructure.
- The timing and success of new applications introduced by us and the timing of expenses related to the development of new applications and technologies.
- The timing and success of current and new competitive products and services offered by our competitors.
- Economic conditions affecting our customers, including their ability to outsource HCM solutions and hire employees.
- Business disruptions caused by pandemics such as the COVID-19 pandemic.
- Changes in laws, regulations, or policies affecting our customers' legal obligations and, as a result, demand for certain applications.
- Changes in the competitive dynamics of our industry, including consolidation among competitors or customers.
- Our ability to manage our existing business and future growth, including expenses related to our data centers, and the expansion of such data centers and the addition of new offices.
- The effects and expenses of acquisition of third-party technologies or businesses and any potential future charges for impairment of goodwill resulting from those acquisitions.

- Inclement weather or natural disasters, including but not limited to tornadoes, hurricanes, fires, earthquakes, and floods.
- Network outages or security breaches.
- General economic, industry, and market conditions.
- The other factors described in this “Risk Factors” section.

Our number of new customers typically increases more during our third fiscal quarter ending March 31 than during the rest of our fiscal year, primarily because many new customers prefer to start using our payroll or HCM solutions at the beginning of a calendar year. In addition, client funds and year-end activities are traditionally higher during our third fiscal quarter.

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

We incurred losses from operations of $57.0 million and $64.8 million for the nine months ended March 31, 2021 and 2020, respectively. Additionally, we incurred losses from operations of $94.7 million, $88.7 million and $16.6 million in the fiscal year ended June 30, 2020, Successor 2019 Period, and Predecessor 2019 Period, respectively. We must generate and sustain higher revenue levels in future periods to become profitable, and, even if we do, we may not be able to maintain or increase our profitability. We expect to continue to incur losses for the foreseeable future as we expend substantial financial and other resources on, among other things:

- Sales and marketing, including expanding our direct sales team.
- Investments in the development of new products and new features for, and enhancement of, our existing products.
- Expansion of our operations and infrastructure organically and through acquisitions and strategic partnerships, both domestically and internationally.
- General administration, including legal, risk management, accounting, and other expenses related to being a public company.

These expenditures may not result in additional revenue or the growth of our business. Accordingly, we may not be able to generate sufficient revenue to offset our expected cost increases and achieve and sustain profitability. If we fail to achieve and sustain profitability, the market price of our common stock could decline.

If our goodwill or other intangible assets become impaired, we may be required to record a significant charge to earnings.

We are required to test goodwill for impairment at least annually or earlier if events or changes in circumstances indicate the carrying value may not be recoverable. As of March 31, 2021, we had recorded a total of $750.4 million of goodwill and $387.4 million of other intangible assets. An adverse change in domestic or global market conditions, particularly if such change has the effect of changing one of our critical assumptions or estimates made in connection with the impairment testing of goodwill or intangible assets, could result in a change to the estimation of fair value that could result in an impairment charge to our goodwill or other intangible assets. Any such material charges may have a negative impact on our operating results or financial condition.

Corporate investments and client funds that we hold are subject to market, interest rate, credit, and liquidity risks. The loss of these funds could have an adverse impact on our business.

We invest portions of excess cash and cash equivalents and funds held for customers in liquid, investment-grade marketable securities such as corporate bonds, commercial paper, asset-backed securities, U.S. treasury securities, money market securities, and other cash equivalents. We follow an established investment policy and

set of guidelines to monitor and help mitigate our exposure to liquidity and credit risks. Nevertheless, our corporate investments and client fund assets are subject to general market, interest rate, credit, and liquidity risks. These risks may be exacerbated, individually or in unison, during periods of unusual financial market volatility as has been, and may continue to be, experienced because of the COVID-19 pandemic. Any loss of or inability to access our corporate investments or client funds could have adverse impacts on our business, results of operations, financial condition, and liquidity.

Our estimates of certain operational metrics, as well as of total addressable market and market growth, are subject to inherent challenges in measurement.

We make certain estimates with regard to certain operational metrics which we track using internal systems that are not independently verified by any third party. While the metrics presented in this prospectus are based on what we believe to be reasonable assumptions and estimates, our internal systems have a number of limitations, and our methodologies for tracking these metrics may change over time.

Additionally, total addressable market and growth estimates are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. Our estimates relating to size and expected growth of our market may prove to be inaccurate. Even if the market in which we compete meets our size and growth estimates, our business could fail to grow at similar rates. If investors do not perceive our estimates of total addressable market and market growth or our operational metrics to be accurate, or if we discover material inaccuracies with respect to these figures, our reputation may be significantly harmed, and our results of operations and financial condition could be adversely affected.

In the event of a catastrophe, our business continuity plan may fail, which could result in the loss of customer data and adversely interrupt operations.

Our operations are dependent on our ability to protect our infrastructure against damage from catastrophe or natural disaster, severe weather, including events resulting from climate change, unauthorized security breach, power loss, telecommunications failure, terrorist attack, public health emergency, or other events that could have a significant disruptive effect on our operations. We have customer service and sales Associates based in or near Jacksonville, Florida, an area that has experienced hurricanes and that faces a threat from hurricanes. We have a business continuity plan in place in the event of system failure due to any of these events. Our business continuity plan has been tested in the past by circumstances of severe weather, including hurricanes, floods, and snowstorms, and has been successful. However, these past successes are not an indicator of success in the future. If the business continuity plan is unsuccessful in a disaster recovery scenario, we could potentially lose customer data or experience material adverse interruptions to our operations, or delivery of services to our customers.

Risks Relating to Information Technology Systems and Intellectual Property

If our security measures are breached, or unauthorized access to our customers' or their employees' personal data is otherwise obtained, we may be subject to lawsuits, fines, or other regulatory action, causing us to incur significant costs related to remediation, our solutions may not be perceived as being secure, customers may reduce the use of or stop using our solutions, our ability to attract new customers may be harmed, and we may incur significant liabilities.

Our solutions involve the collection, processing, storage, use, disclosure, and transmission of customers' and their employees' confidential and proprietary information, including personal data, as well as financial and payroll data. We rely on the efficient and uninterrupted operation of complex information technology systems and networks to operate our business. Attempts by others to gain unauthorized access to information technology systems and the data contained therein are becoming increasingly sophisticated and difficult to prevent. In particular, HCM software such as ours may be specifically targeted in cyber-attacks, including by way of

computer viruses, worms, phishing attacks, ransomware, malicious software programs, and other data security threats, which could result in the unauthorized release, access, gathering, monitoring, encryption, misuse, loss, or destruction of our customers' sensitive and/or confidential data (including personal data), or otherwise disrupt our customers' or other third parties' business operations. If cybercriminals can circumvent our security measures, or if we are unable to detect an intrusion into or misuse of our systems and contain such intrusion or misuse in a reasonable amount of time, our information and our customers' personal data, including confidential and personal data, may be compromised. We seek to detect and investigate all security incidents and to prevent their recurrence, but, in some cases, we might be unaware of an incident or its magnitude and effects. There can be no assurance that our information technology ("IT") security and recovery system will be sufficient to prevent or limit the damage from any future cyber-attack or disruptions or to allow us to reinstate any operations that were affected by such attack or disruption. Additionally, customers or other third parties may seek monetary damages from us in connection with any such breaches or other incidents.

Certain of our employees have access to personal data about our customers' employees. While we conduct background checks of our employees and limit access to systems and data, it is possible that one or more of these individuals may circumvent these controls, resulting in a security breach. Outside parties have in the past, and may also attempt in the future to fraudulently induce our employees to disclose personal data via illegal electronic spamming, phishing, or other tactics. In addition, some of our third-party service providers and other vendors have access to certain portions of our IT system. Any failures or negligence on the part of these service providers may cause material disruptions in our business.

Although we have security measures in place to protect regulated and personal data, including personal data, and prevent data loss and other security breaches, these measures could be breached because of third-party action, employee error, third-party or employee malfeasance, or otherwise. Because the techniques used to obtain unauthorized access or to sabotage systems change frequently, we may not be able to anticipate these techniques and implement adequate preventative or protective measures. While we currently maintain a cyber liability insurance policy, our cyber liability insurance coverage may be inadequate or may not be available in the future on acceptable terms, or at all. In addition, our cyber liability insurance policy may not cover all claims made against us, and defending a suit, regardless of its merit, could be costly and divert management's attention from our business and operations.

We have experienced data security incidents in the past, and expect to experience additional incidents in the future, however, to date no such incidents have been material. Any actual or perceived data security breach or incident could require notifications to data subjects, data owners, and/or other third parties (including regulators) under applicable data breach notification laws, damage our reputation, cause existing customers to discontinue the use of our solutions, prevent us from attracting new customers, or subject us to third-party lawsuits, regulatory fines, or other actions or liabilities, any of which could adversely affect our business, operating results or financial condition.

If our systems, or the systems at our third-party service providers, were breached or attacked, the proprietary and confidential information of our company and our customers as well as personal data could be disclosed, and we may be required to incur substantial costs and liabilities, including the following:

- Expenses to rectify the consequences of the security breach or cyber-attack.
- Claims by customers or their employees related to stolen information, including personal data.
- Costs of repairing damage to our systems.
- Lost revenue and income resulting from any system downtime caused by such breach or attack.
- Loss of competitive advantage if our proprietary information is obtained by competitors as a result of such breach or attack.
- Increased costs of cyber security insurance or other security risk mitigation tools.
- Damage to our reputation.

As a result, any compromise of security of our systems or cyber-attack could have a material adverse effect on our business, reputation, financial condition, and operating results.

Any damage, failure, or disruption of our SaaS delivery model, data centers, or our third-party providers' services, could impair our ability to effectively provide our solutions, harm our reputation, and adversely affect our business.

Our SaaS delivery model is a critical part of our business operations. Our customers access our solutions through our cloud-based platform and depend on us for fast and reliable access to our solutions. We serve clients from two data centers located in Lebanon, Ohio and Lombard, Illinois. We also have agreements with Microsoft Azure and Amazon Web Services for externally hosted cloud computing services. Our SaaS delivery model and data centers, as well as externally hosted cloud services, are vulnerable to damage, failure, and disruption.

Furthermore, our payroll module is essential to our customers' timely payment of wages to their employees. Any interruption in our service may affect the availability, accuracy, or timeliness of these programs and could damage our reputation, cause our customers to terminate their relationship with us, or prevent us from gaining additional business from current or future customers.

In the future, we may experience issues with our cloud-based infrastructure or data centers caused by the following factors:

- Human error.
- Telecommunications failures or outages from third-party providers.
- Computer viruses, cyber-attacks or other security breaches.
- Acts of terrorism, sabotage, intentional acts of vandalism, or other misconduct.
- Tornadoes, fires, earthquakes, hurricanes, floods, and other natural disasters.
- Power loss.
- Other unforeseen interruptions or damages.

If our SaaS delivery model or our customers' ability to access our platform is interrupted, customer and employee data may be permanently lost, and we could be exposed to significant claims by customers, particularly if the access interruption is associated with problems in the timely delivery of funds payable to employees. Further, any adverse changes in service levels at our data centers resulting from damage to or failure of such centers could result in disruptions in our services. We also may decide to employ additional offsite data centers in the future to accommodate growth. Problems faced by our data center locations (such as a hardware or other supply chain disruption resulting from the COVID-19 pandemic), with the telecommunications network providers with whom we contract, or with the systems by which our telecommunications providers allocate capacity among their customers, including us, could adversely affect the availability and processing of our solutions and related services and the experience of our customers. If our data centers are unable to keep up with our growing needs for capacity, this could have an adverse effect on our business and cause us to incur additional expense. Further, any significant instances of system downtime or performance problems at our data centers could negatively affect our reputation and ability to attract new customers, prevent us from gaining new or additional business from our current customers, or cause our current customers to terminate their use of our solutions, any of which would adversely impact our revenues. In addition, if our cloud-based infrastructure and data centers fail to support increased capacity due to growth in our business, our customers may experience interruptions in the availability of our solutions. Such interruptions may reduce our revenues, cause us to issue refunds to customers, or adversely affect our retention of existing customers, any of which could have a negative impact on our business, operating results, or financial condition.

In addition, our third-party providers have experienced, and may in the future experience, interruptions and delays in their services. For example, Microsoft Office 365 has had outages that impacted us. The Microsoft

Office 365 issues created unavailability of their applications for a period of time that reduced our employees' productivity and effectiveness. Despite precaution our third-party providers may take, delays or outages in third-party provider services could also harm our business.

If we fail to adequately protect our proprietary rights, our competitive advantage could be impaired, and we may lose valuable assets, generate reduced revenues, or incur costly litigation to protect our rights.

Our success is dependent in part upon our intellectual property. We rely on a combination of copyrights, trademarks, service marks, trade secret, and other intellectual property laws and contractual provisions to establish and to protect our intellectual property and other proprietary rights. However, the steps we take to protect our intellectual property and other proprietary rights may be inadequate. We will not be able to protect our intellectual property and other proprietary rights if we are unable to enforce our rights, or if we do not detect unauthorized use of our intellectual property. Despite our precautions, it may be possible for unauthorized third parties to copy our applications and use information that we regard as proprietary to create products or services that compete with ours.

We may be required to spend significant resources to monitor and protect our intellectual property and other proprietary rights. Litigation may be necessary in the future to defend, protect, and enforce our intellectual property rights and to protect our trade secrets. Such litigation 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. We may not be able to secure, protect and enforce our intellectual property rights or control access to, or the distribution of, our solutions and proprietary information, which could adversely affect our business. A failure to protect our intellectual property or other proprietary rights could adversely affect our business, financial condition, and results of operations.

The use of open source software in our applications may expose us to additional risks and harm our intellectual property rights.

We have in the past and may in the future continue to incorporate certain "open source" software into our codebase and our solutions. Open source software is generally licensed by its authors or other third parties under open source licenses, which typically do not provide for any representations, warranties, or indemnity coverage by the licensor. Some of these licenses provide that combinations of open source software with a licensee's proprietary software is subject to the open source license and require that the combination be made available to third parties in source code form or at no cost. Some open source licenses may also require the licensee to grant licenses under certain of its intellectual property to third parties. From time to time, there have been claims challenging the ownership of open source software against companies that incorporate such software into their products or applications. The terms of various open source licenses have not been interpreted by courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our use of open source software. As a result, we could be subject to suits 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 development resources to change our applications. In addition, if we were to combine our applications with open source software in a certain manner, we could, under certain of the open source licenses, be required to release the source code of our applications. If we inappropriately use open source software, we may be required to redesign our applications, discontinue the sale of our solutions, or take other remedial actions, which could adversely impact our business, operating results, or financial condition.

We may be sued by third parties for alleged infringement of their proprietary rights.

There is patent and other intellectual property development activity in our industry. We cannot guarantee that the operation of our business does not infringe upon the intellectual property rights of others. Our

competitors, as well as other entities or individuals, may own or claim to own intellectual property relevant to our industry. In the future, others may claim that our solutions and underlying technology infringe or violate their intellectual property rights. However, we may be unaware of the intellectual property rights that others may claim cover some or all our products. Any claims or litigation could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages, settlement costs or royalty payments, indemnify our customers or business partners or refund fees, obtain licenses, prevent us from offering or require us to modify our products, services, applications, or technology, or require that we comply with other unfavorable terms. Even if we were to prevail in such a dispute, any litigation or dispute regarding our intellectual property could be costly and time-consuming, and divert the attention of our management and key personnel from our business operations.

Risks Relating to Our Industry

If the market for cloud-based HCM and payroll software among SMBs develops more slowly than we expect or declines, our business could be adversely affected.

We believe that the market for cloud-based HCM and payroll software is not as mature among SMBs as the market for outsourced services or on-premise software and services. It is not certain that cloud-based solutions will achieve and sustain high levels of customer demand and market acceptance. Our success will depend to a substantial extent on the widespread adoption by SMBs of cloud-based computing in general, and of payroll and other HCM tools. It is difficult to predict customer adoption rates and demand for our solutions, the future growth rate and size of the cloud-based market or the entry of competitive solutions. The expansion of the cloud-based market depends on several factors, including the cost, performance, and perceived value associated with cloud-based computing, as well as the ability of cloud-based solutions to address security and privacy concerns. If other cloud-based providers experience security incidents, loss of customer data, disruptions in delivery or other problems, the market for cloud-based applications, including our solutions, may be negatively affected. If cloud-based HCM and payroll solutions do not achieve widespread adoption among SMBs, or there is a reduction in demand for cloud-based computing caused by a lack of customer acceptance, technological challenges, weakening economic conditions, public health issues such as the COVID-19 pandemic, security or privacy concerns, competing technologies and products, decreases in corporate spending or otherwise, it could result in a loss of customers, decreased revenues, and an adverse impact on our business.

The markets in which we operate are highly competitive, and if we do not compete effectively, our operating results could be adversely affected.

The market for HCM and payroll solutions is fragmented, highly competitive, and rapidly changing. Our competitors may develop products that are superior to our products or achieve greater market acceptance. We may be unable to compete successfully against current or future competitors. With the introduction of new technologies and market entrants, competition could intensify in the future.

We believe the principal competitive factors in our market include breadth and depth of product functionality, scalability and reliability of applications, modern and innovative cloud technology platforms combined with an intuitive user experience, multi-country and jurisdiction domain expertise in HCM and payroll, quality of implementation and customer service, integration with a wide variety of third-party applications and systems, total cost of ownership and ROI, brand awareness, reputation, pricing, and distribution. We face a variety of competitors, some of which are long-established providers of HCM solutions.

Several of our competitors are larger, have greater name recognition, longer operating histories, and significantly greater resources than we do. Many of these competitors can devote greater resources to the development, promotion, and sale of their products and services. Furthermore, our current or potential competitors may be acquired by third parties with greater available resources and the ability to initiate or withstand substantial price competition, which may include price concessions, delayed payment terms, or other

terms and conditions that are more enticing to potential customers. As a result, our competitors may be able to develop products and services better received by our markets, or may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, regulations, or customer requirements.

In order to capitalize on customer demand for cloud applications, legacy vendors are modernizing and expanding their applications through cloud acquisitions and organic development. Legacy vendors may also seek to partner with other leading cloud HCM providers. We also face competition from vendors selling custom software and point solutions. Our competitors vary for each of our solutions and primarily include payroll and HR service and software providers, such as Automatic Data Processing, Inc., Paychex, Inc., Paycom Software, Inc., Paylocity Holding Corp., Ultimate Software Group, Inc. and other local and regional providers. In addition, other companies, such as NetSuite, Inc. and Microsoft Corporation, that provide cloud applications in different target markets, may develop applications or acquire companies that operate in our target markets, and some potential customers may elect to develop their own internal applications. Our competitors could offer HCM solutions on a standalone basis or bundled as part of a larger product sale.

In addition, current and potential competitors have established, and might in the future establish, partner, or form other cooperative relationships with vendors of complementary products, technologies, or services to enable them to offer new products and services, to compete more effectively or to increase the availability of their products in the marketplace. New competitors or relationships might emerge that have greater market share, a larger customer base, more widely adopted proprietary technologies, greater marketing expertise, greater financial resources, and larger sales forces than we have, which could put us at a competitive disadvantage. Considering these advantages, current or potential customers might accept competitive offerings in lieu of purchasing our offerings. We expect intense competition to continue for these reasons, and such competition could negatively impact our sales, profitability, or market share.

If our competitors' products, services, or technologies become more accepted than our applications, if they are successful in bringing their products or services to market earlier than ours, or if their products or services are more technologically capable than ours, it could have a material adverse effect on our business, financial condition, and results of operations. In addition, some of our competitors may offer their products and services at a lower price. If we are unable to achieve our target pricing levels or if we experience significant pricing pressures, it could have a material adverse effect on our business, financial condition, and results of operations.

Adverse economic and market conditions could affect our business, operating results or financial condition.

Our business depends on the overall demand for HCM solutions and on the economic health of our current and prospective customers. Trade, monetary and fiscal policies, and political and economic conditions may substantially change, and credit markets may experience periods of constriction and volatility. If economic conditions in the United States or in global markets deteriorate, customers may cease their operations, eliminate or reduce unscheduled payroll runs (such as bonuses), reduce headcount, delay or reduce their spending on HCM and other outsourcing services, or attempt to renegotiate their contracts with us. An economic decline could result in reductions in sales of our solutions, decreased revenue from unscheduled payroll runs and fees charged on a per-employee basis, longer sales cycles, slower adoption of new technologies, reduced levels of employee headcount at our customers, which impacts our revenue levels and increased price competition, any of which could adversely affect our business, operating results, or financial condition. For example, in 2020 our customers experienced reductions in headcount that were in line with the overall U.S. labor markets. In last quarter of fiscal year 2020, we experienced a decline in new client sales, and some customers delayed implementation of new services. In addition, HCM spending levels may not increase following any recovery.

In recent years, there have been several instances when there has been uncertainty regarding the ability of Congress and the President collectively to reach agreement on federal budgetary and spending matters. A period of failure to reach agreement on these matters, particularly if accompanied by an actual or threatened government shutdown, may have an adverse impact on the U.S. economy. In addition, there has been pressure to reduce

government spending in the United States, and any tax increases and spending cuts at the U.S. federal level might reduce demand for our applications from organizations that receive funding from the U.S. government and could negatively affect the U.S. economy, which could further reduce demand for our applications. Additionally, because certain of our customers rely on government resources to fund their operations, a prolonged government shutdown may affect such customers' ability to make timely payments to us, which could adversely affect our operations results or financial condition.

Further, as part of our payroll and tax filing application, we collect and then remit client funds to taxing authorities and accounts designated by our customers. During the interval between receipt and disbursement, we may invest such funds in money market funds, demand deposit accounts, certificates of deposit and commercial paper. These investments are subject to general market, interest rate, credit and liquidity risks, and such risks may be exacerbated during periods of unusual financial market volatility. Any loss of or inability to access such funds could have an adverse impact on our cash position and results of operations and could require us to obtain additional sources of liquidity, which may not be available on terms that are acceptable to us, if at all.

The novel coronavirus pandemic could continue to adversely impact, our business, results of operations, cash flows, financial condition, and liquidity.

The global spread of the novel coronavirus pandemic (the "COVID-19 pandemic") has created significant volatility, uncertainty, and economic disruption. Individually and collectively, the consequences of the COVID-19 pandemic have adversely impacted, and could continue to adversely impact our business, results of operations, cash flows, financial condition and liquidity. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—COVID-19 Impact." In the United States and globally, governmental authorities instituted certain preventative measures, including border closures, travel restrictions, operational restrictions on certain businesses, shelter-in-place orders, quarantines, and recommendations to practice social distancing. These restrictions disrupted and may continue to disrupt economic activity, resulting in reduced commercial and consumer confidence and spending, increased unemployment, closure or restricted operating conditions for businesses, volatility in the global capital markets, instability in the credit and financial markets, labor shortages, regulatory recommendations to provide relief for impacted consumers, disruption in supply chains, and restrictions on many hospitality and travel industry operations. The extent to which the COVID-19 pandemic impacts our business, results of operations, cash flows, financial condition and liquidity will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to:

- The severity, duration, and scope of the pandemic.
- Governmental, business, and individual actions taken in response to the pandemic and the impact of those actions on global economic activity.
- The impact of business disruptions and reductions in headcount on our customers and the resulting impact on their demand for our services and solutions.
- The administration of vaccines for COVID-19 or other effective treatments for COVID-19, the pace of which remains uncertain, and the efficacy of vaccines against new variants or mutations.
- The increase in business failures among businesses that we serve.
- Our customers' ability to pay for our services and solutions.
- Our ability to provide our services and solutions, including because of our employees or our customers' employees working remotely and/or closures of offices and facilities.

Across many industries, temporary and permanent business closures as well as business occupancy limitations have resulted in significant layoffs and employee furloughs since late March 2020. Because we charge our customers on a per-employee-per-month basis for certain services we provide, decreases in headcount

at our customers negatively impact our results of operations. Further, at the end of fiscal year 2020, following the onset of the COVID-19 pandemic, we experienced a decline in new client sales, and some customers temporarily delayed implementation of new services. As the COVID-19 pandemic continues to create uncertainty and the potential for ongoing business disruptions, we may experience similar customer-driven delays in service implementation in the future. Our customers may decrease their workforce, which would decrease their demand for our services. Because of spending constraints on our customers and competition in the industry, we may face pricing pressure on our services and face challenges in onboarding new customers, which would reduce revenue and ultimately impact our results of operations.

In order to spur economic activity and counteract the adverse effects of the COVID-19 pandemic, the Federal Open Market Committee lowered its target for the federal funds rate in March 2020. In addition, a provision in the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") allows employers to delay the payment of the employer's share of Social Security taxes to a future date. To the extent our customers make such election, we will collect less money from them to hold and then remit to the appropriate federal or state taxing authorities, which adversely affects our average funds held for customers balance and, consequently, interest earned on funds held for customers. Significantly lower average interest rates in 2020, had a negative effect on interest earned on funds held for customers and, consequently, total revenue growth. We expect that the foregoing adverse economic factors will continue to have a negative impact on recurring revenues in future periods for so long as such conditions persist. Further, the impact of the pandemic on our recurring revenues combined with our deliberate, increased level of investment to drive the growth of our business may negatively affect net income.

Beginning in February 2020, we took various actions to minimize the risk of COVID-19 to our employees, our customers, and the communities in which we operate. Our remote work arrangements may create operational challenges and may result in increased costs related to investments in technology. As of September 30, 2020, approximately 97% of our employees were working remotely. See "—Risks Relating to Information Technology Systems and Intellectual Property—If our security measures are breached, or unauthorized access to our customers' or their employees' personal data is otherwise obtained, we may be subject to lawsuits, fines, or other regulatory action, causing us to incur significant costs related to remediation, our solutions may not be perceived as being secure, customers may reduce the use of or stop using our solutions, our ability to attract new customers may be harmed, and we may incur significant liabilities."

Furthermore, we have prohibited non-critical business-related travel until further notice and our salesforce is conducting most sales meetings virtually. If customers and customer prospects are not as willing or available to engage via video conference and teleconference, the shift from in-person to virtual sales meetings could negatively affect our sales efforts, impede customer acquisition, and lengthen our sales cycles, which would negatively impact our business and results of operations and could impact our financial condition in the future.

There has been and may continue to be a significant number of new laws and regulations promulgated by federal, state, local, and foreign governments following the outbreak of the COVID-19 pandemic. We have expended additional resources and incurred additional costs in responding to regulatory requirements relevant to us and our customers. These regulations may be unclear, difficult to interpret, or in conflict with other applicable regulations. The failure to comply with these new laws and regulations could result in financial penalties, legal proceedings, and reputational harm.

Even after the COVID-19 pandemic has subsided, depending upon its duration and frequency of recurrence, and the governmental policies in response thereto, we may continue to experience materially adverse impacts to our business because of its global economic impact, including any recession that may occur or be continuing as a result. We continue to monitor and evaluate the extent to which the COVID-19 pandemic has impacted us and our employees and customers, and the extent to which it and other emerging developments are expected to impact us in the future.

The extent to which the coronavirus pandemic impacts our business, operations, and financial results is uncertain and will depend on future developments, including the duration or recurrence, of the pandemic, the related length and severity of its impact on the U.S. and global economy, and the continued governmental, business and individual actions taken in response to the pandemic and economic disruption. Impacts related to the COVID-19 pandemic are expected to continue to pose risks to our business for the foreseeable future, heightened many of the risks and uncertainties identified above, and could have a materially adverse impact on our business, financial condition, and results of operations.

Risks Relating to Regulation and Litigation

Customers depend on our products and services to enable them to comply with applicable laws, which requires us and our third-party providers to constantly monitor applicable laws and to make applicable changes to our solutions; if our solutions have not been updated to enable the customer to comply with applicable laws or we fail to update our solutions on a timely basis, it could have a material adverse effect on our business, financial condition, and results of operations.

Customers rely on our solutions to enable them to comply with payroll, HR, and other applicable laws for which the solutions are intended for use. Changes in tax, benefits, and other laws and regulations could require us to make significant modifications to our products or to delay or to cease sales of certain products, which could result in reduced revenues or revenue growth, and incurring substantial expenses, and write-offs. There are thousands of jurisdictions in the United States and multiple laws in some or all such jurisdictions, which may be relevant to the solutions that we or our third-party providers provide to our customers. Therefore, we and our third-party providers must monitor all applicable laws and as such laws expand, evolve, or are amended in any way, and when new regulations or laws are implemented, we may be required to modify our solutions to enable our customers to comply, which requires an investment of our time and resources. Although we believe that our software delivery model provides us with flexibility to release updates in response to these changes, we cannot be certain that we will be able to make the necessary changes to our solutions and release updates on a timely basis, or at all. In addition, we are reliant on our third-party providers to modify the solutions that they provide to our customers as part of our solutions to comply with changes to such laws and regulations. The number of laws and regulations that we are required to monitor will increase as we expand the geographic region in which the solutions are offered or as we expand to focus on different industry verticals. When a law changes, we must then test our solutions to meet the requirements necessary to enable our customers to comply with the new law. If our solutions fail to enable a customer to comply with applicable laws, we could be subject to negative customer experiences, harm to our reputation, loss of customers, claims for any fines, penalties, or other damages suffered by our customer, and other financial harm. Additionally, the costs associated with such monitoring implementation of changes are significant. If our solutions do not enable our customers to comply with applicable laws and regulations, it could have a material adverse effect on our business, financial condition, and results of operations.

Additionally, if we fail to make any changes to our products as described herein, which are required because of such changes to, or enactment of, any applicable laws in a timely fashion, we could be responsible for fines and penalties implemented by governmental and regulatory bodies. If we fail to provide contracted services, such as processing W-2 tax forms or remitting taxes in accordance with deadlines set by law, our customers could incur fines, penalties, interest, or other damages, which our customers could claim we are responsible for paying. Our payment of fines, penalties, interest, or other damages because of our failure to provide compliance services prior to deadlines may have a material adverse effect on our business, financial condition, and results of operations.

Changes in laws, regulations, or requirements applicable to our software and services could impose increased costs on us, delay or prevent our introduction of new products and services, or impair the function or value of our existing products and services.

Our products and services may become subject to increasing regulatory requirements, and as these requirements proliferate, we may be required to change or adapt our products and services to comply. Changing

regulatory requirements might render our products and services obsolete or might block us from developing new products and services. This might in turn impose additional costs upon us to comply or to further develop our products and services. It might also make introduction of new products and services more costly or more time-consuming than we currently anticipate. It might even prevent introduction by us of new products or services or cause the continuation of our existing products or services to become more costly. For example, the adoption of new money transmitter or money services business statutes in jurisdictions or changes in regulators' interpretation of existing state and federal money transmitter or money services business statutes or regulations, could subject us to registration or licensing, or limit business activities, cause us to enter into relationships with one or more third parties for payment services until we are appropriately licensed. These occurrences could also require changes to the manner in which we conduct some aspects of our business or invest client funds, which could adversely impact interest income from investing client funds. We have in the past entered into relationships with a third party in a state due to the interpretation of such state's money transmitter license requirements. Should any state or federal regulators make a determination that we have operated as an unlicensed money services business or money transmitter, we could be subject to civil and criminal fines, penalties, costs, legal fees, reputational damage, or other negative consequences. In addition, if the ACA is repealed or modified in whole or in part, or if implementation of certain aspects of the ACA is delayed, such repeal, modification, or delay could adversely impact the revenue we currently generate from our ACA compliance solution as well as overall gross margins. Any of these regulatory implementations or changes could have an adverse effect on our business, operating results, or financial condition.

Privacy laws or other regulations may reduce the effectiveness of our applications.

Our products and services are subject to various complex laws and regulations on the federal, state, and local levels, including those governing data security and privacy, which have become significant issues globally. The regulatory framework for privacy issues is rapidly evolving and is likely to remain uncertain and inconsistently enforced for the foreseeable future. Many federal, state, and foreign governmental bodies and agencies have adopted or are considering adopting laws and regulations regarding the creation, collection, receipt, processing, handling, maintenance, storage, use, disclosure, and transmission of personal data and other sensitive information. In the United States, these include rules and regulations promulgated under the authority of the Federal Trade Commission, the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act, the Family Medical Leave Act of 1993, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (the "ACA"), federal and state labor and employment laws, state data breach notification laws, and state privacy laws, such as the California Consumer Privacy Act (the "CCPA") and the Illinois Biometric Information Privacy Act (the "IBIPA").

The CCPA went into effect on January 1, 2020 and established a new privacy framework for covered businesses such as ours, which may require us to modify our data processing practices and policies. The CCPA imposes severe statutory damages and provides consumers with a private right of action for certain data breaches. Further, in November 2020, California voters passed the California Privacy Rights and Enforcement Act ("CPRA"), which expands the CCPA with additional data privacy compliance requirements that may impact our business, and establishes a regulatory agency dedicated to enforcing those requirements. It remains unclear how various provisions of the CCPA and CPRA will be interpreted and enforced.

The IBIPA regulates the collection, use, safeguarding, and storage of "biometric identifiers" or "biometric information" by companies such as ours. IBIPA includes a private right of action for persons who are aggrieved by violations of the IBIPA. Even in circumstances where we do not believe a regulation applies to our activities, we may still be the subject of lawsuits alleging a regulation does apply. We are currently a defendant in three lawsuits, two in Illinois state court, and one in federal court in the Southern District of Illinois, related to the IBIPA. Each alleges that Paycor violated IBIPA by failing to provide adequate notices and obtain consent from users of timekeeping devices that use handprint and/or fingerprint scanning for employee timekeeping. We do not believe IBIPA applies to the Company as alleged in the complaints and strenuously deny these claims. In the

two state court cases, we made a motion to dismiss the action, which was denied by the court. In the federal court lawsuit, a motion to dismiss remains pending. Discovery is ongoing in all three cases. While adverse results in these lawsuits may include awards of substantial monetary damages, we believe it is too early to determine the possibility of liability and have not accrued any potential or estimated liabilities relating to these matters.

Further, because some of our customers have establishments in the European Union ("EU") or otherwise process the personal data of EU residents, the General Data Protection Regulation 2016/679 ("GDPR") may apply to our processing of certain customer and employee information. The GDPR went into effect on May 25, 2018 and has resulted in and will continue to result in significantly greater compliance burdens and costs for companies like us. Any data security breach could require notifications to the data subject and/or owners under federal, U.S., U.S. state, and/or international data breach notification laws and regulations.

The effects of the CCPA, CPRA, IBIPA, GDPR and other U.S. state, U.S. federal, and international laws and regulations that are currently in effect or that may go into effect in the future, are significant and may require us to modify our data processing practices and policies and to incur substantial costs and potential liability in an effort to comply with such laws and regulations. Any actual or perceived failure to comply with these and other data protection and privacy laws and regulations could result in regulatory scrutiny and increased exposure to the risk of litigation or the imposition of consent orders, resolution agreements, requirements to take particular actions with respect to training, policies or other activities, and civil and criminal penalties, including fines, which could have an adverse effect on our results of operations or financial condition. Moreover, allegations of non-compliance, whether or not true, could be costly, time consuming, distracting to management, and cause reputational harm.

In addition to government regulation, privacy advocates, and industry groups may propose new and different self-regulatory standards. Because the interpretation and application of privacy and data protection laws are still uncertain, it is possible that these laws may be interpreted and applied in a manner that is inconsistent with our existing data management practices or the features of our solutions. Any failure to comply with government laws or regulations that apply to our applications, including privacy and data protection laws, could subject us to liability. In addition to the possibility of fines, lawsuits, and other claims, we could be required to fundamentally change our business activities and practices or modify our solutions, which could have an adverse effect on our business, operating results, or financial condition. Any actual or perceived inability to adequately address privacy concerns, even if unfounded, or comply with applicable privacy or data protection laws, regulations, standards, and policies, could result in additional cost and liability to us, damage our reputation, inhibit sales, and adversely affect our business, operating results, or financial condition.

Furthermore, privacy concerns may cause our customers' employees to resist providing the personal data necessary to allow our customers and their employees to use our applications effectively. Even the perception of privacy concerns, whether or not valid, may inhibit market adoption of our applications in certain industries. All these legislative and regulatory initiatives may adversely affect our ability, or our customers to create, collect, receive, process, handle, maintain, store, transmit, use, or disclose demographic and personal data from their employees, which could reduce demand for our solutions.

Adverse tax laws or regulations could be enacted, or existing laws could be applied in a manner adverse to us or our customers, which could increase the costs of our solutions and applications and could adversely affect our business, operating results, or financial condition.

As a vendor of services, we are ordinarily held responsible by taxing authorities for collecting and paying any applicable sales or other similar taxes. Additionally, the application of federal, state, and local tax laws to services provided electronically like ours is evolving. New income, sales, use, or other tax laws, statutes, rules, regulations, or ordinances could be enacted at any time (possibly with retroactive effect), and could be applied solely or disproportionately to services and applications provided over the internet. These enactments could adversely affect our sales activity, due to the inherent cost increase the taxes would represent, and could adversely affect our business, operating results, or financial condition.

Each state has different rules and regulations governing sales and use taxes, and these rules and regulations are subject to varying interpretations that change over time. We review these rules and regulations periodically and, when we believe we are subject to sales and use taxes in a particular state, we may voluntarily engage state tax authorities in order to determine how to comply with that state's rules and regulations. We cannot ensure that we will not be subject to sales and use taxes or related penalties for past sales in States where we currently believe no such taxes are required.

In addition, existing tax laws, statutes, rules, regulations, or ordinances could be interpreted, changed, modified, or applied adversely to us (possibly with retroactive effect), which could require us or our customers to pay additional tax amounts, as well as require us or our customers to pay fines or penalties and substantial interest for past amounts. If we are unsuccessful in collecting such taxes from our customers, we could be held liable for such costs, thereby adversely affecting our business, operating results, or financial condition. Additionally, the imposition of such taxes on us would effectively increase the cost of our software and services we provide to customers and would likely have a negative impact on our ability to retain existing customers or to gain new customers in the jurisdictions in which such taxes are imposed.

We are involved in litigation from time to time arising from the operation of our business and, as such, we could incur substantial judgments, fines, legal fees or other costs.

We are sometimes the subject of complaints or litigation from customers, employees, or other third parties for various actions. For example, customers use our products in connection with the preparation and filing of tax returns and other regulatory reports. If any of our products contain errors that produce inaccurate results upon which users rely, or cause users to misfile or fail to file required information, we could be subject to liability claims from users. Our cloud and maintenance renewal agreements with our customers typically contain provisions intended to limit our exposure to such claims, but such provisions may not be effective in limiting our exposure. Contractual limitations we use may not be enforceable and may not provide us with adequate protection against product liability claims in certain jurisdictions. A successful claim for product or service liability brought against us could result in substantial cost to us and divert management's attention from our operations. We are also, from time to time, involved in litigation involving claims related to, among other things, breach of contract, tortious conduct, data security and privacy matters, intellectual property matters and employment and labor law matters. The damages sought against us in some of these litigation proceedings could be substantial. Although we maintain liability insurance for some litigation claims, if one or more of the claims were to greatly exceed our insurance coverage limits or if our insurance policies do not cover a claim, this could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Changes in laws and regulations related to the Internet or changes in the Internet infrastructure itself may diminish the demand for our solutions and could have a negative impact on our business.

The future success of our business depends upon the continued use of the Internet as a primary medium for commerce, communication, and business applications. Federal, state, or foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the Internet as a commercial medium. Changes in these laws or regulations could require us to modify our solutions to comply with these changes. In addition, government agencies or private organizations may begin to impose taxes, fees, or other charges for accessing the Internet or commerce conducted via the Internet. These laws or charges could limit the growth of Internet-related commerce or communications resulting in reductions in the demand for Internet-based applications such as ours.

In addition, the use of the Internet as a business tool could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of Internet activity, security, reliability, cost, ease of use, accessibility, and quality of service. The performance of the Internet and its acceptance as a business tool has been adversely affected by "viruses," "worms," and similar malicious programs, and the Internet has experienced a variety of outages and other delays because of damage to portions of its infrastructure. If the use of the Internet is adversely affected by these issues, demand for our products and services could suffer.

Furthermore, the availability or performance of our products and services could be adversely affected by several factors, including customers' inability to access the Internet, the failure of our network or software systems, security breaches, or variability in user traffic for our services. For example, our customers access our solutions through their Internet service providers. If a service provider fails to provide sufficient capacity to support our solutions or otherwise experiences service outages, such failure could interrupt our customers' access to our solutions, adversely affect their perception of our solutions' reliability, and reduce our revenues. In addition to potential liability, if we experience interruptions in the availability of our solutions, our reputation could be adversely affected, and we could lose customers.

Our business and reputation may be adversely impacted if we fail to comply with anti-corruption laws and regulations, economic and trade sanctions, anti-money laundering laws and regulations, and similar laws.

We are subject to the Foreign Corrupt Practices Act and other similar laws and regulations concerning bribery and corruption, which prohibit improper payments or offers of payments to government officials and politicians, and in some cases, to other persons, for the purpose of obtaining or retaining business. We are also required to comply with the economic sanctions and embargo programs administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury and similar governmental agencies and multi-national bodies worldwide, which prohibit or restrict transactions or dealings with specified countries, their governments and, in certain circumstances, their nationals, and with individuals and entities that are designated by these authorities. In addition, some of our businesses and entities are subject to anti-money laundering laws and regulations, including, for example, The Bank Secrecy Act of 1970, as amended. As we seek to expand our international operations, we may face additional risks in regards to compliance with foreign laws and regulations related to economic sanctions, anti-corruption, and ant-money-laundering. A violation of any applicable anti-corruption laws or regulations, sanctions or embargo programs, or anti-money laundering laws or regulations, could subject us, and individual employees, to a regulatory enforcement action as well as significant civil and criminal penalties which could adversely impact our business and operations and our reputation.

Risks Relating to Our Indebtedness

Our existing indebtedness could adversely affect our business and growth prospects.

As of March 31, 2021, we had total current and long-term indebtedness of approximately $44.2 million, including $18.9 million outstanding under our Headquarters Loan, $24.9 million outstanding under our Term Loan and $0.4 million outstanding under our Revolving Credit Facility. As of March 31, 2021, subject to satisfying liquidity covenants, we had approximately $49.6 million of borrowing capacity under our Revolving Credit Facility. All obligations under the Credit Agreement are secured by first-priority perfected security interests in substantially all of our assets and the assets of our domestic subsidiaries, subject to permitted liens and other exceptions. Following the consummation of this offering, we intend to enter into a new revolving credit facility with commitments in an amount expected to be approximately $200.0 million (the "New Revolving Credit Facility"). See "Description of Certain Indebtedness and Other Obligations." Our indebtedness, or any additional indebtedness we may incur, could require us to divert funds identified for other purposes for debt service and impair our liquidity position. If we cannot generate sufficient cash flow from operations to service our debt, we may need to refinance our debt, dispose of assets, or issue equity to obtain necessary funds. We do not know whether we will be able to take any of these actions on a timely basis, on terms satisfactory to us, or at all.

Our indebtedness, the cash flow needed to satisfy our debt and the covenants contained in our Credit Agreement have, and the covenants expected to be contained in the New Revolving Credit Facility would have, important consequences, including:

- Limiting funds otherwise available for financing our capital expenditures by requiring us to dedicate a portion of our cash flows from operations to the repayment of debt and the interest on this debt.
- Limiting our ability to incur additional indebtedness.
- Limiting our ability to capitalize on significant business opportunities.
- Making us more vulnerable to rising interest rates.

- Making us more vulnerable in the event of a downturn in our business.

Our level of indebtedness may place us at a competitive disadvantage to our competitors that are not as highly leveraged. Fluctuations in interest rates can increase borrowing costs. Increases in interest rates may directly impact the amount of interest we are required to pay and reduce earnings accordingly. In addition, developments in tax policy, such as the disallowance of tax deductions for interest paid on outstanding indebtedness, could have an adverse effect on our liquidity and our business, financial conditions and results of operations. Further, our Credit Agreement contains, and we expect the New Revolving Credit Facility will contain, customary affirmative and negative covenants and certain restrictions on operations that could impose operating and financial limitations and restrictions on us, including restrictions on our ability to enter into particular transactions and to engage in other actions that we may believe are advisable or necessary for our business.

We expect to use cash flow from operations to meet current and future financial obligations, including funding our operations, debt service requirements and capital expenditures. The ability to make these payments depends on our financial and operating performance, which is subject to prevailing economic, industry and competitive conditions and to certain financial, business, economic, and other factors beyond our control.

Certain of our debt agreements contain covenants that may constrain the operation of our business, and our failure to comply with these covenants could have a material adverse effect on our financial condition.

The senior secured revolving credit agreement that we entered into in November 2018 contains, and we expect the New Revolving Credit Facility will contain, restrictive covenants including restrictions regarding the incurrence of liens and indebtedness, substantial changes in the general nature of our business and our subsidiaries (taken as a whole), certain merger transactions, certain sales of assets and other matters, all subject to certain exceptions. In addition, the Company amended its senior secured revolving credit agreement on September 2, 2020, whereby the Company entered into a term loan of $25.0 million. The term loan requires quarterly principal repayments of $62,500 beginning December 31, 2020. The senior secured credit agreement also contains, and we expect the New Revolving Credit Facility will contain, financial covenants which are reviewed for compliance on a quarterly basis, including a minimum liquidity covenant, a minimum trailing twelve-month recurring revenue covenant, a maximum total leverage ratio, and a minimum EBITDA covenant tested quarterly for each quarter after November 2, 2021. Failure to comply with the senior secured revolving credit agreement covenants or the term loan repayment requirements could have a negative impact on our business and financial condition. The senior secured credit agreement matures November 2, 2023 and the New Revolving Credit Facility is expected to mature on the fifth anniversary of the closing date thereof. Our ability to refinance this indebtedness is not guaranteed, and, if we are able to refinance, we may not be able to obtain favorable terms with a lender.

Despite current indebtedness levels and restrictive covenants, we may still be able to incur substantially more indebtedness or make certain restricted payments, which could further exacerbate the risks associated with our substantial indebtedness.

We may be able to incur significant additional indebtedness in the future. Although the Credit Agreement contains, and we expect the New Revolving Credit Facility will contain, restrictions on the incurrence of additional indebtedness and liens, these restrictions are subject to a number of important qualifications and exceptions, and the additional indebtedness and liens incurred in compliance with these restrictions could be substantial.

The Credit Agreement permits, and we expect the New Revolving Credit to permit, us to incur certain additional indebtedness, including liabilities that do not constitute indebtedness as defined in the financing documents. We may also consider investments in joint ventures or acquisitions, which may increase our indebtedness. In addition, the Credit Agreement does not, and we expect the New Revolving Credit will not, restrict our Sponsor from creating new holding companies that may be able to incur indebtedness without regard to the restrictions set forth therein. If new debt is added to our currently anticipated indebtedness levels, the related risks that we face could intensify.

We may not be able to generate sufficient cash flow to service all of our indebtedness, and may be forced to take other actions to satisfy our obligations under such indebtedness, which may not be successful.

Our ability to make scheduled payments or to refinance outstanding debt obligations depends on our financial and operating performance, which will be affected by prevailing economic, industry and competitive conditions and by the COVID-19 pandemic as well as financial, business, and other factors beyond our control. We may not be able to maintain a sufficient level of cash flow from operating activities to permit us to pay the principal, premium, if any, and interest on our indebtedness. Any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which would also harm our ability to incur additional indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital, or seek to restructure or refinance our indebtedness. Any refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In the absence of such cash flows and resources, we could face substantial liquidity problems and might be required to sell material assets or operations to attempt to meet our debt service obligations. The Credit Agreement includes and we expect the New Revolving Credit will include, certain restrictions on our ability to conduct asset sales and/or use the proceeds from asset sales for general corporate purposes. We may not be able to consummate these asset sales to raise capital or sell assets at prices and on terms that we believe are fair and any proceeds that we do receive may not be adequate to meet any debt service obligations then due. If we cannot meet our debt service obligations, the holders of our indebtedness may accelerate such indebtedness and, to the extent such indebtedness is secured, foreclose on our assets. In such an event, we may not have sufficient assets to repay all of our indebtedness.

The terms of the Credit Agreement restrict, and we expect the New Revolving Credit will restrict, our current and future operations, particularly our ability to respond to changes or to take certain actions.

The Credit Agreement contains, and we expect the New Revolving Credit will contain, a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interests, including restrictions on our ability to:

- Incur additional indebtedness.
- Pay dividends on or make distributions in respect of capital stock or repurchase or redeem capital stock.
- Prepay, redeem, or repurchase certain indebtedness.
- Make loans and investments.
- Sell or otherwise dispose of assets, including capital stock of restricted subsidiaries.
- Incur liens.
- Enter into transactions with affiliates.
- Enter into agreements restricting the ability of our subsidiaries to pay dividends.
- Consolidate, merge, or sell all or substantially all of our assets.

You should read the discussion under the heading “Description of Certain Indebtedness and Other Obligations” for further information about these covenants.

The restrictive covenants in the Credit Agreement require, and we expect the New Revolving Credit will require, us to maintain specified financial ratios and satisfy other financial condition tests to the extent applicable. Our ability to meet those financial ratios and tests can be affected by events beyond our control.

A breach of the covenants or restrictions under the Credit Agreement or the New Revolving Credit Facility could result in an event of default under such documents. Such a default may allow the creditors to accelerate the related debt, which may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In the event the holders of our indebtedness accelerate the repayment, we may not have sufficient assets to repay that indebtedness or be able to borrow sufficient funds to refinance it. Even if we are able to obtain new financing, it may not be on commercially reasonable terms or on terms acceptable to us. As a result of these restrictions, we may be:

- Limited in how we conduct our business.
- Unable to raise additional debt or equity financing to operate during general economic or business downturns.
- Unable to compete effectively or to take advantage of new business opportunities.

These restrictions, along with restrictions that may be contained in agreements evidencing or governing other future indebtedness, may affect our ability to grow in accordance with our growth strategy.

We may be unable to refinance our indebtedness.

We may need to refinance all or a portion of our indebtedness before maturity. We cannot assure you that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all. There can be no assurance that we will be able to obtain sufficient funds to enable us to repay or refinance our debt obligations on commercially reasonable terms, or at all.

A lowering or withdrawal of the ratings assigned to our debt by rating agencies may increase our future borrowing costs and reduce our access to capital.

Our debt currently has a non-investment grade rating, and any rating assigned could be lowered or withdrawn entirely by a rating agency if, in that rating agency's judgment, future circumstances relating to the basis of the rating, such as adverse changes, so warrant. Any future lowering of our ratings likely would make it more difficult or more expensive for us to obtain additional debt financing.

Our failure to raise additional capital or generate cash flows necessary to expand our operations and invest in new technologies in the future could reduce our ability to compete successfully and harm our results of operations.

We may need to raise additional funds, and we may not be able to obtain additional debt or equity financing on favorable terms or at all. If we raise additional equity financing, our security holders may experience significant dilution of their ownership interests. If we engage in additional debt financing, we may be required to accept terms that restrict our ability to incur additional indebtedness, force us to maintain specified liquidity or other ratios, or restrict our ability to pay dividends or make acquisitions. If we need additional capital and cannot raise it on acceptable terms, or at all, we may not be able to, among other things:

- Develop and enhance our products and solutions.
- Continue to expand our product development, sales, and marketing organizations.
- Hire, train, and retain employees.
- Respond to competitive pressures or unanticipated working capital requirements.
- Pursue acquisition opportunities.

In addition, our Credit Agreement also limits, and we expect the New Revolving Credit Facility will limit, our ability to incur additional debt and therefore we likely would have to amend our Credit Agreement or the New Revolving Credit Facility, as applicable, or incur additional debt. If we issue additional equity, your interest in us will be diluted.

Our variable rate debt agreements, including our Credit Agreement, use LIBOR, which is subject to uncertainty.

If LIBOR ceases to exist or is no longer representative of the underlying market at some point in the future, our variable rate debt agreements with interest rates that are indexed to LIBOR will use various alternative methods to calculate the applicable interest rate, which could result in increases in interest rates on such debt and adversely impact our interest expense, results of operations and cash flows. Further, we may need to amend our variable rate debt agreements to replace LIBOR with a new reference rate. As of March 31, 2021 and June 30, 2020, we did not utilize any derivatives or hedging strategies that have a LIBOR component. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, is considering replacing U.S. Dollar LIBOR with a new index calculated by short term repurchase agreements, backed by Treasury securities called the Secured Overnight Financing Rate ("SOFR"). Whether or not SOFR attains market traction as a LIBOR replacement remains a question and the future of LIBOR at this time is uncertain. Because of this uncertainty, we cannot reasonably estimate the expected impact of a transition away from LIBOR to our business.

Risks Relating to Being a Public Company

The requirements of being a public company may strain our resources and distract our management, which could make it difficult to manage our business, particularly after we are no longer an "emerging growth company."

As a public company, we will incur legal, accounting, and other expenses that we did not previously incur. We will become subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Sarbanes-Oxley Act, the Dodd-Frank Act, the listing requirements of Nasdaq, 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 that we file annual, quarterly and current reports with respect to our business, financial condition, and results of operations. The Sarbanes-Oxley Act requires, among other things, that we establish and maintain effective internal controls and procedures for financial reporting. Furthermore, the need to establish the corporate infrastructure demanded of a public company may divert our management's attention from implementing our growth strategy, which could prevent us from improving our business, financial condition, and results of operations. We have made, and will continue to make, changes to our internal controls and procedures for financial reporting and accounting systems to meet our reporting obligations as a public company. However, the measures we take may not be sufficient to satisfy our obligations as a public company. In addition, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to incur substantial costs to maintain the same or similar coverage, although we are currently unable to estimate these costs with any degree of certainty. These additional obligations could have a material adverse effect on our business, financial condition, and results of operations.

To date, we have not conducted a review of our internal controls for the purpose of providing the reports required by these rules. During the course of our review and testing, we have in the past and may in the future, identify deficiencies and be unable to remediate them before we must provide the required reports. Furthermore, if we have a material weakness in our internal control over financial reporting, we may not detect errors on a timely basis and our financial statements may be materially misstated. We or our independent registered public accounting firm may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting, which could harm our operating results, cause investors to lose confidence in our reported financial information and cause the trading price of our stock to fall. In addition, as a public company we will be required to file accurate and timely quarterly and annual reports with the SEC under the Exchange Act. Any failure to report

our financial results on an accurate and timely basis could result in sanctions, lawsuits, delisting of our shares from Nasdaq, or other adverse consequences that would materially harm our business and reputation.

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

If we are unable to maintain effective internal controls over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock may be negatively affected.

As a public company, we will be required to maintain internal controls over financial reporting and to report any material weaknesses in such internal controls. Section 404 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") requires that we evaluate and determine the effectiveness of our internal controls over financial reporting and provide a management report on the internal controls over financial reporting. If we have a material weakness in our internal controls over financial reporting, we may not detect errors on a timely basis and our financial statements may be materially misstated. Compliance with these public company requirements will make some activities more time-consuming, costly, and complicated. If we identify material weaknesses in our internal controls over financial reporting or if we are unable to assert that our internal controls over financial reporting are effective, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be negatively affected, and we could become subject to investigations by the stock exchange on which our securities are listed, the SEC, or other regulatory authorities, which could require additional financial and management resources.

Our reported financial results may be adversely affected by changes in accounting principles generally accepted in the United States.

Generally accepted accounting principles in the United States are subject to interpretation by the Financial Accounting Standards Board ("FASB"), the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results and could affect the reporting of transactions completed before the announcement of a change.

If securities or industry analysts do not publish research or reports about our business, if they adversely change their recommendations regarding our shares or if our results of operations do not meet their expectations, our stock price and trading volume could decline.

The trading market for our shares will be influenced by the research and reports that industry or securities analysts publish about us or our business. We do not have any control over these analysts. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if one or more of the

analysts who cover us downgrade our stock, or if our results of operations do not meet their expectations, our stock price could decline.

Risks Relating to Our Common Stock and This Offering

Apax Partners controls us, and its interests may conflict with ours or yours in the future.

Immediately following this offering, Apax Partners, through its control of Pride Aggregator, will beneficially own approximately % of our common stock, or % if the underwriters exercise in full their option to purchase additional shares, including from the selling shareholder, which means that, based on its percentage voting power held after the offering, Apax Partners will be able to control the election and removal of directors on the Board and thereby determine our corporate and management policies, including potential mergers or acquisitions, payment of dividends, asset sales, amendment of our certificate of incorporation or bylaws, and other significant corporate transactions for so long as Apax Partners and its affiliates retain significant ownership of us. This concentration of our ownership may delay or deter possible changes in control of the Company, which may reduce the value of an investment in our common stock. In addition, our bylaws will provide that Apax Partners will have the right to designate the Chairman of the Board for so long as Apax Partners beneficially owns at least 30% or more of the voting power of the then outstanding shares of our capital stock then entitled to vote generally in the election of directors. Even when Apax Partners ceases to own shares of our stock representing a majority of the total voting power, for so long as Apax Partners continues to own a significant portion of our stock, Apax Partners will still be able to significantly influence the composition of our Board, including the right to designate the Chairman of our Board, and the approval of actions requiring shareholder approval. Accordingly, for such period of time, Apax Partners will have significant influence with respect to our management, business plans, and policies, including the appointment and removal of our officers, decisions on whether to raise future capital, and amending our charter and bylaws, which govern the rights attached to our common stock. In particular, for so long as Apax Partners continues to own a significant percentage of our stock through its control of Pride Aggregator, Apax Partners will be able to cause or prevent a change of control of the Company or a change in the composition of our Board, including the designation of our Chairman of our Board, and could preclude any unsolicited acquisition of us. The concentration of ownership could deprive you of an opportunity to receive a premium for your shares of common stock as part of a sale of us and ultimately might affect the market price of our common stock.

In addition, in connection with this offering, we will enter into a Director Nomination Agreement with Apax Partners that provides Apax Partners the right to designate: (i) all of the nominees for election to our Board for so long as it beneficially owns at least 40% of the Original Amount; (ii) 40% of the nominees for election to our Board for so long as it beneficially owns less than 40% but at least 30% of the Original Amount; (iii) 30% of the nominees for election to our Board for so long as it beneficially owns less than 30% but at least 20% of the Original Amount; (iv) 20% of the nominees for election to our Board for so long as it beneficially owns less than 20% but at least 10% of the Original Amount; and (v) one of the nominees for election to our Board for so long as it beneficially owns at least 5% of the Original Amount. Apax Partners may also assign such right to its affiliates. If Pride Aggregator, the investment vehicle through which Apax Partners holds its investment, is dissolved after this offering, then Apax Partners will be permitted to nominate (i) up to three directors so long as it owns at least 25% of the Original Amount, (ii) up to two directors so long as it owns at least 15% of the Original Amount, and (iii) one director so long as it owns at least 5% of the Original Amount. The Director Nomination Agreement will also provide for certain consent rights for Apax Partners so long as it owns at least 5% of the Original Amount, including for any increase to the size of our Board. Additionally, the Director Nomination Agreement will also prohibit us from increasing or decreasing the size of our Board without the prior written consent of Apax Partners for so long as Apax Partners holds at least 5% of the Original Amount. See “Certain Relationships and Related Party Transactions—Director Nomination Agreement” for more details with respect to the Director Nomination Agreement.

Apax Partners and its affiliates engage in a broad spectrum of activities, including investments in the software industry generally. In the ordinary course of their business activities, Apax Partners and its affiliates may engage in activities where their interests conflict with our interests or those of our other shareholders, such as investing in or advising businesses that directly or indirectly compete with certain portions of our business or are suppliers or customers of ours. Our certificate of incorporation to be effective in connection with the closing of this offering will provide that none of Apax Partners, any of its affiliates or any director who is not employed by us (including any non-employee director who serves as one of our officers in both his director and officer capacities) or its affiliates will have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. Apax Partners also may pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. In addition, Apax Partners may have an interest in pursuing acquisitions, divestitures, and other transactions that, in its judgment, could enhance its investment, even though such transactions might involve risks to you.

Upon listing of our shares on the Nasdaq Global Select Market, we will be a "controlled company" within the meaning of Nasdaq rules of the and, as a result, we will qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You will not have the same protections as those afforded to stockholders of companies that are subject to such governance requirements.

After completion of this offering, Apax Partners, through its control of Pride Aggregator, will continue to control a majority of the voting power of our outstanding common stock. As a result, we will be a "controlled company" within the meaning of the corporate governance standards of Nasdaq. Under these rules, a company of which more than 50% of the voting power for the election of directors is held by an individual, group, or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including:

- The requirement that a majority of our Board consist of independent directors.
- The requirement that we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities.
- The requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities.
- The requirement for an annual performance evaluation of the nominating and corporate governance and compensation committees.

Following this offering, we intend to utilize these exemptions. As a result, we may not have a majority of independent directors on our Board, our Compensation & Benefits Committee and our Governance Committee may not consist entirely of independent directors and our Compensation & Benefits and Nominating & Governance Committees may not be subject to annual performance evaluations. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of .

An active, liquid trading market for our common stock may not develop, which may limit your ability to sell your shares.

Prior to this offering, there has been no public market for our common stock. Although we have applied to list our common stock on the Nasdaq Global Select Market under the symbol "PYCR," an active trading market for our shares may never develop or be sustained following this offering. The initial public offering price will be determined by negotiations between us and the underwriters and may not be indicative of market prices of our common stock that will prevail in the open market after the offering. A public trading market having the desirable characteristics of depth, liquidity, and orderliness depends upon the existence of willing buyers and

sellers at any given time, such existence being dependent upon the individual decisions of buyers and sellers over which neither we nor any market maker has control. The failure of an active and liquid trading market to develop and continue would likely have a material adverse effect on the value of our common stock. The market price of our common stock may decline below the initial public offering price, and you may not be able to sell your shares of our common stock at or above the price you paid in this offering, or at all. An inactive market may also impair our ability to raise capital to continue to fund operations by issuing shares and may impair our ability to acquire other companies or technologies by using our shares as consideration.

We are an "emerging growth company" and we expect to elect to comply with reduced public company reporting requirements, which could make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act. For as long as we continue to be an emerging growth company, we are eligible for certain exemptions from various public company reporting requirements. These exemptions include, but are not limited to, (i) not being required to comply with the auditor attestation requirements of Section 404 of Sarbanes-Oxley, (ii) reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements, (iii) exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved, and (iv) not being required to provide audited financial statements for the fiscal year ended 2018, or five years of Selected Consolidated Financial Data, in this prospectus. We could be an emerging growth company for up to five years after the first sale of our common stock pursuant to an effective registration statement under the Securities Act, which fifth anniversary will occur in 2026. However, if certain events occur prior to the end of such five-year period, including if we become a "large accelerated filer," our annual gross revenue exceeds $1.07 billion or we issue more than $1.0 billion of non-convertible debt in any three-year period, we would cease to be an emerging growth company prior to the end of such five-year period. We have made certain elections with regard to the reduced disclosure obligations regarding executive compensation in this prospectus and may elect to take advantage of other reduced disclosure obligations in future filings. As a result, the information that we provide to holders of our common stock may be different than you might receive from other public reporting companies in which you hold equity interests. We cannot predict if investors will find our common stock less attractive as a result of our reliance on these exemptions. If some investors find our common stock less attractive as a result of any choice we make to reduce disclosure, there may be a less active trading market for our common stock and the market price for our common stock may be more volatile.

In addition, Section 107 of the JOBS Act provides that an emerging growth company can use the extended transition period provided in Section 7(a)(2)(B) of the Securities Act to delay adoption of new or revised accounting standards until such time as those standards apply to private companies. We have elected to "opt-in" to this extended transition period for complying with new or revised accounting standards and, therefore, we will not be subject to the same new or revised accounting standards as other public companies that comply with such new or revised accounting standards on a non-delayed basis. As a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates.

Provisions of our corporate governance documents could make an acquisition of us more difficult and may prevent attempts by our shareholders to replace or remove our current management, even if beneficial to our shareholders.

In addition to Apax Partners' beneficial ownership, through its control of Pride Aggregator, of % of our common stock after this offering (or %, if the underwriters exercise in full their option to purchase additional shares, including from the selling shareholder), our certificate of incorporation and bylaws to be effective in connection with the closing of this offering and the Delaware General Corporation Law (the "DGCL") contain provisions that could make it more difficult for a third party to acquire us, even if doing so might be beneficial to our shareholders. Among other things:

- These provisions allow us to authorize the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without shareholder approval, and which may include supermajority voting, special approval, dividend, or other rights or preferences superior to the rights of shareholders.
- These provisions provide for a classified Board with staggered three-year terms.
- These provisions provide that, at any time when Apax Partners beneficially owns, in the aggregate, less than 40% in voting power of our stock entitled to vote generally in the election of directors, directors may only be removed for cause, and only by the affirmative vote of holders of at least 66⅔% in voting power of all the then-outstanding shares of our stock entitled to vote thereon, voting together as a single class.
- These provisions prohibit shareholder action by written consent from and after the date on which Apax Partners beneficially owns, in the aggregate, less than 35% in voting power of our stock entitled to vote generally in the election of directors.
- These provisions provide that for as long as Apax Partners beneficially owns, in the aggregate, at least 50% in voting power of our stock entitled to vote generally in the election of directors, any amendment, alteration, rescission, or repeal of our bylaws by our shareholders will require the affirmative vote of a majority in voting power of the outstanding shares of our stock and at any time when Apax Partners beneficially owns, in the aggregate, less than 50% in voting power of all outstanding shares of our stock entitled to vote generally in the election of directors, any amendment, alteration, rescission, or repeal of our bylaws by our shareholders will require the affirmative vote of the holders of at least 66⅔% in voting power of all the then-outstanding shares of our stock entitled to vote thereon, voting together as a single class.
- These provisions establish advance notice requirements for nominations for elections to our Board or for proposing matters that can be acted upon by shareholders at shareholder meetings; provided, however, at any time when Apax Partners beneficially owns, in the aggregate, at least 10% in voting power of our stock entitled to vote generally in the election of directors, such advance notice procedure will not apply to it.

Our certificate of incorporation to be effective in connection with the closing of this offering will contain a provision that provides us with protections similar to Section 203 of the DGCL, and will prevent us from engaging in a business combination with a person (excluding Apax Partners and any of its direct or indirect transferees and any group as to which such persons are a party) who acquires at least 15% of our common stock for a period of three years from the date such person acquired such common stock, unless board or shareholder approval is obtained prior to the acquisition. See "Description of Capital Stock—Anti-Takeover Effects of Our Certificate of Incorporation and Our Bylaws." These provisions could discourage, delay or prevent a transaction involving a change in control of us. These provisions could also discourage proxy contests and make it more difficult for you and other shareholders to elect directors of your choosing and cause us to take other corporate actions you desire, including actions that you may deem advantageous, or negatively affect the trading price of our common stock. In addition, because our Board is responsible for appointing the members of our management

team, these provisions could in turn affect any attempt by our shareholders to replace current members of our management team.

These and other provisions in our certificate of incorporation, bylaws, and Delaware law could make it more difficult for shareholders or potential acquirers to obtain control of our Board or initiate actions that are opposed by our then-current Board, including delay or impede a merger, tender offer, or proxy contest involving our company. The existence of these provisions could negatively affect the price of our common stock and limit opportunities for you to realize value in a corporate transaction. For information regarding these and other provisions, see "Description of Capital Stock."

Our certificate of incorporation will designate the Court of Chancery of the State of Delaware as the exclusive forum for certain litigation that may be initiated by our shareholders and the federal district courts of the United States as the exclusive forum for litigation arising under the Securities Act, which could limit our shareholders' ability to obtain a favorable judicial forum for disputes with us.

Pursuant to our certificate of incorporation to be effective in connection with the closing of this offering, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us or our shareholders, (3) any action asserting a claim against us arising pursuant to any provision of the DGCL, our certificate of incorporation or our bylaws, or (4) any other action asserting a claim against us that is governed by the internal affairs doctrine; provided that for the avoidance of doubt, the forum selection provision that identifies the Court of Chancery of the State of Delaware as the exclusive forum for certain litigation, including any "derivative action," will not apply to suits to enforce a duty or liability created by Securities Act, the Exchange Act, or any other claim for which the federal courts have exclusive jurisdiction. Our certificate of incorporation will also provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. However, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce a duty or liability created by the Securities Act or the rules and regulations thereunder; accordingly, we cannot be certain that a court would enforce such provision. Our certificate of incorporation will further provide that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the provisions of our certificate of incorporation described above; however, our shareholders will not be deemed to have waived (and cannot waive) compliance with the federal securities laws and the rules and regulations thereunder. See "Description of Capital Stock—Exclusive Forum." The forum selection clause in our certificate of incorporation may have the effect of discouraging lawsuits against us or our directors and officers and may limit our shareholders' ability to obtain a favorable judicial forum for disputes with us. If the enforceability of our forum selection provision were to be challenged, we may incur additional costs associated with resolving such a challenge. While we currently have no basis to expect any such challenge would be successful, if a court were to find our forum selection provision to be inapplicable or unenforceable, we may incur additional costs associated with having to litigate in other jurisdictions, which could have an adverse effect on our business, financial condition, and results of operations and result in a diversion of the time and resources of our employees, management, and Board.

If you purchase shares of common stock in this offering, you will suffer immediate and substantial dilution of your investment.

The initial public offering price of our common stock will be substantially higher than the pro forma net tangible book value per share of our common stock. Therefore, if you purchase shares of our common stock in this offering, you will pay a price per share that substantially exceeds our pro forma net tangible book value per share after this offering. Based on an assumed initial public offering price of $ per share, the mid-point of the price range set forth on the cover page of this prospectus, you will experience immediate dilution of $ per share,

representing the difference between our pro forma net tangible book value per share after giving effect to this offering and the initial public offering price. In addition, purchasers of common stock in this offering will have contributed % of the aggregate price paid by all purchasers of our common stock but will own only approximately % of our common stock outstanding after this offering. See "Dilution" for more detail.

Our management will have significant flexibility in using the net proceeds of this offering, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately.

We intend to use approximately $ million of the net proceeds from this offering to redeem the Midco Redeemable Preferred Stock and the remainder for general corporate purposes, such as, without limitation, the repayment of indebtedness, acquisitions, and other strategic transactions. However, depending on future developments and circumstances, we may use some of the proceeds for other purposes. We do not have more specific plans for the net proceeds from this offering, other than the redemption of the Midco Redeemable Preferred Stock as described above. Therefore, our management will have significant flexibility in applying most of the net proceeds we receive from this offering. The net proceeds could be applied in ways that do not improve our operating results. The actual amounts and timing of these expenditures will vary significantly depending on a number of factors, including the amount of cash used in or generated by our operations. See "Use of Proceeds."

Our operating results and stock price may be volatile, and the market price of our common stock after this offering may drop below the price you pay.

Our quarterly operating results are likely to fluctuate in the future. In addition, securities markets worldwide have experienced, and are likely to continue to experience, significant price and volume fluctuations. This market volatility, as well as general economic, market, or political conditions, could subject the market price of our shares to wide price fluctuations regardless of our operating performance. Our operating results and the trading price of our shares may fluctuate in response to various factors, including:

- Market conditions in our industry or the broader stock market.
- Actual or anticipated fluctuations in our quarterly financial and operating results.
- Introduction of new products or services by us or our competitors.
- Issuance of new or changed securities analysts' reports or recommendations.
- Sales, or anticipated sales, of large blocks of our stock.
- Additions or departures of key personnel.
- Regulatory or political developments.
- Litigation and governmental investigations.
- Changing economic conditions, including impacts from COVID-19.
- Investors' perception of us.
- Events beyond our control such as weather and war.
- Any default on our indebtedness.

These and other factors, many of which are beyond our control, may cause our operating results and the market price and demand for our shares to fluctuate substantially. Fluctuations in our quarterly operating results could limit or prevent investors from readily selling their shares and may otherwise negatively affect the market price and liquidity of our shares. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have sometimes instituted securities class action litigation against the company that issued the stock. If any of our shareholders brought a lawsuit against us, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of our management from our business, which could significantly harm our profitability and reputation.

A significant portion of our total outstanding shares are restricted from immediate resale but may be sold into the market in the near future. This could cause the market price of our common stock to drop significantly, even if our business is doing well.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock. After this offering, we will have outstanding shares of common stock based on the number of shares outstanding as of , 2021. This includes the shares that we are selling in this offering, which may be resold in the public market immediately. Following the consummation of this offering, shares that are not being sold in this offering will be subject to a 180-day lock-up period provided under lock-up agreements executed in connection with this offering described in "Underwriting" and restricted from immediate resale under the federal securities laws as described in "Shares Eligible for Future Sale." All of these shares will, however, be able to be resold after the expiration of the lock-up period, as well as pursuant to customary exceptions thereto or upon the waiver of the lock-up agreement by on behalf of the underwriters. We also intend to register shares of common stock that we may issue under our equity compensation plans. Once we register these shares, they can be freely sold in the public market upon issuance, subject to the lock-up agreements. As restrictions on resale end, the market price of our stock could decline if the holders of currently restricted shares sell them or are perceived by the market as intending to sell them.

In addition, pursuant to the Registration Rights Agreement (as defined below), Pride Aggregator and the holders of our Series A preferred stock and their respective affiliates and permitted third-party transferees have the right, in certain circumstances, to require us to register up to shares of our common stock under the Securities Act for sale into the public markets. Upon the effectiveness of such a registration statement, all shares covered by the registration statement will be freely transferable. See "Certain Relationships and Related Party Transactions—Registration Rights Agreement."

Because we have no current plans to pay regular cash dividends on our common stock following this offering, you may not receive any return on investment unless you sell your common stock for a price greater than that which you paid for it.

We do not anticipate paying any regular cash dividends on our common stock following this offering. Any decision to declare and pay dividends in the future will be made at the discretion of our Board and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions, and other factors that our Board may deem relevant. In addition, our ability to pay dividends is, and may be, limited by covenants of existing and any future outstanding indebtedness we or our subsidiaries incur, including under our Credit Agreement. Therefore, any return on investment in our common stock is solely dependent upon the appreciation of the price of our common stock on the open market, which may not occur. See "Dividend Policy" for more detail.

We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our common stock, which could depress the price of our common stock.

Our certificate of incorporation will authorize us to issue one or more series of preferred stock. Our Board will have the authority to determine the preferences, limitations, and relative rights of the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our shareholders. Our preferred stock could be issued with voting, liquidation, dividend, and other rights superior to the rights of our common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discouraging bids for our common stock at a premium to the market price, and materially adversely affect the market price and the voting and other rights of the holders of our common stock.

Future offerings of debt or equity securities by us may materially adversely affect the market price of our common stock.

In the future, we may attempt to obtain financing or to further increase our capital resources by issuing additional shares of our common stock or offering debt or other equity securities, including senior or subordinated notes, debt securities convertible into equity, or shares of preferred stock. In addition, we may seek to expand operations in the future to other markets which we would expect to finance through a combination of additional issuances of equity, corporate indebtedness, and/or cash from operations.

Issuing additional shares of our common 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. Upon liquidation, holders of such debt securities and preferred shares, if issued, and lenders with respect to other borrowings would receive a distribution of our available assets prior to the holders of our common stock. 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. Preferred shares, 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. Thus, 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.”

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are subject to risks and uncertainties. All statements other than statements of historical fact included in this prospectus are forward-looking statements. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance, and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as “anticipate,” “estimate,” “expect,” “project,” “plan,” “intend,” “believe,” “may,” “will,” “should,” “can have,” “likely,” “outlook,” “potential,” “targets,” “project,” “contemplates,” the negative version of such words, and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. For example, all statements we make relating to our estimated and projected costs, expenditures, cash flows, growth rates and financial results or our plans and objectives for future operations, growth initiatives, or strategies are forward-looking statements. The inclusion of forward-looking statements should not be regarded as a representation by us, the selling shareholder, Apax, the underwriters or any other person that the future plans, estimates, or expectations contemplated by us will be achieved. Such forward-looking statements are subject to various risks and uncertainties and assumptions relations to our operations, financial results, financial condition, business, prospects, growth strategy, and liquidity. Accordingly there are, or will be, important factors that could cause our actual results to differ materially from those indicated in these statements. We believe that these factors include, but are not limited to:

- Failure to manage our growth effectively.
- Our ability to expand and retain our direct sales force with qualified and productive persons and the success of our direct sales force’s efforts.
- The satisfaction of our customers with the implementation, user experience, customer service and performance of our solutions.
- Our ability to continue to innovate and deliver high-quality, technologically advanced products and services.
- The success of our relationships with third parties.
- Risks associated with the proper operation of our software, including damage to our reputation, claims instituted against us, and the diversion of resources to address any issues.
- Acquisitions of other companies’ businesses, technologies, or customer portfolios.
- Our dependence on the continued service of our key executives.
- Our ability to attract and retain qualified personnel, including software developers and skilled IT, sales, marketing, and operational personnel.
- Payments made to employees and taxing authorities of our customers for amount due for a payroll period before a customer’s electronic funds transfers are settled to our account.
- Potential fluctuations in our financial results due to many factors, including some that are beyond our control.
- Our history of losses and potential inability to achieve or maintain profitability.
- Impairment of our goodwill or other intangible assets.
- Market, interest rate, credit, and liquidity risks related to the corporate investments and client funds that we hold.
- Inherent challenges in measurement of our estimates of certain operational metrics, as well as total addressable market and market growth.
- Risks related to our business continuity plan in the event of a catastrophe.

- Risks associated with the potential breach of our security measures and the unauthorized access to our customers' or their employees' personal data and the resulting effects thereof which may include lawsuits, fines, or other regulatory action, significant costs related to remediation, negative perceptions regarding the security of our solutions, and reduction or cessation of customers' use of our solutions.
- Any damage, failure, or disruption of our SaaS delivery model, data centers, or our third-party providers' services.
- Our ability to protect our intellectual and proprietary rights.
- The use of open source software in our applications.
- Lawsuits filed by third parties for alleged infringement of their proprietary rights.
- The development of the market for cloud-based HCM and payroll software among SMBs.
- The competitiveness of the markets in which we operate.
- Adverse economic and market conditions.
- The impact of the COVID-19 pandemic.
- Our customers' dependence on our products and services to comply with applicable laws.
- Changes in laws, regulations, or requirements applicable to our business and our software and services.
- Potential litigation resulting from the operation of our business.
- Risks associated with our indebtedness and our debt agreements and the covenants therein.
- Changes in GAAP.
- Our ability to raise additional capital or generate cash flows necessary to expand our operations and invest in new technologies in the future.
- The effectiveness of our internal controls over financial reporting.
- Other factors disclosed in the section entitled "Risk Factors" and elsewhere in this prospectus.

We derive many of our forward-looking statements from our operating budgets and forecasts, which are based on many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from our expectations, or cautionary statements, are disclosed under the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this prospectus. All written forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements as well as other cautionary statements that are made from time to time in our other SEC filings and public communications. You should evaluate all forward-looking statements made in this prospectus in the context of these risks and uncertainties.

We caution you that the important factors referenced above may not contain all of the factors that are important to you. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect. The forward-looking statements included in this prospectus are made only as of the date hereof. We undertake no obligation to update or revise any forward-looking statement as a result of new information, future events, or otherwise, except as otherwise required by law.

USE OF PROCEEDS

We estimate that our net proceeds from this offering will be approximately $ million (or approximately $ million if the underwriters' option to purchase additional shares is exercised in full), assuming an initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting the underwriting discount and estimated offering expenses payable by us. We will not receive any proceeds from the sale of shares of common stock by the selling shareholder in this offering, including any shares of common stock sold by the selling shareholder pursuant to any exercise by the underwriters of their option to purchase additional shares.

The principal purposes of this offering are to increase our capitalization and financial flexibility, create a public market for our common stock and enable access to the public equity markets for us and our shareholders. We expect to use approximately $ million of the net proceeds of this offering to fund the redemption of the Midco Redeemable Preferred Stock by Pride Midco at a redemption price of % of the liquidation preference thereof and the remainder of such net proceeds will be used for general corporate purposes. An affiliate of Apax Partners currently owns $25 million of Midco Redeemable Preferred Stock and we expect such affiliate will receive approximately $ in proceeds as a result of the redemption of the Midco Redeemable Preferred Stock. We do not currently have agreements or commitments for any acquisitions or other strategic transactions. At this time, other than the redemption of the Midco Redeemable Preferred Stock, we have not specifically identified a large single use for which we intend to use the net proceeds and, accordingly, we are not able to allocate the net proceeds among any of these potential uses in light of the variety of factors that will impact how such net proceeds are ultimately utilized by us. Pending use of the proceeds from this offering, we intend to invest the proceeds in a variety of capital preservation investments, including short-term, investment-grade and interest-bearing instruments.

Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the estimated public offering price range set forth on the cover page of this prospectus, would increase or decrease the net proceeds to us from this offering by approximately $ million, assuming the number of shares offered, as set forth on the cover page of this prospectus, remains the same, and after deducting the underwriting discount and estimated offering expenses payable by us.

Each 1,000,000 increase or decrease in the number of shares offered would increase or decrease the net proceeds to us from this offering by approximately $ million, assuming that the assumed initial public offering price per share for the offering remains at $, which is the midpoint of the estimated public offering price range set forth on the cover page of this prospectus, and after deducting the underwriting discount and estimated offering expenses payable by us.

The Midco Redeemable Preferred Stock accrues dividends at a rate of LIBOR plus 8.875%, which rate will decrease to LIBOR plus 8.375% beginning November 3, 2021. The dividends are payable, or are compounded, quarterly on March 31, June 30, September 30 and December 31 of each year. From the issue date through November 2, 2020, dividends were accrued and added to the then-prevailing liquidation preference of the Midco Redeemable Preferred Stock. From November 2, 2020 to November 2, 2021, we are required pay 50% of the accrued dividends in cash. After November 2, 2021, we will be required to pay 100% of the accrued dividends in cash. If the Midco Redeemable Preferred Stock remains outstanding after May 2, 2022, we are required to pay 0.50% of the initial liquidation preference to the holders of the Midco Redeemable Preferred Stock in cash.

Additionally, Pride Midco may, at its option, redeem for cash any or all of the then outstanding Midco Redeemable Preferred Stock, in whole at any time or in part from time to time, at (i) a redemption price per share equal to 101.0% prior to and including November 1, 2021; and 100.0% on November 2, 2021 and thereafter, plus (ii) the amount of all accrued dividends for the then current and all prior dividend payment periods.

DIVIDEND POLICY

We currently intend to retain all available funds and any future earnings to fund the development and growth of our business and to repay indebtedness and, therefore, we do not anticipate paying any cash dividends in the foreseeable future. Additionally, our ability to pay dividends on our common stock is limited by restrictions on the ability of our subsidiaries to pay dividends or make distributions to us. Any future determination to pay dividends will be at the discretion of our Board, subject to compliance with covenants in current and future agreements governing our and our subsidiaries' indebtedness (see "Description of Certain Indebtedness and Other Obligations") and requirements under Delaware law, and will depend on our results of operations, financial condition, capital requirements and other factors that our Board may deem relevant.

Because we are a holding company and have no direct operations, we will only be able to pay dividends from our available cash on hand and any funds we received from our subsidiaries.

Under Delaware law, dividends may be payable only out of surplus, which is calculated as our net assets less our liabilities and our capital, or, if we have no surplus, out of our net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year.

See "Risk Factors—Risks Relating to Our Common Stock and This Offering—Because we have no current plans to pay regular cash dividends on our common stock following this offering, you may not receive any return on investment unless you sell your common stock for a price greater than that which you paid for it."

CAPITALIZATION

The following table describes our cash and cash equivalents and capitalization as of March 31, 2021, as follows:

- On an actual basis.
- On an as adjusted basis, after giving effect to the (i) conversion of all shares of our Series A preferred stock into common stock on a 1-for-1 basis and (ii) implementation of a -for- stock split with respect to our common stock.
- On a pro forma as adjusted basis, after giving further effect to our sale of shares of common stock in this offering and the application of the net proceeds from this offering to redeem the Midco Redeemable Preferred Stock as set forth under "Use of Proceeds" (assuming an initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover page of this prospectus).

The information set forth in the table below is illustrative only and will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing. You should read this table in conjunction with our consolidated financial statements and the related notes, "Use of Proceeds," "Selected Consolidated Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

	As of March 31, 2021 (unaudited)		
(dollars in thousands)	Actual	As Adjusted	Pro Forma As Adjusted
Cash and cash equivalents	$ 19,364	$	$
Total debt, including current portion(1):			
Revolving credit facility(2)	$ 390	$	$
Term Loan	24,875		
Headquarters Loan	18,884		
Total debt	44,149		
Midco Redeemable Preferred Stock(3)	252,797		
Shareholders' equity:			
Common stock, $0.001 par value, 200,000 shares authorized, 100,000 shares issued and 93,000 outstanding, ***actual***; shares authorized, shares issued and outstanding, ***as adjusted***; shares authorized, shares issued and outstanding, ***pro forma as adjusted***	—		
Treasury stock, at cost, 7,000 shares, ***actual***; shares, ***as adjusted***, shares, ***pro forma as adjusted***	(245,074)		
Preferred stock, $0.001 par value per share, 10,000 shares authorized, 7,715 shares issued and outstanding, ***actual***; shares authorized, shares issued and outstanding, ***as adjusted***; shares authorized, shares issued and outstanding, ***pro forma as adjusted***	262,772		
Additional paid-in capital	1,134,676		
Accumulated deficit	(242,923)		
Accumulated other comprehensive income	2,758		
Shareholders' equity	912,209		
Total capitalization	$1,209,155	$	$

(1) Reflects principal amounts, without giving effect to debt issuance costs of $0.4 million. Following the consummation of this offering, we intend to enter into the New Revolving Credit Facility and use the proceeds therefrom to repay in full all amounts outstanding under the Credit Facility and for working capital and other general corporate purposes. See “Description of Certain Indebtedness and Other Obligations—Post-IPO Credit Facility.”

(2) As of March 31, 2021, we have $49.6 million of commitments available to be drawn under our revolving credit facility, and there were no outstanding letters of credit.

(3) Actual and as adjusted amounts reflect the liquidation preference of the Midco Redeemable Preferred Stock, which includes the $200.0 million initial liquidation preference ($1,000 per share) plus accrued but unpaid dividends. The carrying value of the Midco Redeemable Preferred Stock included within the condensed consolidated financial statements at March 31, 2021 is $245.1 million, as changes in the redemption value are accreted over the period from the date of issuance to the earliest redemption date using the effective interest method.

A $1.00 increase or 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 or decrease each of cash and cash equivalents, additional paid-in capital, total shareholders’ equity and total capitalization on a pro forma as adjusted basis by approximately $ million, assuming the number of shares offered, as set forth on the cover page of this prospectus, remains the same, and after deducting the underwriting discount and estimated offering expenses payable by us.

Each 1,000,000 increase or decrease in the number of shares of common stock offered in this offering would increase or decrease each of cash and cash equivalents, additional paid-in capital, total shareholders’ equity (deficit) and total capitalization on a pro forma as adjusted basis by approximately $ million, based on an assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting the underwriting discount and estimated offering expenses payable by us.

DILUTION

If you invest in our common stock in this offering, your interest will be diluted to the extent of the difference between the initial public offering price per share of our common stock in this offering and the pro forma net tangible book value per share of our common stock immediately after this offering. Because the Reorganization Transactions will take place prior to or concurrently with the closing of this offering, we have presented dilution in as adjusted net tangible book value per share before this offering assuming (i) the conversion of all shares of our Series A preferred stock into common stock on a 1-for-1 basis and (ii) implementation of a -for- stock split with respect to our common stock, in order to more meaningfully present the dilutive impact on the investors in this offering. We also note that the effect of the Reorganization Transactions is to increase the assumed number of shares of common stock outstanding before the offering, thereby decreasing the pro forma net tangible book value per share after the offering and correspondingly increasing the dilution per share to new common stock investors.

As of March 31, 2021, we had as adjusted net tangible book value of $19.5 million, or $ per share of common stock. As adjusted net tangible book value per share is equal to our total tangible assets, less total liabilities, divided by the number of outstanding shares of our common stock after giving effect to the Reorganization Transactions.

After giving effect to the sale of shares of common stock in this offering, after deducting the underwriting discount and estimated offering expenses payable by us, and the application of the net proceeds of this offering to redeem the Midco Redeemable Preferred Stock as set forth under "Use of Proceeds," at an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover of this prospectus, our pro forma as adjusted net tangible book value as of March 31, 2021 would have been $ million, or $ per share of common stock. This represents an immediate increase in as adjusted net tangible book value of $ per share to our existing shareholders and an immediate dilution in as adjusted net tangible book value of $ per share to investors participating in this offering at the assumed initial public offering price.

As used in this "Dilution" section, our pro forma net tangible book value per share of common stock represents pro forma net tangible book value divided by the number of shares of common stock outstanding after giving effect to the Reorganization Transactions, the closing of this offering and the use of proceeds therefrom.

The following table illustrates this per share dilution:

Assumed initial public offering price per share		$
Historical as adjusted net tangible book value per share as of March 31, 2021	$	
Increase in as adjusted net tangible book value per share attributable to the investors in this offering	$	
Pro forma net tangible book value per share after giving effect to this offering		$
Dilution in pro forma net tangible book value per share to the investors in this offering		$

A $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the estimated public offering price range set forth on the cover page of this prospectus, would increase or decrease our pro forma net tangible book value per share after this offering by $, and would increase or decrease the dilution per share to the investors in this offering by $, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the underwriting discount and estimated offering expenses payable by us. Similarly, each increase or

decrease of one million shares in the number of shares of common stock offered by us would increase or decrease our pro forma net tangible book value per share after this offering by $ and would increase or decrease dilution per share to investors in this offering by , assuming the assumed initial public offering price, which is the midpoint of the price range set forth on the cover page of this prospectus, remains the same and after deducting the underwriting discount and estimated offering expenses payable by us.

If the underwriters exercise their option to purchase additional shares in full, the pro forma net tangible book value per share after this offering would be $, and the dilution in net tangible book value per share to new investors in this offering would be $.

The following table presents, on a as adjusted basis as described above, as of March 31, 2021, the differences between our existing shareholders and the investors purchasing shares of our common stock in this offering, with respect to the number of shares purchased, the total consideration paid to us, and the average price per share paid by our existing shareholders or to be paid to us by investors purchasing shares in this offering at an assumed offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, before deducting the underwriting discount and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percentage	Amount	Percentage	
Existing Shareholders		%	$	%	$
New Investors		%	$	%	$
Total		%	$	%	$

A $1.00 increase or 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 or decrease the total consideration paid by new investors by $ million and increase or decrease the percent of total consideration paid by new investors by %, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and before deducting the underwriting discount and estimated offering expenses payable by us.

Except as otherwise indicated, the above discussion and tables assume no exercise of the underwriters' option to purchase additional shares, including from the selling shareholder. After giving effect to sales of shares in this offering, assuming the underwriters' option to purchase additional shares is exercised in full, our existing shareholders would own % and our new investors would own % of the total number of shares of our common stock outstanding after this offering.

In addition, to the extent we issue stock options or any LTIP Units are settled through the issuance of common stock, or we issue any other securities or convertible debt in the future, investors participating in this offering may experience further dilution.

SELECTED CONSOLIDATED FINANCIAL DATA

The following tables present our selected consolidated financial data. For accounting purposes, the terms “Predecessor” and “Successor” used below and throughout this prospectus refer to the periods prior and subsequent to the Apax Acquisition on November 2, 2018, respectively. As a result of the Apax Acquisition, the results of operations and financial position of the Predecessor and Successor are not directly comparable.

The selected consolidated statement of operations data and selected consolidated statement of cash flows data for the period from July 1, 2018 to November 1, 2018 relate to the Predecessor and are derived from the audited consolidated financial statements included elsewhere in this prospectus. The selected consolidated statement of operations data and selected consolidated statement of cash flows data for the period from November 2, 2018 to June 30, 2019 and for the fiscal year ended June 30, 2020 and the selected consolidated balance sheet data as of June 30, 2020 relate to the Successor and are derived from the audited consolidated financial statements that are included elsewhere in this prospectus. The selected consolidated statement of operations data and selected consolidated statements of cash flows data for the nine months ended March 31, 2020 and 2021 and the selected consolidated balance sheet data as of March 31, 2021 relate to the Successor and are derived from our unaudited condensed consolidated financial statements that are included elsewhere in this prospectus. The unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments that are necessary for the fair statement of our unaudited interim consolidated financial statements. Our results for any interim period are not necessarily indicative of results that may be expected for any full fiscal year.

Our historical results are not necessarily indicative of the results that may be expected in the future. You should read the selected historical financial data below in conjunction with the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the financial statements and related notes included elsewhere in this prospectus.

(in thousands, except per share data)	Successor				Predecessor
	Nine Months Ended March 31, 2021	Nine Months Ended March 31, 2020	Fiscal Year Ended June 30, 2020	Period from November 2, 2018 to June 30, 2019	Period from July 1, 2018 to November 1, 2018
	(Unaudited)				
Consolidated Statement of Operations Data:					
Revenue:					
Recurring and other revenue	$ 263,372	$ 245,357	$317,620	$ 191,881	$ 86,262
Interest income on funds held for clients	1,392	9,192	10,289	9,977	3,343
Total revenues	264,764	254,549	327,909	201,858	89,605
Cost of revenues	112,506	105,501	139,683	77,566	31,939
Gross profit	152,258	149,048	188,226	124,292	57,666
Operating expenses:					
Sales and marketing	75,864	74,970	99,998	56,660	30,479
General and administrative	106,914	102,964	137,071	127,862	31,069
Research and development	26,507	35,918	45,866	28,428	12,695
Total operating expenses	209,285	213,852	282,935	212,950	74,243
Loss from operations	(57,027)	(64,804)	(94,709)	(88,658)	(16,577)
Other income (expense):					
Interest expense	(1,847)	(1,403)	(1,780)	(1,119)	(1,036)
Other	320	6,438	9,004	423	175
Loss before benefit for income taxes	(58,554)	(59,769)	(87,485)	(89,354)	(17,438)
Income tax benefit	(12,344)	(12,619)	(20,182)	(16,531)	(2,517)
Net loss	(46,210)	(47,150)	(67,303)	(72,823)	(14,921)
Net loss attributable to Paycor HCM, Inc.	$ (64,110)	$ (64,931)	$ (90,193)	$ (88,518)	$ (14,921)
Per Share Data (1):					
Net loss per share:					
Basic and diluted	$ (656.70)	$ (649.31)	$ (901.93)	$ (885.18)	
Weighted-average shares used in computing net loss per share:					
Basic and diluted	97,624	100,000	100,000	100,000	

(1) See Note 13 of our unaudited condensed consolidated financial statements for the nine months ended March 31, 2021 and 2020 and Note 15 to our audited consolidated financial statements for the year ended June 30, 2020, Successor 2019 and Predecessor 2019 periods appearing elsewhere in this prospectus for an explanation of the method used to calculate our basic and diluted net loss per share and the weighted average number of shares used in the computation of the per share amounts.

(in thousands)	Successor				Predecessor
	Nine Months Ended March 31, 2021	Nine Months Ended March 31, 2020	Fiscal Year Ended June 30, 2020	Period from November 2, 2018 to June 30, 2019	Period from July 1, 2018 to November 1, 2018
	(Unaudited)				
Consolidated Statement of Cash Flow Data:					
Net cash provided by (used in) operating activities	$ 26,185	$ (1,791)	$ 88	$ (11,584)	$ (1,003)
Net cash (used in) provided by investing activities	$ (43,810)	$ (24,194)	$121,529	$ (772,039)	$ 90,100
Net cash provided by (used in) financing activities	$ 202,049	$ 126,526	$ (20,880)	$1,152,334	$ (283,506)

(in thousands)	Successor March 31, 2021 Actual (Unaudited)	Successor June 30, 2020 Actual
Consolidated Balance Sheet Data:		
Cash and cash equivalents	$ 19,364	$ 828
Funds held for clients(2)	823,123	614,115
Working capital(3)	(5,434)	(19,865)
Total assets	2,209,241	2,007,783
Client fund obligations(4)	822,551	613,151
Total debt	43,769	24,435
Total liabilities	1,051,991	821,123
Redeemable noncontrolling interest(5)	245,041	233,335
Total stockholder's equity	912,209	953,325

(2) Consists of cash and cash equivalents and debt-security investments relating to obtaining funds from clients in advance of performing payroll and payroll tax filing services on behalf of our clients.

(3) We define working capital as total current assets (including funds held for clients) less total current liabilities (including client fund obligations).

(4) Represents the Company's contractual obligations to remit funds to satisfy clients' payroll and tax payment obligations within one year of the balance sheet date.

(5) Refers to the Midco Redeemable Preferred Stock, the shares of which accrue dividends at a rate of LIBOR plus 8.875%, which rate will decrease to LIBOR plus 8.375% beginning November 3, 2021. The dividends are payable, or are compounded, quarterly on March 31, June 30, September 30 and December 31 of each year. Additionally, the Company may, at its option, redeem for cash any or all of the then outstanding Midco Redeemable Preferred Stock, in whole at any time or in part from time to time, at (i) a redemption price per share equal to 101.0% prior to and including November 1, 2021; and 100.0% on November 2, 2021 and thereafter, plus (ii) the amount of all accrued dividends for the then current and all prior dividend payment periods.

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

The following discussion and analysis summarizes the significant factors affecting the consolidated operating results, financial condition, liquidity, and cash flows of our company as of and for the periods presented below. The following discussion and analysis should be read in conjunction with our audited consolidated financial statements and the related notes thereto included elsewhere in this prospectus. This discussion and analysis reflects our historical results of operations and financial position, and, except as otherwise indicated below, does not give effect to the expected conversion of all our outstanding Series A preferred stock into common stock on a 1-for-1 basis. The discussion contains forward-looking statements that are based on the beliefs of management, as well as assumptions made by, and information currently available to, our management. Actual results could differ materially from those discussed in or implied by forward-looking statements because of various factors, including those discussed below and elsewhere in this prospectus, particularly in the sections entitled "Risk Factors" and "Forward-Looking Statements."

The following discussion contains references to fiscal year 2019 and fiscal year 2020, which represents the consolidated financial results of Paycor HCM, Inc. and its consolidated subsidiaries for the fiscal year ended June 30, 2020 ("Successor"), for the period from November 2, 2018 through June 30, 2019 ("Successor 2019 Period"), and for the period from July 1, 2018 through November 1, 2018 ("Predecessor 2019 Period"). Unless we state otherwise or the context otherwise requires, the terms "we," "us," "our," and "Paycor" refer to and similar references refer to the Company and its consolidated subsidiaries.

Overview

We are a leading Software-as-a-Service provider of human capital management solutions for small and medium-sized businesses. Our unified, cloud-native platform is built to empower business leaders by producing actionable, real-time insights to drive workforce optimization. Our comprehensive suite of solutions enables organizations to streamline administrative workflows and achieve regulatory compliance while serving as the single, secure system of record for all employee data. Our highly flexible, scalable, and extensible platform is augmented by industry-specific domain expertise and offers award-winning ease-of-use with an intuitive user experience and deep third-party integrations. Over 28,000 customers across all 50 states trust Paycor to help their leaders develop winning teams.

Since our founding in 1990 we have achieved several key milestones, including:

- 2004: Completed first business acquisition and developed web-based version of our software.
- 2006 – 2008: Expanded offering beyond payroll services, adding human resources and time and attendance functionalities.
- 2012: Launched new flagship SaaS platform "Perform", which was built to provide ease-of-use and depth of functionality for SMBs.
- 2014: Released Perform Time and Onboarding solutions and surpassed $100 million in annual revenue.
- 2015: Completed acquisition of Newton Software, adding applicant tracking software to the portfolio, and surpassed 1,000,000 employees on platform.
- 2017: Surpassed $200 million in annual revenue.
- 2018: Received majority investment from Apax Partners and launched research-based resource hub, HR Center of Excellence.
- 2019: Hired Raul Villar Jr. as CEO and acquired Nimble Scheduling Software.

- 2020: Surpassed $300 million in annual revenue, launched GUIDE Elite implementation, released Pulse surveys tool, and completed acquisition of 7Geese talent management software.

Our Business Model

Our revenue is almost entirely recurring in nature and largely attributable to the sale of SaaS subscriptions to our cloud-native HCM software platform. We typically generate revenue from customers on a per-employee- per-month ("PEPM") basis whereby our revenue is derived from the number of employees of a given customer, and the amount, type, and timing of products provided to a customer with respect to their employees. As a result, we increase our recurring revenue as we add more customers, and as our customers add more employees and purchase more product modules. Our highly recurring revenue model provides significant visibility into our future operating results. Recurring and other revenues are primarily revenues derived from the provision of our payroll, workforce management, and HR-related cloud-based computing services and nonrefundable implementation fees and represented 99% of total revenue for the nine months ended March 31, 2021. In addition, we earn interest income on funds held for clients.

Our revenues are seasonal in nature. Recurring revenues include revenues relating to the annual processing of payroll forms, such as Form W-2, Form 1099, and Form 1095 and revenues from processing unscheduled payroll runs (such as bonuses) for our clients. Because payroll forms are typically processed in the third quarter of our fiscal year, third quarter revenues and margins are generally higher than in subsequent quarters. These seasonal fluctuations in revenues can also have an impact on gross profits. Historical results impacted by these seasonal trends should not be considered a reliable indicator of our future results of operations.

We have developed a robust organic sales and marketing engine and broad referral network of insurance and retirement benefits brokers. We market and sell our solutions through a direct sales force, which is organized into field and inside sales teams based on customer size, geography, and industry. We generated more than 5.5 million unique visitors to our website over the nine months ended March 31, 2021. Our highly efficient and multi-pronged go-to-market strategy is a key driver of our growth, which is evidenced by our LTV/CAC ratio of 5.0x for the nine months ended March 31, 2021 and 3.8x as of the twelve months ending June 30, 2020, and 5.6x for the nine months ended March 31, 2021 within our 'target segment'. This strategy enabled us to generate $80.5 million, $53.2 million and $24.4 million of total bookings for the fiscal year ended June 30, 2020 and for the Successor 2019 Period and the Predecessor 2019 Period, respectively. Total bookings increased 4% year-over-year for the fiscal year ended June 30, 2020. Our bookings for the nine months ended March 31, 2021 and 2020 were $83.9 million and $63.1 million, a 33% increase year-over-year.

	Successor				Predecessor
(in thousands)	Nine Months Ended March 31, 2021	Nine Months Ended March 31, 2020	Fiscal Year Ended June 30, 2020	Period from November 2, 2018 to June 30, 2019	Period from July 1, 2018 to November 1, 2018
Total Revenue	$ 264,764	$ 254,549	$327,909	$ 201,858	$ 89,605
Loss from Operations	$ (57,027)	$ (64,804)	$ (94,709)	$ (88,658)	$ (16,577)
Operating Margin	(21.5)%	(25.5)%	(28.9)%	(43.9)%	(18.5)%
Adjusted Operating Income	$ 47,768	$ 34,900	$ 46,263	$ 36,940	$ 4,977
Adjusted Operating Income Margin	18.0%	13.7%	14.1%	18.3%	5.6%
Net Loss	$ (46,210)	$ (47,150)	$ (67,303)	$ (72,823)	$ (14,921)

See the "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" section for additional information on our non-GAAP metrics.

COVID-19 Impact

Many of our prospective and existing customers' businesses have been impacted by the COVID-19 pandemic and related economic impacts, stay-at-home, business closure, and other restrictive orders, which has resulted in reduced customer employee headcount, temporary and permanent business closures, and/or delayed sales/starts. Because we charge our customers on a per-employee basis for certain services we provide, decreases in headcount at our customers as a result of the pandemic negatively impacted our recurring revenue beginning in our fiscal third quarter of 2020. As of the beginning of March 2020, our customers had approximately 1.9 million customer employees on our platform and we saw a 7% decline through April 18, 2020, which was the lowest point since the beginning of the COVID-19 pandemic, as the U.S. unemployment rate increased to 14.8%. Furthermore, while the number of employees on our platform declined 7%, our number of customers was effectively unchanged over this period. Since then, the number of our customers' employees on our platform has recovered rapidly. As of March 31, 2021, our existing customers that were active at the beginning of March 2020 had regained 87% of their lost employees. Including the addition of new customers, we now serve more than 1.9 million customer employees.

The COVID-19 pandemic continues to impact the global economy. The duration and severity of the COVID-19 pandemic, and the long-term effects the pandemic will have on our customers, our operations and general economic conditions, remain uncertain and difficult to predict. Our business and financial performance may continue to be unfavorably impacted in future periods if a significant number of our customers are unable to continue as viable businesses or if they significantly reduce headcount, there is a reduction in business confidence and activity, a decrease in government and consumer spending, a decrease in HCM and payroll solutions spending by SMBs, a decrease in growth in the overall market or a further decline of interest rates, among other factors. Therefore, we expect COVID-19 to continue to have an unfavorable impact on the growth in both recurring and other revenue and interest income on funds held for clients in future periods for so long as such conditions persist.

In response to these developments, we implemented measures focusing on the safety of our employees, transitioning more than 97% of our Associates to a virtual work arrangement and prohibiting non-critical business related travel, and we will continue to operate remotely for the foreseeable future. We did not experience any material disruptions in our ability to operate our business during this transition as our business model enables us to service our clients remotely. We were able to continue our implementation efforts and our sales team shifted from in-person meetings with prospective and existing clients to engaging with them virtually. As a result of the shift to virtual meetings, we have experienced a decrease in our sales and marketing expenses since the onset of the pandemic, primarily related to a decrease in travel costs. We expect this trend to continue at least in the near term, although such savings may be offset by increased costs when employees return to the office and we implement measures to ensure their safety. Our teams also quickly mobilized to analyze the various state and federal legislative changes enacted by the government in response to the COVID-19 crisis, including the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and added automated functionality and reporting to our systems for our customers.

Our total revenue growth during the nine months ended March 31, 2021 was impacted by the ongoing effects from the COVID-19 pandemic. We expect COVID-19 to continue to unfavorably impact our revenue growth rates in future periods as we anticipate lower customer employee counts, potential increases in customer losses, a reduction in business confidence and activity, a continued low interest rate environment, and a decrease in the growth of the overall market, among other factors. In response to the reduction in revenue for the quarter ending June 30, 2020, we implemented certain cost saving initiatives, including consolidating our facilities footprint, reducing employee-related costs, including temporary salary reductions and implementing a hiring freeze, delaying non-essential maintenance projects and eliminating or minimizing discretionary spending. As of March 31, 2021, we have removed all temporary cost and hiring restrictions. Despite the economic challenges driven by the pandemic, we remain confident in the overall health of our business, the strength of our product offerings, and our ability to continue to execute on our strategy.

See "Risk Factor—Risks Relating to Our Business—The novel coronavirus pandemic has adversely impacted, and could continue to adversely impact, our business, results of operations, cash flows, financial condition, and liquidity."

Key Factors Affecting Our Performance

Our historical financial performance has been, and we expect our financial performance in the future to be, driven by our ability to:

Expand Our Sales Footprint to Add New Customers

Our current customer base represents a small portion of the U.S. market for HCM and payroll solutions. We believe there is substantial opportunity to continue to broaden our customer base, particularly in Tier 1 markets by expanding our sales footprint. Our ability to do so will depend on several factors, including the effectiveness of our products, the relative pricing of our products, our competitors' offerings, and the effectiveness of our marketing efforts.

As of March 31, 2021 and 2020, we had approximately 28,200 and 26,700 customers, respectively, representing a year-over-year increase of 6%. As of June 30, 2020 and 2019, we had approximately 27,100 and 25,200 customers, respectively, representing a year-over-year increase of 7%. We define a customer as a parent company grouping, which may include multiple subsidiary client accounts with separate taxpayer identification numbers. As of March 31, 2021 and 2020, we had approximately 44,400 and 42,200 client accounts, respectively. As of June 30, 2020 and 2019, we had approximately 42,600 and 39,900 client accounts, respectively. We track client accounts as it provides an alternative measure of the scale of our business and customers. We believe the number of customer employees on our platform is a key indicator of the growth of our business. We define customer employees as the number of our customers' employees at end of any particular period. As of March 31, 2021 and 2020, we had approximately 1.9 million and 1.8 million customer employees, respectively. As of June 30, 2020 and 2019, we had approximately 1.9 million and 1.8 million customer employees, respectively.

In addition, we are also focused on expanding our broker referral relationships to drive the acquisition of new customers. Insurance and benefits brokers are trusted advisors to SMBs and are influential in the HCM selection process. As a result of this focus, we have increased the percentage of bookings that were originated by brokers to 41% of total bookings in the nine months ended March 31, 2021 as compared to 27%, 28% and 24% in the nine months ended March 31, 2020 and the fiscal years ended June 30, 2020 and 2019, respectively.

Increase Product Penetration with Existing and New Customers

In recent years we have increasingly focused our product pricing strategy away from sales of individual products and solutions towards a simplified bundled pricing approach whereby we market multi-product offerings to our customers. We believe that this strategy addresses a key need for SMB customers, while also allowing us to better serve the needs of business leaders through a more comprehensive product suite. This strategy has enabled us to effectively drive increased product penetration and PEPM growth at the initial point of sale, as well as stronger retention. Our "effective PEPM," which we define as recurring and other revenue for the period divided by the average number of customer employees, which we calculate as the sum of the number of customer employees at the end of each month over the period divided by the total number of months in the period, was $15.34 and $14.59 for the nine months ended March 31, 2021 and 2020, respectively, and $14.25, $13.65 and $13.15 for the fiscal year ended June 30, 2020, the Successor 2019 Period and the Predecessor 2019 Period, respectively. We intend to advance this strategy by progressively expanding the breadth of features included in our core HCM product bundle. Additionally, apart from our sales to new customers, there is a substantial opportunity within our existing customer base to cross-sell additional products from our portfolio, including Workforce Management, Benefits Administration, Talent Management, and Employee Engagement.

Our ability to successfully increase revenue per customer is dependent upon several factors, including the number of paid employees working for our customers, the number of products purchased by each of our customers, our customers' satisfaction with our solutions and support, and our ability to add new products to our suite.

We believe our ability to retain and expand our existing customers' spending on our solutions is evidenced by our net revenue retention, which was approximately 94% and 96% for the fiscal years ended June 30, 2020 and 2019, respectively. Over the same periods, our net revenue retention for customers with 10 to 1,000 employees was approximately 95% and 97%, respectively. For the fiscal years ended June 30, 2020 and 2019, this customer segment represented 81% and 80% of our recurring billings, respectively. Our net revenue retention has been negatively impacted by stay-at-home, business closure and other restrictive orders, which resulted in reduced employee headcount, temporary and permanent business closures, and delayed sales and starts with many of our customers.

Ongoing Product Innovation and Optimization

We believe that our product features and functionality are key differentiators of our offerings. We intend to continue to invest in research and development, particularly regarding the functionality of our platform, to sustain and advance our product leadership. For instance, in 2019 we released our data analytics and scheduling products, and in 2020 we released our compensation management product. As a result of these and other product launches, we have increased the total list PEPM for our full suite of products to $35 as of July 2020 from $29 as of June 2019. Our effective PEPM was $15.34 and $14.59 for the nine months ended March 31, 2021 and 2020, respectively, and $14.25, $13.65 and $13.15 for the fiscal year ended June 30, 2020, the Successor 2019 Period and the Predecessor 2019 Period, respectively. Our ability to innovate and introduce competitive new products is dependent on our ability to recruit and retain top technical talent and invest in research and development initiatives.

Components of Results of Operations

Factors Affecting the Comparability of our Results of Operations

Apax Acquisition

On November 2, 2018, Paycor HCM, Inc. acquired 100% of the equity interest in Paycor, Inc. in the Apax Acquisition. We accounted for the Apax Acquisition as a business combination under ASC 805, *Business Combinations* ("ASC 805"), resulting in the purchase price allocated to the assets acquired and liabilities assumed based on the estimated fair value at the date of the Apax Acquisition. As a result of the Apax Acquisition, our historical results of operations are not comparable from period to period and may not be comparable to our financial results of operations in future periods due to a number of factors. Set forth below is a brief discussion of the key factors impacting the comparability of our results of operations.

Increased Depreciation and Amortization Expense

In connection with the Apax Acquisition, depreciation and amortization expense increased $118.8 million for the fiscal year ended June 30, 2020 and $79.2 million for the Successor 2019 Period as a result of the step-up in fair value required under ASC 805.

Transaction Costs

In connection with the Apax Acquisition, we incurred approximately $11.6 million and $14.5 million in the Successor 2019 and Predecessor 2019 Period, respectively, of non-recurring transaction costs. These transaction costs, which are principally professional fees, were included in general and administrative expenses.

Compensation Expense

In connection with the Apax Acquisition and the subsequent recruitment of additional management personnel, we incurred share-based award and liability incentive award compensation expense of $3.1 million

and $29.0 million for the year ended June 30, 2020 and for the Successor 2019 Period, respectively, which is included in cost of revenues, sales and marketing expense, general and administrative expense and research and development expense.

IPO-Related Expenses

We also expect to incur additional costs as a result of the successful completion of this offering. These additional expenses include transaction bonuses, share-based compensation expense associated with two cash Long Term Incentive Plans ("LTIPs") and outstanding performance awards under our Pride Aggregator, L.P. Management Equity Plan ("MEP"), and expenses related to the redemption of the Midco Redeemable Preferred Stock. The specifics of the LTIPs, MEP and Midco Redeemable Preferred Stock are presented below.

We have granted Long Term Incentive Plan units ("LTIP Units") under our Pride Aggregator, L.P. Top Talent Incentive Plan and Sales Equity Incentive Plan. The LTIP Units are phantom awards providing for, at our discretion, a cash or stock payment ("LTIP Payment") to participants on certain determination dates, if an initial public offering ("IPO") occurs and if the LTIP Participant remains employed with us on such date. The occurrence of an IPO will result in a determination date, for which each LTIP Participant will be entitled to an LTIP Payment with respect to 20% of the LTIP Participant's LTIP Units as of the IPO date and 20% on each of four subsequent determination dates that are six, twelve, eighteen and 24 months following the IPO date. The LTIP Payment is calculated based on the average closing price per share for the 10-day trading period ending on the day prior to the applicable payment date. Upon the successful completion of this offering, we will recognize approximately $ million of compensation expense relating to the LTIP Units based on an assumed initial public offering price of $, which is the midpoint of the estimated public offering price range set forth on the cover of this prospectus.

Under the terms of the MEP, one-half of the profits interest units vest based on an associate's service time. The time-vesting units vest 25% on the first anniversary after the vesting commencement date and thereafter in twelve equal installments on each subsequent quarterly anniversary of the vesting commencement date, with 100% vesting of the time-vesting units occurring on the fourth anniversary of the vesting commencement date. Following the IPO, all time-vesting incentive units will continue to vest based upon their original vesting schedule. MEP incentive units are subject to a floor amount established at the grant date, which acts as a participation threshold and permits the award to participate in distributions only to the extent the distribution amount for the units exceed the floor amount.

The second half of the MEP incentive units vest based on our performance relative to Apax Partners' original invested amount, with the performance calculations defined in the plan, triggered by either a distribution, a liquidity event or IPO (implied performance condition). We expect that Apax Partners will treat our IPO as an event that converts the performance-vesting incentive units to time-based vesting units, with 25% vesting upon successive six-month anniversary dates for the 24 months following an IPO.

The MEP incentive units are accounted for as equity awards and the compensation expense calculated based upon the fair market value of the MEP incentive units at the grant date and recognized as the incentive units vest. We estimate the fair value of the MEP incentive units using the Monte Carlo simulation method. As of March 31, 2021, there was approximately $11.9 million and $15.8 million of unrecognized compensation expense associated with unvested time-based and performance-based MEP incentive unit awards, respectively. The unrecognized compensation expense associated with the unvested time-based MEP incentive unit awards outstanding as of March 31, 2021 will be recognized over a weighted average period of 2.8 years from March 31, 2021. We expect that the unrecognized compensation expense associated with performance-based MEP incentive unit awards will be recognized over a period of 24 months beginning upon the consummation of this offering.

In connection with the Apax Acquisition, Pride Midco issued $200 million in aggregate initial liquidation preference of Midco Redeemable Preferred Stock. The Midco Redeemable Preferred Stock accrues dividends at a

rate of LIBOR plus 8.875%, which rate will decrease to LIBOR plus 8.375% beginning November 3, 2021. The dividends are payable, or are compounded, quarterly on March 31, June 30, September 30 and December 31 of each year. From the issue date through November 2, 2020, dividends were accrued and added to the then-prevailing liquidation preference of the Midco Redeemable Preferred Stock. From November 2, 2020 to November 2, 2021, we are required pay 50% of the accrued dividends in cash. After November 2, 2021, we will be required to pay 100% of the accrued dividends in cash. If the Midco Redeemable Preferred Stock remains outstanding after May 2, 2022, we are required to pay 0.50% of the initial liquidation preference to the holders of the Midco Redeemable Preferred Stock in cash. Additionally, the Company may, at its option, redeem for cash any or all of the then outstanding Midco Redeemable Preferred Stock, in whole at any time or in part from time to time, at (i) a redemption price per share equal to 101.0% prior to and including November 1, 2021; and 100.0% on November 2, 2021 and thereafter, plus (ii) the amount of all accrued dividends for the then current and all prior dividend payment periods.

The shares of Midco Redeemable Preferred Stock are accounted for as a redeemable noncontrolling interest in the mezzanine section of our consolidated balance sheet and are accreted using the effective interest method to the redemption value through the net income attributable to redeemable noncontrolling interest line within our consolidated statement of operations.

The holders of the Midco Redeemable Preferred Stock have the ability to redeem the shares upon the occurrence of certain events, such as a change in control or an IPO, or on or after the sixth anniversary of the issue date. Upon an initial public offering, we will be required to redeem any outstanding shares of the Midco Redeemable Preferred Stock at (i) a redemption price per share equal to 101.0% prior to and including November 1, 2021; and 100.0% on November 2, 2021 and thereafter, plus (ii) all accrued and unpaid dividends to the redemption date. Upon completion of this offering, we expect to use a portion of the proceeds to effect the redemption by Pride Midco of all outstanding shares of the Midco Redeemable Preferred Stock. As of , 2021, the Midco Redeemable Preferred Stock had accrued but unpaid dividends of $.

Revenues

Recurring and Other Revenue

We derive our revenue from contractual agreements which contain recurring and non-recurring service fees. The majority of our contracts are cancelable by the customer on 30 days' notice. We recognize revenue under Accounting Standard Codification ASC Topic 606 ("ASC 606"). Under ASC 606, we recognize revenue when control of the promised goods or services is transferred to customers in an amount that reflects the consideration that we are entitled to for those goods or services. Recurring revenue consists primarily of revenues derived from the provision of our payroll, workforce management, and HR-related cloud-based computing services. The performance obligations related to recurring services are generally satisfied monthly as services are provided, with fees charged and collected based on a PEPM or per-employee-per-payroll basis. Recurring revenue is generally recognized as the services are provided during each client's payroll period. Other revenue and non-recurring services fees consist mainly of nonrefundable implementation fees, which involve onboarding and configuring the customer within our cloud-based platform. These nonrefundable implementation fees provide certain clients with a material right to renew the contract, with revenue deferred and recognized over the period to which the material right exists. This is generally a period of 24 months from finalization of onboarding, which typically concludes within three to six months of the original booking. Nonrefundable upfront fees related to implementation services were $16.5 million as of March 31, 2021, with $10.6 million revenue recognized in the nine months ended March 31, 2021. Nonrefundable upfront fees related to implementation services were $15.9 million as of June 30, 2020, with $4.3 million of revenue recognized in the fiscal year ended June 30, 2020.

We defer certain commission costs that meet the capitalization criteria. We also capitalize certain costs to fulfill a contract related to our proprietary products if they are identifiable, generate or enhance resources used to satisfy future performance obligations and are expected to be recovered. We utilize the portfolio approach to account for both the cost of obtaining a contract and the cost of fulfilling a contract.

Capitalized costs to fulfill a contract and cost to obtain a contract are amortized over the expected period of benefit, which is generally six years based on our average client life and other qualitative factors, including rate of technological changes. We do not incur any additional costs to obtain or fulfill contracts upon renewal. We recognize additional selling and commission costs and fulfillment costs when an existing client purchases additional services. The additional costs only relate to the additional services purchased and do not relate to the renewal of previous services. We continue to expense certain costs to obtain a contract and cost to fulfill a contract if those costs do not meet the capitalization criteria.

See "—Critical Accounting Policies—Revenue Recognition." We expect recurring and other revenue to increase as we continue to add new customers and sell additional products to our existing customers.

Interest Income on Funds Held for Clients

We earn interest income on funds held for clients. We collect funds for employee payroll payments and related taxes in advance of remittance to employees and taxing authorities. Prior to remittance to employees and taxing authorities, we earn interest on these funds through demand deposit accounts with financial institutions with which we have automated clearing house ("ACH") arrangements. We also earn interest by investing a portion of funds held for clients in highly liquid, investment-grade marketable securities. We expect funds held for our clients to generally grow as the employees per customer increase and as we add customers. Interest income on funds held for clients will fluctuate based on market rates of demand deposit accounts, as well as the highly liquid, investment-grade marketable securities in which we invest the client funds.

Cost of Revenues

Cost of revenues includes costs relating to the provision of ongoing customer support and implementation activities, payroll tax filing, distribution of printed checks and other materials providing our payroll and other HCM solutions. These costs primarily consist of employee-related expenses for Associates who service customers, as well as third-party processing fees, delivery costs, hosting costs, and bank fees associated with client fund transfers. Costs for recurring support are generally expensed as incurred, while such costs for onboarding and configuring our products for our customers are capitalized and amortized over a period of six years.

We amortized $7.4 million and $3.8 million of capitalized contract fulfillment costs during the nine months ended March 31, 2021 and 2020, respectively. We amortized $5.7 million, $1.1 million, and $4.7 million of capitalized contract fulfillment costs during the fiscal year ended June 30, 2020, the Successor 2019 Period, and the Predecessor 2019 period, respectively. We expect to realize increased amortization in future periods as the total capitalized contract fulfillment costs on our balance sheet increases.

We also capitalize a portion of our internal-use software costs including external direct costs of materials and services associated with developing or obtaining internal use software and certain payroll and payroll-related costs for Associates who are directly associated with internal use software projects, which are then generally amortized over a period of three years into cost of revenues. We amortized $44.0 million and $36.7 million of capitalized internal-use and acquired software costs during the nine months ended March 31, 2021 and 2020, respectively. We amortized $49.8 million, $28.7 million, and $4.9 million of capitalized internal-use and acquired software costs during the fiscal year ended June 30, 2020, the Successor 2019 Period, and the Predecessor 2019 period, respectively.

Our cost of revenues is expected to increase in absolute dollars as we expand our customer base. However, in the long-term we expect cost of revenues to reduce as a percentage of total revenues as our business scales.

Operating Expenses

Sales and Marketing

Sales and marketing expenses consist primarily of employee-related expenses for our direct sales and marketing staff, marketing, advertising and promotion expenses, and other related costs. We capitalize certain commission costs related to new contracts or purchases of additional services by our existing customers and amortize such items over a period of six years.

We amortized $6.2 million and $3.0 million of capitalized contract acquisition costs during the nine months ended March 31, 2021 and 2020, respectively. We amortized $4.5 million, $0.8 million, and $4.0 million of capitalized contract acquisition costs during the fiscal year ended June 30, 2020, the Successor 2019 Period, and the Predecessor 2019 period, respectively. We expect to realize increased amortization in future periods as the total capitalized contract acquisition costs on our balance sheet increases.

We seek to grow our number of new customers and upsell existing customers, and therefore our sales and marketing expense is expected to continue to increase in absolute dollars as we grow our sales organization and expand our marketing activities.

General and Administrative

General and administrative expenses consist primarily of employee-related costs for our administrative, finance, accounting, legal and human resources departments. Additional expenses include consulting and professional fees, occupancy costs, insurance, and other corporate expenses.

We amortized $59.1 million and $58.4 million of intangible assets, excluding acquired software amortized through cost of revenues, during the nine months ended March 31, 2021 and 2020, respectively. We amortized $78.0 million, $51.9 million and $0.1 million of intangible assets, excluding acquired software amortized through cost of revenues, during the fiscal year ended June 30, 2020, the Successor 2019 Period, and the Predecessor 2019 Period, respectively. The increase in fiscal year ended June 30, 2020, and the Successor 2019 Period amortization expense is a result of the step-up in fair value relating to the Apax Acquisition.

We expect our general and administrative expenses to increase in absolute dollars as a result of our preparation to become and operate as a public company. Also, following the completion of this offering, we expect these expenses will include additional costs to comply with the rules and regulations applicable to companies listed on a national securities exchange, costs related to compliance with the Sarbanes-Oxley Act and other regulations governing public companies, and increased insurance costs, investor relations and professional services.

Research and Development

Research and development expenses consist primarily of employee-related expenses for our software development and product management staff. Additional expenses include costs related to the development, maintenance, quality assurance and testing of new technologies, and ongoing refinement of our existing solutions. Research and development expenses, other than internal-use software costs qualifying for capitalization, including costs associated with preliminary project stage activities, training, maintenance, and all other post-implementation stage activities are expensed as incurred.

We capitalize a portion of our development costs related to internal-use software, which are amortized over a period of three years into cost of revenues. The timing of our capitalized development projects may affect the amount of development costs expensed in any given period. The table below sets forth the amounts of capitalized and expensed research and development costs for the periods presented:

	Successor				Predecessor
(in thousands)	Nine Months Ended March 31, 2021	Nine Months Ended March 31, 2020	Fiscal Year Ended June 30, 2020	Period from November 2, 2018 to June 30, 2019	Period from July 1, 2018 to November 1, 2018
Capitalized software	$ 15,065	$ 14,777	$ 18,846	$ 12,083	$ 6,701
Research and development expenses	26,507	35,918	45,866	28,428	12,695

We expect to increase our research and development expenses in absolute dollars as we continue to broaden our product offerings and extend our technological leadership by investing in the development of new technologies and introducing them to new and existing customers.

Interest Expense

Interest expense consists primarily of interest payments and accruals relating to outstanding borrowings. We expect interest expense to vary each reporting period depending on the amount of outstanding borrowings and prevailing interest rates.

Other Income (Expense)

Other income (expense) generally consists of other income and expense items outside of our normal operations, such as realized gains or losses on the sale of certain positions of funds held for clients, gains or losses on the extinguishment of debt and expenses relating to our financing arrangements.

Results of Operations

The following table sets forth our consolidated statement of operations for the periods indicated:

	Successor				Predecessor
(in thousands)	Nine Months Ended March 31, 2021	Nine Months Ended March 31, 2020	Fiscal Year Ended June 30, 2020	Period from November 2, 2018 to June 30, 2019	Period from July 1 to November 1, 2018
Consolidated Statement of Operations Data:					
Revenues:					
Recurring and other revenue	$ 263,372	$ 245,357	$317,620	$ 191,881	$ 86,262
Interest income on funds held for clients	1,392	9,192	10,289	9,977	3,343
Total revenues	264,764	254,549	327,909	201,858	89,605
Cost of revenues	112,506	105,501	139,683	77,566	31,939
Gross profit	152,258	149,048	188,226	124,292	57,666
Operating expenses:					
Sales and marketing	75,864	74,970	99,998	56,660	30,479
General and administrative	106,914	102,964	137,071	127,862	31,069
Research and development	26,507	35,918	45,866	28,428	12,695
Total operating expenses	209,285	213,852	282,935	212,950	74,243
Loss from operations	(57,027)	(64,804)	(94,709)	(88,658)	(16,577)
Interest expense	(1,847)	(1,403)	(1,780)	(1,119)	(1,036)
Other income	320	6,438	9,004	423	175
Loss before income taxes	(58,554)	(59,769)	(87,485)	(89,354)	(17,438)
Income tax benefit	(12,344)	(12,619)	(20,182)	(16,531)	(2,517)
Net loss	$ (46,210)	$ (47,150)	$ (67,303)	$ (72,823)	$ (14,921)

Comparison of the Nine Months Ended March 31, 2021 to the Nine Months Ended March 31, 2020

Revenues

(in thousands)	Nine Months Ended March 31, 2021	2020	$ Change	% Change
Revenues:				
Recurring and other revenue	$ 263,372	$ 245,357	$ 18,015	7%
Interest income on funds held for clients	1,392	9,192	(7,800)	(85)%
Total revenues	$ 264,764	$ 254,549	$ 10,215	4%

Total revenue increased 4% to $264.8 million for the nine months ended March 31, 2021 from $254.5 million for the nine months ended March 31, 2020. Total revenues increased primarily as a result of an increase in customers of 6% to approximately 28,200 at March 31, 2021 from approximately 26,700 at March 31, 2020. The increase in customers was partially offset by a 4% decline in the average number of employees per customer to 68 on average for the nine months ended March 31, 2021 from 71 on average for the nine months ended March 31, 2020. This decline in employees per customer was primarily driven by customers terminating or furloughing employees in response to the COVID-19 pandemic. For the nine months ended March 31, 2021 and March 31, 2020, average customer employees were 1.9 million and 1.8 million, respectively.

Interest income on funds held for clients decreased primarily as a result of lower average interest rates across our portfolio of debt-security investments. The impact from the reduction in interest rates was partially offset by higher average daily balances for funds held due to the addition of new customers.

Cost of Revenues

(in thousands)	Nine Months Ended March 31, 2021	2020	$ Change	% Change
Cost of revenues	$ 112,506	$ 105,501	$ 7,005	7%
Percentage of total revenues	42%	41%		
Gross profit	$ 152,258	$ 149,048	$ 3,210	2%
Percentage of total revenues	58%	59%		

Total cost of revenues increased 7% to $112.5 million for the nine months ended March 31, 2021 from $105.5 million for the nine months ended March 31, 2020. Our total cost of revenues increased primarily as a result of a $5.0 million increase in amortization expense relating to capitalized internal-use software and a $2.3 million increase in intangible amortization expense primarily associated with our acquisition of 7Geese in September 2020.

Operating Expenses

Sales and Marketing

(in thousands)	Nine Months Ended March 31, 2021	2020	$ Change	% Change
Sales and marketing	$ 75,864	$ 74,970	$ 894	1%
Percentage of total revenues	29%	29%		

Sales and marketing expenses increased 1% to $75.9 million for the nine months ended March 31, 2021 from $75.0 million for the nine months ended March 31, 2020. The increase in sales and marketing expense was

primarily the result of $3.4 million of additional employee-related costs, principally those incurred to expand our sales coverage, partially offset by a $2.9 million reduction in travel related expenses due to decreased travel as a result of the COVID-19 pandemic.

General and Administrative

(in thousands)	Nine Months Ended March 31, 2021	2020	$ Change	% Change
General and administrative	$ 106,914	$ 102,964	$ 3,950	4%
Percentage of total revenues	40%	40%		

General and administrative expenses increased 4% to $106.9 million for the nine months ended March 31, 2021 from $103.0 million for the nine months ended March 31, 2020. The increase in general and administrative expenses was primarily driven by a $3.6 million increase in consulting fees and a $0.7 million increase in intangible amortization expense primarily associated with an asset acquisition completed in February 2021, partially offset by a $0.5 million reduction in travel related expenses due to decreased travel as a result of the COVID-19 pandemic.

Research and Development

(in thousands)	Nine Months Ended March 31, 2021	2020	$ Change	% Change
Research and development	$ 26,507	$ 35,918	$(9,411)	(26)%
Percentage of total revenues	10%	14%		

Research and development expenses decreased 26% to $26.5 million for the nine months ended March 31, 2021 from $35.9 million for the nine months ended March 31, 2020. The decrease in research and development expenses was primarily the result of an $8.4 million decrease in employee-related costs and a $1.1 million decrease in consulting fees, in each case driven primarily by cost-saving initiatives as a result of the COVID-19 pandemic.

Interest Expense

(in thousands)	Nine Months Ended March 31, 2021	2020	$ Change	% Change
Interest expense	$ 1,847	$ 1,403	$ 444	32%
Percentage of total revenues	<1%	<1%		

Interest expense increased to $1.8 million for the nine months ended March 31, 2021 from $1.4 million for the nine months ended March 31, 2020. This increase in interest expense was primarily attributable to an increase in borrowings as a result of the Term Loan entered into in September 2020.

Other Income

(in thousands)	Nine Months Ended March 31, 2021	2020	$ Change	% Change
Other income	$ 320	$ 6,438	$ (6,118)	(95)%

Other income was $0.3 million for nine months ended March 31, 2021, primarily consisting of unrealized gains resulting from changes in foreign currency rates. Other income for the nine months ended March 31, 2020 was $6.4 million, primarily consisting of a $6.2 million gain resulting from the forgiveness of debt relating to the satisfactory completion of certain requirements which were met under the New Market Tax Credits Agreement with the City of Norwood.

Income Tax Benefit

Income tax benefit for the nine months ended March 31, 2021 and 2020 was $12.3 million and $12.6 million, respectively, reflecting effective tax rates of 21.1% for the nine months ended March 31, 2021 and 2020.

Comparison of the Fiscal Year Ended June 30, 2020, Successor 2019 Period, and Predecessor 2019 Period

Revenues

(in thousands)	Successor: Fiscal Year Ended June 30, 2020	Successor: Period from November 2, 2018 to June 30, 2019	Predecessor: Period from July 1 to November 1, 2018
Revenues:			
Recurring and other revenue	$317,620	$ 191,881	$ 86,262
Interest income on funds held for clients	10,289	9,977	3,343
Total revenues	$327,909	$ 201,858	$ 89,605

Total revenue for the fiscal year ended June 30, 2020 was $327.9 million, and for the Successor 2019 Period and the Predecessor 2019 Period, was $201.9 million and $89.6 million, respectively. In the fiscal year ended June 30, 2020, the Successor 2019 Period, and the Predecessor 2019 Period, recurring and other revenue accounted for $317.6 million, $191.9 million and $86.3 million, respectively. Additionally, interest income on funds held for clients accounted for $10.3 million, $10.0 million, and $3.3 million, respectively, for the fiscal year ended June 30, 2020, the Successor 2019 Period, and the Predecessor 2019 Period. Total revenues increased primarily as a result of an increase in customers of 7% to approximately 27,100 at June 30, 2020 from approximately 25,200 at June 30, 2019. The increase in customers was partially offset by a 6% decline in the average number of employees per customer to 68 at June 30, 2020 from 72 at June 30, 2019. This decline in employees per customer was primarily driven by customers terminating or furloughing employees in response to the COVID-19 pandemic. For the fiscal year ended June 30, 2020, the Successor 2019 Period, and the Predecessor 2019 Period, average customer employees over were 1.9 million, 1.7 million and 1.6 million, respectively.

Interest income on funds held for clients decreased primarily as a result of lower average interest rates across our portfolio of debt-security investments. The impact from the reduction in interest rates was partially offset by higher average daily balances for funds held due to the addition of new customers.

Cost of Revenues

(in thousands)	Successor: Fiscal Year Ended June 30, 2020	Successor: Period from November 2, 2018 to June 30, 2019	Predecessor: Period from July 1, 2018 to November 1, 2018
Cost of revenues	$139,683	$ 77,566	$ 31,939
Percentage of total revenues	43%	38%	36%
Gross profit	$188,226	$ 124,292	$ 57,666
Percentage of total revenues	57%	62%	64%

Total cost of revenues for the fiscal year ended June 30, 2020 was $139.7 million, and for the Successor 2019 Period and Predecessor 2019 Period was $77.6 million and $32.0 million, respectively. Our total cost of revenues increased primarily as a result of the continued growth of our business, including $11.9 million in additional employee-related labor and benefits costs for Associates necessary to service the increasing number of customers on our platform, and increased amortization of technology as a result of the step-up in fair value as a result of the Apax Acquisition. We amortized $49.8 million, $28.7 million, and $4.9 million of capitalized technology and internal-use software costs during the fiscal year ended June 30, 2020, the Successor 2019 Period, and the Predecessor 2019 period, respectively.

Operating Expenses

Sales and Marketing

	Successor		Predecessor
(in thousands)	Fiscal Year Ended June 30, 2020	Period from November 2, 2018 to June 30, 2019	Period from July 1, 2018 to November 1, 2018
Sales and marketing	$ 99,998	$ 56,660	$ 30,479
Percentage of total revenues	30%	28%	34%

Sales and marketing expenses for the fiscal year ended June 30, 2020 were $100.0 million, and for the Successor 2019 Period and Predecessor 2019 Period were $56.7 million and $30.5 million, respectively. The increase in sales and marketing expense was primarily the result of additional employee-related costs, principally those incurred to expand our sales coverage, which were partially offset by a reduction in travel related expenses due to decreased travel as a result of the COVID-19 pandemic.

General and Administrative

	Successor		Predecessor
(in thousands)	Fiscal Year Ended June 30, 2020	Period from November 2, 2018 to June 30, 2019	Period from July 1, 2018 to November 1, 2018
General and administrative	$ 137,071	$ 127,862	$ 31,069
Percentage of total revenues	42%	63%	35%

General and administrative expenses for the fiscal year ended June 30, 2020 were $137.1 million, and for the Successor 2019 Period and Predecessor 2019 Period were $127.9 million and $31.1 million, respectively. The decrease in general and administrative expenses was primarily driven by a $26.1 million decrease in certain one-time expenses from the prior periods related to the Apax Acquisition, a decrease in stock based compensation expense of $27.0 million, and partially offset by a $26.0 million increase in amortization expense related to the step-up in intangibles assets from the Apax Acquisition.

Research and Development

	Successor		Predecessor
(in thousands)	Fiscal Year Ended June 30, 2020	Period from November 2, 2018 to June 30, 2019	Period from July 1, 2018 to November 1, 2018
Research and development	$ 45,866	$ 28,428	$ 12,695
Percentage of total revenues	14%	14%	14%

Research and development expenses for the fiscal year ended June 30, 2020 were $45.9 million, and for the Successor 2019 Period and Predecessor 2019 Period were $28.4 million and $12.7 million, respectively. The increase in research and development expenses was primarily the result of $2.8 million of additional employee-related costs and $1.1 million of additional consulting fees.

Interest Expense

(in thousands)	Successor: Fiscal Year Ended June 30, 2020	Successor: Period from November 2, 2018 to June 30, 2019	Predecessor: Period from July 1, 2018 to November 1, 2018
Interest expense	$ 1,780	$ 1,119	$ 1,036
Percentage of total revenues	<1%	<1%	1.2%

Interest expense for the fiscal year ended June 30, 2020 was $1.8 million, and for the Successor 2019 Period and Predecessor 2019 Period was $1.1 million and $1.0 million, respectively. This decrease was driven primarily by a lower interest rate associated with the refinancing of our building loan.

Other Income

(in thousands)	Successor: Fiscal Year Ended June 30, 2020	Successor: Period from November 2, 2018 to June 30, 2019	Predecessor: Period from July 1, 2018 to November 1, 2018
Other income	$ 9,004	$ 423	$ 175

Other income was $9.0 million for the fiscal year ended June 30, 2020 compared to $0.4 million and $0.2 million for the Successor 2019 Period and the Predecessor 2019 Period. Other income for the fiscal year ended June 30, 2020 primarily consists of a $6.2 million gain resulting from the forgiveness of debt relating to satisfactory completion of certain requirements which were met under the New Market Tax Credits agreement with the City of Norwood and $2.5 million in realized gains on the sale of certain positions of funds held for clients.

Income Tax Benefit

Income tax benefit for the fiscal year ended June 30, 2020 was a benefit of $20.2 million, and for the Successor 2019 Period and Predecessor 2019 Period was a benefit of $16.5 million and $2.5 million, respectively, reflecting effective tax rates for the year ended June 30, 2020 of 23.1%, and for the Successor 2019 Period and the Predecessor 2019 Period of 18.5% and 14.4%, respectively.

Quarterly Results of Operations and Other Data

The following table sets forth selected unaudited consolidated quarterly statements of operations data for the periods presented. The information for each of these quarters has been prepared on the same basis as the audited annual consolidated financial statements included elsewhere in this prospectus and, in the opinion of management, includes all adjustments, which consist only of normal recurring adjustments, necessary for the fair presentation of the results of operations for these periods. This data should be read in conjunction with our audited consolidated financial statements and related notes included elsewhere in this prospectus. These quarterly results are not necessarily indicative of our results of operations to be expected for any future period.

	Three Months Ended							
(in thousands)	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021
Revenue:								
Recurring and other revenue	$ 68,450	$ 72,533	$ 79,891	$ 92,933	$ 72,263	$ 78,551	$ 85,416	$ 99,405
Interest income on funds held for clients	3,806	3,260	2,995	2,937	1,097	510	448	434
Total revenues	72,256	75,793	82,886	95,870	73,360	79,061	85,864	99,839
Cost of revenues	29,409	32,355	34,793	38,353	34,182	34,484	36,833	41,189
Gross profit	42,847	43,438	48,093	57,517	39,178	44,577	49,031	58,650
Operating expenses:								
Sales and marketing	23,553	23,920	24,400	26,650	25,028	24,343	25,477	26,044
General and administrative	37,056	33,354	33,780	35,830	34,107	33,417	35,056	38,441
Research and development	9,982	10,969	11,799	13,150	9,948	8,284	9,390	8,833
Total operating expenses	70,591	68,243	69,979	75,630	69,083	66,044	69,923	73,318
Loss from operations	(27,744)	(24,805)	(21,886)	(18,113)	(29,905)	(21,467)	(20,892)	(14,668)
Other income (expense):								
Interest expense	(420)	(437)	(522)	(444)	(377)	(486)	(673)	(688)
Other	181	(21)	6,372	87	2,566	196	44	80
Loss before benefit for income taxes	(27,983)	(25,263)	(16,036)	(18,470)	(27,716)	(21,757)	(21,521)	(15,276)
Income tax benefit	(5,292)	(5,334)	(3,386)	(3,899)	(7,563)	(4,425)	(4,704)	(3,215)
Net loss	$(22,691)	$ (19,929)	$ (12,650)	$ (14,571)	$(20,153)	$ (17,332)	$ (16,817)	$ (12,061)
Less: Net loss attributable to noncontrolling interests	(5)	—	—	—	—	—	—	—
Less: Accretion of redeemable noncontrolling interests	5,927	5,871	5,926	5,984	5,109	5,050	6,471	6,379
Net loss attributable to Paycor HCM, Inc.	$(28,613)	$ (25,800)	$ (18,576)	$ (20,555)	$(25,262)	$ (22,382)	$ (23,288)	$ (18,440)

Quarterly Revenue Trends

Our number of new customers typically increases more during our third fiscal quarter ending March 31 than during the rest of our fiscal year, primarily because many new customers prefer to start using our payroll or HCM solutions at the beginning of a calendar year. In addition, client funds and year-end activities are traditionally higher during our third fiscal quarter. As a result of these factors, our total revenue has historically grown disproportionately during our third fiscal quarter as compared to other quarters.

Quarterly Operating Expense Trends

Our operating expenses have generally increased sequentially due to our growth and are primarily related to increases in personnel-related costs and related overhead to support our expanding operations and our continued investments in our solutions and service capabilities. A significant portion of our operating expenses are related to compensation and other items which are relatively fixed in the short-term, and we plan expenditures based in part on our expectations regarding future needs and opportunities.

Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, we believe the following non-GAAP measures are useful in evaluating our operating performance. We believe that non-GAAP financial information, when taken collectively, may be helpful to investors because it provides consistency and comparability with past financial performance and assists in comparisons with other companies, some of which use similar non-GAAP financial information to supplement their GAAP results. The non-GAAP financial information is presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with GAAP and may be different from similarly titled non-GAAP measures used by other companies. A reconciliation is provided below for each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures.

Adjusted Gross Profit and Adjusted Gross Profit Margin

We define Adjusted Gross Profit as gross profit, before amortization of intangible assets, stock-based compensation expenses, and certain corporate expenses, in each case that are included in costs of recurring revenues. We define Adjusted Gross Profit Margin as Adjusted Gross Profit divided by total revenues.

We use Adjusted Gross Profit and Adjusted Gross Profit Margin to understand and evaluate our core operating performance and trends. We believe these metrics are useful measures to us and to our investors to assist in evaluating our core operating performance because it provides consistency and direct comparability with our past financial performance and between fiscal periods, as the metrics eliminate the effects of variability of items such as stock-based compensation expense and amortization of intangible assets, which are non-cash expenses that may fluctuate for reasons unrelated to overall operating performance.

Adjusted Gross Profit and Adjusted Gross Profit Margin have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our results as reported under GAAP and should not be considered as replacements for gross profit and gross profit margin, as determined by GAAP, or as measures of our profitability. We compensate for these limitations by relying primarily on our GAAP results and using non-GAAP measures only for supplemental purposes.

Adjusted Gross Profit was $187.3 million and $182.1 million, or 70.8% and 71.5% of total revenues, for the nine months ended March 31, 2021 and 2020, respectively. Adjusted Gross Profit increased for the nine months ended March 31, 2021 when compared to the nine months ended March 31, 2020 as a result of an increase in total revenues from customer growth, offset partially by an increase in amortization of costs to fulfill contracts and amortization of capitalized software within cost of revenues. Adjusted Gross Profit was $233.4 million, $152.2 million and $58.5 million, or 71.2%, 75.4% and 65.2% of total revenues, for the fiscal year ended June 30, 2020, the Successor 2019 Period and the Predecessor 2019 Period, respectively. Adjusted Gross Profit increased for the fiscal period ended June 30, 2020, primarily driven by the increase in total revenues from customer growth, partially offset by an increase in employee-related expenses and amortization of capitalized software within cost of revenues.

	Successor				Predecessor
(in thousands)	Nine Months Ended March 31, 2021	Nine Months Ended March 31, 2020	Fiscal Year Ended June 30, 2020	Period from November 2, 2018 to June 30, 2019	Period from July 1, 2018 to November 1, 2018
Gross Profit*	$ 152,258	$ 149,048	$188,226	$ 124,292	$ 57,666
Gross Profit Margin	*57.5%*	*58.6%*	*57.4%*	*61.6%*	*64.4%*
Amortization of intangible assets	34,413	32,157	42,876	27,657	397
Stock-based compensation expense	656	—	617	—	401
Corporate adjustments**	—	884	1,658	262	—
Adjusted Gross Profit*	$ 187,327	$ 182,089	$233,377	$ 152,211	$ 58,464
Adjusted Gross Profit Margin,	*70.8%*	*71.5%*	*71.2%*	*75.4%*	*65.2%*

* *Gross Profit and Adjusted Gross Profit are burdened by depreciation expense of $1.8 million and $1.8 million for the nine months ended March 31, 2021 and 2020, respectively, and $2.5 million, $1.5 million, and $0.8 million for the fiscal year ended June 30, 2020, the Successor 2019 Period and the Predecessor 2019 Period, respectively.*

** *Corporate adjustments for the nine months ended March 31, 2020 primarily related to the transition of the new executive leadership team and closure of a standalone facility. Corporate Adjustments for the fiscal year ended June 30, 2020 and the Successor 2019 Period primarily related to certain costs related to the transition of the new executive leadership team and closure of a standalone facility of $0.7 million and $0.3 million, respectively, and $0.9 million of costs related to implementing certain expense saving initiatives as a result of the COVID-19 pandemic for the fiscal year ended June 30, 2020.*

Quarterly Adjusted Gross Profit and Adjusted Gross Profit Margin

	Three Months Ended							
	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021
Gross Profit	$ 42,847	$ 43,438	$ 48,093	$ 57,517	$ 39,178	$ 44,577	$ 49,031	$ 58,650
Gross Profit Margin	*59.3%*	*57.3%*	*58.0%*	*60.0%*	*53.4%*	*56.4%*	*57.1%*	*58.7%*
Amortization of intangible assets	10,507	10,719	10,719	10,719	10,719	10,969	11,722	11,722
Stock-based compensation expense	—	—	—	—	617	213	213	230
Corporate adjustments	262	206	106	572	774	—	—	—
Adjusted Gross Profit	$ 53,616	$ 54,363	$ 58,918	$ 68,808	$ 51,288	$ 55,759	$ 60,966	$ 70,602
Adjusted Gross Profit Margin	*74.2%*	*71.7%*	*71.1%*	*71.8%*	*69.9%*	*70.5%*	*71.0%*	*70.7%*

Adjusted Operating Income

We define Adjusted Operating Income as loss from operations before amortization of acquired intangible assets, stock-based award and liability incentive award compensation expenses, and other certain corporate expenses, such as costs related to acquisitions, including the Apax Acquisition. We define Adjusted Operating Income Margin as Adjusted Operating Income divided by total revenues.

We use Adjusted Operating Income and Adjusted Operating Income Margin to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget, and to develop short-term and long-term operating plans. We believe that Adjusted Operating Income and Adjusted Operating Income Margin facilitate comparison of our operating performance on a consistent basis between periods, and when viewed in combination with our results prepared in accordance with GAAP, help provide a broader picture of factors and trends affecting our results of operations. While the amortization expense relating to intangible assets is excluded from Adjusted Operating Income, the revenue related to such intangible assets is reflected in Adjusted Operating Income as these assets contribute to our revenue generation.

Adjusted Operating Income and Adjusted Operating Income Margin have limitations as analytical tools, and you should not consider them in isolation, or as substitutes for analysis of our results as reported under GAAP. Because of these limitations, Adjusted Operating Income and Adjusted Operating Income Margin should not be considered as replacements for operating loss and operating loss margin, as determined by GAAP, or as measures of our profitability. We compensate for these limitations by relying primarily on our GAAP results and using non-GAAP measures only for supplemental purposes.

Adjusted Operating Income was $47.8 million and $34.9 million for the nine months ended March 31, 2021 and 2020, respectively. Adjusted Operating Income increased for the nine months ended March 31, 2021 compared to the nine months ended March 31, 2020 as a result of an increase in gross profit and a reduction in research and development expenses as a result of a decrease in employee-related costs and consulting fees, partially offset by an increase in cost related to expanding our sales coverage. Adjusted Operating Income was $46.3 million, $36.9 million and $5.0 million for the fiscal year ended June 30, 2020, the Successor 2019 Period and the Predecessor 2019 Period, respectively. Adjusted Operating Income increased for the fiscal period ended June 30, 2020, primarily driven by an increase in gross profit and offset by an increase in cost related to expanding our sales coverage, as well as continued investment in research and development.

	Successor				Predecessor
(in thousands)	Nine Months Ended March 31, 2021	Nine Months Ended March 31, 2020	Fiscal Year Ended June 30, 2020	Period from November 2, 2018 to June 30, 2019	Period from July 1, 2018 to November 1, 2018
Loss from Operations	$ (57,027)	$ (64,804)	$ (94,709)	$ (88,658)	$ (16,577)
Operating Margin	*(21.5)%*	*(25.5)%*	*(28.9)%*	*(43.9)%*	*(18.5)%*
Amortization of intangible assets	93,553	90,571	120,862	79,545	508
Stock-based award and liability incentive award compensation expense	5,378	2,789	7,961	29,047	6,548
Corporate adjustments*	5,864	6,344	12,149	17,006	14,498
Adjusted Operating Income	$ 47,768	$ 34,900	$ 46,263	$ 36,940	$ 4,977
Adjusted Operating Income Margin	*18.0%*	*13.7%*	*14.1%*	*18.3%*	*5.6%*

* *Corporate Adjustments for the nine months ended March 31, 2021 and 2020 relate to certain costs related to the transition of the new executive leadership team and closure of a standalone facility of $1.0 million and $4.1 million, respectively, as well as costs associated with our efforts to become a public company, including the implementation of a new enterprise-resource planning system and professional, consulting, and other costs, of $4.4 million and $1.8 million, respectively, and transaction expenses and costs*

associated with the 7Geese Acquisition and other acquisitions totaling $0.5 million and $0.4 million, respectively. Corporate Adjustments for the fiscal year ended June 30, 2020 and Successor 2019 Period relate to certain costs related to the transition of the new executive leadership team and closure of a standalone facility of $6.0 million and $4.0 million, respectively, as well as costs associated with our efforts to become a public company, including the implementation of a new enterprise-resource planning system and professional, consulting, and other costs, of $2.7 million and $1.4 million, respectively. Corporate Adjustments for the fiscal year ended June 30, 2020 also include costs related to implementing certain expense saving initiatives as a result of the COVID-19 pandemic totaling $3.4 million. Costs associated with the Apax Acquisition are also included in Corporate Adjustments, which totaled $11.6 million in the Successor 2019 Period and $14.5 million in the Predecessor 2019 Period.

Quarterly Adjusted Operating Income

	Three Months Ended							
	June 30, 2019	**September 30, 2019**	**December 31, 2019**	**March 31, 2020**	**June 30, 2020**	**September 30, 2020**	**December 31, 2020**	**March 31, 2021**
Loss from Operations	$(27,744)	$ (24,805)	$ (21,886)	$ (18,113)	$(29,905)	$ (21,467)	$ (20,892)	$ (14,668)
Operating Margin	*(38.4%)*	*(32.7%)*	*(26.4%)*	*(18.9%)*	*(40.8%)*	*(27.2%)*	*(24.3%)*	*(14.7%)*
Amortization of intangible assets	29,965	30,177	30,177	30,217	30,291	30,504	31,267	31,782
Stock-based award and liability incentive award compensation expense	2,683	1,102	1,102	585	5,172	1,740	1,756	1,882
Corporate adjustments	4,598	2,427	1,101	2,816	5,805	1,899	1,364	2,601
Adjusted Operating Income	$ 9,502	$ 8,901	$ 10,494	$ 15,505	$ 11,363	$ 12,676	$ 13,495	$ 21,597
Adjusted Operating Income Margin	*13.2%*	*11.7%*	*12.7%*	*16.2%*	*15.5%*	*16.0%*	*15.7%*	*21.6%*

Adjusted Operating Expenses

We define Adjusted Sales and Marketing expense as sales and marketing expenses before stock-based compensation expenses and other certain corporate expenses. We define Adjusted General and Administrative expense as general and administrative expenses before amortization of acquired intangible assets, stock-based award and liability incentive award compensation expenses, and other certain corporate expenses. We define Adjusted Research and Development expense as research and development expenses before stock-based compensation expenses and other certain corporate expenses.

We use Adjusted Sales and Marketing expense, Adjusted General and Administrative expense and Adjusted Research and Development expense (collectively, “Adjusted Operating Expenses”) to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget, and to develop short-term and long-term operating plans. We believe that Adjusted Operating Expenses facilitate comparison of our operating performance on a consistent basis between periods, and when viewed in combination with our results prepared in accordance with GAAP, help provide a broader picture of factors and trends affecting our results of operations.

Adjusted Operating Expenses have limitations as analytical tools, and you should not consider them in isolation, or as substitutes for analysis of our results as reported under GAAP. Because of these limitations, Adjusted Operating Expenses should not be considered as replacements for operating expenses, as determined by GAAP. We compensate for these limitations by relying primarily on our GAAP results and using non-GAAP measures only for supplemental purposes.

Adjusted Sales and Marketing expense was $73.5 million and $73.7 million for the nine months ended March 31, 2021 and 2020, respectively. Adjusted Sales and Marketing expense decreased for the nine months ended March 31, 2021 when compared to the nine months ended March 31, 2020 primarily as a result of a decrease in travel related expenses due to decreased travel as a result of the COVID-19 pandemic, partially offset

by additional employee-related costs, principally those incurred to expand our sales coverage. Adjusted Sales and Marketing expense was $95.8 million, $56.7 million and $28.2 million for the fiscal year ended June 30, 2020, the Successor 2019 Period and the Predecessor 2019 Period, respectively. Adjusted Sales and Marketing expenses increased for the fiscal period ended June 30, 2020, primarily driven by expanding our sales coverage.

Adjusted General and Administrative expense was $39.7 million and $37.9 million for the nine months ended March 31, 2021 and 2020, respectively. Adjusted General and Administrative expense increased for the nine months ended March 31, 2021 when compared to the nine months ended March 31, 2020 primarily as a result of employee-related costs. Adjusted General and Administrative expense was $47.7 million, $30.6 million and $13.6 million for the fiscal year ended June 30, 2020, the Successor 2019 Period and the Predecessor 2019 Period, respectively. Adjusted General and Administrative expenses increased for the fiscal period ended June 30, 2020, primarily driven by additional employee-related costs and software-related expenses.

Adjusted Research and Development expense was $26.3 million and $35.6 million for the nine months ended March 31, 2021 and 2020, respectively. Adjusted Research and Development expense decreased for the nine months ended March 31, 2021 when compared to the nine months ended March 31, 2020 primarily as a result of a decrease in employee-related costs and consulting fees. Adjusted Research and Development expense was $43.6 million, $28.0 million and $11.7 million for the fiscal year ended June 30, 2020, the Successor 2019 Period and the Predecessor 2019 Period, respectively. Adjusted Research and Development expenses increased for the fiscal period ended June 30, 2020, primarily driven by additional employee-related costs and additional consulting fees.

	Successor				Predecessor
(in thousands)	Nine Months Ended March 31, 2021	Nine Months Ended March 31, 2020	Fiscal Year Ended June 30, 2020	Period from November 2, 2018 to June 30, 2019	Period from July 1, 2018 to November 1, 2018
Sales and Marketing expense	$ 75,864	$ 74,970	$ 99,998	$ 56,660	$ 30,479
Stock-based compensation expense	(1,737)	—	(1,666)	—	(2,272)
Corporate adjustments*	(598)	(1,281)	(2,528)	—	—
Adjusted Sales and Marketing expense	$ 73,529	$ 73,689	$ 95,804	$ 56,660	$ 28,207
General and Administrative expense	$ 106,914	$ 102,964	$137,071	$ 127,862	$ 31,069
Amortization of intangible assets	(59,140)	(58,414)	(77,986)	(51,888)	(111)
Stock-based award and liability incentive award compensation expense	(2,871)	(2,789)	(4,909)	(29,047)	(2,899)
Corporate adjustments**	(5,204)	(3,871)	(6,499)	(16,337)	(14,498)
Adjusted General and Administrative expense	$ 39,699	$ 37,890	$ 47,677	$ 30,590	$ 13,561
Research and Development expense	$ 26,507	$ 35,918	$ 45,866	$ 28,428	$ 12,695
Stock-based compensation expense	(114)	—	(769)	—	(976)
Corporate adjustments***	(62)	(308)	(1,464)	(407)	—
Adjusted Research and Development expense	$ 26,331	$ 35,610	$ 43,633	$ 28,021	$ 11,719

* *Corporate Adjustments for the nine months ended March 31, 2021 and 2020 primarily relate to certain costs related to the transition of the new executive leadership team and closure of a standalone facility of $0.6 million and $1.3 million, respectively. Corporate Adjustments for the fiscal year ended June 30, 2020 relate to certain costs related to the transition of the new executive leadership team and closure of a standalone facility and costs related to implementing certain expense saving initiatives as a result of the COVID-19 pandemic totaling $1.8 million and $0.7 million, respectively.*

** *Corporate Adjustments for the nine months ended March 31, 2021 and 2020 relate to certain costs related to the transition of the new executive leadership team and closure of a standalone facility of $0.4 million and $1.9 million, respectively, as well as costs associated with our efforts to become a public company, including the implementation of a new enterprise-resource planning system and professional, consulting, and other costs, of $4.3 million and $1.6 million, respectively, and transaction expenses and costs*

associated with the 7Geese Acquisition and other acquisitions totaling $0.5 million and $0.4 million, respectively. Corporate Adjustments for the fiscal year ended June 30, 2020 and Successor 2019 Period relate to certain costs related to the transition of the new executive leadership team and closure of a standalone facility of $3.3 million and $3.3 million, respectively, as well as costs associated with our efforts to become a public company, including the implementation of a new enterprise-resource planning system and professional, consulting, and other costs, of $2.0 million and $1.0 million, respectively, and transaction expenses and costs associated with acquisitions totaling $0.3 million and $0.4 million, respectively. Corporate Adjustments for the fiscal year ended June 30, 2020 also include costs related to implementing certain expense saving initiatives as a result of the COVID-19 pandemic totaling $0.9 million. Costs associated with the Apax Acquisition are also included in Corporate Adjustments, which totaled $11.6 million in the Successor 2019 Period and $14.5 million in the Predecessor 2019 Period.

*** *Corporate Adjustments for the nine months ended March 31, 2021 relate to costs associated with the 7Geese acquisition. Corporate Adjustments for the nine months ended March 31, 2020 relate to certain costs related to the transition of the new executive leadership team and closure of a standalone facility. Corporate Adjustments for the fiscal year ended June 30, 2020 and Successor 2019 Period relate to certain costs related to the transition of the new executive leadership team and closure of a standalone facility of $0.3 million and $0.4 million, respectively. Corporate adjustments for the fiscal year ended June 30, 2020 also include acquisition related costs of $0.2 million and costs related to implementing certain expense saving initiatives as a result of the COVID-19 pandemic totaling $1.0 million.*

Quarterly Adjusted Operating Expense

	Three Months Ended							
	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021
Sales and Marketing expense	$ 23,553	$ 23,920	$ 24,400	$ 26,650	$ 25,028	$ 24,343	$ 25,477	$ 26,044
Stock-based compensation expense	—	—	—	—	(1,666)	(537)	(577)	(623)
Corporate adjustments		(471)	(42)	(768)	(1,247)	(296)	(299)	(3)
Adjusted Sales and Marketing expense	$ 23,553	$ 23,449	$ 24,358	$ 25,882	$ 22,115	$ 23,510	$ 24,601	$ 25,418
General and Administrative expense	$ 37,056	$ 33,354	$ 33,780	$ 35,830	$ 34,107	$ 33,417	$ 35,056	$ 38,441
Amortization of intangible assets	(19,458)	(19,458)	(19,458)	(19,498)	(19,572)	(19,535)	(19,545)	(20,060)
Stock-based award and liability incentive award compensation expense	(2,683)	(1,102)	(1,102)	(585)	(2,120)	(953)	(929)	(989)
Corporate adjustments	(3,929)	(1,566)	(887)	(1,418)	(2,628)	$ (1,603)	$ (1,065)	$ (2,536)
Adjusted General and Administrative expense	$ 10,986	$ 11,228	$ 12,333	$ 14,329	$ 9,787	$ 11,326	$ 13,517	$ 14,856
Research and Development expense	$ 9,982	$ 10,969	$ 11,799	$ 13,150	$ 9,948	$ 8,284	$ 9,390	$ 8,833
Stock-based award and liability incentive award compensation expense	—	—	—	—	(769)	(37)	(37)	(40)
Corporate adjustments	(407)	(184)	(66)	(58)	(1,156)	—	—	(62)
Adjusted Research and development expense	$ 9,575	$ 10,785	$ 11,733	$ 13,092	$ 8,023	$ 8,247	$ 9,353	$ 8,731

Adjusted Net Income Attributable to Paycor HCM, Inc.

We define Adjusted Net Income Attributable to Paycor HCM, Inc. as Net Loss Attributable to Paycor HCM, Inc. before the accretion of redeemable noncontrolling interests, amortization of acquired intangible assets, stock-based award and liability incentive award compensation expenses, gain on the extinguishment of debt, and other certain corporate expenses, such as costs related to acquisitions, including the Apax Acquisition. All of the adjustments, except for the accretion of redeemable noncontrolling interests, are adjusted for the effect of income taxes using a 24% statutory tax rate for all periods presented.

We use Adjusted Net Income Attributable to Paycor HCM, Inc. to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget, and to develop short-term and long-term operating plans. We believe that Adjusted Net Income Attributable to Paycor HCM, Inc. facilitates comparison of our operating performance on a consistent basis between periods, and when viewed in combination with our results prepared in accordance with GAAP, help provide a broader picture of factors and trends affecting our results of operations. While the amortization expense relating to intangible assets is excluded from Adjusted Net Income Attributable to Paycor HCM, Inc., the revenue related to such intangible assets is reflected in Adjusted Net Income Attributable to Paycor HCM, Inc. as these assets contribute to our revenue generation.

Adjusted Net Income Attributable to Paycor HCM, Inc. has limitations as an analytical tool, and you should not consider this in isolation, or as a substitute for analysis of our results as reported under GAAP. Because of these limitations, Adjusted Net Income Attributable to Paycor HCM, Inc. should not be considered as a replacement for Net Loss Attributable to Paycor HCM, Inc., as determined by GAAP, or as measures of our profitability. We compensate for these limitations by relying primarily on our GAAP results and using non-GAAP measures only for supplemental purposes.

Adjusted Net Income was $33.4 million and $23.9 million for the nine months ended March 31, 2021 and 2020, respectively. Adjusted Net Income increased for the nine months ended March 31, 2021 compared to the nine months ended March 31, 2020 as a result of an increase in Adjusted Net Income Attributable to Paycor HCM, Inc. for the nine months ended March 31, 2020, primarily driven by an increase in gross profit, partially offset by an increase in cost related to expanding our sales coverage. Adjusted Net Income Attributable to Paycor HCM, Inc. was $35.1 million, $22.6 million and $1.5 million for the fiscal year ended June 30, 2020, the Successor 2019 Period and the Predecessor 2019 Period, respectively. Adjusted Net Income Attributable to Paycor HCM, Inc. increased for the fiscal period ended June 30, 2020, primarily driven by an increase in gross profit and other income, partially offset by an increase in cost related to expanding our sales coverage, as well as continued investment in research and development.

	Successor				Predecessor
(in thousands)	Nine Months Ended March 31, 2021	Nine Months Ended March 31, 2020	Fiscal Year Ended June 30, 2020	Period from November 2, 2018 to June 30, 2019	Period from July 1, 2018 to November 1, 2018
Net loss attributable to Paycor HCM, Inc.	$ (64,110)	$ (64,931)	$ (90,193)	$ (88,518)	$ (14,921)
Accretion of redeemable noncontrolling interests	17,900	17,781	22,890	15,700	—
Gain on extinguishment of debt	—	(6,240)	(6,240)	—	—
Amortization of intangible assets	93,553	90,571	120,862	79,545	508
Stock-based award and liability incentive award compensation expense	5,378	2,789	7,961	29,047	6,548
Corporate adjustments*	5,864	6,344	12,149	17,006	14,498
Income tax effect on adjustments	(25,151)	(22,431)	(32,336)	(30,144)	(5,173)
Adjusted Net Income Attributable to Paycor HCM, Inc.	$ 33,434	$ 23,883	$ 35,093	$ 22,636	$ 1,460

* *Corporate Adjustments for the nine months ended March 31, 2021 and 2020 relate to certain costs related to the transition of the new executive leadership team and closure of a standalone facility of $1.0 million and $4.1 million, respectively, as well as costs associated with our efforts to become a public company, including the implementation of a new enterprise-resource planning system and professional, consulting, and other costs, of $4.4 million and $1.8 million, respectively, and transaction expenses and costs associated with the 7Geese Acquisition and other acquisitions totaling $0.5 million and $0.4 million, respectively. Corporate Adjustments for the fiscal year ended June 30, 2020 and Successor 2019 Period relate to certain costs related to the transition of the new executive leadership team and closure of a*

standalone facility of $6.0 million and $4.0 million, respectively, as well as costs associated with our efforts to become a public company, including the implementation of a new enterprise-resource planning system and professional, consulting, and other costs, of $2.7 million and $1.4 million, respectively. Corporate Adjustments for the fiscal year ended June 30, 2020 also include costs related to implementing certain expense saving initiatives as a result of the COVID-19 pandemic totaling $3.4 million. Costs associated with the Apax Acquisition are also included in Corporate Adjustments, which totaled $11.6 million in the Successor 2019 Period and $14.5 million in the Predecessor 2019 Period.

QuarterlyAdjusted Net Income Attributable to Paycor HCM, Inc.

	Three Months Ended							
	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021
Net loss attributable to Paycor HCM, Inc	$(28,613)	$ (25,800)	$ (18,576)	$ (20,555)	$(25,262)	$ (22,382)	$ (23,288)	$ (18,440)
Accretion of redeemable noncontrolling interests	5,927	5,871	5,926	5,984	5,109	5,050	6,471	6,379
Gain on extinguishment of debt	—	—	(6,240)	—	—	—	—	—
Amortization of intangible assets	29,965	30,177	30,177	30,217	30,291	30,504	31,267	31,782
Stock-based award and liability incentive award compensation expense	2,683	1,102	1,102	585	5,172	1,740	1,756	1,882
Corporate adjustments	4,598	2,427	1,101	2,816	5,805	1,899	1,364	2,601
Income tax effect on adjustments	(8,940)	(8,089)	(6,274)	(8,068)	(9,905)	(8,194)	(8,253)	(8,704)
Adjusted Net Income Attributable to Paycor HCM, Inc	$ 5,620	$ 5,688	$ 7,216	$ 10,979	$(11,210)	$ 8,617	$ 9,317	$ 15,500

Liquidity and Capital Resources

General

As of March 31, 2021 and June 30, 2020, our principal sources of liquidity were cash and cash equivalents totaling $19.4 and $0.8 million, respectively, which was held for working capital purposes, as well as available commitments under our Revolving Credit Facility, described further below. As of March 31, 2021 and June 30, 2020, our cash and cash equivalents principally included demand deposit accounts. During the nine months ended March 31, 2021 and the fiscal year ended June 30, 2020, our positive cash flows from operations enabled us to make continued investments to support the growth of our business. Following the completion of this offering, we expect that our operating cash flows, in addition to our cash and cash equivalents and access to our Revolving Credit Facility, will enable us to continue to make such investments in the future. We expect our operating cash flows to further improve as we increase our operational efficiency and experience economies of scale.

We have financed our operations primarily through cash received from operations and debt financing. We believe our existing cash and cash equivalents, our Revolving Credit Facility and cash provided by sales of our solutions and services will be sufficient to meet our working capital and capital expenditure needs for at least the next twelve months. Our future capital requirements will depend on many factors including our growth rate, the timing and extent of spending to support development efforts, the expansion of sales and marketing activities, and the introduction of new and enhanced products and services offerings. In the future, we may enter into arrangements to acquire or invest in complementary businesses, services, and technologies, including intellectual property rights.

We may be required to seek additional equity or debt financing. If additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations and invest in new technologies, this could reduce our ability to compete successfully and harm our results of operations.

The majority of the Company's recurring fees are satisfied over time as the services are provided and invoiced by the customer payroll processing period or by month. The nonrefundable upfront fees related to implementation services are typically included on the client's first invoice. As of March 31, 2021 and June 30, 2020, we had deferred revenue of $16.5 million and $15.9 million, respectively, of which $11.7 million and $10.2 million, respectively, was recorded as a current liability and is expected to be recorded as revenue in the next twelve months, provided all other revenue recognition criteria have been met.

Midco Redeemable Preferred Stock

In connection with the Apax Acquisition, Pride Midco issued $200 million in aggregate initial liquidation preference of Redeemable Preferred Stock, which is reflected as a redeemable noncontrolling interest in our consolidated balance sheets. The Midco Redeemable Preferred Stock accrues dividends at a rate of LIBOR plus 8.875%, which rate will decrease to LIBOR plus 8.375% beginning November 3, 2021. The dividends are payable, or are compounded, quarterly on March 31, June 30, September 30, and December 31 of each year. From the issue date through November 2, 2020, dividends were accrued and added to the then-prevailing liquidation preference of the Midco Redeemable Preferred Stock. From November 2, 2020 to November 2, 2021, we are required pay 50% of the accrued dividends in cash. After November 2, 2021, we will be required to pay 100% of the accrued dividends in cash. If the Midco Redeemable Preferred Stock remains outstanding after May 2, 2022, we are required to pay 0.50% of the initial liquidation preference to the holders of the Midco Redeemable Preferred Stock in cash. Additionally, the Company may, at its option, redeem for cash any or all of the then outstanding Midco Redeemable Preferred Stock, in whole at any time or in part from time to time, at (i) a redemption price per share equal to 101.0% prior to and including November 1, 2021; and 100.0% on November 2, 2021 and thereafter, plus (ii) the amount of all accrued dividends for the then current and all prior dividend payment periods.

The holders of the Midco Redeemable Preferred Stock have the ability to redeem the shares upon the occurrence of certain events such as a change in control, an IPO, on or after the sixth anniversary of the issue date, or a trigger event, etc. often involving a premium. Upon an IPO, we will be required to redeem any outstanding shares of the Midco Redeemable Preferred Stock at (i) a redemption price per share equal to 101.0% prior to and including November 1, 2021; and 100.0% on November 2, 2021 and thereafter, plus (ii) the amount of all accrued dividends for the then current and all prior dividend payment periods. Upon the successful completion of this offering, we intend to use a portion of the proceeds to redeem any outstanding shares of the Midco Redeemable Preferred Stock. Assuming we had redeemed the Midco Redeemable Preferred Stock on March 31, 2021, we would have paid approximately $255.3 million, which represents the initial liquidation preference, accrued but unpaid dividends, and the redemption premium.

Senior Secured Credit Facilities

In November 2018, we entered in a credit agreement with Wells Fargo Bank, N.A. and certain other lenders (the "Credit Agreement") which provides for revolving loan commitments of up to $50.0 million (the "Revolving Credit Facility"). The $0.4 million and $5.0 million of borrowings under the Revolving Credit Facility as of March 31, 2021 and June 30, 2020, respectively, bear interest, at our option, at a rate equal to: (i) LIBOR (subject to 1.0% floor) plus 3.0% margin or (ii) the greatest of (a) the Federal Funds Rate plus 0.5% (b) LIBOR rate plus 1.0%, or (c) the Lender's prime rate, plus 2.0% margin. The Revolving Credit Facility matures on November 2, 2023. As of March 31, 2021 and June 30, 2020, we had approximately $49.6 million and $45.0 million, respectively, of borrowing capacity under this facility, subject to liquidity covenants.

Borrowings under the Credit Agreement are guaranteed by our subsidiary, Pride Guarantor Inc. and certain of our other subsidiaries. These borrowings are secured by liens and security interests on substantially all of the assets of existing and future material domestic subsidiaries of Pride Guarantor Inc.

On September 2, 2020, we amended the Credit Agreement to also provide for a $25.0 million term loan (the "Term Loan"). The proceeds from the Term Loan were used for general corporate purposes and our acquisition

of Paltech Solutions (doing business as 7Geese) in September 2020. The Term Loan bears interest, at our option, at a rate equal to: (i) LIBOR (subject to 1.0% floor) plus 4.25% margin prior to the third anniversary or 4.0% after the third anniversary or (ii) the greatest of (a) the Federal Funds Rate plus 0.5% (b) LIBOR rate plus 1.0%, or (c) the Lender's prime rate, plus 3.25% margin prior to the third anniversary or 3.0% after the third anniversary. The Term Loan requires quarterly principal repayments of $62,500 beginning December 31, 2020 and matures on November 2, 2023. As a result of the amendment, the interest rate on the Revolving Credit Facility was adjusted to bear interest at the same rate as the Term Loan. As of March 31, 2021, the interest rate was 5.25% and we had approximately $24.9 million of outstanding debt relating to our Term Loan.

The Credit Agreement contains financial covenants, which are reviewed for compliance on a quarterly basis, including a minimum liquidity covenant, a minimum trailing twelve-month recurring revenue covenant, a minimum EBITDA covenant, that, upon our election, requires us to maintain a total leverage ratio of no greater than the greater of (i) 7.50:1.00 and (ii) the ratio that is equal to 130% of the total leverage ratio as of the date of such election. As of June 30, 2020, we were in compliance with all covenants. See "Description of Certain Indebtedness and Other Obligations—Senior Secured Credit Facilities" for more information about the financial covenants.

Headquarters Loan

As of March 31, 2021 and June 30, 2020, we had approximately $18.9 million and $19.5 million, respectively, of outstanding debt relating to our headquarters loan, which bears interest payable monthly at a rate of LIBOR plus 1.75% (1.86% as of March 31, 2021 and 1.91% as of June 30, 2020) through the November 14, 2022 maturity date. See "Description of Certain Indebtedness and Other Obligations—Headquarters Loan."

Equity Issuance and Share Repurchase

In December 2020 and January 2021, we completed private placements of 7,715 shares of Series A preferred stock with certain institutional investors, which generated net proceeds of approximately $270 million. Each share of Series A preferred stock has an initial liquidation preference of $35,000, subject to adjustment in accordance with our Amended and Restated Certificate of Incorporation. The Series A preferred stock, unless converted earlier at the option of the holder of the Series A preferred stock, automatically converts into shares of Common Stock upon (i) the closing of an underwritten public offering of our Common Stock, (ii) the direct listing of our Common Stock on a nationally-recognized securities exchange, or (iii) a merger involving a special purpose acquisition vehicle, commonly referred to as a SPAC transaction (in each instance, subject to certain listing and valuation and dollar threshold requirements). The Series A preferred stock is initially convertible into shares of Common Stock on a one-to-one basis, subject to adjustment in certain circumstances. The Series A preferred stock is not subject to redemption except in the case of certain sale or change of control events. Holders of Series A preferred stock are entitled to vote as a single class together with holders of our Common Stock on an as-converted basis.

Subsequent to our December 2020 Series A preferred stock issuance, we used the proceeds from the issuance and a promissory note of approximately $65.0 million with Pride Aggregator L.P. to repurchase 7,000 shares of our Common Stock at a price of $35,000 per share for approximately $245 million. We repaid the $65.0 million promissory note with proceeds from the January 2021 Series A preferred stock issuance.

Cash Flows

The following table presents a summary of our consolidated cash flows from operating, investing and financing activities for the periods presented.

(in thousands)	Successor				Predecessor
	Nine Months Ended March 31, 2021	Nine Months Ended March 31, 2020	Fiscal Year Ended June 30, 2020	Period from November 2, 2018 to June 30, 2019	Period from July 1, 2018 to November 1, 2018
Net cash provided by (used in) operating activities	$ 26,185	$ (1,791)	$ 88	$ (11,584)	$ (1,003)
Net cash (used in) provided by investing activities	(43,810)	(24,194)	121,529	(772,039)	90,100
Net cash provided by (used in) financing activities	202,049	126,526	(20,880)	1,152,334	(283,506)
Impact of foreign exchange on cash and cash equivalents	(35)	—	—	—	—
Net increase (decrease) in cash and cash equivalents	184,389	100,541	100,737	368,711	(194,409)
Cash and cash equivalents at beginning of period	546,448	445,711	445,711	77,000	271,409
Cash and cash equivalents at end of period	$ 730,837	$ 546,252	$ 546,448	$ 445,711	$ 77,000

Operating Activities

Net cash provided by (used in) operating activities was $26.2 million and $(1.8) million for the nine months ended March 2021 and 2020, respectively. The increase in net cash provided by operating activities for the nine months ended March 31, 2021 reflects an increase in adjustments to add back non-cash items. Net cash provided by (used in) operating activities was $0.1 million, $(11.6) million and $(1.0) million for the fiscal year ended June 30, 2020, Successor 2019 Period, and Predecessor 2019 Period, respectively. The increase in net cash provided by operating activities for the fiscal year ended June 30, 2020 reflects an improvement in net loss and adjustments to add back non-cash items.

Investing Activities

Net cash used in investing activities was $(43.8) million and $(24.2) million for the nine months ended March 2021 and 2020, respectively. The increase in net cash used by investing activities for the nine months ended March 31, 2021 reflects the use of cash to effect the acquisitions of intangible assets, and of Paltech Solutions, Inc. (doing business as 7Geese) in September 2020 and intangible assets in February 2021. Net cash provided by (used in) investing activities was $121.5 million, $(772.0) million, and $90.1 million for the fiscal year ended June 30, 2020, Successor 2019 Period, and Predecessor 2019 Period, respectively. The increase in net cash provided by investing activities for the fiscal year ended June 30, 2020 was primarily attributable to consideration paid in the Apax Acquisition and in the acquisition of Nimble, both of which occurred in 2019, as well as timing of proceeds and purchases within our client funds portfolio.

Financing Activities

Net cash provided by financing activities was $202.0 million and $126.5 million for the nine months ended March 2021 and 2020, respectively. The increase in net cash provided by financing activities for the nine months ended March 31, 2021 reflects an increase in funds held to satisfy client funds obligations as well as proceeds from the issuance of preferred stock, net of cash used for the repurchase of common stock. Net cash provided by

(used in) financing activities was $(20.9) million, $1,152.3 million and $(283.5) million for the year ended June 30, 2020, Successor 2019 Period, and Predecessor 2019 Period. The decrease in net cash provided by financing activities for the fiscal year ended June 30, 2020 was primarily attributable to capital contributions from third parties through the Apax Acquisition as well as proceeds received from the issuance of Midco Redeemable Preferred Stock by Pride Midco, in each case in 2019.

Contractual Obligations and Commitments

The following table sets forth the amounts of our significant contractual obligations and commitments with definitive payment terms as of June 30, 2020:

	Payments due by Period				
	Total	Less than 1 Year	1-3 years	3-5 Years	More than 5 years
(in thousands)					
Revolving Credit Facility(1)	$ 5,201	$ 5,201	$ —	$ —	$ —
Headquarters Loan(1)	20,368	1,213	19,155	—	—
Operating lease obligations	33,556	6,238	11,487	7,126	8,705
Purchase obligations(2)	19,796	9,170	9,227	1,399	—
Total	$ 78,921	$ 21,822	$ 39,869	$ 8,525	$ 8,705

(1) Represents principal and variable interest payments due under our revolving credit agreement and the loan agreement for our corporate headquarters facility as of June 30, 2020. Interest payments are approximately as follows: $0.6 million for less than 1 year and $0.5 million for 1—3 years. Variable interest payments were calculated using interest rates as of June 30, 2020. Does not reflect the $25.0 million Term Loan we entered into in September 2020, which matures on November 2, 2023, and is further described in Footnote 9, Debt Agreements and Letters of Credit in notes to the unaudited condensed consolidated financial statements. See "—Liquidity and Capital Resources—Senior Secured Credit Facilities."

Following the consummation of this offering, we intend to enter into the New Revolving Credit Facility and use the proceeds therefrom to repay in full all amounts outstanding under the Credit Facility and for working capital and other general corporate purposes. See "Description of Certain Indebtedness and Other Obligations—Post-IPO Credit Facility".

(2) Purchase obligations include our estimate of the minimum outstanding commitments under purchase orders to buy goods and services and legally binding contractual arrangements with future payment obligations. These obligations primarily include software licensing and support services.

Impact of Inflation

While inflation may impact our net revenues and costs of revenues, we believe the effects of inflation, if any, on our results of operations and financial condition have not been significant. However, there can be no assurance that our results of operations and financial condition will not be materially impacted by inflation in the future.

Indemnification Agreements

In the ordinary course of business, we enter into agreements of varying scope and terms pursuant to which we agree to indemnify customers, including, but not limited to, losses arising out of the breach of such agreements, services to be provided by us or from intellectual property infringement claims made by third parties. In addition, in connection with the completion of this offering we intend to enter into indemnification agreements with our directors and certain officers and Associates that will require us, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors, officers

or Associates. No demands have been made upon us to provide indemnification under such agreements and there are no claims that we are aware of that could have a material effect on our consolidated balance sheets, consolidated statements of operations and comprehensive loss, or consolidated statements of cash flows.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that may be material to investors.

JOBS Act

We qualify as an "emerging growth company" pursuant to the provisions of the JOBS Act. For as long as we are an "emerging growth company," we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies," including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, exemptions from the requirements of holding advisory "say-on-pay" votes on executive compensation and shareholder advisory votes on golden parachute compensation.

The JOBS Act also permits an emerging growth company like us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We have elected to "opt-in" to this extended transition period for complying with new or revised accounting standards and, therefore, we will not be subject to the same new or revised accounting standards as other public companies that comply with such new or revised accounting standards on a non-delayed basis.

Critical Accounting Policies and Significant Judgments and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, revenue and expenses and related disclosures of contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions or conditions, impacting our reported results of operations and financial condition.

Certain accounting policies involve significant judgments and assumptions by management, which have a material impact on the carrying value of assets and liabilities and the recognition of income and expenses. Management considers these accounting policies to be critical accounting policies. The estimates and assumptions used by management are based on historical experience and other factors, which are believed to be reasonable under the circumstances. The significant accounting policies which we believe are the most critical to aid in fully understanding and evaluating our reported financial results are described below. Refer to Note 2 to our consolidated financial statements: "Summary of Significant Accounting Policies" included elsewhere in this prospectus for more detailed information regarding our critical accounting policies.

Revenue Recognition

Revenues are recognized when control of the promised goods or services is transferred to clients in an amount that reflects the consideration we are entitled to for those goods or services. We derive our revenue from contracts predominantly from recurring and non-recurring service fees. The majority of our agreements are generally cancellable by the client on 30 days' notice.

Recurring fees are derived from payroll, workforce management, and HR-related cloud-based computing services. The majority of our recurring fees are satisfied over time as the services are provided during each

client's payroll period. The performance obligations related to payroll services are delivered based upon the payroll frequency of the client with the fee charged and collected based on a per-employee-per-month or per employee-per-payroll basis. The performance obligations related to workforce management and HR-related services are generally satisfied each month with the fee charged and collected based on a per-employee-per-month basis. For subscription-based fees, which can include payroll, workforce management, and HR-related services, we recognize the applicable recurring fees each month with the fee charged and collected based on a per-employee-per-month basis.

Non-recurring service fees consist mainly of nonrefundable implementation fees. The implementation activities involve setting the client up and loading data into our cloud-based modules. We have determined that the nonrefundable upfront fees provide certain clients with a material right to renew the contract beyond the normal 30-day contractual period without payment of an additional upfront implementation fee. Implementation fees are deferred and recognized as revenue over the period to which the material right exists, which is the period the client is expected to benefit from not having to pay an additional nonrefundable implementation fee upon renewal of the service.

Goodwill and Intangible Assets, Net

An impairment of goodwill is recognized when the carrying amount of assets exceeds their implied fair value. The process of evaluating the potential impairment is subjective and requires the application of judgment. We perform an annual impairment review of goodwill in our fiscal fourth quarter and additional impairment reviews when events and circumstances indicate it is more likely than not that an impairment may have occurred.

In evaluating goodwill for impairment, we have the option to first perform a qualitative assessment to determine whether further impairment testing is necessary or to perform a quantitative assessment by comparing the fair value of our single reporting unit to its carrying amount, including goodwill. Under the qualitative assessment, an entity is not required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying amount. Qualitative factors include macroeconomic conditions, industry and market conditions, cost factors, and overall financial performance, among others.

If under the quantitative assessment, the fair value of a reporting unit is less than its carrying amount, then goodwill is written down for the amount by which the carrying amount exceeds the fair value. Fair values of the reporting units are estimated using a weighted methodology considering the output from both the income and market approaches. The income approach incorporates the use of a discounted cash flow ("DCF") analysis. A number of significant assumptions and estimates are involved in the application of the DCF model to forecast operating cash flows, including markets and market shares, sales volumes and prices, costs to produce, tax rates, capital spending, discount rate, weighted average cost of capital, terminal values and working capital changes. The cash flow forecasts are based on approved strategic operating plans. The market approach is performed using the Guideline Public Companies method which is based on earnings multiple data.

We elected to perform a quantitative assessment during fiscal 2020 and a qualitative assessment during fiscal 2019 and determined for both periods that it is not more likely than not that the fair value is less than its carrying amount.

We evaluate other intangible assets, principally consisting of acquired software, customer relationships and trade names, for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Events or changes in circumstances that could result in an impairment review include, but are not limited to, significant underperformance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the strategy for our overall business, and significant negative industry or economic trends. If an event occurs that would cause us to revise our estimates and assumptions used in analyzing the value of our other intangible assets, the revision could result in a non-cash impairment charge that could have a material impact on our financial results.

Stock-Based Compensation

We recognize stock-based compensation expense in accordance with the provisions of Accounting Standards Codification 718, Compensation—Stock Compensation ("ASC 718"). ASC 718 requires compensation expense for all stock-based compensation awards made to Associates and directors to be measured and recognized based on the grant date fair value of the awards. Stock-based compensation expense for time-based awards is determined based on the grant-date fair value and is recognized on a straight-line basis over the requisite service period of the award, which is typically the vesting term of the award. Stock-based compensation expense for awards subject to market and performance conditions is determined based on the grant-date fair value and is recognized on a graded vesting basis over the term of the award once it is probable that the performance conditions will be met.

To estimate the grant date fair value of our time-based awards, we use a Monte Carlo simulation model, which utilizes multiple inputs to estimate the probability that market conditions will be achieved. The model involves inherent uncertainties and require the following highly subjective assumptions as inputs:

- Risk-free rate: We base the risk-free interest rate on the implied yield currently available on U.S. Treasury securities with a remaining term commensurate with the estimated expected term.
- Expected term: For awards subject to market and performance conditions, the expected term represents the period of time that the options granted are expected to be outstanding.
- Dividend yield: We estimate the dividend yield at zero, as we do not currently issue dividends and have no plans to issue dividends in the foreseeable future.
- Volatility: Since we do not have a trading history of our common stock, expected volatility is estimated based on the historical volatility of peer companies over the period commensurate with the estimated expected term.
- Fair value: Prior to our initial public offering, our common stock was not publicly traded, and thus, the fair value of the shares of common stock was established by the Board using various inputs. Following our initial public offering, our common stock will be traded in the public market, and accordingly we will use the applicable closing price of our common stock to determine fair value.

The following assumptions were used for the awards subject to performance and market conditions that we granted during the years ended June 30, 2020 and Successor 2019 Period:

Risk-Free Rate	0.19% - 1.66%
Expected Term	1.25 - 1.75 years
Dividend Yield	—
Volatility	42.5% - 60.0%
Weighted-Average Grant Date Fair Value of Options Granted during the Period	$535 - $685

Adoption of Accounting Pronouncements

For a description of our recently adopted accounting pronouncements and recently issued accounting standards not yet adopted, see Note 2 to our consolidated financial statements: "Summary of Significant Accounting Policies —Adoption of New Pronouncements" and "Summary of Significant Accounting Policies—Pending Accounting Pronouncements" appearing elsewhere in this prospectus.

Quantitative and Qualitative Disclosures About Market Risk

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of exposure due to potential changes in inflation or interest rates. We do not hold financial instruments for trading purposes.

Foreign Currency Exchange Risk

The functional currencies of our foreign subsidiaries are the respective local currencies. Most of our sales are denominated in U.S. dollars, and therefore our revenue is not currently subject to significant foreign currency risk. Our operating expenses are denominated in the currencies of the countries in which our operations are located, which are primarily in the United States, Canada, and Serbia. Our consolidated results of operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to changes in foreign exchange rates. To date, we have not entered into any hedging arrangements with respect to foreign currency risk or other derivative financial instruments. During the nine months ended March 31, 2021 and fiscal year ended June 30, 2020, a hypothetical 10% change in foreign currency exchange rates applicable to our business would not have had a material impact on our consolidated financial statements.

Interest Rate Risk

As of March 31, 2021 and June 30, 2020, we have cash and cash equivalents totaling $19.4 million and $0.8 million, respectively, and funds held for clients of $823.1 million and $614.1 million, respectively. We deposit our cash and cash equivalents and significant portions of our funds held for clients in demand deposit accounts with various financial institutions. We invest funds held for clients in debt-security investments classified as available-for-sale consisting of U.S. Treasury Notes, direct obligations of U.S. government agencies such as the Federal Home Loan Bank, the Federal National Mortgage Association and the Federal Farm Credit Bank, high grade corporate bonds, FDIC insured certificates of deposit, and other short-term and long-term investments.

Our cash and cash equivalents and funds held for clients are subject to market risk due to changes in interest rates. A decline in interest rates would decrease our interest income earned. Additionally, an increase in interest rates may cause the market value of our investments in fixed-rate available-for-sale securities to decline. We may incur losses on our fixed-rate available-for-sale securities if we are forced to sell some or all of these securities at lower market values. However, as a result of us classifying all marketable securities as available-for-sale, no gains or losses are recognized due to changes in interest rates until such securities are sold or decreases in fair value are deemed to be other-than-temporary. We have not recorded any other-than-temporary impairment losses to date. A 100-basis point change in interest rates would have had an immaterial effect on the market value of our available-for-sale securities as of March 31, 2021 and June 30, 2020.

We are also exposed to changing Eurodollar-based interest rates. Interest rate risk is highly sensitive due to many factors, including E.U. and U.S. monetary and tax policies, U.S. and international economic factors and other factors beyond our control. Our Revolving Credit Facility and Term Loan carry interest at LIBOR, as administered by the Intercontinental Exchange (“CE”) Benchmark Administration for deposits in dollar, plus the applicable margin. The applicable margin is initially 3.25% per annum in the case of the Revolving Credit Facility and Term Loan.

At March 31, 2021, we had total outstanding debt of $18.9 million, $24.9 million and $0.4 million under our Headquarters Loan, Term Loan and Revolving Credit Facility, respectively. At June 30, 2020, we had total outstanding debt of $19.5 million and $5.0 million under our Headquarters Loan and Revolving Credit Facility, respectively. Based on the amounts outstanding, a 100-basis point increase or decrease in market interest rates over a twelve-month period would result in an immaterial change to interest expense.

BUSINESS

Mission

Paycor empowers leaders to develop winning teams.

Overview

Paycor is a leading Software-as-a-Service provider of human capital management solutions for small and medium-sized businesses. Our unified, cloud-native platform is built to empower business leaders by producing actionable, real-time insights to drive workforce optimization. Our comprehensive suite of solutions enables organizations to streamline HCM and payroll workflows and achieve regulatory compliance while serving as the single, secure system of record for all employee data. Our highly flexible, scalable, and extensible platform offers award-winning ease-of-use with an intuitive user experience and deep third-party integrations, and all augmented by industry-specific domain expertise. Over 28,000 customers across all 50 states trust Paycor to help their leaders develop winning teams.

People management has evolved significantly over the last 30 years from an administrative, payroll-centric cost center to a highly strategic function focused on talent management and employee engagement. To be competitive in today's environment, organizations are increasingly reliant on this function as they seek to leverage people analytics to identify trends and track performance across their workforce. However, most existing HCM solutions lack the comprehensive functionality, ease-of-use, and integration capabilities needed to facilitate effective people management. These limitations are particularly problematic for SMBs which often lack the technical, financial, and people resources of larger organizations.

Our unified, cloud-native platform is purpose-built to provide business leaders with the tools they need to optimize all aspects of people management, including:

- ***Core HCM and Payroll***. A powerful calculation engine that enables real-time changes to drive fast and accurate payroll processing. Robust workflows and approval capabilities assist leaders with expediting and automating their most common tasks.
- ***Workforce Management***. Flexible time entry, overtime calculations, and scheduling capabilities with real-time payroll synchronization allowing leaders to manage costs and increase productivity.
- ***Benefits Administration***. Advanced decision support to help leaders streamline and optimize their company's benefits administration and spend with superior carrier connectivity and the ability to setup complex plans.
- ***Talent Management***. Integrated compensation and performance management capabilities, including advanced goal management paired with employee-manager one-on-ones, empowering leaders to drive employee professional growth and corporate alignment.
- ***Employee Engagement***. Interactive learning tools and AI-powered surveys that use natural language processing to surface actionable, easy-to-understand insights from feedback allowing leaders to solve issues like turnover and low morale.

Our easy-to-use platform incorporates intuitive analytics functionality, enabling SMBs to automate and simplify mission-critical people management processes and enhance visibility into their business operations. Our platform is architected for extensibility and features an open API led interoperability engine that allows customers to easily connect their people data with third-party applications to create a seamlessly integrated digital ecosystem. Our products are supported by a differentiated implementation process and vibrant community of users, which together ensure customers can take full advantage of our platform.

We market and sell our solutions through direct sales teams, leveraging our strong demand generation engine and broker partnerships. Our highly efficient and multi-pronged go-to-market strategy is a key driver of

our growth, which is evidenced by our LTV/CAC of 5.0x for the nine months ended March 31, 2021 and of 3.8x as of the twelve months ending June 30, 2020. We primarily target companies with 10 to 1,000 employees, with such segment of the SMB market accounting for 81% of our recurring billing for the fiscal year ended June 30, 2020. For this 'target segment' of our customer base the LTV / CAC was 5.6x for the nine months ended March 31, 2021. We intend to grow our customer base by accelerating the expansion of our sales coverage and broker networks in both new and existing markets, with a focus on Tier 1 markets where we see substantial opportunity. We also intend to grow our customer base through our industry focused product and go-to-market strategy. We market our products via a bundled pricing strategy where we charge customers on a per-employee-per-month ("PEPM") basis and have demonstrated success at driving growth through the expansion of our Core HCM and Payroll product bundle. We intend to continue to expand our product suite and further cross-sell products into our existing customer base.

During the nine months ended March 31, 2021 and 2020, our revenues were $264.8 million and $254.5 million, respectively, representing year-over-year growth in revenues of 4%. During the nine months ended March 31, 2021 and 2020, our recurring and other revenues were $263.4 million and $245.4 million, respectively, representing 99% and 96% of our total revenue, respectively. During the nine months ended March 31, 2021 and 2020, we generated net losses of $46.2 million and $47.2 million, respectively, and losses from operations of $57.0 million and $64.8 million, respectively, representing operating margins of (21.5)% and (25.5)%, respectively. During the nine months ended March 31, 2021 and 2020, we generated Adjusted Operating Income of $47.8 million and $34.9 million, respectively, representing margins of 18.0% and 13.7%, respectively. See the "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" section for additional information on our non-GAAP metrics.

During the fiscal year ended June 30, 2020, the Successor 2019 Period, and the Predecessor 2019 Period, our revenues were $327.9 million, $201.9 million, and $89.6 million, respectively, representing year-over-year growth in revenues of 13%. During the fiscal year ended June 30, 2020, the Successor 2019 Period, and the Predecessor 2019 Period, our recurring and other revenues were $317.6 million, $191.9 million and $86.3 million, respectively, representing 97%, 95% and 96% of our total revenue, respectively. During the fiscal year ended June 30, 2020, the Successor 2019 Period, and the Predecessor 2019 Period, we generated net losses of $67.3 million, $72.8 million, and $14.9 million, respectively, and losses from operations of $94.7 million, $88.7 million and $16.6 million, respectively, representing operating margins of (28.9)%, (43.9)% and (18.5)%, respectively. During the fiscal year ended June 30, 2020, the Successor 2019 Period, and the Predecessor 2019 Period , we generated Adjusted Operating Income of $46.3 million, $36.9 million and $5.0 million, respectively, representing margins of 14.1%, 18.3%, and 5.6%, respectively. See the "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" section for additional information on our non-GAAP metrics.

Industry Background

Human capital management is an evolving necessity for organizations, with several key trends that have shaped today's environment.

The Evolution of People Management

Over the last 30 years, the demands of business leaders, employees, and people management strategies have significantly evolved in response to shifting demographics, employee expectations, and technological capabilities. As a result, the importance of people management has been elevated from a payroll-centric cost center to a highly strategic function focused on talent management as a critical component of business competitiveness. The COVID-19 pandemic has further reinforced this strategic shift. The HR function has been pivotal as companies strive to maintain morale and productivity for remote workforces. Considering these evolving demands, HCM technology has been forced to transform to replace manual processes with strategic platforms that surface business insights, enabling leaders to make data-driven decisions.

In the late 2000s, the emergence of SaaS brought about two key developments: HCM solutions shifting to focus on digitizing old processes and organizations increasingly using point solutions. This led to more system fragmentation, an overcomplicated user experience, and increased total costs. At the same time, the separation between work and life began to blur, driving an increased need for employee engagement tools. A 2018 study conducted by Gallup highlighted this need persists today, noting that 66% of employees in the U.S. were either not engaged or were actively disengaged.

To address this lack of engagement, many HCM solution providers targeted their product development efforts at enhancing the employee experience. Such providers did this by developing employee portals to drive engagement, similar to social media platforms, but found that employees were not seeking this from their employers. Other unsuccessful attempts to drive engagement included adding gamification attributes to influence behavior, such as encouraging employees to complete compliance training. These product features overlooked the importance of business leaders as the primary users of HCM platforms and as the people most influential in achieving positive employee engagement. A Gallup study reported that managers account for at least 70% of the variance in employee engagement scores across business units. In addition, a 2019 Gartner study showed employee engagement to be the need least met by existing HCM solutions. Business leaders need tools to effectively strengthen engagement, manage career development, and enhance the employee experience.

Complex Regulatory Environment

The ever-evolving regulatory landscape continues to place a burden on small businesses. For example, the 2020 CARES Act has required small businesses to quickly adapt to complex requirements. In addition, businesses are forced to navigate thousands of state and local tax codes and industry-specific labor laws. As a result, businesses continue to demand HCM platforms that enable them to maintain a robust compliance framework and abstract the complexity of regulatory changes, such as responding to special employee leave provisions.

Growing Importance of People Analytics

In recent years, businesses have begun to appreciate the value they could derive from stronger data analytics capabilities. SMB leaders are increasingly willing to invest in data-driven decision-making tools to improve their business performance. An IDC survey found that analyzing data and employee engagement had the highest level of third-party investment. In addition, a survey by Gartner showed that 64% of participants ranked improvement of reporting quality and people analytics as their main HR objective when evaluating HCM solutions. SMBs have a particular need for all-in-one solutions considering their unique capacity constraints, such as single person HR departments and limited in-house legal and IT support.

Unique Needs of SMBs

SMBs demand solutions that have the following key characteristics:

- ***Ease of Implementation***. The ability to get mission critical solutions up and running seamlessly and successfully without overburdening company resources.
- ***Ease of Use***. Intuitive design and simple workflows for leaders and their teams.
- ***Full Suite of Solutions***. Fully integrated platform to serve as a single system of record for all HCM functions with built-in critical capabilities such as compliance, mobility, analytics, and security.
- ***Highly Scalable Cloud-based Platform***. Flexible solutions built to meet the needs of organizations as they grow in size and complexity.
- ***Industry-specific Focus***. Solutions, integrations, and support tailored to unique industry needs.

Limitations of Existing Solutions

The vast majority of SMBs still rely on legacy solutions to fulfill their HCM technology requirements. These offerings are typically provided by national and regional payroll service bureaus or in-house solutions built on top of generic enterprise resource planning ("ERP") systems. In addition to these legacy solutions, advancements in cloud technology have led to the emergence of other competing SaaS-based HCM offerings. Both legacy and other competing SaaS offerings possess significant limitations in addressing the full HCM needs of SMBs. These limitations include:

- ***Incomplete HCM Solutions Lacking in Product Breadth and Depth.*** Many existing HCM platforms offer incomplete product suites that deliver only a portion of the capabilities required by SMBs or offer *'full suites'* comprised of products with limited functionality, capable of addressing only the most basic use cases. Often these solutions rely on archaic technologies such as batch processing engines and lack robust compliance and security features. Users of these incomplete platforms are often forced to use multiple products from multiple vendors or continue to manage processes manually outside of their HCM solution.
- ***Lack a Unified Approach.*** Many existing HCM *'suites'* are comprised of a patchwork of stand-alone applications with limited integration. This lack of unification inhibits the real-time synchronization of data across multiple HCM applications and makes it difficult for SMBs to maintain a single, uniform system of record for employee data. As a result, SMBs are forced to rely on manual, redundant, and error-prone processes to manage and track employee data, which can often lead to untimely payroll, poor employee engagement, and significant compliance issues such as incomplete reporting, and inadequate data security.
- ***Difficult to Integrate with Third-Party Systems.*** Most existing HCM solutions are built on inflexible, closed technology architectures, and are not designed to communicate with external applications. These rigid systems make it difficult for SMBs to integrate HCM tools with other key systems of record such as ERP and POS applications and often require significant manual work to extract and port data to execute routine functions. This inhibits organizations' ability to establish flexible digital ecosystems capable of addressing the evolving needs of a growing business.
- ***Lack Robust Analytics Capabilities.*** Existing SMB solutions lack tools which are both sophisticated and easy-to-use to access, aggregate, analyze, and act on employee data in real-time. As a result, SMBs are unable to efficiently derive actionable workforce insights and make critical, informed decisions to improve the way they hire, manage, and develop people, such as uncovering turnover trends based on demographics, location, and tenure.
- ***'One Size Fits All' Approach.*** Certain industry verticals have unique people management requirements, such as job costing for manufacturing companies and blended overtime calculations for healthcare employees who work shifts at different pay rates. However, most existing HCM solutions provide generic out-of-the-box functionality and limited configurability, with professional service teams that often lack vertical expertise. As a result, SMBs struggle to address evolving industry-specific people management needs and reporting requirements with existing HCM solutions.
- ***Difficult to Use.*** Many existing solutions have arcane, inflexible user interfaces that lack the intuitive, consumer-like feel of modern SaaS applications. These solutions are often difficult for both employees and leaders to use effectively without significant training. Additionally, many existing HCM suites typically lack consistent functionality and user experience across different devices, and typically require multiple logins to traverse between applications. As a result, people leaders are often forced to revert to time-consuming manual processes to execute simple HR tasks and assist with tedious employee troubleshooting.
- ***Not Designed for Business Leaders.*** Many existing HCM solutions were built with engagement functionality specifically designed for employees, not business leaders who have the most influence

over employee engagement. These solutions often lack the end-to-end functionality and powerful analytics required by business leaders for effective people management. As a result, business leaders are incapable of fully leveraging their HCM solution to hire and retain the right talent, optimize routine functions, and transform people management into a strategic driver of business performance.

Our Solution and Key Strengths

We offer a unified, cloud-native platform, purpose-built to address the comprehensive people management needs of SMB leaders. Our intuitive, easy-to-use platform enables SMBs to easily automate and simplify the most mission-critical people management processes and enhance visibility into organizations' human capital to drive employee engagement and data-driven decisions. The key strengths of our platform include:

- ***Comprehensive Suite of HCM Solutions Architected to Meet the Full Range of an SMB's Needs.*** Our comprehensive HCM suite delivers industry-leading functionality. This empowers business leaders to achieve strategic goals through differentiated people management. The key components of our HCM solutions include:
  - ***Core HCM and Payroll***. A powerful calculation engine that enables real-time changes to drive fast and accurate payroll processing. Robust workflows and approval capabilities assist leaders with expediting and automating their most common tasks.
  - ***Workforce Management***. Flexible time entry, overtime calculations, and scheduling capabilities with real-time payroll synchronization allowing leaders to manage costs and increase productivity.
  - ***Benefits Administration***. Advanced decision support to help leaders streamline and optimize their company's benefits administration and spend with superior carrier connectivity and the ability to setup complex plans.
  - ***Talent Management***. Integrated compensation and performance management capabilities, including advanced goal management paired with employee-manager one-on-ones, empowering leaders to drive employee professional growth and corporate alignment.

- ***Employee Engagement***. Interactive learning tools and AI-powered surveys that use natural language processing to surface actionable, easy-to-understand insights from feedback allowing leaders to solve issues like turnover and low morale.

- ***Uniquely Unified Platform Enabling Differentiated Analytics.*** Our platform leverages a modern cloud architecture and robust API led interoperability engine. We deliver a unified user and data experience that serves as the single source of truth for our customers' employee data. Our platform allows for seamless access to people data across applications and the visibility to extract meaningful business insights from employee information in real-time. This unified data architecture automates error-prone manual processes, empowering business leaders to shift their focus to strategic initiatives that drive long term business value.

- ***Open, Cloud-native Architecture Enables Differentiated Platform Extensibility.*** Our SaaS platform is flexible, scalable, and extensible, allowing us to continuously expand the breadth and depth of our product suite without compromising the unified user experience for both employers and employees. Our single instance, multitenant deployment enables us to deliver frequent, silent updates to maintain a consistent user experience on the latest version of our software. The extensibility of our platform allows for easy integrations to various technologies both within and outside of the HCM ecosystem, such as connections to benefits platforms to support our broker partnerships and integrations to industry-specific ERP systems.

- ***Industry-specific Functionality and Expertise.*** We provide SMBs with a combination of industry-specific product configurations, pre-built integrations with sought-after third-party solutions, and served by professionals with industry-specific training. Our HCM platform is configurable and flexibly designed to address a broad cross-section of vertical-specific use cases. Our solutions are supported by a proprietary implementation program and vibrant community of users, which together ensure customers can take full advantage of our industry-specific functionality.

- ***Powerful Analytics to Deliver Actionable Insights.*** We enable real-time visibility into an organization's people data through a comprehensive set of out-of-the-box analytics capabilities. Our powerful analytics allow SMBs to cost-effectively transform data into trends and predictions to benchmark, understand, and easily report on their workforce. With predictive analytics and robust benchmarking tools, our platform enables SMBs to make strategic, data-driven decisions to improve recruiting, labor cost management, employee performance, diversity and inclusion, and employee retention.

- ***Designed for Business Leaders.*** Effective business leadership is critical to maximizing employee engagement and successful business performance. Our platform is purpose-built to provide business leaders with the tools they need to optimize every aspect of people management. With our end-to-end HCM functionality and deep analytics capabilities, business leaders can streamline people management functions, surface actionable insights, facilitate successful hiring, meaningfully engage their employees, and focus people management on strategic initiatives that drive business value.

Our Market Opportunity

We estimate our current annual recurring market opportunity is $26 billion in the U.S. and we expect the opportunity to grow as the number of SMBs increases and we continue to expand our product portfolio. To estimate our market opportunity, we identified the number of companies in the U.S. with an employee count between 10 and 1,000. Based on data from the U.S. Bureau of Labor Statistics last modified as of January 27, 2021, there were over 1.3 million businesses with between 10 to 1,000 employees, totaling 61.2 million employees within our target demographic. We then applied our $35 total list PEPM rate as of June 30, 2020 for our full suite of products including Core HCM and Payroll, Workforce Management, Benefits Administration, Talent Management, and Employee Engagement to derive our current total addressable market opportunity of $26 billion.

Growth Strategy

We intend to capitalize on our market opportunity with the following key growth strategies:

- ***Expand Sales Coverage.*** We believe there is substantial opportunity to continue to broaden our customer base. As of March 31, 2021, we had approximately 28,200 customers, which represent a small percentage of the U.S. market for HCM and payroll solutions. Our sales coverage in Tier 1 markets, which encompass 33% of the U.S. population, is 18%, compared to 29% and 48% in Tier 2 and Tier 3 markets, respectively. There is a substantial opportunity to continue to grow our sales coverage and customer base in Tier 1 markets. As a result of our historical footprint, a significant majority of our revenue is derived from the Great Lakes and Southeast regions of the United States. We intend to drive new customer additions by expanding our sales coverage in the markets where we have a sales presence and into new markets over the next two years. We believe that our go-to-market engine positions us well to scale our business efficiently and effectively into these markets.
- ***Accelerate Broker Channel Partnerships.*** Benefits brokers are trusted advisors to SMBs and are influential in the HCM selection process. We will continue to work with our existing broker partners and intend to expand our broker network through regional and national partnerships to drive customer acquisition.
- ***Expand Industry-specific Functionality and Leadership.*** SMBs in certain industries require unique functionality for their people management needs. We designed our platform to be easily configurable for industry-specific applications in key verticals such as manufacturing, healthcare, and restaurants. We will continue to expand our solutions and expertise in both existing and new key industries.
- ***Expand Product Penetration within Existing Customer Base.*** Our PEPM is increasing as we continue to grow our HCM product bundle. Our customers typically start with our core HR and payroll solution, eventually expanding their usage of our platform over time. We intend to accelerate this trend going forward and have a significant opportunity to further penetrate our existing customer base.
- ***Continue to Innovate and Add New Solutions.*** Given our customer centric approach, we collaborate with our customers in expanding our product offerings. We have a robust product roadmap that is specifically focused on enhancing our ability to address the unmet needs of our customers and prospective customers. We intend to continue to invest significantly in research and development, particularly regarding the functionality of our platform, to sustain and advance our product leadership.
- ***Pursue Strategic M&A.*** We have successfully acquired and integrated several businesses that complement and enhance our software and technology capabilities. We will continue to take a disciplined approach to identifying and evaluating potential acquisitions, ensuring we pursue strategies that expand the depth of our product portfolio and drive revenue synergies through cross sale opportunities. Our focused M&A strategy will help us to continue to drive growth and expand our market footprint and product leadership.

Our Products

Our comprehensive portfolio of SaaS based people management products includes:

Core HCM and Payroll Suite

- ***Onboarding***: Enables customers to digitize the onboarding process by helping them to automate the collection of necessary new employee data, complete compliance forms, set up direct deposit, acknowledge company documents, and engage their new hires with necessary content such as training videos. Additionally, employees can complete WOTC tax credit information, and use electronic signatures to complete the onboarding process. Provides business leaders visibility into the new employee onboarding process through analytics and reporting tools.
- ***HR***: Includes functionality allowing leaders to set up and manage the organizational structure such as company departments and locations; employee lifecycle actions such as promotions, transfers, and terminations; create a dynamic and digital company organizational chart; workflows and approvals; and document storage.
- ***Payroll***: Fully-featured payroll and tax compliance engine with federal, state, and local tax support. Enables users to manage the entire payroll process including setup, payroll processing, reporting, direct deposit, check print, pay cards, and on-demand pay access. Provides payroll administrators with flexibility to make updates on the fly to current and future payroll cycles and see the results in real time. The solution is accompanied by services to assist leaders with filing compliance forms with multiple levels of government to fulfill company obligations.
- ***Recognition***: *Shoutouts* enables employees to engage with their peers by recognizing great work and giving them a public “shout out” for their achievements.
- ***Time Off Manager***: Enables customers to manage time off administration with functionality for key users. Administrators can set up and monitor accrual policies while empowering employees to request time off and view balances directly from the web or mobile app. Managers can approve time off via the web or mobile app and see a holistic view of their team via a time off dashboard and calendar view.
- ***Mobile***: Native iOS and Android app designed for employees and managers to have access to the HCM system from their preferred mobile device. Includes the ability for managers and employees to process workflow approvals, manage time and attendance, view paystubs, manage benefits, provide peer recognition, access company learning, access company news, view the employee directory, and view employee documents.
- ***ACA***: Reporting and filing tool to ensure customer compliance with the Affordable Care Act to help business leaders understand workforce compliance, comply with measurement periods, and both generate and file necessary forms.
- ***Reporting***: Provides customers with a robust library of standard reports for their most common needs including federal and state compliance, employee rosters, and payroll reporting, such as pre and post journals. Additionally, the reporting engine gives customers the ability to do ad hoc reporting by enabling business leaders to query their people data and design reports to suit their own needs.
- ***Analytics***: Provides real-time data insights to help leaders make critical business decisions. It provides a broad set of templates including retention, compensation, diversity, benchmarking capabilities, predictive insights, and comparison tools. Leaders can run what-if analyses, create easily accessible, personalized dashboards of key business metrics, and create presentations on their people data.

Workforce Management

- ***Scheduling***: Enables business leaders to plan and optimize schedules to budgets and easily create schedules based on templates. Employees can set their own availability, see when they are scheduled to work, and swap shifts with other employees, facilitated by built in chat capabilities.

- ***Time and Labor Management***: Delivers a unified system of record with HR and Payroll. Facilitates time punching, timecard entry, timecard submittal, and timecard approval. Managers can proactively monitor hours and overtime via dashboards, providing business leaders the visibility needed to control labor costs. Employees can interact with the software via the web, their phone, or a timeclock device. The software is designed to handle the various overtime, scheduling, and break rules required across the jurisdictions where employees work.

Benefits Administration

- ***Benefits***: Benefits Advisor is a rules-based platform that simplifies benefit administration tasks while empowering employees to make smart, cost effective decisions. The tool provides benefit administration capabilities for plan setup and management, open enrollment with built in decision support for employees, life event-based enrollment for employees, and carrier connectivity to seamlessly pass enrollment information to benefit carriers.

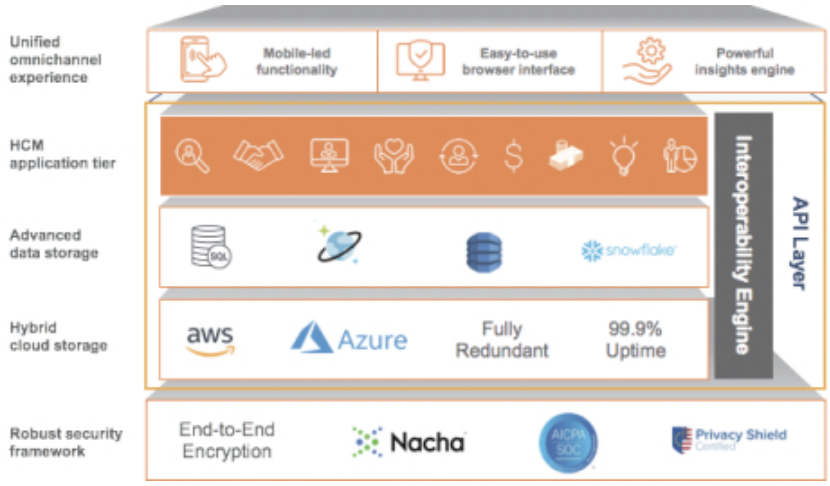
Talent Management

- ***Recruiting***: Helps customers to streamline the recruiting process by fully managing both the requisition and candidate lifecycles. Recruiting allows leaders to communicate with candidates the way they want via both text message and email, schedule interviews, extend offers, and seamlessly begin the employee onboarding experience. Additionally, recruiters can gamify the referral process and reward employees who make referrals via our Gravity referral app. Recruiting allows customers to create a fully branded careers site that matches the look and feel of their main corporate site.
- ***Performance Management and Goal Setting***: Enables leaders to improve the quality of work by facilitating meaningful conversation and coaching that allow employees to feel heard, helping them better understand what they need to do to succeed. Customers can build customizable reviews for both the ongoing review process and the annual process, enable peer to peer feedback, and keep parties up to date with event and approver notifications and workflows. The performance review cycle is fully integrated with Compensation Management so that reviews can drive the merit process. Additionally, specific, measurable, achievable, relevant and time-bound goals and objectives and key results can be created, tracked, and managed throughout the year, enabling regular manager-employee one-on-one check-ins to ensure goal alignment, progress, and completion.
- ***Compensation Management***: Facilitates compensation strategy to reduce turnover and reward the right talent by automating compensation events in one system, taking the complexity out of planning. The tool enables leaders to create salary plans and associated budgets, distribute salary worksheets to managers for planning and what-if scenarios within defined budgets, view calculations and compensation metrics (such as compa-ratios), roll up plans for executive approval, and create new pay records upon completion – all fully integrated with performance management.

Employee Engagement

- ***Learning Management***: Combines virtual, classroom, mobile, and social capabilities on one platform, so employees can learn at their own pace – whether in a curated course or in a self-paced, on demand environment. It includes a robust delivered content library, a course builder for customers to create their own content and learning assessments, quizzes to ensure learner proficiency, and real-time course-completion data for leaders.
- ***Employee Surveys***: Pulse, the employee survey tool, gives leaders an accurate way to gather and convert employee feedback into insights for actionable plans. Designed to help leaders regularly gauge what employees are thinking and feeling in real time, the tools facilitates both light-weight pulse surveys and in-depth engagement surveys through a combination of quantitative and qualitative questions. Results are put through the natural language processing and sentiment analysis engines that use the power of AI to quickly categorize unstructured feedback by theme and positive/negative sentiment, so leaders do not have to spend precious time manually parsing results.

Our Technology



Paycor's technology is based on a multi-tenant Software-as-a-Service framework and utilizes automated build-and-deploy processes to release updates to customers. This gives us an advantage over many disparate traditional systems which are less flexible and require longer and costly development and upgrade cycles. Our technology is powered by a hybrid cloud configuration leveraging geographically dispersed co-located data centers hosted through Microsoft Azure and Amazon Web Services. Our platform is designed to be flexible, scalable, and highly configurable and is built on a layer of cloud-native micro services, which supports the platform's ability to easily integrate with other technologies in our customers' digital ecosystems. In addition, customer data is stored in a modern database layer and accessed through a unified reporting system.

The platform is designed with security as a top consideration and employs a defense-in-depth strategy through administrative, physical, and technical safeguards to ensure the protection, confidentiality, and integrity of our customers' data. Paycor is NACHA certified, a voluntary accreditation program from the National Automated Clearing House Association which governs the nations ACH network and payment system. We also routinely complete SOC 1 and SOC 2 examinations. Service Organization Controls ("SOC"), are standards established by the American Institute of Certified Public Accountants for reporting on internal control environments implemented within an organization. We continuously monitor our network and endpoint-based security threats along with antivirus software to guard against trojans, worms, viruses, and other malware.

Our Customers

As of March 31, 2021, Paycor serves over 44,400 clients from approximately 28,200 parent customers. Our target customers are companies with 10 to 1,000 employees and we specialize in the key industries of manufacturing, healthcare, and food and beverage. We currently have more than 1.9 million active employees on our platform.

The Donaldson Group

- *Situation*: The Donaldson Group is a full-service real estate management group based in Rockville, MD with more than 240 reported employees. Donaldson found it challenging to get past tedious administrative tasks that were directly related to the inadequate HRIS system they were using. Their

payroll, time and benefits solutions were disconnected, leading to errors, duplicate entries and manual work that took time away from strategic initiatives. The onboarding process was completely manual. Employees spent hours filling out paperwork, preventing them from hitting the ground running. With multiple offices, employees are often moved around to different locations and as a result, HR was forced to take the employee's data out of the old system, plug it into a spreadsheet, then upload the data to the new location's system before manually deleting the old profile.

- *Solution*: Donaldson partnered with Paycor to provide one hub for all employee data saving Donaldson time and eliminating errors by no longer forcing administrators to switch platforms, log-in to multiple systems, re-key information, or open multiple spreadsheets to access data. Donaldson now leverages Paycor's Recruiting, Onboarding, Payroll, Time, HR, Benefits Advisor, LMS, Analytics, and ACA solutions.
- *Key Benefits*: With Paycor Onboarding, their HR administrators can now streamline the entire process by having employees sign documents, set up direct deposit and answer important questions before an employee's first day. Donaldson onboards approximately 60 new hires annually and we estimate that Paycor saved Donaldson's administrators approximately 80 hours a year by reducing manual tasks. Paycor Time empowers Donaldson to create schedules, manage time-off requests, and control labor expenses. And because employee hours flow directly from the time system to Paycor Payroll, managers can ensure employees are paid accurately and on time. Before Paycor, Donaldson reported spending approximately 18 hours a week processing payroll by hand and now they report saving approximately 524 hours annually with Paycor Payroll.

What If Syndicate

- *Situation*: In 2015, What If Syndicate opened their flagship restaurant—Maple & Ash in Chicago, IL. In just five years, their portfolio of restaurants was at the center of a growing hospitality industry with locations spanning from to Scottsdale, AZ and Dallas, TX. With such rapid growth, What If Syndicate needed an HR and payroll provider that streamlined tedious tasks such as new hire paperwork, reviewing time sheets, and employee training. Unfortunately, their previous provider was unable to meet their demands and provide solutions to help them grow. Prior to Paycor, What If Syndicate estimated that its paper onboarding processes took twenty hours per week to complete. Employee documents were kept in filing cabinets, records were lost, and updating employee information was difficult and tedious. To make matters worse, subpar customer service and support left them in the dark when they had questions about their solutions or when they needed HR assistance.
- *Solution*: What If Syndicate partnered with Paycor in October of 2018 for Onboarding, Payroll, HR, Analytics, LMS and Benefits Advisor.
- *Key Benefits*: Instead of new hires spending their first day completing paperwork, Paycor Onboarding allows them to sign important documents, set up direct deposit, and connect and engage with their peers right out of the gate. Now, Paycor estimates What If Syndicate's onboarding processes takes less than six hours a week, saving them 14 hours each time a new cohort is onboarded. What If Syndicate stated it was able to hire nearly 600 employees in an eight-month period because of Paycor Onboarding. Today, Paycor Payroll & Time empower HR administrators to automate tasks around approvals, tracking, and reporting employee hours. Employees can now view their paystubs online—reducing tedious tasks for business leaders. With Paycor Learning Management, HR can virtually train their employees nationwide on company policies, compliance and more instead of relying on in-person classes.

Pure Dental Brands

- *Situation*: Pure Dental Brands has more than 500 employees across 56 locations in eight states, according to its HR team. At Pure Dental Brands, HR oversees everything from hiring and training to

compensation, compliance, and engagement. For years, they used an HR and payroll provider that offered little flexibility where platform upgrades and additional implementations were required, leading to significant issues like losing employee data.

- *Solution*: Pure Dental Brands partnered with Paycor in 2016 for Recruiting, Onboarding, Payroll, Time, HR, Benefits and Reporting.
- *Key Benefits*: According to Pure Dental Brands, Paycor's software is extremely user friendly for both administrators and employees, offering one central location to access all HR information. Administrators are not spending time switching between systems or relying on manual processes. And now that open enrollment and ACA management has been automated, the HR team can focus on enhancing employee communications and engagement during the pandemic. Instead of relying on spreadsheets to manage open enrollment, Pure Dental Brands uses Paycor Benefits Advisor to automate the entire process. Employees can view benefits comparisons to make informed decisions, and administrators no longer spend time manually entering plan information for each employee. Before Paycor, accessing and sharing reports was a lengthy and frustrating process that required HR to contact their previous provider for support. Now, the HR team can easily run reports and share them with others in the organization.

Sales and Marketing

We sell our solutions through a direct sales team, comprised of field sales, insides sales and client sales, each organized by customer size, geography, and industry. Our field sales team focuses on generating new sales to prospects with more than 40 employees, while our inside sales team drives new sales to organizations with less than 40 employees. Our client sales team cross-sells additional bundles to existing customers. Our sales professionals are trained to take a consultative approach to uncover the specific challenges and industry-specific nuances faced by customers and ensure the right solutions are provided. Our sales footprint has historically been concentrated in Tier 2 and Tier 3 markets. We believe there is an attractive opportunity to grow our sales teams in Tier 1 markets.

A core component of our sales and marketing strategy is our partnerships with key centers of influence ("COIs"), which include benefits brokers, financial advisors, financial institutions, and HR consultants. These partnerships enhance our sales motion by generating high quality referrals and providing credibility to our offerings.

We generate customer leads, accelerate sales opportunities, and build brand awareness through our direct marketing programs and robust network of COIs. We believe that our sales success is attributable to our differentiated unified platform, our ability to generate high customer return on investment, and our reputation for superior customer service. Our principal marketing efforts consist of paid, owned, and earned marketing strategies, including robust organic search engine optimization, paid digital media, account based marketing, channel partner marketing, and live and virtual events. Additionally, our HR Center of Excellence is an award-winning resource hub that provides existing and prospective customers with white papers, webinars, and industry research to help organizations optimize human capital management.

As of March 31, 2021, our sales and marketing organization included approximately 274 mid-market field sales professionals.

Research and Development

We invest significantly in research and development to continuously introduce new applications, technologies, features, and functionality. We are organized in small product-centric teams that utilize an agile development methodology. We focus our efforts on developing new applications and core technologies as well as further enhancing the usability, functionality, reliability, performance, and flexibility of existing applications.

We expensed research and development costs through our consolidated statements of operations of $26.5 million, $35.9 million, $45.9 million, $28.4 million, and $12.7 million for the nine months ended March 31, 2021 and 2020, the fiscal year ended June 30, 2020, Successor 2019 Period, and Predecessor 2019 Period, respectively. Additionally, we capitalized research and development costs on our consolidated balance sheets of $15.1 million, $14.8 million, $18.8 million, $12.1 million, and $6.7 million for the nine months ended March 31, 2021 and 2020, the fiscal year ended June 30, 2020, Successor 2019 Period, and Predecessor 2019 Period, respectively. Our research and development personnel are principally located in Ohio and Texas, although our associates are currently primarily operating virtually as a result of the COVID-19 pandemic. We seek to hire highly experienced personnel wherever they are located.

Our Service Model

GUIDE Implementation Model

- GUIDE is Paycor's differentiated implementation methodology, where we work to Gather, Understand, Import, Deliver, and Evaluate ("GUIDE"), ensuring a successful and seamless transition to our products.
- GUIDE Elite is a service that offers our larger prospective customers and all clients of broker partners a project manager who serves as the single point of contact and go-to implementation expert throughout the process. With GUIDE Elite, customers are offered extended implementation support of between six weeks to six months following product activation with a focus on training, utilization, and adoption to maximize the value of Paycor's technology and expertise.

Personalized Support Model

- Paycor's personalized support model is based on matching customers with the specialist that has the skillset needed to answer their inquiry. Our customer experience team is based in the United States and delivers a responsive, consultative customer service experience. Our larger customers are assigned a dedicated Customer Success Manager who is focused on driving the value of existing solutions, conducting Executive Business Reviews for strategic planning, and serving as a trusted advisor.

Intellectual Property

Our success is dependent, in part, on our ability to protect our proprietary technology and other intellectual property rights. We rely on a combination of laws and intellectual property rights, including trade secrets, copyrights, and trademarks, as well as contractual protections to establish and protect our intellectual property rights. We require our associates and other employees, consultants and other third parties to enter into confidentiality and proprietary rights agreements and control access to software, documentation, and other proprietary information. In addition, we believe that factors such as the technological and creative skills of our personnel, creation of new modules, features and functionality and frequent enhancements to our applications are also essential to establishing and maintaining our technology leadership position in our industry.

Despite our efforts to protect our proprietary technology and our intellectual property rights, unauthorized parties may attempt to misappropriate our rights or to copy or obtain and use our proprietary technology to develop applications with the same functionality as our applications. Policing unauthorized use of our technology and intellectual property rights is difficult and costly, and we may not be successful in detecting or preventing unauthorized activities.

We expect that providers of HCM and payroll solutions such as ours may be subject to third-party infringement claims as the market and the number of competitors grows and the functionality of applications in different industry segments overlaps. Any of our competitors or other third parties might make a claim of infringement against us, which would require us to defend ourselves regardless of the merits of such claim, and could divert the attention of management and cause us to incur costs.

Competition

The market for HCM and payroll solutions is fragmented, highly competitive, and rapidly changing. Our competitors vary for each of our solutions and include both enterprise and micro-focused software providers, such as legacy payroll service bureaus (ADP, Paychex), cloud HCM software providers (Paycom, Paylocity, Ultimate Software), and other regional service bureaus and ERP software providers that offer limited functionality.

We believe the principal competitive factors in our market include the following:

- Benefits of a cloud-based technology platform.
- Breadth and depth of product functionality.
- Configurability and ease of use of our solutions.
- Modern, intuitive user experience.
- Ability to innovate and respond to customer needs rapidly.
- Domain expertise in HCM and payroll.
- Ease of implementation.
- Quality of implementation and customer service.
- Real-time web-based payroll processing.
- Integration with a wide variety of third-party applications and systems.

We believe that we compete favorably on these factors within the SMB market. We believe our ability to remain competitive will depend on the success of our continued investment in sales and marketing, research and development, and implementation and customer services.

Facilities

We own our corporate headquarters in Cincinnati, Ohio, which occupies 135,577 square feet. We also lease offices in Florida, Ohio, and Texas as well as an office in Belgrade, Serbia. We believe that these facilities are suitable for our current operations and upon the expiration of the terms of the leases we believe we could renew these leases or find suitable space elsewhere on acceptable terms.

Associates

As of March 31, 2021, we had a total of 1,945 Associates, primarily located in the United States. We add temporary workers for business peaks and engage consultants for specialized functions. Our Associates are not represented by labor unions, nor have we experienced a work stoppage.

We are a winner of the 2021 Top Workplace USA award by Energage, LLC. We encourage Associates to have a strong, active voice in shaping our work environment, and in problem solving for customers. We believe the whole person comes to work, so we strive for an environment of belonging and inclusivity. At our core, we believe when Associates know we care, they push for their personal and professional bests and delight our customers.

We are committed to diversity, equity and inclusion. For us, that means strategic education, transparency, thriving employee resource groups, equity and equality, and purpose for the work. We embrace the diverse mosaic of our Associates and build high-performing teams dedicated to success and belonging.

Giving back is in our DNA. We empower our Associates to make a difference in a way that is meaningful to them. Our Community Partners program is a grassroots organization funded by Associates who choose to give their own time and resources to serve. We dedicate several days each year for Paycor It Forward, where our Associates give back to the communities where we live and work. We established the Paycor Community Impact Fund in 2019, which provides project grants to local philanthropic organizations. Collectively, our Associates have raised nearly $2 million for our community.

Our Guiding Principles

At Paycor, our culture is built on 30 years of valuing the power of relationships. Our culture is driven by performance, service, and growth. We believe in a spirit of service and humanity that includes every community and everyone our business touches. We grow and perform together. We learn about each other and our customers. We innovate together so that we can succeed together.

- ***Take Care of Customers First***. Our customers are our heroes. When they win, we win.
- ***Take Care of Each Other***. We accept and look out for each other, always.
- ***Do the Right Thing***. It's not always the easy way—but it's what really matters.
- ***Think Big, Dream Big***. Never say never! Solve problems, invent a better way, disrupt the status quo.
- ***Compete to Win***. We don't sit back and wait for success. Together, we use our strengths to excel to new levels year after year.
- ***Have Fun Along the Way***. Buckle up, it's a fast-paced business! That's why we celebrate the wins, laugh in the face of adversity, and enjoy the ride.

Legal Proceedings

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, if determined adversely to us, we believe would individually or taken together have a material adverse effect on our business, financial condition, or liquidity.

MANAGEMENT

Below is a list of the names, ages as of April 23, 2021, positions and a brief account of the business experience of the individuals who serve as (i) our executive officers, (ii) our directors and (iii) persons who are expected to become directors prior to completion of this offering. Upon the completion of this offering, eight directors are anticipated to be elected to our Board.

Name	Age	Position
Raul Villar Jr.	53	Chief Executive Officer and Director
Adam Ante	40	Chief Financial Officer
Alice Geene	49	Chief Legal Officer and Secretary
Charles Mueller	51	Chief Revenue Officer
Ryan Bergstrom	41	Chief Product Officer
Whitney Bouck	55	Director
Kathleen Burke	39	Director
Steven Collins	56	Director
Jonathan Corr	54	Director
Umang Kajaria	37	Director
Scott Miller	60	Director
Jason Wright	49	Director

Raul Villar Jr. has served as our Chief Executive Officer since July 2019 and was appointed a Director on our Board in January 2021. Previously, Mr. Villar Jr. served as the Chief Executive Officer of AdvancedMD from September 2015 to July 2019. He held numerous leadership roles at Automatic Data Processing Inc. ("ADP"), including President, ADP AdvancedMD, SVP Sales Major Accounts, and SVP Sales Small Business. Mr. Villar Jr. earned a Bachelor of Science from Bryant University and a Master of Business Administration from the University of Connecticut. We believe Mr. Villar Jr.'s industry expertise and his insight into our business as our Chief Executive Officer qualifies him to serve as a director of our Board.

Adam Ante has served as our Chief Financial Officer since September 2019, previously serving as the Deputy Chief Financial Officer from February 2019 to September 2019, and the Senior Vice President of Financial Planning and Analysis and Corporate Development from April 2017 to February 2019. Prior to joining Paycor, Mr. Ante held various finance related senior leadership roles from October 2009 to March 2017 at Vantiv, a payment processor, previously a line of business within Fifth Third Bank, and a division of Worldpay. Mr. Ante earned a Bachelor of Business Administration in Finance and International Business from the University of Cincinnati and a Master of Business Administration from Xavier University.

Alice Geene has served as our Chief Legal Officer and Secretary since October 2020. Ms. Geene was previously Chief Legal and People Officer at Rewards Network, a fintech company serving SMBs, from April 2018 to September 2020 and served as Senior Vice President of Corporate Affairs, General Counsel and Secretary from April 2014 to April 2018. Ms. Geene earned a Bachelor of Arts from Harvard College, a Juris Doctor from Harvard Law School, and has over 20 years of technology industry experience.

Charles ("Chuck") Mueller has served as our Chief Revenue Officer, leading our Sales and Marketing teams, since February 2020. Mr. Mueller has thirty years of experience in the HCM industry. Previously, Mr. Mueller served as the Executive Vice President, Sales at Fleetcor from January 2019 to January 2020. Mr. Mueller also served in various senior sales roles at ADP, including General Manager for the Northeast Region, from June 1992 to January 2019. Mr. Mueller earned a Bachelor of Science from Georgia Southern University.

Ryan Bergstrom has served as our Chief Product Officer, leading Paycor's strategy for its HCM product suite, since February 2018. He has nearly twenty years of product experience in the HCM industry. Previously, Mr. Bergstrom served as Vice President, Product Management at Ultimate Software, a global HCM company,

from August 2016 to January 2018. He has also held product development and leadership roles at Epicor and SPECTRUM. Mr. Bergstrom earned a Bachelor of Science with special attainments in commerce, business administration from Washington & Lee University.

Whitney ("Whit") Bouck has served as a member of our Board since September 2020. Ms. Bouck has been the Chief Operating Officer of HelloSign from 2016 to the present, including through Dropbox's 2019 acquisition of HelloSign. Ms. Bouck currently serves on the board of directors of Ekata. Previously, Ms. Bouck served on the board of directors of Association for Information and Image Management. Prior to joining HelloSign, Ms. Bouck held various senior leadership roles at Box, Inc., EMC, Oracle Corporation and Sybase Inc. Ms. Bouck earned a Bachelor of Arts from Claremont McKenna College. We believe Ms. Bouck is qualified to serve on our Board due to her extensive technology experience.

Kathleen ("Katie") Burke has served as a member of our Board since September 2020. Ms. Burke is the Chief People Officer at HubSpot, Inc., a customer relationship management company recognized globally for its culture. Under her leadership, HubSpot has been named the #1 Best Place to Work by Glassdoor and has been recognized globally as an innovator in culture and employee engagement. Ms. Burke joined HubSpot in December 2012 and held several positions before serving as Chief People Officer, including Vice President of Culture and Experience and Director for Talent and Culture. In addition to her work as Chief People Officer at HubSpot, Ms. Burke is alum of Bates College and MIT's Sloan School of Management. We believe Ms. Burke is qualified to serve on our Board due to her B2B and SaaS industry experience.

Steven ("Steve") Collins has served as a member of our Board since January 2019. Mr. Collins currently serves on the board of directors, audit committee and compensation committee of Sprout Social and the board of directors and audit committee of nCino, Inc. Previously, Mr. Collins served on the board of directors, audit committee and compensation committee of Instructure, Inc., from May 2014 to March 2020, the board of directors and audit committee of Shopify Inc., from June 2014 to May 2019, and the board of directors and audit committee of MuleSoft, LLC, from July 2014 to May 2018. From July 2011 to February 2014, Mr. Collins served as Executive Vice President and Chief Financial Officer of ExactTarget, a provider of digital marketing automation and analytics software and services, which was acquired by Salesforce in 2013. Mr. Collins earned a Bachelor of Science from Iowa State University and a Master of Business Administration from the Wharton School of the University of Pennsylvania. We believe Mr. Collins is qualified to serve on our Board due to his extensive technology and finance experience.

Jonathan Corr has served as a member of our Board since April 2021. Mr. Corr served as Chief Executive Officer of Ellie Mae, Inc. from February 2015 through October 2020, as its President from February 2013 through October 2020, and as its Chief Operating Officer from November 2011 through February 2013. Following his retirement from Ellie Mae in October 2020, Mr. Corr acted as Executive Advisor to ICE Mortgage Technology through March 2021. Prior to joining Ellie Mae, Mr. Corr served in executive and management positions at PeopleSoft, Inc., Netscape Communications Corporation, KANA Software, Inc., BroadBase Software, Inc., and Rubric Inc. Mr. Corr holds a Bachelor's degree in Engineering from Columbia University and a Master of Business Administration from the Stanford University Graduate School of Business. Mr. Corr is on the board of directors and audit committee of the Mortgage Bankers Association, the board of directors of Independence Holdings Corp. and the board of directors of Reggora, Inc. We believe Mr. Corr is qualified to serve on our Board due to his extensive experience in technology, corporate strategy and acquisitions.

Umang Kajaria has served as a member of our Board since November 2018. Mr. Kajaria is a Partner in the Tech & Telco team and joined Apax in 2012. Mr. Kajaria currently serves on the board of directors of MyCase and Azentio Software. Previously, Mr. Kajaria served on the board of directors of Duck Creek Technologies, from April 2016 to August 2020, the board of directors and the audit committee of ECi Software Solutions Inc. from August 2017 to December 2020, the board of directors and the audit committee of Aptos Technology, Inc., from March 2016 to January 2020, and the board of directors and the audit committee of Paradigm, which was acquired by Emerson Electric Co. in 2017, from March 2016 to November 2017. Prior to joining Apax, Mr. Kajaria worked at Silver Lake Partners from 2008 to 2010 and Goldman Sachs & Co. from 2006 to 2008.

Mr. Kajaria holds a degree in Computer Science and Business Administration from Carnegie Mellon University and a Master of Business Administration from Harvard Business School. We believe that Mr. Kajaria is qualified to serve on our Board due to his extensive finance industry experience.

Scott Miller has served as a member of our Board, and our predecessor Paycor, Inc., since 2006. Mr. Miller is a director and investor in the technology industry, with emphasis in SaaS, serving on the board of directors of NaviStone, Inc. and the board of advisors of NLign Analytics. Mr. Miller is an original investor in Paycor, Inc. and previously led the Board's oversight of the Company's information security council. Mr. Miller was the founder and Chief Executive Officer of Treadstone Group, before it was acquired by Exact Software. Mr. Miller received a Bachelor of Science in Accountancy from Miami University. We believe that Mr. Miller is qualified to serve on our Board due to his extensive technology experience.

Jason Wright has served as a member of our Board since November 2018. He is a Partner in the Apax Tech & Telco team and joined Apax in March 2000. Mr. Wright currently serves on the board of directors of MyCase, Verint Systems, ECI Software Solutions, TIVIT and Realpage. Mr. Wright is the chairman of the board of directors of Duck Creek Technologies. He has previously been on the boards of Aptos, Exact Software, Trizetto, Epicor Software, Paradigm, Plex Systems, Planview, Spectrum Labs and Webclients. Prior to joining Apax, Mr. Wright served in a variety of roles at GE Capital from 1995 to 1998, including principal investing on behalf of GE Ventures. Previously, he worked at Accenture from 1994 to 1998 designing and implementing systems for the financial services and pharmaceutical industries. Mr. Wright received a Bachelor of Arts in Economics from Tufts University and a Master of Business Administration in Finance from the Wharton School of the University of Pennsylvania. We believe that Mr. Wright is qualified to serve on our Board due to his extensive technology and finance industry experience.

Family Relationships

There are no family relationships between any of our executive officers or directors.

Corporate Governance

Board Composition and Director Independence

Our business and affairs are managed under the direction of our Board. In connection with this offering, we will amend and restate our certificate of incorporation and bylaws, and following completion of this offering, our Board will be composed of eight directors. Our certificate of incorporation will provide that the authorized number of directors may be changed only by resolution of our Board and with the prior written consent of Apax Partners for so long as it holds director nomination rights.

Our certificate of incorporation will also provide that our Board will be divided into three classes of directors, with the classes as nearly equal in number as possible. Subject to any earlier resignation or removal in accordance with the terms of our certificate of incorporation and bylaws:

- Our Class I directors will be , , and and will serve until the first annual meeting of shareholders following the completion of this offering.
- Our Class II directors will be , , and and will serve until the second annual meeting of shareholders following the completion of this offering.
- Our Class III directors will be , , and and will serve until the third annual meeting of shareholders following the completion of this offering.

Upon completion of this offering, we expect that each of our directors will serve in the classes as indicated above. In addition, our certificate of incorporation will provide that our directors may be removed with or without cause by the affirmative vote of at least a majority of the voting power of our outstanding shares of stock

entitled to vote thereon, voting together as a single class for so long as Apax Partners beneficially owns 40% or more of the total number of shares of our common stock then outstanding. If Apax Partners' beneficial ownership falls below 40% of the total number of shares of our common stock outstanding, then our directors may be removed only for cause upon the affirmative vote of at least 66⅔% of the voting power of our outstanding shares of stock entitled to vote thereon. Our bylaws will provide that Apax Partners will have the right to designate the Chair of the Board for so long as Apax Partners beneficially owns at least 30% or more of the voting power of the then outstanding shares of our capital stock then entitled to vote generally in the election of directors. Following this offering, Jason Wright will be the Chair of our Board. Further, our bylaws will provide that Apax Partners will have the right to designate the Chairman of the Board for so long as Apax Partners beneficially owns at least 30% or more of the voting power of the then outstanding shares of our capital stock then entitled to vote generally in the election of directors. In addition, we will enter into a Director Nomination Agreement with Apax Partners that provides Apax Partners the right to designate nominees for election to our Board for so long as Apax Partners beneficially owns 10% or more of the Original Amount. See "Certain Relationships and Related Party Transactions—Director Nomination Agreement" for more details with respect to the Director Nomination Agreement.

The listing standards of Nasdaq require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominating and governance committees be independent and that audit committee members also satisfy independence criteria set forth in Rule 10A-3 under the Exchange Act.

We anticipate that, prior to our completion of this offering, the Board will determine that Whitney Bouck, Kathleen Burke, Steve Collins, Jonathan Corr and Scott Miller meet the Nasdaq requirements to be independent directors. In making this determination, our Board considered the relationships that each such non-employee director has with the Company and all other facts and circumstances that our Board deemed relevant in determining their independence, including beneficial ownership of our common stock.

Controlled Company Status

After completion of this offering, Apax Partners, through its control of Pride Aggregator, will continue to control a majority of our outstanding common stock. As a result, we will be a "controlled company." Under Nasdaq rules, a company of which more than 50% of the voting power for the election of directors is held by an individual, group, or another company is a "controlled company" and may elect not to comply with certain Nasdaq corporate governance requirements, including the requirements that, within one year of the date of the listing of our common stock:

- We have a board that is composed of a majority of "independent directors," as defined under the rules of such exchange.
- We have a compensation committee that is composed entirely of independent directors.
- We have a nominating and corporate governance committee that is composed entirely of independent directors.

Following this offering, we intend to rely on this exemption. As a result, we may not have a majority of independent directors on our Board. In addition, our Compensation & Benefits and Nominating & Governance Committees may not consist entirely of independent directors and/or may not be subject to annual performance evaluations. Accordingly, you may not have the same protections afforded to shareholders of companies that are subject to all of the Nasdaq corporate governance requirements.

Board Committees

Upon completion of this offering, our Board will have an Audit Committee, a Compensation & Benefits Committee (the "Compensation Committee"), and a Nominating & Governance Committee. The composition, duties and responsibilities of these committees will be as set forth below. In the future, our Board may establish other committees, as it deems appropriate, to assist it with its responsibilities.

Board Member	Audit Committee	Compensation Committee	Nominating & Governance Committee
Whitney Bouck	X		X
Kathleen Burke		X	
Steve Collins	X		X
Jonathan Corr	X		
Umang Kajaria			
Scott Miller		X	
Raul Villar Jr.			
Jason Wright	X	X	X

Audit Committee

Following this offering, our Audit Committee will be composed Mr. Collins, Mr. Corr, Ms. Bouck, and Mr. Wright, with Mr. Collins serving as chair of the committee. We intend to comply with the audit committee requirements of the SEC and Nasdaq, which require that the Audit Committee be composed of at least one independent director at the closing of this offering, a majority of independent directors within 90 days following this offering and all independent directors within one year following this offering. We anticipate that, prior to the completion of this offering, our Board will determine that Mr. Collins, Mr. Corr and Ms. Bouck meet the independence requirements of Rule 10A-3 under the Exchange Act and the applicable listing standards of Nasdaq. We anticipate that, prior to our completion of this offering, our Board will determine that Mr. Collins and Mr. Corr are "audit committee financial experts" within the meaning of SEC regulations and applicable listing standards of Nasdaq. The Audit Committee's responsibilities upon completion of this offering will include:

- Appointing, approving the compensation of, and assessing the qualifications, performance, and independence of our independent registered public accounting firm.
- Pre-approving audit and permissible non-audit services, and the terms of such services, to be provided by our independent registered public accounting firm.
- Reviewing our policies on risk assessment and risk management.
- Reviewing and discussing with management and the independent registered public accounting firm our annual and quarterly financial statements and related disclosures as well as critical accounting policies and practices used by us.
- Reviewing the adequacy of our internal control over financial reporting.
- Establishing policies and procedures for the receipt and retention of accounting-related complaints and concerns.
- Recommending, based upon the Audit Committee's review and discussions with management and the independent registered public accounting firm, whether our audited financial statements shall be included in our Annual Report on Form 10-K.
- Monitoring our compliance with legal and regulatory requirements as they relate to our financial statements and accounting matters.

- Preparing the Audit Committee report required by the rules of the SEC to be included in our annual proxy statement.
- Reviewing all related party transactions for potential conflict of interest situations and approving all such transactions.
- Reviewing and discussing with management and our independent registered public accounting firm our earnings releases and scripts.

Compensation Committee

Following this offering, our Compensation Committee will be composed of Ms. Burke, Mr. Miller, and Mr. Wright, with Ms. Burke serving as chair of the committee. The Compensation Committee's responsibilities upon completion of this offering will include:

- Annually reviewing and approving corporate goals and objectives relevant to the compensation of our chief executive officer.
- Evaluating the performance of our chief executive officer in light of such corporate goals and objectives and determining and approving the compensation of our chief executive officer.
- Reviewing and approving the compensation of our other executive officers.
- Appointing, compensating and overseeing the work of any compensation consultant, legal counsel, or other advisor retained by the compensation committee.
- Conducting the independence assessment outlined in Nasdaq rules with respect to any compensation consultant, legal counsel, or other advisor retained by the compensation committee.
- Annually reviewing and reassessing the adequacy of the committee charter in its compliance with the listing requirements of Nasdaq.
- Reviewing and establishing our overall management compensation, philosophy and policy.
- Overseeing and administering our compensation and similar plans.
- Reviewing and making recommendations to our Board with respect to director compensation.
- Reviewing and discussing with management the compensation discussion and analysis to be included in our annual proxy statement or Annual Report on Form 10-K.

Nominating & Governance Committee

Following this offering, our Nominating and Governance Committee will be composed of Mr. Wright, Ms. Bouck, and Mr. Collins, with Mr. Wright serving as chair of the committee. The Nominating and Governance Committee's responsibilities upon completion of this offering will include:

- Developing and recommending to our Board criteria for board and committee membership.
- Developing and recommending to our Board best practices and corporate governance principles.
- Subject to the rights of Apax under the Director Nomination Agreement as described in "Certain Relationships and Related Party Transactions—Related Party Transactions—Director Nomination Agreement", identifying and recommending to our Board the persons to be nominated for election as directors and to each of our Board's committees.
- Developing and recommending to our Board a set of corporate governance guidelines.
- Reviewing and recommending to our Board the functions, duties and compositions of the committees of our Board.

Compensation Committee Interlocks and Insider Participation

None of our executive officers currently serves, or in the past fiscal year has served, as a member of the Board or compensation committee of any entity that has one or more executive officers serving on our Board or Compensation Committee.

Risk Oversight

Our Board will oversee the risk management activities designed and implemented by our management. Our Board will execute its oversight responsibility for risk management both directly and through its committees. The full Board will also consider specific risk topics, including risks associated with our strategic plan, business operations and capital structure. In addition, our Board will receive detailed regular reports from members of our senior management and other personnel that include assessments and potential mitigation of the risks and exposures involved with their respective areas of responsibility.

Our Board will delegate to the Audit Committee oversight of our risk management process. Our other committees of our Board will also consider and address risk as they perform their respective committee responsibilities. All committees will report to the full Board as appropriate, including when a matter rises to the level of a material or enterprise level risk.

Code of Business Conduct and Ethics

Prior to completion of this offering, we intend to adopt a code of business conduct and ethics that applies to all of our employees, officers, and directors, including those officers responsible for financial reporting. Upon the closing of this offering, our code of business conduct and ethics will be available on our website. We intend to disclose any amendments to the code, or any waivers of its requirements, on our website.

EXECUTIVE COMPENSATION

As an "emerging growth company," within the meaning of the Securities Act, for purposes of the SEC's executive compensation disclosure rules, we have opted to comply with the executive compensation disclosure rules applicable to "emerging growth companies." In accordance with such rules, we are required to provide a Summary Compensation Table and an Outstanding Equity Awards at Fiscal Year-End Table, as well as specified narrative disclosures regarding executive compensation for our last completed fiscal year. This section discusses the material components of the executive compensation program for our Chief Executive Officer and our two other most highly compensated officers for the fiscal year ending June 30, 2020 who we collectively refer to as our "Named Executive Officers." For the fiscal year ended June 30, 2020, our Named Executive Officers and their positions were as follows:

- Raul Villar Jr., Chief Executive Officer and Director;
- Adam Ante, Chief Financial Officer; and
- Chuck Mueller, Chief Revenue Officer.

This discussion may contain forward-looking statements that are based on our current plans, considerations, expectations, and determinations regarding future compensation programs. Actual compensation programs that we adopt in the future may differ materially from the currently planned programs summarized in this discussion.

Summary Compensation Table

Name and Principal Position	Fiscal Year Ended June 30	Salary	Bonus(1)	Option Awards(2)	Nonequity Incentive Plan Compensation	All Other Compensation(3)	Total
Raul Villar Jr., *Chief Executive Officer*	2020	$478,847	$530,000	$7,656,875	$ 220,000	$ 322,872	$9,208,594
Adam Ante, *Chief Financial Officer*	2020	$327,308	$ 15,750	$1,645,313	$ 115,500	$ 7,429	$2,111,300
Chuck Mueller, *Chief Revenue Officer*	2020	$144,615	$409,840	$2,548,200	$ 72,160	$ 119,639	$3,294,454

(1) The amounts in this column represent (a) signing bonuses paid to each of Mr. Villar Jr. and Mr. Mueller and (b) discretionary bonuses above performance to each of our Named Executive Officers.

(2) Amounts reported in the "Option Awards" column reflect the aggregate grant date fair value based on the probable outcome of the applicable performance conditions as of the date of grant, computed in accordance with FASB ASC Topic 718, of Class B Units of Pride Aggregator granted to Messrs. Villar Jr., Ante and Mueller during the 2020 Fiscal Year. The grant date fair value for the Class B Units if they vested at the maximum level is as follows: (a) for Mr. Villar Jr., $8,372,500; (b) for Mr. Ante, $1,722,708; and (c) for Mr. Mueller, $2,553,000. The Class B Units represent membership interests in Pride Aggregator that are intended to constitute profits interests for federal income tax purposes. Despite the fact that the Class B Units do not require the payment of an exercise price, they are most similar economically to stock options. Accordingly, they are classified as "options" under the definition provided in Item 402(a)(6)(i) of Regulation S-K as an instrument with an "option-like feature." Please see Note 14 "Equity Compensation Plan" in the Paycor HCM, Inc. and subsidiaries consolidated financial statements for the fiscal year ended June 30, 2020 for additional details regarding these awards.

(3) Amounts shown in this column represent the following: (a) for Mr. Villar Jr., $7,550 for travel expenses for spouse to attend annual sales trip, $2,580 for cell phone expenses, $307,107 related to one-time relocation expenses to Cincinnati, Ohio, including moving expenses, expenses relating to the sale of his former residence and rent for temporary housing, $4,750 in 401(k) employer contributions, and $885 in HSA employer contributions, (b) for Mr. Ante, $1,080 for cell phone expenses, $5,349 in 401(k) employer contributions, and $1,000 in HSA employer contributions, and (c) for Mr. Mueller, $4,706 for travel expenses for spouse to attend annual sales trip, $480 for cell phone expenses, and $114,453 related to one-time relocation expenses, including moving expenses.

Narrative Disclosure to Summary Compensation Table

The compensation of our Named Executive Officers generally consists of base salaries, performance-based annual cash bonus opportunities, long-term incentive compensation in the form of profits interests and other benefits, as described below.

Base Salary

Each of our Named Executive Officers is paid a base salary commensurate with his position, experience, skills, duties and responsibilities. At the commencement of fiscal year 2020, Messrs. Villar Jr.'s, Ante's, and Mueller's annualized base salaries were $500,000, $350,000, and $400,000, respectively. However, on April 26, 2020, due to the economic impacts of the COVID-19 pandemic, Messrs. Villar Jr.'s, Ante's, and Mueller's annualized base salaries were reduced to $425,000, $297,500, and $340,000, respectively and remained at those rates at the end of fiscal year 2020.

Non-Equity Incentive Compensation—Performance Based Annual Cash Incentive Awards

Each of our Named Executive Officers has a performance-based annual cash bonus opportunity that pays out at target upon the named executive officer achieving individual performance goals and the Company meeting predetermined corporate performance objectives. In particular, for fiscal year 2020, the corporate performance objectives were achieved based on the achievement of objectives related to bookings, revenue, adjusted EBITDAC and gross retention. Messrs. Villar Jr.'s, Ante's, and Mueller's target annual bonuses are 100%, 75%, and 100% of their annualized base salaries, respectively.

Employment and Change in Control Severance Agreements

In 2019, the Company entered into employment agreements with each of the Named Executive Officers that memorialize their base salary, target bonus opportunity, reimbursement of reasonable business expenses and eligibility to participate in the Company's benefit plans generally. The material terms of the employment agreements are summarized below. These summaries are qualified by reference to the actual text of the agreements, which will be filed as exhibits to the registration statement of which this prospectus forms a part. In addition to the key terms summarized below, each employment agreement provides for certain severance benefits upon a resignation by such Named Executive Officer, for "good reason," or upon a termination by the Company without "cause." Please see the section entitled "Potential Payments Upon Termination or Change in Control" below for more details regarding the severance benefits each Named Executive Officer is eligible to receive.

Villar Jr. Employment Agreement

Mr. Villar Jr. entered into an employment agreement with Paycor, Inc., dated July 1, 2019 (the "Villar Agreement"). The Villar Agreement provides for an initial three-year term, subject to successive one-year extensions thereafter, unless either party elects not to permit such automatic non-renewal with at least 90 days' prior written notice. Under the Villar Agreement, Mr. Villar Jr. is entitled to receive an annual base salary of $500,000, is eligible to receive an annual bonus (targeted at 100% of his annual base salary), based upon the achievement of predetermined performance parameters, and is eligible to participate in employee benefit plans maintained from time to time by us. Under the Villar Agreement, Mr. Villar Jr. was paid a one-time signing bonus of $500,000 in 2019. The Villar Agreement also provides for an initial one-time grant of 12,500 Class B Units in Pride Aggregator (the "Class B Units") under the 2019 Paycor Equity Incentive Plan. Please see the section entitled "Equity Incentives" below for more details regarding the Class B Units. The Villar Agreement also subjects Mr. Villar Jr. to customary confidentiality, non-competition, and non-solicitation covenants.

Ante Employment Agreement

Mr. Ante entered into an employment agreement with Paycor, Inc., dated September 3, 2019 (the "Ante Agreement"). The Ante Agreement provides for an initial three-year term, subject to successive one-year

extensions thereafter, unless either party elects not to permit such automatic non-renewal with at least 90 days' prior written notice. Under the Ante Agreement, Mr. Ante is entitled to receive an annual base salary of $350,000, is eligible to receive an annual bonus (targeted at 75% of his annual base salary), based upon the achievement of predetermined performance parameters, and is eligible to participate in employee benefit plans maintained from time to time by us. The Ante Agreement also provides for an initial one-time grant of 3,510 Class B Units under the 2019 Paycor Equity Incentive Plan. Please see the section entitled "Equity Incentives" below for more details regarding the Class B Units. The Ante Agreement also subjects Mr. Ante to customary confidentiality, non-competition, and non-solicitation covenants.

Mueller Employment Agreement

Mr. Mueller entered into an employment agreement with Paycor, Inc., dated September 30, 2019 (the "Mueller Agreement"). The Mueller Agreement provides for an initial three-year term, subject to successive one-year extensions thereafter, unless either party elects not to permit such automatic non-renewal with at least 90 days' prior written notice. Under the Mueller Agreement, Mr. Mueller is entitled to receive an annual base salary of $400,000, is eligible to receive an annual bonus (targeted at 100% of his annual base salary), based upon the achievement of predetermined performance parameters, and is eligible to participate in employee benefit plans maintained from time to time by us. Under the Mueller Agreement, Mr. Mueller was paid the following one-time signing payments: (i) $85,000 (grossed up for taxes) in relocation expense fees; (ii) a one-time payment equal to $186,000 paid within 90 days of employment; and (iii) $1,000,000 as a sign on bonus (payable in five (5) equal installments following 90 days of employment). The Mueller Agreement also provides for an initial one-time grant of 6,000 Class B Units under the 2019 Paycor Equity Incentive Plan. Please see the section entitled "Equity Incentives" below for more details regarding the Class B Units. The Mueller Agreement also subjects Mr. Mueller to customary confidentiality, non-competition, and non-solicitation covenants.

Equity Incentives

Each Named Executive Officer has been granted long-term incentives in the form of Class B Units pursuant to the 2019 Paycor Equity Incentive Plan and an underlying grant agreement. The Class B Units are intended to be profits interests for federal income tax purposes and represent the right to receive distributions from Pride Aggregator after the members of Pride Aggregator have received their contributed capital and specified return of their contributed capital. The Class B Units are 50% time-vesting and 50% performance-vesting. The time-vesting Class B Units vest over a four-year period, with 25% of the time-vesting Class B Units vesting on the first anniversary of the specified vesting commencement date and the remaining 75% vesting in equal installments on each quarterly anniversary thereafter, subject to the Class B Unit holder's continuous service with us through each applicable vesting date. The performance-vesting Class B Units vest in incremental one-third (1/3) installments on the achievement of three (3) specified sponsor return and internal rate of return ("IRR") metrics, subject to the Class B Unit holder's continuous service with us through the applicable vesting date (with a three-month vesting tail period if the applicable Class B Unit holder were to be terminated by the Company without cause, due to death or disability or due to his resignation for good reason).

Consummation of this offering, by itself, will not accelerate the vesting of Class B Units and the Class B Units will continue to be subject to the foregoing vesting terms following consummation of this offering.

401(k) Plan

We maintain a tax-qualified retirement plan that provides all regular employees with an opportunity to save for retirement on a tax-advantaged basis. Under our 401(k) plan, participants may elect to defer a portion of their compensation on a pre-tax basis and have it contributed to the plan subject to applicable annual limits under the Internal Revenue Code. Pre-tax contributions are allocated to each participant's individual account and are then invested in selected investment alternatives according to the participants' directions. Employee elective deferrals are 100% vested at all times. We have the ability to make discretionary matching and profit sharing contributions

to the 401(k) plan, and such match is issued on a per pay period basis (65% of eligible pay up to 6% maximum). We did not make any contributions from April 12, 2020 through December 31, 2020 under our 401(k) plan, but we made the following contributions with respect to the period from January 1, 2020 through April 12, 2020 to Messrs. Villar Jr. and Ante: $4,750 and $5,349, respectively. As a U.S. tax-qualified retirement plan, contributions to the 401(k) plan and earnings on those contributions are not taxable to the employees until distributed from the 401(k) plan and all contributions are deductible by us when made.

Health and Welfare Plans

Our Named Executive Officers are eligible to participate in employee benefit plans, including medical, life, and disability benefits on the same basis as other eligible employees. These benefits include:

- health, dental and vision insurance;
- vacation, paid holidays and sick days;
- life insurance and supplemental life insurance; and
- short-term and long-term disability.

We believe these benefits are generally consistent with those offered by other companies and specifically with those companies with which we compete for employees.

Outstanding Equity Awards at Fiscal Year End

The following table summarizes, for each of the Named Executive Officers, the number of shares of our common stock underlying outstanding stock options held as of June 30, 2020.

	Option Awards(1)						
Name	Grant Date	Vesting Commencement Date	Number of securities underlying unexercised options (#) exercisable(2)	Number of securities underlying unexercised options (#) unexercisable(2)	Number of securities underlying unexercised unearned options (#)(2)	Option exercise price ($)(3)	Option expiration date(4)
Raul Villar Jr.	8/22/2019	7/1/2019	0	6,250	6,250	N/A	N/A
Adam Ante	4/1/2019	11/2/2018	94	151	245	N/A	N/A
Adam Ante	11/20/2019	10/1/2019	0	1,755	1,755	N/A	N/A
Chuck Mueller	2/20/2020	1/1/2020	0	3,000	3,000	N/A	N/A

(1) This table reflects information regarding Class B Units granted to our Named Executive Officers that were outstanding as of June 30, 2020. For more information on these Class B Units, see “Narrative Disclosure to Summary Compensation Table—Equity Incentives” above.

(2) The Class B Units are 50% time-vested and 50% performance-vested. The time-vesting Class B Units vest over a four-year period, with 25% of the time-vesting Class B Units vesting on the first anniversary of the specified vesting commencement date and the remaining 75% vesting in equal installments on each quarterly anniversary thereafter, subject to Class B Unit holder’s continuous service with us through the applicable vesting date. The performance-vesting Class B Units vest in incremental one-third (1/3) installments on the achievement of three (3) specified sponsor return and IRR metrics, subject to the Class B Unit holder’s continuous service with us through the applicable vesting date (with a three-month vesting tail period if the applicable Class B Unit holder was terminated by the Company without cause, due to death or disability or due to his resignation for good reason).

(3) The Class B Units are not traditional options, and therefore, there is no exercise price, but rather the Class B Units participate in distributions attributable to the appreciation in the fair market value of Pride Aggregator, or profits of Pride Aggregator, after their respective dates of grant.

(4) Class B Units have no expiration date.

Emerging Growth Company Status

As an emerging growth company we will be exempt from certain requirements related to executive compensation, including the requirements to hold a nonbinding advisory vote on executive compensation and to provide information relating to the ratio of total compensation of our Chief Executive Officer to the median of the annual total compensation of all of our employees, each as required by the Investor Protection and Securities Reform Act of 2010, which is part of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Potential Payments upon Termination or Change in Control

The employment agreements for the Named Executive Officers provide that upon a termination of their employment by the Company without "cause" or by the Named Executive Officer with "good reason," each as defined therein and provided below, subject to their execution of a fully effective release of claims in favor of the Company and continued compliance with applicable restrictive covenants, the Named Executive Officer is eligible to receive (i) twelve (12) months' worth of his base salary plus 50% of his then-target bonus (payable within 30 days of termination), and (ii) twelve (12) months of continued premium payments under the Company's group health plans pursuant to COBRA.

For each of the Named Executive Officers' employment agreement, "cause" generally means any one or more of the following: (i) any material failure, refusal, or inability by the employee to perform his duties under the employment agreement (other than by reason of the employee's death or disability which continues after written notice to the employee that such failure or refusal will result in a termination of the employment of the employee for Cause); (ii) any intentional act of fraud or embezzlement by the employee in connection with his duties under his employment agreement or in the course of his employment under his employment agreement, or the admission or conviction of, or entering of a plea of *nolo contendere* by, the employee of any felony or any lesser crime involving moral turpitude, fraud, embezzlement or theft; (iii) any gross negligence, willful misconduct or personal dishonesty of the employee resulting, in the good faith determination of the Company, in a loss to the Company or any of its parent or subsidiary corporations, or affiliates or in damage to the reputation of the Company or any of its parent or subsidiary corporations, affiliates, successors or assigns; (iv) any material breach by the employee of any of the covenants contained in his employment agreement; or (v) any failure of the employee to comply with Company policies or procedures, provided that, in each case, from clauses (i) through (v), the employee shall have been given written notice from the Company describing in reasonable detail the event or circumstance the Company believes gives rise to a right to terminate the employee for Cause within 30 days of its initial existence, the employee shall have 30 days to remedy the condition to the satisfaction of the Company. The employee's failure to cure within those 30 days shall result in the termination of the employee for Cause.

For each of the Named Executive Officers' employment agreement, "good reason" generally means: (i) a material breach of the employment agreement by the Company; (ii) a reduction in or failure to pay the employee his compensation payable under the employment agreement or a material reduction in benefits payable under the employment agreement or any amounts otherwise vested and/or due under the Company's employee benefit plans or employee benefit programs; (iii) a reduction in the percentages described under the employment agreement with respect to the target bonus and bonus without the written consent of the employee; (iv) the assignment of additional or reduction of duties or responsibilities to the employee which are inconsistent in a material and adverse respect with the employee's position as Chief Executive Officer, Chief Financial Officer or Chief Revenue Officer (as applicable) of the Company without the written consent of the employee; or (v) the relocation of the Company's principal place of business more than 75 miles from the current location without the written consent of the employee.

Executive Compensation Arrangements to be Adopted in Connection with this Offering

Equity Award Grants

In connection with this offering, we intend to grant awards under the 2021 Plan to the NEOs consisting of options to purchase shares of common stock with an aggregate value of $ and RSUs with an aggregate

value of $. These awards are comprised one-time grants solely related to this offering. The options described above will be granted at the pricing of this offering and the RSUs described above will be granted upon the filing of our registration statement on Form S-8 relating to the 2021 Plan. Each award will be subject to the terms and conditions of the 2021 Plan and an award agreement that we will enter into with the applicable grantee.

New Employment Agreements

It is anticipated that each of the NEOs will enter into a new employment agreement, which will be effective upon the closing of this offering (the "New Employment Agreements") and will supersede each Named Executive Officer's senior management agreement. The material terms and conditions set forth in each Named Executive Officer's New Employment Agreement are anticipated to be substantially similar to those set forth in each Named Executive Officer's existing agreement and described herein.

Annual Bonus Plan

In connection with this offering, we intend to adopt the Paycor HCM, Inc. Annual Bonus Plan (the "Bonus Plan"), pursuant to which employees of the Company may be granted annual cash incentives that generally will be paid based on the achievement of certain performance objectives as determined by the Compensation Committee and continued employment. The Compensation Committee will administer and will have authority to interpret the terms of the Bonus Plan and determine eligibility of participants.

Change in Control Severance Plan

In addition to the potential severance benefits under the employment agreements described above under the heading "—Narrative Disclosure to Summary Compensation Table—Employment and Change in Control Severance Arrangements," the Board intends to adopt the Paycor HCM, Inc. Change in Control Severance Plan (the "CIC Severance Plan"), under which certain executives, including the NEOs, are eligible for severance benefits under certain circumstances. Specifically, if during the period beginning three months prior to a change of control through or within the 12 month period following a change of control, we terminate a participating executive other than (a) for cause or (b) on account of such executive's disability, or such executive resigns for good reason, then such executive will receive, in addition to any accrued obligations and subject to the execution and non-revocation of a release of claims:

- in the case of the Chief Executive Officer, cash severance equal to 1.5 times the sum of the Chief Executive Officer's annual base salary and target bonus; in the case of the Chief Financial Officer and Chief Revenue Officer, cash severance equal to 1 times the sum of (a) annual base salary and (b) the product of (i) such executive's target bonus and (ii) 75%; and in the case of all other designated executives, cash severance equal to 0.75 times annual base salary, in each case, payable in installments over 9, 12 or 18 months, as applicable;
- reimbursement for the employer cost of health insurance continuation coverage under the U.S. Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), for 9, 12 or 18 months, as applicable; and
- to the extent the participating executive holds any unvested equity incentive awards granted under the 2021 Plan that vest solely based on continued employment, such awards will accelerate and vest.

Executive Severance Plan

In addition to the potential severance benefits under the employment agreements and the CIC Severance Plan described above, the Board intends to adopt the Paycor HCM, Inc. Executive Severance Plan, under which executives of the Company reporting directly to the Company's Chief Executive Officer who are at the M8 Executive Career Level (other than executives who are party to an individual executive employment agreement, such as the NEOs), and any other key employee of the Company designated by the Compensation Committee are

eligible for severance benefits under certain circumstances. Specifically, if we terminate an applicable executive other than (a) for cause or (b) on account of such executive's disability, then such executive will receive, in addition to any accrued obligations and subject to the execution and non-revocation of a release: (a) cash severance equal to 0.5 times the sum of annual base salary and target bonus, payable in a lump sum; and (b) reimbursement for the employer cost of health insurance continuation coverage under COBRA for 6 months.

2021 Employee Stock Purchase Plan

In order to incentivize employees of the Company, its designated affiliates and subsidiaries (the Designated Companies), we anticipate that our board of directors will adopt, and our shareholders will approve, the ESPP, the material terms of which are summarized below, prior to the completion of this offering. This summary is not a complete description of all of the provisions of the ESPP and is qualified in its entirety by reference to the ESPP, a copy of which will be filed as an exhibit to the registration statement of which this prospectus forms a part. Defined terms used in this section that are not otherwise defined herein will have the meaning set forth in the ESPP.

The ESPP includes two components: a "Section 423 Component" and a "Non-Section 423 Component." The Section 423 Component is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code and will be administered, interpreted and construed in a manner consistent with the requirements of Section 423 of the Code. In addition, the ESPP will authorize the grant of options under the Non-Section 423 Component, which need not qualify as options granted pursuant to an "employee stock purchase plan" under Section 423 of the Code; such options granted under the Non-Section 423 Component will be granted pursuant to separate offerings containing such sub-plans, appendices, rules or procedures as may be adopted by the administrator of the ESPP and designed to achieve tax, securities laws or other objectives for eligible employees and any Designated Company in locations outside of the United States. Except as otherwise provided or determined by the ESPP administrator, the Non-Section 423 Component will operate and be administered in the same manner as the Section 423 Component. Offerings intended to be made under the Non-Section 423 Component will be designated as such by the ESPP administrator at or prior to the time of such Offering.

Shares Available for Awards; Administration

A total of shares of our common stock will initially be reserved for issuance under the ESPP. In addition, the number of shares available for issuance under the ESPP will be increased annually on January 1 of each calendar year beginning in 2022 and ending in and including 2031, by an amount equal to the lesser of (A) % of the shares outstanding on the final day of the immediately preceding calendar year and (B) such smaller number of shares as is determined by our Board. Our Board or the Compensation Committee will administer and will have authority to interpret the terms of the ESPP and determine eligibility of participants.

Eligibility

We expect that all of our employees and employees of any Designated Company will be eligible to participate in the ESPP, with certain exclusions as determined by the ESPP administrator. However, an employee may not be granted rights to purchase stock under our ESPP if the employee, immediately after the grant, would own (directly or through attribution) stock possessing 5% or more of the total combined voting power of all classes of our stock.

Grant of Rights

Under the ESPP, participants will be offered the option to purchase shares of our common stock at a discount during one or more offering periods, which may be successive or overlapping and will be selected by the ESPP administrator in its sole discretion with respect to which options shall be granted to participants. No Offering will commence prior to the date on which our registration statement on Form S-8 is filed with the SEC in respect of the ESPP. The ESPP administrator will designate the terms and conditions of each offering in

writing, including the Offering Period and the Purchase Period, and may change the duration and timing of offering periods in its discretion. However, in no event may an Offering Period be longer than 27 months in length.

Option Price

The option purchase price will be 85% of the lesser of the fair market value of a share of our common stock on (a) the applicable grant date and (b) the applicable exercise date, or such other price determined by the administrator.

ESPP Amendment and Termination

The Board may amend, suspend or terminate the ESPP at any time. However, stockholder approval will be obtained for any amendment that increases the aggregate number or changes the type of shares that may be sold pursuant to rights under the ESPP or changes the corporations or classes of corporations whose employees are eligible to participate in the ESPP.

Paycor HCM, Inc. 2021 Omnibus Incentive Plan

Prior to the consummation of this offering, we anticipate that our Board will adopt, and our shareholders will approve, the 2021 Plan, pursuant to which employees, consultants and directors of our company and our affiliates performing services for us, including our executive officers, will be eligible to receive awards. We anticipate that the 2021 Plan will provide for the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, bonus stock, dividend equivalents, other stock-based awards, substitute awards, annual incentive awards and performance awards intended to align the interests of participants with those of our shareholders. The following description of the 2021 Plan is based on the form we anticipate will be adopted, but since the 2021 Plan has not yet been adopted, the provisions remain subject to change. As a result, the following description is qualified in its entirety by reference to the final 2021 Plan once adopted, a copy of which in substantially final form has been filed as an exhibit to the registration statement of which this prospectus is a part.

Share Reserve

In connection with its approval by the Board and adoption by our shareholders, we will reserve shares of our common stock for issuance under the 2021 Plan, which amount shall be increased on the first day of each fiscal year during the term of the 2021 Plan commencing with the 2022 fiscal year by (i) of the total number of shares outstanding on the last day of the immediately preceding fiscal year, or (ii) a lesser amount determined by the Company's board. In addition, the following shares of our common stock will again be available for grant or issuance under the 2021 Plan:

- shares subject to awards granted under the 2021 Plan that are subsequently forfeited or cancelled;
- shares subject to awards granted under the 2021 Plan that otherwise terminate without shares being issued; and
- shares surrendered, cancelled, or exchanged for cash (but not shares surrendered to pay the exercise price or withholding taxes associated with the award).

Administration

The 2021 Plan will be administered by our Compensation Committee. The Compensation Committee has the authority to construe and interpret the 2021 Plan, grant awards and make all other determinations necessary or advisable for the administration of the 2021 Plan. Awards under the 2021 Plan may be made subject to "performance conditions" and other terms.

Eligibility

Our employees, consultants and directors, and employees, consultants and directors of our affiliates, will be eligible to receive awards under the 2021 Plan. The Compensation Committee will determine who will receive awards, and the terms and conditions associated with such award.

Term

The 2021 Plan will terminate ten years from the date our Board approves the plan, unless it is terminated earlier by our Board.

Award Forms and Limitations

The 2021 Plan authorizes the granting of stock awards, performance awards, and other cash-based awards. An aggregate of shares will be available for issuance under awards granted pursuant to the 2021 Plan. For stock options that are intended to qualify as incentive stock options, or ISOs, under Section 422 of the Code, the maximum number of shares subject to ISO awards shall be .

Stock Options

The 2021 Plan provides for the grant of ISOs only to our employees. All options other than ISOs may be granted to our employees, directors and consultants. The exercise price of each option to purchase stock must be at least equal to the fair market value of our common stock on the date of grant. The exercise price of ISOs granted to 10% or more shareholders must be at least equal to 110% of that value. Options granted under the 2021 Plan may be exercisable at such times and subject to such terms and conditions as the Compensation Committee determines. The maximum term of options granted under the 2021 Plan is 10 years (five years in the case of ISOs granted to 10% or more shareholders). A participant may pay the exercise price due upon exercise of a Stock Option with cash or check or by way of a “cashless exercise”.

Stock Appreciation Rights

Stock appreciation rights provide for a payment, or payments, in cash or common stock, to the holder based upon the difference between the fair market value of our common stock on the date of exercise and the stated exercise price of the stock appreciation right. The exercise price must be at least equal to the fair market value of our common stock on the date the stock appreciation right is granted. Stock appreciation rights may vest based on time or achievement of performance conditions, as determined by the Compensation Committee in its discretion.

Restricted Stock

The Compensation Committee may grant awards consisting of shares of our common stock subject to restrictions on sale and transfer. The price (if any) paid by a participant for a restricted stock award will be determined by the Compensation Committee. Unless otherwise determined by the Compensation Committee at the time of award, vesting will cease on the date the participant no longer provides services to us and unvested shares will be forfeited to or repurchased by us. The Compensation Committee may condition the grant or vesting of shares of restricted stock on the achievement of performance conditions and/or the satisfaction of a time-based vesting schedule.

Performance Awards

A performance award is an award that becomes payable upon the attainment of specific performance goals. A performance award may become payable in cash or in shares of our common stock. These awards are subject to forfeiture prior to settlement due to termination of a participant’s employment or failure to achieve the performance conditions.

Other Cash-Based Awards

The Compensation Committee may grant other cash-based awards to participants in amounts and on terms and conditions determined by them in their discretion. Cash-based awards may be granted subject to vesting conditions or awarded without being subject to conditions or restrictions.

Additional Provisions

Awards granted under the 2021 Plan may not be transferred in any manner other than by will or by the laws of descent and distribution, or as determined by the Compensation Committee. Unless otherwise restricted by our Compensation Committee, awards that are non-ISOs or SARs may be exercised during the lifetime of the optionee only by the optionee, the optionee's guardian or legal representative, or a family member of the optionee who has acquired the non-ISOs or SARs by a permitted transfer. Awards that are ISOs may be exercised during the lifetime of the optionee only by the optionee or the optionee's guardian or legal representative.

In the event of a change of control (as defined in the 2021 Plan), the Compensation Committee may, in its discretion, provide for any or all of the following actions: (a) awards may be continued, assumed or substituted with new rights, (b) awards may be purchased for cash equal to the excess (if any) of the highest price per share of common stock paid in the change in control transaction over the aggregate exercise price of such awards, (c) outstanding and unexercised stock options and stock appreciation rights may be terminated prior to the change in control (in which case holders of such unvested awards would be given notice and the opportunity to exercise such awards), or (d) vesting or lapse of restrictions may be accelerated. All awards will be equitably adjusted in the case of the division of stock and similar transactions.

Non-Employee Director Compensation

The following table presents the total compensation for each person who served as a non-employee member of our Board during the fiscal year ended June 30, 2020. Other than as set forth in the table and described more fully below, we did not pay any compensation, reimburse any expense of, make any equity awards or non-equity awards to, or pay any other compensation to any of the other non-employee members of our Board in fiscal year 2020. Employee directors do not receive any separate compensation for their Board activities.

Name	Fees earned or paid in cash ($)(1)	All Other Compensation(2)	Total
Scott Miller	$ 50,000	$ 2,771	$52,771
Steve Collins	$ 50,000	$ 2,599	$52,599

(1) Mr. Miller and Mr. Collins are entitled to annual cash retainers, in the amounts of $50,000 respectively, payable on a quarterly basis in arrears.
(2) Amounts shown in this column represent reasonable travel and related expenses associated with attendance at board meetings.

Non-Employee Director Compensation Policy

On January 27, 2021, our Compensation Committee approved a new non-employee director compensation policy to apply following this offering, which will consist of: (i) a board retainer of $50,000 (plus an additional $50,000 for the Non-Executive Board Chair); (ii) a committee member retainer ($10,000 for the Audit Committee, $7,500 for the Compensation Committee and $5,000 for the Nominating & Governance Committee); (iii) a committee chair retainer ($20,000 for the Audit Committee, $15,000 for the Compensation Committee and $10,000 for the Nominating & Governance Committee); and (iv) an equity grant in the form of $170,000 in restricted stock units with a one-year vesting term.

PRINCIPAL AND SELLING SHAREHOLDERS

The following table sets forth information about the beneficial ownership of our common stock as of , 2021, after giving effect to the Reorganization Transactions and as adjusted to reflect the sale of the common stock in this offering, for

- Each person or group known to us who beneficially owns more than 5% of our common stock immediately prior to this offering, including the selling shareholder.
- Each of our directors.
- Each of our Named Executive Officers.
- All of our directors and executive officers as a group.

Each shareholder's percentage ownership before the offering is based on common stock outstanding as of , 2021 after giving effect to the Reorganization Transactions. Each shareholder's percentage ownership after the offering is based on common stock outstanding immediately after the completion of this offering. We and the selling shareholder have granted the underwriters an option to purchase up to and additional shares of common stock, respectively.

Beneficial ownership for the purposes of the following table is determined in accordance with the rules and regulations of the SEC. These rules generally provide that a person is the beneficial owner of securities if such person has or shares the power to vote or direct the voting thereof, or to dispose or direct the disposition thereof, or has the right to acquire such powers within 60 days. Common stock subject to options that are currently exercisable or exercisable within 60 days of , 2021 are deemed to be outstanding and beneficially owned by the person holding the options. These shares, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other person. Except as disclosed in the footnotes to this table and subject to applicable community property laws, we believe that each shareholder identified in the table possesses sole voting and investment power over all common stock shown as beneficially owned by the shareholder.

Unless otherwise noted below, the address of each beneficial owner listed on the table is c/o 4811 Montgomery Road, Cincinnati, Ohio 45212. Beneficial ownership representing less than 1% is denoted with an asterisk (*).

	Shares Beneficially Owned Prior to this Offering			Shares Beneficially Owned After this Offering		
Name of Beneficial Owner	Number of Shares	Percentage	Shares Offered Hereby	Number of Shares	No Exercise of Underwriters' Option Percentage	Full Exercise of Underwriters' Option Percentage
5% Stockholders and Selling Shareholder		%				%
Pride Aggregator(1)						
Directors and Named Executive Officers:						
Raul Villar Jr.	—	—				
Adam Ante	—	—				
Chuck Meuller	—	—				
Whit Bouck	—	—				
Katie Burke	—	—				
Steve Collins	—	—				
Jonathan Corr	—	—				
Umang Kajaria	—	—				
Scott Miller	—	—				
Jason Wright	—	—				
Directors and executive officers as a group (12 individuals)	—	—				

(1) Pride GP, Inc. is the general partner of Pride Aggregator and Apax IX GP Co. Limited ("Apax IX GP") is the sole shareholder of Pride GP, Inc. Apax IX GP is the investment manager of the relevant investment vehicles in the fund known as Apax IX and is controlled by a board of directors consisting of Simon Cresswell, Andrew Guille, Martin Halusa, Paul Meader and David Staples. The registered address for Apax IX is Third Floor Royal Bank Place, 1 Glategny Esplanade, St Peter Port, Guernsey GY1 2HJ.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Policies for Approval of Related Party Transactions

Prior to completion of this offering, we intend to adopt a policy with respect to the review, approval, and ratification of related party transactions. Under the policy, our Audit Committee is responsible for reviewing and approving related person transactions. In the course of its review and approval of related party transactions, our Audit Committee will consider the relevant facts and circumstances to decide whether to approve such transactions. In particular, our policy requires our Audit Committee to consider, among other factors it deems appropriate:

- The related person's relationship to us and interest in the transaction.
- The material facts of the proposed transaction, including the proposed aggregate value of the transaction.
- The impact on a director's independence in the event the related person is a director or an immediate family member of the director.
- The benefits to us of the proposed transaction.
- If applicable, the availability of other sources of comparable products or services.
- An assessment of whether the proposed transaction is on terms that are comparable to the terms available to an unrelated third party or to employees generally.

The Audit Committee may only approve those transactions that are in, or are not inconsistent with, our best interests and those of our shareholders, as the Audit Committee determines in good faith.

In addition, under our code of business conduct and ethics, which will be adopted prior to the consummation of this offering, our employees and directors will have an affirmative responsibility to disclose any transaction or relationship that reasonably could be expected to give rise to a conflict of interest.

All of the transactions described below were entered into prior to the adoption of the Company's written related party transactions policy (which policy will be adopted prior to the consummation of this offering), but all were approved by our Board considering similar factors to those described above.

Related Party Transactions

Other than compensation arrangements for our directors and named executive officers, which are described in the section entitled "Executive Compensation," below we describe transactions since January 1, 2018 to which we were a participant or will be a participant, in which:

- The amounts involved exceeded or will exceed $120,000.
- Any of our directors, executive officers, or holders of more than 5% of our 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.

Director Nomination Agreement

In connection with this offering, we will enter into a Director Nomination Agreement with Apax Partners that provides Apax Partners the right to designate nominees for election to our Board for so long as Apax Partners beneficially owns 5% or more of the total number of shares of our common stock that it owns as of the completion of this offering. Apax Partners may also assign its designation rights under the Director Nomination Agreement to an affiliate.

The Director Nomination Agreement will provide Apax Partners the right to designate: (i) all of the nominees for election to our Board for so long as Apax Partners beneficially owns at least 40% of the total number of shares of our common stock beneficially owned by Apax Partners upon completion of this offering, as adjusted for any reorganization, recapitalization, stock dividend, stock split, reverse stock split or similar changes in the Company's capitalization, or the Original Amount; (ii) 40% of the nominees for election to our Board for so long as Apax Partners beneficially owns less than 40% but at least 30% of the Original Amount; (iii) 30% of the nominees for election to our Board for so long as Apax Partners beneficially owns less than 30% but at least 20% of the Original Amount; (iv) 20% of the nominees for election to our Board for so long as Apax Partners beneficially owns less than 20% but at least 10% of the Original Amount; and (v) one of the nominees for election to our Board for so long as Apax Partners beneficially own at least 5% of the Original Amount. Apax Partners' nominees must comply with applicable law and stock exchange rules. If Pride Aggregator, the investment vehicle through which Apax Partners holds its investment, is dissolved after this offering, then Apax Partners will be permitted to nominate (i) up to three directors so long as it owns at least 25% of the Original Amount, (ii) up to two directors so long as it owns at least 15% of the Original Amount and (iii) one director so long as it owns at least 5% of the Original Amount. Apax Partners will agree in the Director Nomination Agreement to vote any shares of our common stock and any other securities held by it in favor of the election to our Board of the directors so designated. At any time when Apax Partners has the right to designate at least one nominee for election to our Board, Apax Partners will also have the right to have one of its nominated directors hold one seat on each Board committee, subject to satisfying any applicable stock exchange rules or regulations regarding the independence of Board committee members. In addition, Apax Partners shall be entitled to designate the replacement for any of its Board designees whose Board service terminates prior to the end of the director's term regardless of Apax Partners' beneficial ownership at such time. The Director Nomination Agreement will also provide for certain consent rights for Apax Partners so long as it owns at least 5% of the Original Amount, including for any increase to the size of our Board. Additionally, the Director Nomination Agreement will also prohibit us from increasing or decreasing the size of our Board without the prior written consent of Apax Partners for so long as Apax Partners holds at least 5% of the total outstanding voting power. This agreement will terminate at such time as Apax Partners owns less than 5% of our outstanding common stock.

Registration Rights Agreement

We are party to a registration rights agreement with Pride Aggregator and the Preferred Holders (as defined therein) of Registrable Securities (as defined below). Pride Aggregator is entitled to request that we register Pride Aggregator's shares on a long-form or short-form registration statement on one or more occasions in the future, which registrations may be "shelf registrations." Pride Aggregator is also entitled to participate in certain of our registered offerings, subject to the restrictions in the registration rights agreement. We will pay Pride Aggregator's expenses in connection with Pride Aggregator's exercise of these rights. Pride Aggregator and the Preferred Holders are also entitled to customary "piggyback" registration rights. In addition, on the first anniversary of this offering or as promptly as practicable thereafter, so long as the Company is then-eligible to use any applicable short-form registration, the Company will use its reasonable best efforts to cause a registration statement for the sale or distribution by the Preferred Holders, and any other holders approved by Pride Aggregator, of the Registrable Securities held by such holders on a delayed or continuous basis pursuant to Rule 415 (the "Resale Shelf Registration"), to be filed and declared effective under the Securities Act.

The registration rights described in the above paragraph apply to (i) shares of common stock held by Pride Aggregator or any of its affiliates (ii) shares of common stock held by any Preferred Holder or any of its affiliates, (iii) shares of common stock held by any Other Investors (as defined in the registration rights agreement) or any of their affiliates, and (iv) any equity securities of the Company or any subsidiary issued or issuable with respect to the common stock described in clauses (i), (ii), or (iii) with respect to any dividend, distribution, recapitalization, reorganization, or certain other corporate transactions, or Registrable Securities (clauses (i) through (iv) collectively referred to as "Registrable Securities"). These registration rights are also for the benefit of any subsequent holder of Registrable Securities; provided that any particular securities will cease to be Registrable Securities when they have been sold in a registered public offering, sold in compliance with

Rule 144 of the Securities Act of 1933, as amended (the "Securities Act"), or repurchased by us or our subsidiaries. In addition, following the consummation of this offering, any Registrable Securities held by a person other than Pride Aggregator or its affiliates that may be sold under Rule 144(b)(1)(i) without limitation under any of the other requirements of Rule 144 will cease to be Registrable Securities.

Indemnification of Officers and Directors

Upon completion of this offering, we intend to enter into indemnification agreements with each of our executive officers and directors. The indemnification agreements will provide the executive officers and directors with contractual rights to indemnification, expense advancement, and reimbursement, to the fullest extent permitted under the DGCL. Additionally, we may enter into indemnification agreements with any new directors or officers that may be broader in scope than the specific indemnification provisions contained in Delaware law.

Redemption Agreement and Intercompany Promissory Note with Pride Aggregator

In December 2020 and January 2021, we completed private placements of our Series A preferred stock that generated aggregate net proceeds of approximately $270 million. In connection with the December 2020 private placement closing, we entered into a Redemption Agreement with Pride Aggregator, pursuant to which we used $180 million from the proceeds from the private placement, together with a $65 million Intercompany Promissory Note issued to Pride Aggregator (the "Intercompany Note"), to repurchase 7,000 outstanding shares of common stock held by Pride Aggregator. In connection with the January 2021 private placement closing, we repaid the Intercompany Note in full. The Intercompany Note was payable on demand and accrued interest at a rate of 0.15% per annum.

Midco Redeemable Preferred Stock

On November 2, 2018 in connection with the Apax Acquisition, Pride Midco, our direct wholly-owned subsidiary, issued 200,000 shares of Midco Redeemable Preferred Stock to certain institutional investors. We intend to redeem all of the outstanding Midco Redeemable Preferred Stock in connection with the consummation of this offering. An affiliate of Apax Partners owns $25 million of the Midco Redeemable Preferred Stock and expects to receive $ in proceeds upon the redemption of the Midco Redeemable Preferred Stock in connection with the consummation of this offering. The Midco Redeemable Preferred Stock is reflected as a redeemable noncontrolling interest in our consolidated balance sheets. See "Description of Certain Indebtedness and Other Obligations—Midco Redeemable Preferred Stock" for more information about the Midco Redeemable Preferred Stock.

DESCRIPTION OF CERTAIN INDEBTEDNESS AND OTHER OBLIGATIONS

Set forth below is a summary of the terms of the credit agreement governing certain of our outstanding indebtedness and the terms governing the Midco Redeemable Preferred Stock.

Senior Secured Credit Facilities

On November 2, 2018, we entered into a Credit Agreement with Wells Fargo, National Association ("Wells Fargo"), as administrative agent and collateral agent, providing a five-year senior secured $50 million revolving credit facility (the "Revolving Credit Facility"). The Credit Agreement was amended in November 2020 to, among other things, provide for a $25 million term loan (the "Term Loan" and together with the Revolving Credit Facility, the "Credit Facility"). As of March 31, 2021, the Term Loan had an outstanding balance of $24.9 million and the Revolving Credit Facility had commitments of $0.4 million.

Interest Rates and Fees

The loans under the Credit Facility have variable interest rates. The interest rates on the Term Loans and Revolving Loans equals, at our option, either, (i) in the case of ABR borrowings, the highest of (a) the Wells Fargo prime rate, (b) the Federal Funds Rate plus 50 basis points, and (c) the adjusted LIBOR with a maturity of one month, plus 100 basis points ("ABR"), plus, in each case, the applicable margin of (i) prior to November 2, 2021, 325 basis points per annum and (ii) after November 2, 2021, 300 basis points per annum; or (ii) in the case of Eurocurrency borrowings, LIBOR for the relevant currency, which shall not be less than 100 basis points, plus, the applicable margin of (i) prior to November 2, 2021, 425 basis points per annum and (ii) after November 2, 2021, 400 basis points per annum.

We pay a quarterly unused fee on the Revolving Credit Facility commitments of 50 basis points.

Voluntary Prepayments

Loans under the Credit Facility may be voluntarily prepaid in whole, or in part, in each case without premium or penalty.

Mandatory Prepayments

The Credit Agreement requires us to prepay, subject to certain exceptions, the Term Loans with:

- 100% of the amount of the net cash proceeds of certain asset sales or insurance/condemnation events subject to reinvestment rights and other exceptions.
- 100% of the net cash proceeds of any issuance or incurrence of debt other than debt permitted under the Credit Agreement.
- 100% of the proceeds of any extraordinary receipts from judgments or settlements, indemnity payments, or purchase price adjustments in connection with acquisitions.

Final Maturity and Amortization

The Term Loans and the Revolving Credit Facility commitments will mature on November 2, 2023. The Term Loans amortize in equal quarterly installments in aggregate annual amounts equal to 1.00% per annum of the original principal amount of the loans funded thereunder.

Guarantors

All obligations under the Credit Agreement are unconditionally guaranteed by our wholly-owned subsidiary Pride Guarantor, Inc. ("Holdings"), and substantially all of its existing and future direct and indirect wholly-owned domestic subsidiaries, other than certain excluded subsidiaries.

Security

The obligations under the Credit Agreement are secured by all the assets of Holdings, Paycor, Inc. (the "Borrower"), a direct subsidiary of Holdings, and certain of the Borrower's subsidiaries' (together with, Holdings, the "Guarantors"), subject to permitted liens and other exceptions, on a first lien basis.

Certain Covenants, Representations and Warranties

The Credit Agreement contains customary representations and warranties, affirmative covenants, reporting obligations, and negative covenants. The negative covenants restrict our and our subsidiaries' ability, among other things, to (subject to certain exceptions set forth in the Credit Agreement):

- Incur additional indebtedness or other contingent obligations.
- Create liens.
- Make investments, acquisitions, loans, and advances.
- Consolidate, merge, liquidate, or dissolve.
- Sell, transfer, or otherwise dispose of its assets, including capital stock of its subsidiaries.
- Pay dividends on its equity interests or make other payments in respect of capital stock.
- Engage in transactions with affiliates.
- Make payments in respect of subordinated, unsecured, or junior secured debt.
- Modify organizational documents in a manner that is materially adverse to the lenders under the applicable Credit Agreement.
- Enter into certain agreements with negative pledge clauses.

Financial Covenants

The Credit Facility is subject to certain financial covenants which are tested quarterly for compliance, including:

- A liquidity covenant that requires the Borrower and its subsidiaries to maintain liquidity, defined as the sum of the amount of undrawn commitments under the Revolving Credit Facility plus the amount of the Borrower's unrestricted cash and cash equivalents, of at least (i) prior to November 2, 2021, $22.5 million and (ii) after November 2, 2021, $17.5 million.
- A recurring revenue covenant that requires the Borrower and its subsidiaries to achieve recurring revenue of at least (i) prior to November 2, 2021, $200 million and (ii) after November 2, 2021, $250 million.
- An EBITDA covenant that requires the Borrower and its subsidiaries to achieve trailing twelve month EBITDA (as defined in the Credit Agreement) following November 2, 2021 of at least $10 million, as measured at the end of each fiscal quarter.
- Upon our election (if certain conditions are met), a total leverage covenant that requires the Borrower and its subsidiaries to maintain a total leverage ratio (as calculated pursuant to the Credit Agreement) of no greater than the greater of (i) 7.50:1.00 and (ii) the ratio that is equal to 130% of the total leverage ratio as of the date of such election.

Events of Default

The lenders under the Credit Agreement are permitted to accelerate the loans and terminate commitments thereunder or exercise other remedies upon the occurrence of certain customary events of default, subject to

certain grace periods and exceptions. These events of default include, among others, payment defaults, cross-defaults to certain material indebtedness, a mandatory redemption of the Midco Redeemable Preferred Stock or an event of default under the Midco Redeemable Preferred Stock (after a 20 day cure period), covenant defaults, material inaccuracy of representations and warranties, certain events of bankruptcy, material judgments, material defects with respect to lenders' perfection on the collateral, invalidity of the guarantees, and changes of control.

Midco Redeemable Preferred Stock

On November 2, 2018, Pride Midco, our direct wholly-owned subsidiary, issued 200,000 shares (the "Midco Redeemable Preferred Stock") of Series A Redeemable Preferred Stock to certain institutional investors. We intend to redeem all of the outstanding Midco Redeemable Preferred Stock in connection with the consummation of this offering. See "Use of Proceeds."

Liquidation Preference and Dividend Rates

The Midco Redeemable Preferred Stock was issued with an initial liquidation preference of $1,000 per share. The Midco Redeemable Preferred Stock accrues dividends at a rate of LIBOR plus 8.875%, which rate will decrease to LIBOR plus 8.375% beginning November 3, 2021. The dividends are payable, or are compounded, quarterly on March 31, June 30, September 30 and December 31 of each year. From the issue date through November 2, 2020, dividends were accrued and added to the then-prevailing liquidation preference of the Redeemable Preferred Stock. From November 2, 2020 to November 2, 2021, we are required pay 50% of the accrued dividends in cash. After November 2, 2021, we will be required to pay 100% of the accrued dividends in cash. If the Midco Redeemable Preferred Stock remains outstanding after May 2, 2022, we are required to pay 0.50% of the initial liquidation preference to the holders of the Midco Redeemable Preferred Stock in cash.

Optional and Mandatory Redemption

We may voluntarily redeem the Midco Redeemable Preferred Stock at an amount equal to the liquidation preference of such Midco Redeemable Preferred Stock times the applicable percentage set forth below, plus any accrued dividends:

Redemption Date	Redemption Price
May 2, 2020—November 1, 2020	102%
November 2, 2020—November 1, 2021	101%
November 2, 2021 and thereafter	100%

We will be required, at the option of the holders of at least a majority of the Midco Redeemable Preferred Stock, to redeem the Midco Redeemable Preferred Stock at the above redemption prices upon the occurrence of: (1) a change of control, (2) an initial public offering, (3) upon at least 90 days' prior notice by the holders of at least a majority of the Midco Redeemable Preferred Stock, on or after November 2, 2024, or (4) certain other trigger events, including material breaches of the terms of the Midco Redeemable Preferred Stock.

Certain Covenants

The certificate of designation governing the Midco Redeemable Preferred Stock contains certain affirmative covenants, reporting obligations and negative covenants. The negative covenants restrict Pride Midco's and its subsidiaries' ability, among other things, to (subject to certain exceptions):

- Incur additional indebtedness or other contingent obligations, or issue preferred stock.
- Make investments, acquisitions, loans, and advances.
- Consolidate, merge, liquidate, or dissolve.

- Sell, transfer, or otherwise dispose of its assets, including capital stock of its subsidiaries.
- Pay dividends on its equity interests or make other payments in respect of capital stock.
- Engage in transactions with its affiliates.
- Modify Pride Midco's certificate of incorporation, including the certificate of designation that governs the terms of the Midco Redeemable Preferred Stock.

Financial Covenant

On and after November 2, 2021, the Midco Redeemable Preferred Stock will require us to achieve recurring revenue of at least $250 million and EBITDA of at least $10 million, in each case tested on a quarterly basis.

Headquarters Loan

On November 14, 2019, Paycor Headquarters, LLC, our wholly-owned subsidiary ("Paycor Headquarters"), entered into a loan agreement with PNC Bank, National Association ("PNC Bank") to refinance debt related to our headquarters, for a principal amount of $20 million (the "Headquarters Loan"). The Headquarters Loan is secured by a mortgage on the property on which our headquarters is situated. As of March 31, 2021, the Headquarters Loan had an outstanding balance of $18.9 million.

Interest Rates and Fees

The Headquarters Loan has a variable interest rate. The Headquarters Loan bears interest payable monthly at a rate of LIBOR plus 1.75%.

Voluntary Prepayments

The Headquarters Loan may be voluntarily prepaid in whole, or in part, in each case without penalty.

Final Maturity and Amortization

The Headquarters Loan will mature on November 14, 2022. The Headquarters Loan amortizes as follows: (i) from commencement until November 30, 2020, twelve installments of $69,000.00, (ii) from December 10, 2020 until November 30, 2021, twelve installments of $72,000.00, and (iii) from December 10, 2021 until November 14, 2022, twelve installments of $75,000.00, with a final balloon payment for the balance due at the time of maturity in November 2022.

Guarantors

All obligations under the Headquarters Loans are unconditionally guaranteed by our indirect wholly-owned subsidiary Paycor, Inc., and substantially all of its existing and future direct and indirect wholly-owned subsidiaries.

Certain Covenants, Representations and Warranties

The Headquarters Loan contains customary representations and warranties, affirmative covenants, reporting obligations, and negative covenants. The negative covenants restrict Paycor, Inc.'s ability, among other things, to change its form of organization or undertake certain transactions that would be deemed to constitute a change of control.

Financial Covenants

Under the Headquarters Loan, Paycor Inc. is subject to certain financial covenants which are tested quarterly for compliance, including:

- A liquidity covenant that requires Paycor Inc. to maintain liquidity, defined as the sum of the amount of undrawn commitments under the Revolving Credit Facility of the Credit Agreement plus the amount of Paycor Inc.'s unrestricted cash and cash equivalents, of at least (a) prior to November 2, 2021, $22.5 million and (ii) after November 2, 2021, $17.5 million.
- A recurring revenue covenant that requires Paycor Inc. to achieve recurring revenue of at least (a) prior to November 2, 2021, $200 million and (ii) after November 2, 2021, $250 million.
- A total leverage covenant that requires Paycor Inc. to maintain a Total Leverage Ratio (as calculated pursuant to the Credit Agreement) of no greater than the greater of (i) 7.50:1.00 and (ii) the ratio that is equal to 130% of the Total Leverage Ratio as of the date of such election to trigger the Total Leverage Financial Covenant Testing Period (as defined under the Credit Agreement).

Events of Default

Upon the occurrence of certain customary events of default, all amounts due under the Headquarters Loan will become immediately due and payable.

Post-IPO Credit Facility

Senior Secured Credit Facility

It is anticipated that after consummation of this offering we and/or our wholly-owned domestic subsidiaries will enter into a revolving credit facility with commitments in an amount expected to be approximately $200.0 million (the "New Revolving Credit Facility"). Set forth below is a summary of the expected terms of the credit agreement governing the New Revolving Credit Facility. This summary is not a complete description of all of the expected terms of the credit agreement, and the terms of the New Revolving Credit Facility have not yet been finalized. There may be changes to the expected size and other terms of the New Revolving Facility, some of which may be material. There can be no assurance that we will enter into the New Revolving Credit Facility on the terms described below, on terms that are favorable to us, or at all.

The proceeds from borrowing under the New Revolving Credit Facility will be used to repay in full all amounts outstanding under the Credit Facility and for working capital and other general corporate purposes. The New Revolving Credit Facility is expected to include an "accordion" feature that allows us, under certain circumstances, to increase the size of the facility by an amount up to $200.0 million.

Interest Rates and Fees

The loans under the New Revolving Credit Facility will have variable interest rates. It is currently anticipated that such interest rates will be around, at our option, either, (i) in the case of ABR borrowings, ABR plus 0.375% per annum or (ii) in the case of Eurocurrency borrowings, LIBOR plus 1.375% per annum, in each case with step downs based on achievement of certain total leverage ratios.

We expect that we will pay a quarterly unused fee on the New Revolving Credit Facility commitments of between 0.10% per annum and 0.175% per annum based on our total leverage ratio.

Voluntary Prepayments

We anticipate that loans under the New Revolving Credit Facility may be voluntarily prepaid in whole, or in part, in each case without premium or penalty.

Final Maturity

It is expected that the New Revolving Credit Facility commitments will mature on the fifth anniversary of the closing date.

Guarantors

All obligations under the New Revolving Credit Facility are expected to be unconditionally guaranteed by Holdings and substantially all of its existing and future direct and indirect wholly- owned domestic subsidiaries, other than certain excluded subsidiaries.

Security

The obligations under the New Revolving Credit Facility are expected to be secured by all the assets of Holdings, the Borrower, and certain of the Borrower's subsidiaries' (together with, Holdings, the "Guarantors"), subject to permitted liens and other exceptions, on a first lien basis.

Certain Covenants, Representations and Warranties

The New Revolving Credit Facility will contain customary representations and warranties, affirmative covenants, reporting obligations, and negative covenants. The negative covenants restrict Holdings' and its subsidiaries' ability, among other things, to (subject to certain exceptions to be set forth in the definitive documentation for the New Revolving Facility):

- Incur additional indebtedness or other contingent obligations.
- Create liens.
- Make investments, acquisitions, loans, and advances.
- Consolidate, merge, liquidate, or dissolve.
- Sell, transfer, or otherwise dispose of its assets, including capital stock of its subsidiaries.
- Pay dividends on its equity interests or make other payments in respect of capital stock.
- Engage in transactions with affiliates.
- Make payments in respect of certain subordinated debt.
- Enter into certain agreements with negative pledge clauses.

Financial Covenants

It is expected that the New Revolving Credit Facility will be is subject to a total leverage ratio financial covenant and an interest coverage ratio financial covenant which will be tested quarterly for compliance.

Events of Default

The lenders under the New Revolving Credit Facility will be permitted to accelerate the loans and terminate commitments thereunder or exercise other remedies upon the occurrence of certain customary events of default, subject to certain grace periods and exceptions. These events of default are expected to include, among others, payment defaults, cross-defaults to certain material indebtedness, covenant defaults, material inaccuracy of representations and warranties, certain events of bankruptcy, material judgments, material defects with respect to lenders' perfection on the collateral, invalidity of the guarantees, and changes of control.

DESCRIPTION OF CAPITAL STOCK

General

Upon completion of this offering, our authorized capital stock will consist of 500,000,000 shares of common stock, par value $0.001 per share, and 50,000,000 shares of undesignated preferred stock, par value $0.001 per share. As of March 31, 2021, we had 93,000 shares of common stock outstanding held by one shareholder of record and 7,715 shares of preferred stock outstanding. After the Reorganization Transactions and consummation of this offering and the use of proceeds therefrom, we expect to have shares of our common stock outstanding, assuming no exercise by the underwriters of their option to purchase additional shares, and no shares of preferred stock outstanding. The following description of our capital stock is intended as a summary only and is qualified in its entirety by reference to our certificate of incorporation and bylaws to be in effect at the closing of this offering, which are filed as exhibits to the registration statement of which this prospectus forms a part, and to the applicable provisions of the DGCL.

Common Stock

Dividend Rights

Subject to preferences that may apply to shares of preferred stock outstanding at the time, holders of outstanding shares of common stock will be entitled to receive dividends out of assets legally available at the times and in the amounts as our Board may determine from time to time.

Voting Rights

Each outstanding share of common stock will be entitled to one vote on all matters submitted to a vote of shareholders. Holders of shares of our common stock shall have no cumulative voting rights.

Preemptive Rights

Our common stock will not be entitled to preemptive or other similar subscription rights to purchase any of our securities.

Conversion or Redemption Rights

Our common stock will be neither convertible nor redeemable.

Liquidation Rights

Upon our liquidation, the holders of our common stock will be entitled to receive pro rata our assets that are legally available for distribution, after payment of all debts and other liabilities and subject to the prior rights of any holders of preferred stock then outstanding.

Preferred Stock

Our Board may, without further action by our shareholders, from time to time, direct the issuance of shares of preferred stock in series and may, at the time of issuance, determine the designations, powers, preferences, privileges, and relative participating, optional or special rights, as well as the qualifications, limitations or restrictions thereof, including dividend rights, conversion rights, voting rights, terms of redemption, and liquidation preferences, any or all of which may be greater than the rights of the common stock. Satisfaction of any dividend preferences of outstanding shares of preferred stock would reduce the amount of funds available for

the payment of dividends on shares of our common stock. Holders of shares of preferred stock may be entitled to receive a preference payment in the event of our liquidation before any payment is made to the holders of shares of our common stock. Under certain circumstances, the issuance of shares of preferred stock may render more difficult or tend to discourage a merger, tender offer, or proxy contest, the assumption of control by a holder of a large block of our securities or the removal of incumbent management. Upon the affirmative vote of a majority of the total number of directors then in office, our Board, without shareholder approval, may issue shares of preferred stock with voting and conversion rights which could adversely affect the holders of shares of our common stock and the market value of our common stock.

Anti-Takeover Effects of Our Certificate of Incorporation and Our Bylaws

Our certificate of incorporation, bylaws and the DGCL will contain provisions, which are summarized in the following paragraphs that are intended to enhance the likelihood of continuity and stability in the composition of our Board. These provisions are intended to avoid costly takeover battles, reduce our vulnerability to a hostile change of control, and enhance the ability of our Board to maximize shareholder value in connection with any unsolicited offer to acquire us. However, these provisions may have an anti-takeover effect and may delay, deter, or prevent a merger or acquisition of the Company by means of a tender offer, a proxy contest or other takeover attempt that a shareholder might consider in its best interest, including those attempts that might result in a premium over the prevailing market price for the shares of common stock held by shareholders.

These provisions include:

Classified Board

Our certificate of incorporation will provide that our Board will be divided into three classes of directors, with the classes as nearly equal in number as possible, and with the directors serving three-year terms. As a result, approximately one-third of our Board will be elected each year. The classification of directors will have the effect of making it more difficult for shareholders to change the composition of our Board. Our certificate of incorporation will also provide that, subject to any rights of holders of preferred stock to elect additional directors under specified circumstances, the number of directors will be fixed exclusively pursuant to a resolution adopted by our Board. Upon completion of this offering, we expect that our Board will have nine members.

Shareholder Action by Written Consent

Our certificate of incorporation will preclude shareholder action by written consent at any time when Apax Partners beneficially owns, in the aggregate, less than 35% in voting power of the stock of the Company entitled to vote generally in the election of directors.

Special Meetings of Shareholders

Our certificate of incorporation and bylaws will provide that, except as required by law, special meetings of our shareholders may be called at any time only by or at the direction of our Board or the chairman of our Board; provided, however, at any time when Apax Partners beneficially owns, in the aggregate, at least 35% in voting power of the stock of the Company entitled to vote generally in the election of directors, special meetings of our shareholders shall also be called by our Board pursuant to a written resolution adopted by the affirmative vote of the majority of the total number of directors that would have if there were no vacancies or the chairman of our Board at the request of Apax Partners. Our bylaws will prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting. These provisions may have the effect of deferring, delaying, or discouraging hostile takeovers, or changes in control or management of the Company.

Advance Notice Procedures

Our bylaws will establish an advance notice procedure for shareholder proposals to be brought before an annual meeting of our shareholders, including proposed nominations of persons for election to our Board; provided, however, at any time when Apax Partners beneficially owns, in the aggregate, at least 5% in voting power of the stock of the Company entitled to vote generally in the election of directors, such advance notice procedure will not apply to Apax Partners. Shareholders at an annual meeting will only be able to consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of our Board or by a shareholder who was a shareholder of record on the record date for the meeting, who is entitled to vote at the meeting, and who has given our Secretary timely written notice, in proper form, of the shareholder's intention to bring that business before the meeting. Although the bylaws will not give our Board the power to approve or disapprove shareholder nominations of candidates or proposals regarding other business to be conducted at a special or annual meeting, the 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 the Company. These provisions do not apply to nominations by Apax Partners pursuant to the Director Nomination Agreement. See "Certain Relationships and Related Party Transactions—Related Party Transactions—Director Nomination Agreement" for more details with respect to the Director Nomination Agreement.

Removal of Directors; Vacancies

Our certificate of incorporation will provide that directors may be removed with or without cause upon the affirmative vote of a majority in voting power of all outstanding shares of stock entitled to vote thereon, voting together as a single class; provided, however, at any time when Apax Partners beneficially owns, in the aggregate, less than 40% in voting power of the stock of the Company entitled to vote generally in the election of directors, directors may only be removed for cause, and only by the affirmative vote of holders of at least 66⅔% in voting power of all the then-outstanding shares of stock of the Company entitled to vote thereon, voting together as a single class. In addition, our certificate of incorporation will provide that, subject to the rights granted to one or more series of preferred stock then outstanding, any newly created directorship on our Board that results from an increase in the number of directors and any vacancies on our Board will be filled only by the affirmative vote of a majority of the remaining directors, even if less than a quorum, by a sole remaining director, or by the shareholders; provided, however, at any time when Apax Partners beneficially owns, in the aggregate, less than 40% in voting power of the stock of the Company entitled to vote generally in the election of directors, any newly created directorship on our Board that results from an increase in the number of directors and any vacancy occurring on our Board may only be filled by a majority of the directors then in office, even if less than a quorum, or by a sole remaining director (and not by the shareholders).

Supermajority Approval Requirements

Our certificate of incorporation and bylaws will provide that our Board is expressly authorized to make, alter, amend, change, or repeal, in whole or in part, our bylaws without a shareholder vote in any matter not inconsistent with the laws of the State of Delaware and our certificate of incorporation. For as long as Apax Partners beneficially owns, in the aggregate, at least 50% in voting power of the stock of the Company entitled to vote generally in the election of directors, any amendment, alteration, rescission, or repeal of our bylaws by our shareholders will require the affirmative vote of a majority in voting power of the outstanding shares of our stock entitled to vote on such amendment, alteration, change, addition, rescission, or repeal. At any time when Apax Partners beneficially owns, in the aggregate, less than 50% in voting power of all outstanding shares of the stock of the Company entitled to vote generally in the election of directors, any amendment, alteration, rescission, or repeal of our bylaws by our shareholders will require the affirmative vote of the holders of at least 66⅔% in voting power of all the then-outstanding shares of stock of the Company entitled to vote thereon, voting together as a single class.

The DGCL provides generally that the affirmative vote of a majority of the outstanding shares entitled to vote thereon, voting together as a single class, is required to amend a corporation's certificate of incorporation, unless the certificate of incorporation requires a greater percentage.

Our certificate of incorporation will provide that at any time when Apax Partners beneficially owns, in the aggregate, less than 50% in voting power of the stock of the Company entitled to vote generally in the election of directors, the following provisions in our certificate of incorporation may be amended, altered or repealed only by the affirmative vote of the holders of at least 66⅔% (as opposed to a majority threshold that would apply if Apax Partners beneficially owns, in the aggregate, 50% or more) in voting power of all the then-outstanding shares of stock of the Company entitled to vote thereon, voting together as a single class:

- The provision requiring a 66⅔% supermajority vote for shareholders to amend our bylaws.
- The provisions providing for a classified Board (the election and term of our directors).
- The provisions regarding resignation and removal of directors.
- The provisions regarding entering into business combinations with interested shareholders.
- The provisions regarding shareholder action by written consent.
- The provisions regarding calling special meetings of shareholders.
- The provisions regarding filling vacancies on our Board and newly created directorships.
- The provisions eliminating monetary damages for breaches of fiduciary duty by a director.
- The amendment provision requiring that the above provisions be amended only with a 66⅔% supermajority vote.

The combination of the classification of our Board, the lack of cumulative voting, and the supermajority voting requirements will make it more difficult for our existing shareholders to replace our Board as well as for another party to obtain control of us by replacing our Board. Because our Board has the power to retain and discharge our officers, these provisions could also make it more difficult for existing shareholders or another party to effect a change in management.

Authorized but Unissued Shares

Our authorized but unissued shares of common stock and preferred stock will be available for future issuance without shareholder approval, subject to stock exchange rules. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions, and employee benefit plans. One of the effects of the existence of authorized but unissued common stock or preferred stock may be to enable our Board to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of the Company by means of a merger, tender offer, proxy contest, or otherwise, and thereby protect the continuity of our management and possibly deprive our shareholders of opportunities to sell their shares of common stock at prices higher than prevailing market prices.

Business Combinations

Upon completion of this offering, we will not be subject to the provisions of Section 203 of the DGCL. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested shareholder" for a three-year period following the time that the person becomes an interested shareholder, unless the business combination is approved in a prescribed manner. A "business combination" includes, among other things, a merger, asset, or stock sale or other transaction resulting in a financial benefit to the interested shareholder. An "interested shareholder" is a person who, together with affiliates and associates, owns, or did own within three years prior to the determination of interested shareholder status, 15% or more of the corporation's voting stock.

Under Section 203, a business combination between a corporation and an interested shareholder is prohibited unless it satisfies one of the following conditions: (1) before the shareholder became an interested shareholder, the board of directors approved either the business combination or the transaction which resulted in the shareholder becoming an interested shareholder; (2) upon consummation of the transaction which resulted in the shareholder becoming an interested shareholder, the interested shareholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, shares owned by persons who are directors and also officers, and employee stock plans, in some instances; or (3) at or after the time the shareholder became an interested shareholder, the business combination was approved by the board of directors and authorized at an annual or special meeting of the shareholders by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested shareholder.

A Delaware corporation may "opt out" of these provisions with an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or bylaws resulting from a shareholders' amendment approved by at least a majority of the outstanding voting shares.

We will opt out of Section 203; however, our certificate of incorporation will contain similar provisions providing that we may not engage in certain "business combinations" with any "interested shareholder" for a three-year period following the time that the shareholder became an interested shareholder, unless:

- Prior to such time, our Board approved either the business combination or the transaction which resulted in the shareholder becoming an interested shareholder.
- Upon consummation of the transaction that resulted in the shareholder becoming an interested shareholder, the interested shareholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding certain shares.
- At or subsequent to that time, the business combination is approved by our Board and by the affirmative vote of holders of at least 66⅔% of our outstanding voting stock that is not owned by the interested shareholder.

Under certain circumstances, this provision will make it more difficult for a person who would be an "interested shareholder" to effect various business combinations with the Company for a three-year period. This provision may encourage companies interested in acquiring the Company to negotiate in advance with our Board because the shareholder approval requirement would be avoided if our Board approves either the business combination or the transaction which results in the shareholder becoming an interested shareholder. These provisions also may have the effect of preventing changes in our Board and may make it more difficult to accomplish transactions which shareholders may otherwise deem to be in their best interests.

Our certificate of incorporation will provide that Apax Partners, and any of its direct or indirect transferees and any group as to which such persons are a party, do not constitute "interested shareholders" for purposes of this provision.

Dissenters' Rights of Appraisal and Payment

Under the DGCL, with certain exceptions, our shareholders will have appraisal rights in connection with a merger or consolidation of us. Pursuant to the DGCL, shareholders who properly request and perfect appraisal rights in connection with such merger or consolidation will have the right to receive payment of the fair value of their shares as determined by the Delaware Court of Chancery.

Shareholders' Derivative Actions

Under the DGCL, any of our shareholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action, provided that the shareholder bringing the action is a holder of our

shares at the time of the transaction to which the action relates or such shareholder's stock thereafter devolved by operation of law.

Exclusive Forum

Our certificate of incorporation will provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the United States District Court for the District of Delaware) will be the sole and exclusive forum for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us or our shareholders, (3) any action asserting a claim against the Company or any director or officer of the Company arising pursuant to any provision of the DGCL, our certificate of incorporation, or our bylaws, (4) any action to interpret, apply, enforce or determine the validity of our certificate of incorporation or bylaws (5) any other action asserting a claim against the Company or any director or officer of the Company that is governed by the internal affairs doctrine, or (6) any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL; provided that for the avoidance of doubt, the forum selection provision that identifies the Court of Chancery of the State of Delaware as the exclusive forum for certain litigation, including any "derivative action," will not apply to suits to enforce a duty or liability created by the Securities Act, the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Our certificate of incorporation will also provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action under the Securities Act. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of and to have consented to the provisions of our certificate of incorporation described above. Although we believe these provisions benefit us by providing increased consistency in the application of Delaware law or the Securities Act, as applicable, for the specified types of actions and proceedings, the provisions may have the effect of discouraging lawsuits against us or our directors and officers. Alternatively, if a court were to find any of the forum selection provisions contained in our certificate of incorporation to be inapplicable or unenforceable, we may incur additional costs associated with having to litigate such action in other jurisdictions, which could have an adverse effect on our business, financial condition, results of operations, cash flows, and prospects and result in a diversion of the time and resources of our employees, management, and Board.

Conflicts of Interest

Delaware law permits corporations to adopt provisions renouncing any interest or expectancy in certain opportunities that are presented to the corporation or its officers, directors, or shareholders. Our certificate of incorporation will, to the maximum extent permitted from time to time by Delaware law, renounce any interest or expectancy that we have in, or right to be offered an opportunity to participate in, specified business opportunities that are from time to time presented to certain of our officers, directors, or shareholders or their respective affiliates, other than those officers, directors, shareholders, or affiliates who are our or our subsidiaries' employees. Our certificate of incorporation will provide that, to the fullest extent permitted by law, none of Apax Partners or any director who is not employed by us (including any non-employee director who serves as one of our officers in both his director and officer capacities) or his or her affiliates will have any duty to refrain from (1) engaging in a corporate opportunity in the same or similar lines of business in which we or our affiliates now engage or propose to engage or (2) otherwise competing with us or our affiliates. In addition, to the fullest extent permitted by law, in the event that Apax Partners or any non-employee director acquires knowledge of a potential transaction or other business opportunity which may be a corporate opportunity for itself or himself or its or his affiliates or for us or our affiliates, such person will have no duty to communicate or offer such transaction or business opportunity to us or any of our affiliates and they may take any such opportunity for themselves or offer it to another person or entity. Our certificate of incorporation will not renounce our interest in any business opportunity that is expressly offered to a non-employee director solely in his or her capacity as a director or officer of the Company. To the fullest extent permitted by law, no business opportunity will be

deemed to be a potential corporate opportunity for us unless we would be permitted to undertake the opportunity under our certificate of incorporation, we have sufficient financial resources to undertake the opportunity, and the opportunity would be in line with our business.

Limitations on Liability and Indemnification of Officers and Directors

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their shareholders for monetary damages for breaches of directors' fiduciary duties, subject to certain exceptions. Our certificate of incorporation will include a provision that eliminates the personal liability of directors for monetary damages for any breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL. The effect of these provisions will be to eliminate the rights of us and our shareholders, through shareholders' derivative suits on our behalf, to recover monetary damages from a director for breach of fiduciary duty as a director, including breaches resulting from grossly negligent behavior. However, exculpation will not apply to any director if the director has acted in bad faith, knowingly or intentionally violated the law, authorized illegal dividends or redemptions, or derived an improper benefit from his or her actions as a director.

Our bylaws will provide that we must indemnify and advance expenses to our directors and officers to the fullest extent authorized by the DGCL. We also will be expressly authorized to carry directors' and officers' liability insurance providing indemnification for our directors, officers, and certain employees for some liabilities. We believe that these indemnification and advancement provisions and insurance will be useful to attract and retain qualified directors and officers.

The limitation of liability, indemnification, and advancement provisions that will be included in our certificate of incorporation and bylaws may discourage shareholders from bringing a lawsuit against directors for breaches of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our shareholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

There is currently no pending material litigation or proceeding involving any of our directors, officers, or employees for which indemnification is sought.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is American Stock Transfer & Trust Company, LLC. The transfer agent's address is 6201 15th Avenue, Brooklyn, NY 11219 and its phone number is (718) 921-8200.

Listing

We have applied to list our common stock on the Nasdaq Global Select Market under the symbol "PYCR."

SHARES ELIGIBLE FOR FUTURE SALE

Before this offering, there has been no public market for our common stock. As described below, only a limited number of shares currently outstanding will be available for sale immediately after this offering due to contractual and legal restrictions on resale. Nevertheless, future sales of substantial amounts of our common stock, including shares issued upon the exercise of outstanding options, in the public market after this offering, or the perception that those sales may occur, could cause the prevailing market price for our common stock to fall or impair our ability to raise capital through sales of our equity securities.

Upon the closing of this offering, based on the number of shares of our common stock outstanding as of , 2021, we will have outstanding shares of our common stock, after giving effect to the Reorganization Transactions and issuance of shares of our common stock in this offering, assuming no exercise by the underwriters of their option to purchase additional shares.

Of the shares that will be outstanding immediately after the closing of this offering, we expect that the shares to be sold in this offering will be freely tradable without restriction under the Securities Act unless purchased by our "affiliates," as that term is defined in Rule 144 under the Securities Act. Shares purchased by our affiliates may not be resold except pursuant to an effective registration statement or an exemption from registration, including the safe harbor under Rule 144 of the Securities Act described below.

The remaining shares of our common stock outstanding after this offering will be "restricted securities," as that term is defined in Rule 144 of the Securities Act, and we expect that substantially all of these restricted securities will be subject to the lock-up agreements described below. These restricted securities may be sold in the public market only if the sale is registered or pursuant to an exemption from registration, such as Rule 144 or Rule 701 of the Securities Act, which are summarized below.

We intend to file with the SEC a registration statement on Form S-8 covering the shares of common stock reserved for issuance under our 2021 Plan. Such registration statement is expected to be filed and become effective as soon as practicable after completion of this offering. Upon effectiveness, the shares of common stock covered by this registration statement will generally be eligible for sale in the public market, subject to certain contractual and legal restrictions summarized below.

Lock-up Agreements

We, each of our directors and executive officers and other shareholders (including the selling shareholder) owning substantially all of our common stock and options to acquire common stock, have agreed that, without the prior written consent of on behalf of the underwriters, we and they will not, subject to limited exceptions, directly or indirectly sell or dispose of any shares of common stock or any securities convertible into or exchangeable or exercisable for shares of common stock for a period of 180 days after the date of this prospectus. The lock-up restrictions and specified exceptions are described in more detail under "Underwriting."

Prior to the consummation of the offering, certain of our employees, including our executive officers, and/or directors may enter into written trading plans that are intended to comply with Rule 10b5-1 under the Exchange Act. Sales under these trading plans would not be permitted until the expiration of the lock-up agreements relating to the offering described above.

Following the lock-up periods set forth in the agreements described above, and assuming that the representatives of the underwriters do not release any parties from these agreements, all of the shares of our common stock that are restricted securities or are held by our affiliates as of the date of this prospectus will be eligible for sale in the public market in compliance with Rule 144 under the Securities Act.

Registration Rights Agreement

Pursuant to the registration rights agreement, we have granted Pride Aggregator and Preferred Holders of Registrable Securities the right to cause us, in certain instances, at our expense, to file a Resale Shelf Registration statement or to piggyback on registered offerings initiated by us in certain circumstances. Further, on the first anniversary of this offering or as promptly as practicable thereafter, so long as the Company is then-eligible to use any applicable short-form registration, the Company will use its reasonable best efforts to cause a Resale Shelf Registration statement to be filed and declared effective under the Securities Act for the sale or distribution by the Preferred Holders, and any other holders approved by Pride Aggregator, of the Registrable Securities. See "Certain Relationships and Related Party Transactions—Related Party Transactions—Registration Rights Agreement." These shares will represent % of our outstanding common stock after this offering, or % if the underwriters exercise their option to purchase additional shares in full, including from the selling shareholder.

Rule 144

In general, under Rule 144, beginning 90 days after we become subject to the public company reporting requirements of the Exchange Act, any person who is not our affiliate, who was not our affiliate at any time during the preceding three months, and who has held their shares for at least six months, including the holding period of any prior owner other than one of our affiliates, may sell shares without restriction, subject to the availability of current public information about us and subject to applicable lock-up restrictions. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than one of our affiliates, then that person would be entitled to sell those shares without complying with any of the requirements of Rule 144.

Beginning 90 days after we become subject to the public company reporting requirements of the Exchange Act and subject to applicable lock-up restrictions, a person who is our affiliate or who was our affiliate at any time during the preceding three months and who has beneficially owned restricted securities for at least six months, including the holding period of any prior owner other than one of our affiliates, is entitled to sell a number of shares within any three-month period that does not exceed the greater of: (1) 1% of the number of shares of our common stock outstanding, which will equal approximately shares immediately after this offering; and (2) the average weekly trading volume of our common stock on the Nasdaq Global Select Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Sales under Rule 144 by our affiliates are also subject to certain manner of sale provisions, notice requirements, and to the availability of current public information about us.

Rule 701

In general, under Rule 701, any of our employees, directors, or officers who acquired shares from us in connection with a compensatory stock or option plan or other compensatory written agreement before the effective date of this offering are, subject to applicable lock-up restrictions, eligible to resell such shares in reliance upon Rule 144 beginning 90 days after the date of this prospectus. If such person is not an affiliate and was not our affiliate at any time during the preceding three months, the sale may be made subject only to the manner-of-sale restrictions of Rule 144. If such a person is an affiliate, the sale may be made under Rule 144 without compliance with the holding period requirements under Rule 144, but subject to the other Rule 144 restrictions described above.

Equity Incentive Plans

Following this offering, we intend to file with the SEC a registration statement on Form S-8 under the Securities Act covering the shares of common stock that are subject to outstanding options and other awards issuable pursuant to our 2021 Plan and our ESPP. Shares covered by such registration statement will be available for sale in the open market following its effective date, subject to certain Rule 144 limitations applicable to affiliates and the terms of lock-up agreements applicable to those shares.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following discussion is a summary of the material U.S. federal income tax consequences to Non-U.S. Holders (as defined below) of the purchase, ownership, and disposition of our common stock issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects to such holders. The effects of other U.S. federal tax laws, such as estate and gift tax laws, the Medicare tax on net investment income and any applicable state, local, or non-U.S. tax laws are not discussed. This discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations promulgated thereunder, or Treasury Regulations, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service (the "IRS"), in each case as in effect as of the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a Non-U.S. Holder of our common stock. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position to those discussed below regarding the tax consequences of the purchase, ownership, and disposition of our common stock.

This discussion is limited to Non-U.S. Holders that hold our common stock as a "capital asset" within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a Non-U.S. Holder's particular circumstances or the effects of other U.S. federal tax laws, such as estate and gift tax laws, the Medicare tax on net investment income, and any applicable state, local, or non-U.S. tax law. In addition, it does not address consequences relevant to Non-U.S. Holders subject to special rules, including, without limitation:

- U.S. expatriates and former citizens or long-term residents of the United States.
- Persons subject to the alternative minimum tax.
- Persons holding our common stock as part of a hedge, straddle, or other risk reduction strategy or as part of a conversion transaction or other integrated investment.
- Banks, insurance companies, and other financial institutions.
- Real estate investment trusts or regulated investment companies.
- Brokers, dealers, or traders in securities.
- "Controlled foreign corporations," "passive foreign investment companies," and corporations that accumulate earnings to avoid U.S. federal income tax.
- Partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein).
- Tax-exempt organizations or governmental organizations.
- Persons deemed to sell our common stock under the constructive sale provisions of the Code.
- Persons who hold or receive our common stock pursuant to the exercise of any employee stock option or otherwise as compensation.
- Persons that own, or are deemed to own, more than five percent of our capital stock (except to the extent specifically set forth below).
- "Qualified foreign pension funds" (within the meaning of Section 897(1)(2)) of the Code and entities, all of the interests of which are held by qualified foreign pension funds.
- Tax-qualified retirement plans.

If any partnership or other entity or arrangement classified as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner in the partnership will depend on the status of

the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding our common stock and partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS 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 LAWS OR THE MEDICARE TAX ON NET INVESTMENT INCOME OR UNDER THE LAWS OF ANY STATE, LOCAL, OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

Definition of a Non-U.S. Holder

For purposes of this discussion, a "Non-U.S. Holder" is any beneficial owner of our common stock that is neither a "United States person" nor a partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes. A United States person is any person that, for U.S. federal income tax purposes, is or is treated as any of the following:

- An individual who is a citizen or resident of the United States.
- A corporation, or an entity treated as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States, any state thereof, or the District of Columbia.
- An estate, the income of which is subject to U.S. federal income tax regardless of its source.
- A trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more "United States persons" (within the meaning of Section 7701(a)(30) of the Code), or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

Distributions

As described in the section entitled "Dividend Policy," we do not anticipate declaring or paying dividends to holders of our common stock in the foreseeable future. However, if we do make distributions of cash or property on our common stock, such 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. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and first be applied against and reduce a Non-U.S. Holder's adjusted tax basis in its common stock, but not below zero. Any excess will be treated as capital gain and will be treated as described below under "Sale or Other Taxable Disposition."

Subject to the discussion below on effectively connected income, backup withholding, and the Foreign Account Tax Compliance Act, dividends paid to a Non-U.S. Holder of our common stock will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends (or such lower rate specified by an applicable income tax treaty, provided the Non-U.S. Holder furnishes to us or our paying agent prior to the payment of dividends a valid IRS Form W-8BEN or W-8BEN-E (or other applicable documentation) certifying qualification for the lower treaty rate). A Non-U.S. Holder that does not timely furnish the required documentation, but that qualifies for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

If dividends paid to a Non-U.S. Holder are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S.

Holder maintains a permanent establishment in the United States to which such dividends are attributable), the Non-U.S. Holder will be exempt from the U.S. federal withholding tax described above. To claim the exemption, the Non-U.S. Holder must furnish to the applicable withholding agent a valid IRS Form W-8ECI, certifying that the dividends are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States.

Any such effectively connected dividends will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on its effectively connected earnings and profits (as adjusted for certain items), which will include such effectively connected dividends. Non-U.S. Holders should consult their tax advisors regarding any applicable tax treaties that may provide for different treatment.

Sale or Other Taxable Disposition

Subject to the discussion below on backup withholding and the Foreign Account Tax Compliance Act, a Non-U.S. Holder generally will not be subject to 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 the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such gain is attributable).
- The Non-U.S. Holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met.
- Our common stock constitutes a U.S. real property interest ("USRPI"), by reason of our status as a U.S. real property holding corporation, or USRPHC, for U.S. federal income tax purposes at any time within the shorter of (1) the five-year period preceding the Non-U.S. Holder's disposition of our common stock and (2) the Non-U.S. Holder's holding period for our common stock. Generally, a domestic corporation is a USRPHC if the fair market value of its USRPIs equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests plus its other assets used or held for use in its trade or business.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on its effectively connected earnings and profits (as adjusted for certain items), which will include such effectively connected gain.

A Non-U.S. Holder described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on any gain derived from the disposition, which may generally be offset by U.S. source capital losses of the Non-U.S. Holder (even though the individual is not considered a resident of the United States), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we believe we currently are not, and do not anticipate becoming, a USRPHC. Because the determination of whether we are a USRPHC depends, however, on the fair market value of our USRPIs 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 currently are not a USRPHC or will not become one 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 will not be subject to U.S. federal income tax if our common stock is "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, and such

Non-U.S. Holder owned, actually and constructively, five percent or less of our common stock throughout the shorter of the five-year period ending on the date of the sale or other taxable disposition or the Non-U.S. Holder's holding period. If we were to become a USRPHC and our common stock were not considered to be "regularly traded" on an established securities market during the calendar year in which the relevant disposition by a Non-U.S. holder occurs, such Non-U.S. holder (regardless of the percentage of stock owned) would be subject to U.S. federal income tax on a sale or other taxable disposition of our common stock and a 15% withholding tax would apply to the gross proceeds from such disposition.

Non-U.S. Holders should consult their tax advisors regarding potentially applicable income tax treaties that may provide for different treatment.

Information Reporting and Backup Withholding

Payments of dividends on our common stock generally will not be subject to backup withholding, provided the applicable withholding agent does not have actual knowledge or reason to know the Non-U.S. Holder is a United States person and the Non-U.S. Holder either certifies its non-U.S. status, such as by furnishing a valid IRS Form W-8BEN, W-8BEN-E, or W-8ECI, or otherwise establishes an exemption. However, information returns are required to be filed with the IRS in connection with any dividends on our common stock paid to the Non-U.S. Holder, regardless of whether any tax was actually withheld. In addition, proceeds of the sale or other taxable disposition of our common stock within the United States 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 and does not have actual knowledge or reason to know that such Non-U.S. Holder is a United States person, or the Non-U.S. Holder otherwise establishes an exemption. If a Non-U.S. Holder does not provide the certification described above or the applicable withholding agent has actual knowledge or reason to know that such Non-U.S. Holder is a United States person, payments of dividends or of proceeds of the sale or other taxable disposition of our common stock may be subject to backup withholding at a rate currently equal to 24% of the gross proceeds of such dividend, sale, or taxable disposition. 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 the tax authorities of the country in which the Non-U.S. Holder resides or is established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Non-U.S. Holders should consult their tax advisors regarding information reporting and backup withholding.

Additional Withholding Tax on Payments Made to Foreign Accounts

Withholding taxes may be imposed under Sections 1471 to 1474 of the Code (such Sections commonly referred to as the Foreign Account Tax Compliance Act (the "FATCA")), on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, or gross proceeds from the sale or other disposition of, our common stock paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code) (including, in some cases, when such foreign financial institution or non-financial foreign entity is acting as an intermediary), unless (1) the foreign financial institution undertakes certain diligence and reporting obligations, (2) the

non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each direct and indirect substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified United States persons" or "United States-owned foreign entities" (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on certain payments to noncompliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

Under the Code, applicable Treasury Regulations and administrative guidance, withholding under FATCA generally applies to payments of dividends on our common stock. On December 13, 2018, the U.S. Department of the Treasury released proposed regulations (which may be relied upon by taxpayers until final regulations are issued), which eliminate FATCA withholding on the gross proceeds from a sale or other disposition of our common stock. Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in our common stock.

UNDERWRITING

We and the selling shareholder are offering the shares of common stock described in this prospectus through a number of underwriters. Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC are acting as representatives of the underwriters. We and the selling shareholder have entered into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, we and the selling shareholder have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus, the number of shares of common stock listed next to its name in the following table:

Name	Number of Shares
Goldman Sachs & Co. LLC	
J.P. Morgan Securities LLC	
Jefferies LLC	
Credit Suisse Securities (USA) LLC	
Deutsche Bank Securities Inc.	
Cowen and Company, LLC	
JMP Securities, LLC	
Needham & Company, LLC	
Raymond James & Associates, Inc.	
Robert W. Baird & Co. Incorporated	
Stifel, Nicolaus & Company, Incorporated	
Truist Securities, Inc.	
Fifth Third Securities, Inc.	
Total	

The underwriters are committed to purchase all the shares of common stock offered by us and the selling shareholder if they purchase any shares. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may also be increased or the offering may be terminated.

The underwriters propose to offer the shares of common stock directly to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession not in excess of $ per share. After the initial offering of the shares to the public, if all of the shares of common stock are not sold at the initial public offering price, the underwriters 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. Sales of shares made outside of the United States may be made by affiliates of the underwriters.

The underwriters have an option to buy up to additional shares of common stock from us and shares from the selling shareholder to cover sales of shares by the underwriters which exceed the number of shares specified in the table above. The underwriters have 30 days from the date of this prospectus to exercise this option to purchase additional shares. If any shares are purchased with this option to purchase additional shares, the underwriters will purchase shares in approximately the same proportion as shown in the table above. If any additional shares of common stock are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

The underwriting fee is equal to the public offering price per share of common stock less the amount paid by the underwriters to us and the selling shareholder per share of common stock. The underwriting fee is $ per share. The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters assuming both no exercise and full exercise of the underwriters' option to purchase additional shares, including from the selling shareholder.

	Paid by us		Paid by the selling shareholder	
	Without option to purchase additional shares exercise	With full option to purchase additional shares exercise	Without option to purchase additional shares exercise	With full option to purchase additional shares exercise
Per Share	$	$	$	$
Total	$	$	$	$

We estimate that the total expenses of this offering, including registration, filing and listing fees, printing fees, and legal and accounting expenses, but excluding the underwriting discounts and commissions, will be approximately $. We have also agreed to reimburse the underwriters for certain of their expenses in connection with this offering in an amount up to $.

A prospectus in electronic format may be made available on the web sites maintained by one or more underwriters, or selling group members, if any, participating in the offering. The underwriters may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters and selling group members that may make Internet distributions on the same basis as other allocations.

We have agreed that for a period of 180 days after the date of this prospectus, we will not (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, or submit to, or file with, the Commission a registration statement under the Securities Act relating to, any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock, or publicly disclose the intention to undertake any of the foregoing, or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the common stock or any such other securities, 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, without the prior written consent of Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC.

Our directors and executive officers, the selling shareholder and certain other shareholders will enter into lock-up agreements with the underwriters prior to the commencement of this offering (the “Lock-Up Agreements”) pursuant to which each of these persons or entities, subject to certain exceptions, during the period beginning on the date set forth in the Lock-Up Agreements and ending at the close of business 180 days after the date of this prospectus (such period, the “Restricted Period”) may not, without the prior written consent of Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock (including without limitation, common stock or such other securities which may be deemed to be beneficially owned by the security holder in accordance with the rules and regulations of the Commission and securities which may be issued upon exercise of a stock option or warrant) (collectively with the common stock, the “Lock-Up Securities”), (ii) enter into any hedging, swap, or other agreement or transaction that transfers, in whole or in part, any of the economic consequences of ownership of the Lock-Up Securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Lock-Up Securities, in cash or otherwise, (iii) make any demand for, or exercise any right with respect to, the registration of any Lock-Up Securities, or (iv) publicly disclose the intention to do any of the foregoing.

Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC, in their sole discretion and subject to certain provisions, may release the securities subject to any of the lock-up agreements with the underwriters described above, in whole or in part at any time.

Subject to certain customary limitations, we and the selling shareholder have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act.

We have applied to list our common stock on the Nasdaq Global Select Market under the symbol “PYCR.”

In connection with this offering, the underwriters may engage in stabilizing transactions, which involves making bids for, purchasing and selling shares of common stock in the open market for the purpose of preventing or retarding a decline in the market price of the common stock while this offering is in progress. These stabilizing transactions may include making short sales of the common stock, which involves the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in this offering, and purchasing shares of common stock on the open market to cover positions created by short sales. Short sales may be “covered” shorts, which are short positions in an amount not greater than the underwriters’ option to purchase additional shares referred to above, or may be “naked” shorts, which are short positions in excess of that amount. The underwriters may close out any covered short position either by exercising their option to purchase additional shares, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which the underwriters may purchase shares through the option to purchase additional shares. 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 that could adversely affect investors who purchase in this offering. To the extent that the underwriters create a naked short position, they will purchase shares in the open market to cover the position.

The underwriters have advised us that, pursuant to Regulation M of the Securities Act, they may also engage in other activities that stabilize, maintain or otherwise affect the price of the common stock, including the imposition of penalty bids. This means that if the representatives of the underwriters purchase common stock in the open market in stabilizing transactions or to cover short sales, the representatives can require the underwriters that sold those shares as part of this offering to repay the underwriting discount received by them.

These activities may have the effect of raising or maintaining the market price of the common stock or preventing or retarding a decline in the market price of the common stock, and, as a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on Nasdaq, in the over-the-counter market or otherwise.

Prior to this offering, there has been no public market for our common stock. The initial public offering price will be determined by negotiations between us and the representatives of the underwriters. In determining the initial public offering price, we and the representatives of the underwriters expect to consider a number of factors including:

- The information set forth in this prospectus and otherwise available to the representatives.
- Our prospects and the history and prospects for the industry in which we compete.
- An assessment of our management.
- Our prospects for future earnings.
- The general condition of the securities markets at the time of this offering.
- The recent market prices of, and demand for, publicly traded common stock of generally comparable companies.
- Other factors deemed relevant by the underwriters and us.

Neither we nor the underwriters can assure investors that an active trading market will develop for our common stock, or that the shares of our common stock will trade in the public market at or above the initial public offering price.

Other relationships

Certain of the underwriters and their affiliates have provided in the past to us and our affiliates and may provide from time to time in the future certain commercial banking, financial advisory, investment banking, and other services for us and such affiliates in the ordinary course of their business, for which they have received and may continue to receive customary fees and commissions. In addition, from time to time, certain of the underwriters and their affiliates may effect transactions for their own account or the account of customers, and hold on behalf of themselves or their customers, long or short positions in our debt or equity securities or loans, and may do so in the future.

Selling restrictions

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Notice to prospective investors in the European Economic Area

In relation to each Member State of the European Economic Area (each, a "Relevant Member State"), an offer to the public of any shares of common stock may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any shares of common stock may be made 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 underwriters 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 shares of common stock shall result in a requirement for us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or a supplemental prospectus pursuant to Article 23 of the Prospectus Regulation and each person who initially acquires any shares of common stock or to whom any offer is made will be deemed to have represented, warranted, 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 Article 1(4) of the Prospectus Regulation, each financial intermediary will also be deemed to have represented, warranted, and agreed that the share of common stock 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 of common stock to the public, other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the underwriters has been obtained to each such proposed offer or resale.

We, the underwriters and their affiliates will rely upon the truth and accuracy of the foregoing representations, warranties, and agreements. Notwithstanding the above, a person who is not a "qualified investor" and who has notified the underwriters of such fact in writing may, with the prior consent of the underwriters, be permitted to acquire shares of common stock in the offering.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares of common stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of common stock to be offered so as to enable an investor to decide to purchase or subscribe for any shares of common stock, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Notice to prospective investors in the United Kingdom

An offer to the public of any shares of common stock may not be made in the United Kingdom, except that an offer to the public in the United Kingdom of any shares of common stock may be made at any time under the following exemptions under the UK Prospectus Regulation:

(a) to any legal entity which is a "qualified investor" as defined under the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than "qualified investors" as defined under the UK Prospectus Regulation), subject to obtaining the prior consent of the underwriters for any such offer; or

(c) in any other circumstances falling within section 86 of the Financial Services and Markets Act 2000 (as amended, "FSMA"),

provided that no such offer of shares of common stock shall result in a requirement for us or any underwriter to publish a prospectus pursuant to section 85 of the FSMA or a supplemental prospectus pursuant to Article 23 of the UK Prospectus Regulation and each person who initially acquires any shares of common stock or to whom any offer is made will be deemed to have represented, warranted, and agreed to and with each of the underwriters and us that it is a qualified investor within the meaning of Article 2 of the UK Prospectus Regulation.

In the case of any shares of common stock being offered to a financial intermediary as that term is used in Article 1(4) of the UK Prospectus Regulation, each financial intermediary will also be deemed to have represented, warranted, and agreed that the shares of common stock 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 of common stock to the public, other than their offer or resale in the United Kingdom to qualified investors as so defined or in circumstances in which the prior consent of the underwriters has been obtained to each such proposed offer or resale.

We, the underwriters and their affiliates will rely upon the truth and accuracy of the foregoing representations, warranties, and agreements. Notwithstanding the above, a person who is not a "qualified investor" and who has notified the underwriters of such fact in writing may, with the prior consent of the underwriters, be permitted to acquire shares of common stock in the offering.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares of common stock in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of common stock to be offered so as to enable an investor to decide to purchase or subscribe for any shares of common stock, 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.

Additional notice to prospective investors in the United Kingdom

In the United Kingdom, this prospectus and any other material in relation to the shares of common stock are being distributed only to, and are directed only at, persons who are "qualified investors" (as defined in the UK Prospectus Regulation) who are (i) persons having 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, the "Order"), or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order, or

(iii) persons to whom it would otherwise be lawful to distribute them, all such persons together being referred to as "Relevant Persons". In the United Kingdom, the Shares are only available to, and any invitation, offer, or agreement to subscribe, purchase, or otherwise acquire such Shares will be engaged in only with, Relevant Persons. This prospectus and its contents are confidential and should not be distributed, published, or reproduced (in whole or in part) or disclosed by any recipients to any other person in the United Kingdom. Any person in the United Kingdom that is not a Relevant Person should not act or rely on this prospectus or its contents.

Notice to prospective investors in Canada

The shares may be sold 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 shares must be made in accordance with an exemption from, 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 for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("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.

Notice to prospective investors in Japan

The shares have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act. Accordingly, none of the shares nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any "resident" of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations, and ministerial guidelines of Japan in effect at the relevant time.

Notice to prospective investors in Hong Kong

The shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO") of Hong Kong and any rules made thereunder; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "CO") or which do not constitute an offer to the public within the meaning of the CO. No advertisement, invitation, or document relating to the shares of common stock has been or may be issued or has been or may be in the possession of any person for the purposes of issue, 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 of 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" as defined in the SFO and any rules made thereunder.

Notice to prospective investors in 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 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 (1) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (2) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (3) 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 (as defined in Section 239(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 defined in Section 275(2) of the SFA, 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 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Solely for the purposes of its obligations pursuant to Section 309B of the SFA, we have determined, and hereby notify all relevant persons (as defined in the CMP Regulations 2018), that the shares are "prescribed capital markets products" (as defined in the CMP 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 N-16: Notice on Recommendations on Investment Products).

LEGAL MATTERS

The validity of the issuance of our common stock offered in this prospectus will be passed upon for us by Kirkland & Ellis LLP, Chicago, Illinois. Certain partners of Kirkland & Ellis LLP are members of limited partnerships that are investors in one or more investment funds affiliated with Apax Partners. Kirkland & Ellis LLP represents entities affiliated with Apax Partners in connection with legal matters. Certain legal matters will be passed upon for the underwriters by Simpson Thacher & Bartlett LLP, New York, New York.

EXPERTS

The consolidated financial statements of Paycor HCM, Inc. and Subsidiaries at June 30, 2020 and 2019, and the year ended June 30, 2020, the period from November 2, 2018 through June 30, 2019 (Successor Period), and the period from July 1, 2018 through November 1, 2018 (Predecessor Period), appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP ("EY"), independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

From March 2019 to April 2021, a member firm of Ernst & Young Global Limited in India ("EY India") provided a legal/expert service to an entity that is an affiliate of the Company by virtue of being under common control ("Sister Affiliate") by funds controlled by our equity sponsor, Apax Partners. The EY India engagement involved the provision of a legal/expert service in relation to a tax court matter that is not material to the Sister Affiliate. This service is inconsistent with the auditor independence rules of the SEC and the Public Company Accounting Oversight Board (United States). The tax court matter and related service have no impact on the operations or the consolidated financial statements of the Company or EY's related audit procedures and judgments. The total fee received by EY India for this service was approximately $16,000 and is not material to the Sister Affiliate or EY India. None of the professionals who provided this service have been or will be members of the EY audit engagement team for the Company.

After careful consideration of the facts and circumstances and the applicable independence rules, EY has concluded that (i) the aforementioned matter does not impair EY's ability to exercise objective and impartial judgment in connection with its audits of the Company's consolidated financial statements, and (ii) a reasonable investor with knowledge of all relevant facts and circumstances would reach the same conclusion. After considering this matter, our Audit Committee concurred with EY's conclusions.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act to register our common stock being offered in this prospectus. This prospectus, which forms part of the registration statement, does not contain all of the information included in the registration statement and the attached exhibits. You will find additional information about us and our common stock in the registration statement. References in this prospectus to any of our contracts, agreements, or other documents are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contracts, agreements or documents. 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 closing 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 website of the SEC referred to above.

We also maintain a website at www.paycor.com. Information contained in, or accessible through, our website is not a part of this prospectus, and the inclusion of our website address in this prospectus is only as an inactive textual reference.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors of Paycor HCM, Inc. and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Paycor HCM, Inc. and Subsidiaries (the "Company") as of June 30, 2020 and 2019, the related consolidated statements of operations, comprehensive loss, stockholder's equity and cash flows for the year ended June 30, 2020, the period from November 2, 2018 through June 30, 2019 (Successor period), and the period from July 1, 2018 through November 1, 2018 (Predecessor period) and 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 at June 30, 2020 and 2019, and the results of its operations and its cash flows for the year ended June 30, 2020, the period from November 2, 2018 through June 30, 2019 (Successor period), and the period from July 1, 2018 through November 1, 2018 (Predecessor period) in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's 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 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 financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the 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 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 financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2015.

Cincinnati, Ohio
February 25, 2021

Paycor HCM, Inc. and Subsidiaries
Consolidated Balance Sheets
(in thousands, except share amounts)

	June 30, 2020	June 30, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 828	$ 9,989
Restricted cash and short-term investments	12,017	20,592
Accounts receivable, net	10,019	7,994
Deferred contract costs	14,015	5,386
Prepaid expenses	4,928	5,263
Other current assets	3,819	5,943
Current assets before funds held for clients	45,626	55,167
Funds held for clients	614,115	660,953
Total current assets	659,741	716,120
Property and equipment, net	44,011	38,661
Goodwill	733,801	733,733
Intangible assets, net	462,527	579,460
Capitalized software	23,106	11,154
Long-term deferred contract costs	57,907	24,964
Other long-term assets	26,690	35,896
Total assets	$ 2,007,783	$ 2,139,988
Liabilities, Redeemable Noncontrolling Interest and Stockholder's Equity		
Current liabilities:		
Accounts payable	$ 12,029	$ 12,404
Accrued expenses and other current liabilities	10,296	10,489
Accrued payroll and payroll related expenses	16,215	21,535
Liability incentive awards	11,842	17,744
Deferred revenue	10,223	4,723
Revolving line-of-credit	5,001	—
Current portion of long-term debt	849	597
Current liabilities before client fund obligations	66,455	67,492
Client fund obligations	613,151	659,680
Total current liabilities	679,606	727,172
Deferred income taxes	104,770	133,666
Other long-term liabilities	18,162	9,139
Long-term debt, net	18,585	20,996
Total liabilities	821,123	890,973
Commitments and contingencies (Note 18)		
Redeemable noncontrolling interest	233,335	210,445
Stockholder's equity:		
Common stock $0.001 par value per share, 200,000 shares authorized, 100,000 shares issued and outstanding at June 30, 2020 and 2019	—	—
Additional paid in capital	1,129,368	1,124,462
Accumulated deficit	(178,813)	(88,518)
Accumulated other comprehensive income	2,770	2,666
Total stockholder's equity before noncontrolling interest	953,325	1,038,610
Noncontrolling interest	—	(40)
Total stockholder's equity	953,325	1,038,570
Total liabilities, redeemable noncontrolling interest and stockholder's equity	$ 2,007,783	$ 2,139,988

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

Paycor HCM, Inc. and Subsidiaries
Consolidated Statements of Operations
(in thousands, except share amounts)

	Successor	Successor	Predecessor
	Year ended June 30, 2020	November 2, 2018-June 30, 2019	July 1, 2018-November 1, 2018
Revenues:			
Recurring and other revenue	$ 317,620	$ 191,881	$ 86,262
Interest income on funds held for clients	10,289	9,977	3,343
Total revenues	327,909	201,858	89,605
Cost of revenues	139,683	77,566	31,939
Gross profit	188,226	124,292	57,666
Operating expenses:			
Sales and marketing	99,998	56,660	30,479
General and administrative	137,071	127,862	31,069
Research and development	45,866	28,428	12,695
Total operating expenses	282,935	212,950	74,243
Loss from operations	(94,709)	(88,658)	(16,577)
Other income (expense):			
Interest expense	(1,780)	(1,119)	(1,036)
Other	9,004	423	175
Loss before benefit for income taxes	(87,485)	(89,354)	(17,438)
Income tax benefit	(20,182)	(16,531)	(2,517)
Net loss	(67,303)	(72,823)	(14,921)
Less: Net loss attributable to noncontrolling interests	—	(5)	—
Less: Accretion of redeemable noncontrolling interests	22,890	15,700	—
Net loss attributable to Paycor HCM, Inc.	$ (90,193)	$ (88,518)	$ (14,921)
Basic and diluted net loss attributable to Paycor HCM, Inc. per share	$ (901.93)	$ (885.18)	
Weighted-average common shares outstanding:			
Basic and diluted	100,000	100,000	

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

Paycor HCM, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Loss
(in thousands)

	Successor Year ended June 30, 2020	Successor Period from November 2, 2018-June 30, 2019	Predecessor Period from July 1, 2018-November 1, 2018
Net loss	$ (67,303)	$ (72,823)	$ (14,921)
Other comprehensive income (loss), net of tax:			
Unrealized gains (losses) on available for sale securities, net of tax	104	2,666	(186)
Other comprehensive income (loss), net of tax	104	2,666	(186)
Comprehensive loss	(67,199)	(70,157)	(15,107)
Less: Comprehensive loss attributable to noncontrolling interest	—	(5)	—
Less: Comprehensive income attributable to redeemable noncontrolling interests	22,890	15,700	—
Comprehensive loss attributable to Paycor HCM, Inc.	$ (90,089)	$ (85,852)	$ (15,107)

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

Paycor HCM, Inc. and Subsidiaries
Consolidated Statements of Stockholder's Equity
(in thousands, except share amounts)

	Redeemable Convertible Preferred Stock	Common Stock, par value of $0.001 per share								
	Amount	Shares	Common Stock Amount	Treasury Stock	Additional Paid in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Stockholder's Equity before Noncontrolling Interest	Noncontrolling Interest	Total Stockholder's Equity
Predecessor:										
Balance, June 30, 2018	$ 160,605	25,622,613	$ 222	$ (7)	$ 11,741	$ (50,128)	$ (2,369)	$ 120,064	$ (27)	$ 120,037
Net loss	—	—	—	—	—	(14,921)	—	(14,921)	—	(14,921)
Other comprehensive income	—	—	—	—	—	—	(186)	(186)	—	(186)
Stock-based compensation expense	—	—	—	—	6,548	—	—	6,548	—	6,548
Other	—	—	—	—	—	121	—	121	—	121
Balance, November 1, 2018	$ 160,605	25,622,613	$ 222	$ (7)	$ 18,289	$ (64,928)	$ (2,555)	$ 111,626	$ (27)	$ 111,599
Successor:										
Balance, November 2, 2018	$ —	100,000	$ —	$ —	$1,120,678	$ —	$ —	$ 1,120,678	$ (27)	$1,120,651
Net loss	—	—	—	—	—	(88,518)	—	(88,518)	(5)	(88,523)
Issuance of stock for Nimble Acquisition, net	—	—	—	—	3,784	—	—	3,784	—	3,784
Other comprehensive income	—	—	—	—	—	—	2,666	2,666	—	2,666
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	(8)	(8)
Balance, June 30, 2019	—	100,000	—	—	1,124,462	(88,518)	2,666	1,038,610	(40)	1,038,570
Net Loss	—	—	—	—	—	(90,193)	—	(90,193)	—	(90,193)
Other comprehensive income	—	—	—	—	—	—	104	104	—	104
Stock-based compensation expense	—	—	—	—	4,906	—	—	4,906	—	4,906
Other	—	—	—	—	—	(102)	—	(102)	40	(62)
Balance June 30, 2020	$ —	100,000	$ —	$ —	$1,129,368	$ (178,813)	$ 2,770	$ 953,325	$ —	$ 953,325

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

Paycor HCM, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(in thousands)

	Successor		Predecessor
	Year Ended June 30, 2020	November 2, 2018- June 30, 2019	July 1, 2018- November 1, 2018
Cash flows from operating activities:			
Net loss	$ (67,303)	$ (72,823)	$ (14,921)
Adjustments to reconcile net loss to net cash provided / (used) by operating activities:			
Depreciation	5,462	3,347	1,827
Amortization of intangible assets and software	127,755	80,523	5,048
Amortization of deferred contract costs	10,206	1,963	8,673
Stock-based compensation expense	4,906	—	6,548
Amortization of debt acquisition costs	620	854	604
Deferred tax benefit	(20,181)	(16,557)	(2,544)
Bad debt expense	1,812	525	71
Gain on sale of investments	(2,513)	—	—
Gain on forgiveness of indebtedness	(6,240)	—	—
Changes in assets and liabilities, net of effects from acquisitions:			
Accounts receivable	(2,584)	(2,227)	(81)
Prepaid expenses and other current assets	1,238	(1,180)	(1,027)
Other long-term assets	(240)	(46)	(767)
Accounts payable	(1,407)	4,015	(916)
Accrued liabilities	(13,973)	9,785	10,167
Deferred revenue	5,500	10,158	820
Other long-term liabilities	8,808	2,392	—
Deferred contract costs	(51,778)	(32,313)	(14,505)
Net cash provided / (used) by operating activities	88	(11,584)	(1,003)
Cash flows from investing activities:			
Purchases of client fund available for sale securities	(571,385)	(341,396)	(12,120)
Proceeds from sale and maturities of client fund available for sale securities	722,588	494,775	109,492
Purchase of property and equipment	(7,833)	(1,378)	(571)
Acquisition of intangible assets	(2,995)	—	—
Acquisition of Paycor, Inc.	—	(901,407)	—
Acquisition of Nimble Software Systems, Inc., net of cash acquired	—	(10,550)	—
Internally developed software costs	(18,846)	(12,083)	(6,701)
Net cash provided / (used) by investing activities	121,529	(772,039)	90,100
Cash flows from financing activities:			
Net change in cash and cash equivalents held to satisfy client funds obligations	(29,803)	190,206	(291,320)
Capital contribution (to)/ from Apax Transaction	(63)	770,659	—
Proceeds from line-of-credit	114,127	204	39,000
Repayments of line-of-credit	(109,126)	(204)	(31,000)
Proceeds from debt	20,000	—	—
Repayments of debt	(15,886)	(376)	(186)
Proceeds from issuance of noncontrolling interest	—	194,745	—
Other financing activities	(129)	(2,900)	—
Net cash (used) / provided by financing activities	(20,880)	1,152,334	(283,506)
Net change in cash, cash equivalents, restricted cash and short-term investments, and funds held for clients	100,737	368,711	(194,409)
Cash, cash equivalents, restricted cash and short-term investments, and funds held for clients, beginning of year	445,711	77,000	271,409
Cash, cash equivalents, restricted cash and short-term investments, and funds held for clients, end of year	$ 546,448	$ 445,711	$ 77,000
Supplemental disclosure of non-cash investing, financing and other cash flow information:			
Capital expenditures in accounts payable	$ 1,032	$ 2,025	$ 192
Cash paid during the year for interest	$ 823	$ 728	$ 331
Reconciliation of cash, cash equivalents, restricted cash and short-term investments, and funds held for clients to the Consolidated Balance Sheets			
Cash and cash equivalents	$ 828	$ 9,989	$ 6,157
Restricted cash and short-term investments	12,017	20,592	—
Funds held for clients	533,603	415,130	70,843
Total cash, cash equivalents, restricted cash and short-term investments, and funds held for clients	$ 546,448	$ 445,711	$ 77,000

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

Paycor HCM, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
(all amounts in thousands, except share and per share data)

1. ORGANIZATION AND DESCRIPTION OF BUSINESS:

Paycor HCM, Inc. ("Paycor HCM") and its subsidiaries is a cloud-based provider of human capital management ("HCM") software solutions for small and medium-sized employers located primarily in the United States ("U.S."). Solutions provided include payroll, workforce management and human resources ("HR") related services such as talent management, reporting and analytics and other payroll-related services. Services are generally provided in a Software-as-a-Service ("SaaS") delivery model utilizing a cloud-based platform.

Paycor HCM is a holding company with no operating assets or operations and was formed on August 24, 2018 to effect the acquisition of Paycor, Inc. and its subsidiaries ("Paycor"). On September 7, 2018, Paycor HCM, through its subsidiary companies, entered into the Agreement and Plan of Merger to acquire Paycor ("the Apax Acquisition"). The Apax Acquisition closed on November 2, 2018, the acquisition date. Paycor HCM is owned and controlled by Pride Aggregator, L.P. which is controlled by a syndication led by Apax Partners LLP ("Apax"), a private equity firm, with a noncontrolling interest of a subsidiary company held by accredited individuals (as defined by SEC rules and regulations). As a result of the Apax Acquisition, Paycor's outstanding preferred stock prior to acquisition was converted to common stock and Paycor is an indirect controlled subsidiary of Paycor HCM.

As a result of the Apax Acquisition, which is discussed further in Note 4 – Business Combinations, Paycor HCM was determined to be the accounting acquirer and Paycor's historical assets and liabilities are reflected at fair value as of November 2, 2018. The financial information for the period after November 2, 2018, represents the consolidated financial information of the "Successor" company. Prior to November 2, 2018, the consolidated financial statements include the accounts of the "Predecessor" company. References to the "Successor 2019 Period" refer to the period from November 2, 2018 through June 30, 2019. References to the "Predecessor 2019 Period" refer to the period from July 1, 2018 through November 1, 2018. Due to the change in the basis of accounting resulting from the application of the acquisition method of accounting, the Predecessor's consolidated financial statements and the Successor's consolidated financial statements are not comparable.

Unless the context otherwise indicates, the term "Company" and other similar terms mean (a) prior to the Apax Acquisition, Paycor and its subsidiaries and (b) after the Apax Acquisition, Paycor HCM and its subsidiaries, including Paycor.

On December 2, 2020, the Company executed a 1,000 for 1 share stock split ("Stock Split") relating to its common stock. In connection with the Stock Split, the Company increased its common stock share authorization from 100,000 shares to 200,000 shares. As a result of the Stock Split, the Company had 100,000 common shares outstanding, with a par value of $0.001 per share. All share and per-share amounts have been retroactively adjusted in the Successor periods to reflect the Stock Split.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of presentation and consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The accompanying financial statements are presented on a consolidated basis for all periods presented. All intercompany transactions and balances have been eliminated in consolidation.

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The Company utilizes estimates and assumptions in determining the fair value of its common stock, which is a significant input in determining the fair value of stock-based compensation. The Board of Directors has determined the estimated fair value of the Company's common stock contemporaneous with grants of stock-based compensation based on a number of objective and subjective factors, including external market conditions, the enterprise value of the business at the time of acquisition by Apax, and the likelihood of achieving a liquidity event, such as an initial public offering or sale of the Company. Fair value is estimated using the guideline public company method. Valuation methodologies include estimates and assumptions that require the Company's judgment. These estimates include assumptions regarding future performance. Significant changes to the key assumptions used in the valuations could result in different fair values of common stock at each valuation date.

The Company's results can also be affected by economic, political, legislative, regulatory and legal actions, including but not limited to health epidemics and pandemics and the resulting economic impact, including the impact from the global outbreak of the novel coronavirus (COVID-19). Economic conditions, such as recessionary trends, inflation, interest and monetary exchange rates, and government fiscal policies can have a significant effect on operations. While the Company maintains reserves for anticipated liabilities and carries various levels of insurance, the Company could be affected by civil, criminal, regulatory or administrative actions, claims or proceedings.

Concentrations of risk

The Company regularly maintains deposits in banks which may, at times, exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation ("FDIC"). The Company mitigates exposure to credit risk by placing cash and cash equivalents with highly rated financial institutions. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents. No individual client represents more than 1% of total revenues. The majority of all revenues are generated by clients in the United States.

Cash and cash equivalents

For purposes of the consolidated statements of cash flows, the Company considers all highly liquid debt instruments purchased with an original issue maturity of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value given the short-term maturity of those instruments.

Restricted cash and short-term investments

The Company has designated a portion of cash received from the Apax Acquisition as restricted within the consolidated balance sheets since the cash and short-term investments are being held for the settlement of the cash-based compensation awards by the employees upon vesting. The short-term investments consist of U.S. Treasury Notes, direct obligations of U.S. government agencies and high-grade corporate bonds.

Funds held for clients

The Company obtains funds from clients in advance of performing payroll and payroll tax filing services on behalf of those clients. Funds held for clients consist of cash and cash equivalents and debt-security investments. Debt-security investments are classified as available for sale and are recorded at fair value, and consist of U.S. Treasury Notes, direct obligations of U.S. government agencies such as the Federal Home Loan Bank, the Federal National Mortgage Association and the Federal Farm Credit Bank, high grade corporate bonds, FDIC

insured certificates of deposit, and other short-term and long-term investments. At June 30, 2020 and 2019, all the Company's corporate bond investments are rated investment grade or better. The Company has classified funds held for clients as a current asset since these funds are held solely for the purposes of satisfying client obligations to remit funds relating to payroll and payroll tax filing services. Unrealized gains and losses, net of applicable income taxes, are reported as other comprehensive income (loss) in the consolidated statements of comprehensive loss. Realized gains and losses on the sale of securities are determined by specific identification of the security's cost basis.

Client fund obligations

Client fund obligations represent the Company's contractual obligations to remit funds to satisfy clients' payroll and tax payment obligations and are recorded in the accompanying consolidated balance sheets at the time the Company obtains the funds from clients. The client fund obligations represent the liabilities that will be remitted to the appropriate client employees, taxing authorities and other parties within one year of the balance sheet date.

Accounts receivable, net

Accounts receivable balances are shown on the consolidated balance sheets net of the allowance for doubtful accounts of $1,217 and $517 as of June 30, 2020 and 2019, respectively. The allowance for doubtful accounts considers factors such as historical experience, credit quality, age of the accounts receivable balance and current and forecasted economic conditions that may affect a customer's ability to pay. The Company performs ongoing credit evaluations and generally requires no collateral from clients. Management reviews individual accounts as they become past due to determine collectability. The allowance for doubtful accounts is adjusted periodically based on management's consideration of past due accounts. Individual accounts are charged against the allowance when all reasonable collection efforts have been exhausted.

Property and equipment, net

Property and equipment are recorded at cost. Depreciation on the property and equipment is computed using the straight-line method over the following estimated useful lives:

Computers, equipment and software	3 to 5 years
Office equipment	5 to 7 years
Furniture and fixtures	7 years
Leasehold improvements	Over lease term
Land improvements	15 years
Building	30 years

The Company capitalizes interest and interest related costs directly related to construction.

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group to be tested for impairment, the Company first compares the undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined through various valuation techniques. No impairment was recorded for any periods presented.

Goodwill and intangible assets, net

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. The Company performs an annual

impairment review of goodwill in its fiscal fourth quarter and additional impairment reviews when events and circumstances indicate it is more likely than not that an impairment may have occurred. The Company assesses goodwill for impairment at the consolidated level, which represents its single reporting unit.

In evaluating goodwill for impairment, the Company has the option to first perform a qualitative assessment to determine whether further impairment testing is necessary or to perform a quantitative assessment by comparing the fair value of its single reporting unit to its carrying amount, including goodwill. Under the qualitative assessment, an entity is not required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying amount. Qualitative factors include macroeconomic conditions, industry and market conditions, cost factors, and overall financial performance, among others.

Under a quantitative assessment, fair value of the Company's single reporting unit is estimated using a weighted methodology considering the output from both the income and market approaches. The income approach incorporates the use of a discounted cash flow ("DCF") analysis. A number of judgments are involved in the application of the DCF model, including projections of business performance, weighted average cost of capital, and terminal values. The market approach is performed using the Guideline Public Companies method which is based on earnings multiple data derived from publicly traded peer group companies.

The Company elected to perform a quantitative assessment during fiscal 2020 and a qualitative assessment during fiscal 2019 and determined for both periods that the fair value of the Company exceeded its carrying amount.

Other intangible assets principally consist of acquired software, customer relationships and trade names and are carried at cost, less accumulated amortization. These intangible assets are amortized on a straight-line basis over their estimated useful lives. The Company tests intangible assets for potential impairment in a manner consistent with other long-lived assets when events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. No impairment was recorded for any periods presented.

Capitalized software, net

The Company has developed payroll and human resources software to provide its clients with the Company's services. Capitalized costs include external direct costs of materials and services associated with developing or obtaining internal-use computer software and certain payroll and payroll-related costs for employees who are directly associated with internal-use computer software projects. Expenditures for software purchases and software developed or obtained for internal-use are capitalized and amortized on a straight-line basis over the estimated product life, which is generally three years. Costs associated with preliminary project stage activities, training, maintenance and all other post-implementation stage activities are expensed as incurred.

Revenue recognition

Revenues are recognized when control of the promised goods or services is transferred to clients in an amount that reflects the consideration the Company is entitled to for those goods or services. The Company derives its revenue from contracts predominantly from recurring and non-recurring service fees. The majority of its agreements are generally cancellable by the client on 30 days' notice.

Recurring fees are derived from payroll, workforce management, and HR-related cloud-based computing services. The majority of the Company's recurring fees are satisfied over time as the services are provided during each client's payroll period. The performance obligations related to payroll services are delivered based upon the payroll frequency of the client with the fee charged and collected based on a per-employee-per-month or per-employee-per-payroll basis. The performance obligations related to workforce management and HR-related services are generally satisfied each month with the fee charged and collected based on a per-employee-per-

month basis. For subscription-based fees, which can include payroll, workforce management, and HR-related services, the Company recognizes the applicable recurring fees each month with the fee charged and collected based on a per-employee-per-month basis.

Non-recurring service fees consist mainly of nonrefundable implementation fees. The implementation activities involve setting the client up and loading data into the Company's cloud-based modules. The Company has determined that the nonrefundable upfront fees provide certain clients with a material right to renew the contract beyond the normal 30-day contractual period without payment of an additional upfront implementation fee. Implementation fees are deferred and recognized as revenue over the period to which the material right exists, which is the period the client is expected to benefit from not having to pay an additional nonrefundable implementation fee upon renewal of the service.

Sales taxes collected from clients and remitted to governmental authorities where applicable are accounted for on a net basis and therefore are excluded from revenues in the consolidated statements of operations.

Interest on funds held for clients is earned primarily on funds that are collected from clients before due dates for payroll tax administration services and for employee payment services and invested until remittance to the applicable tax or regulatory agencies or client employees. The interest earned on these funds is included in total revenue within the consolidated statements of operations because the collecting, holding, and remitting of these funds are components of providing these services.

Cost of revenues

Cost of revenues includes costs relating to the provision of ongoing customer support and implementation activities, payroll tax filing, distribution of printed checks and other materials providing the Company's payroll and other HCM solutions. These costs primarily consist of expenses relating to associates who service customers, including employee-related costs, as well as third-party processing fees, delivery costs, hosting costs, and bank fees associated with client fund transfers.

The Company capitalizes costs to fulfill a contract related to its products if they are identifiable, generate or enhance resources used to satisfy future performance obligations and are expected to be recovered. The Company utilizes the portfolio approach based on the period in which the costs are incurred to account for the cost of fulfilling a contract. Capitalized costs to fulfill a contract are amortized over the expected period of benefit, which is generally six years based on the Company's average client life, derived from analyzing client attrition rates using historical data as well as other qualitative factors, including rate of technological changes. The expected period of benefit has been determined to be the average client life primarily because the Company does not incur any additional costs to fulfill contracts upon renewal. The Company recognizes fulfillment costs when an existing client purchases additional services. The additional costs only relate to the additional services purchased and do not relate to the renewal of previous services. The Company continues to expense certain costs to fulfill a contract if those costs do not meet the capitalization criteria.

Sales and marketing

Sales and marketing expenses consist primarily of employee-related expenses for the Company's direct sales and marketing staff, including employee-related costs, marketing, advertising and promotion expenses, and other related costs. Advertising and promotion costs are expensed as incurred. Advertising and promotion expense totaled approximately $14,874, $10,964 and $3,777 for the year ended June 30, 2020, Successor 2019 Period and Predecessor 2019 Period, respectively.

The Company defers certain commission costs that meet the capitalization criteria. The Company utilizes the portfolio approach based on the period in which the commissions are incurred to account for the cost of obtaining a contract. Capitalized costs to obtain a contract are amortized over the expected period of benefit, which is

generally six years based on the Company's average client life, derived from analyzing client attrition rates using historical data as well as other qualitative factors, including rate of technological changes. The expected period of benefit approximates the average client life primarily because the Company does not incur any additional costs to obtain contracts upon renewal.

General and administrative

General and administrative expenses consist primarily of employee-related costs, including employee-related costs for the Company's administrative, finance, accounting, legal and human resources departments. Additional expenses include consulting and professional fees, occupancy costs, insurance, and other corporate expenses.

Research and development

Research and development expenses consist primarily of employee-related expenses for the Company's software development and product management staff. Additional expenses include costs related to the development, maintenance, quality assurance and testing of new technologies, and ongoing refinement of the Company's existing solutions. Research and development expenses, other than internal-use software costs qualifying for capitalization, including costs associated with preliminary project stage activities, training, maintenance, and all other post-implementation stage activities are expensed as incurred.

The Company capitalizes a portion of its development costs related to internal-use software, which are amortized over a period of three years into cost of revenues. The timing of the Company's capitalized development projects may affect the amount of development costs expensed in any given period. The table below sets forth the amounts of capitalized and expensed research and development costs for the fiscal year ended June 30, 2020, the Successor 2019 Period, and the Predecessor 2019 Period:

	Successor Year Ended June 30, 2020	Successor Period from November 2, 2018-June 30, 2019	Predecessor Period from July 1, 2018-November 1, 2018
Capitalized software	$ 18,846	$ 12,083	$ 6,701
Research and development expenses	45,866	28,428	12,695

Interest expense

Interest expense consists primarily of interest payments and accruals relating to outstanding borrowings.

Other income (expense)

Other income (expense) generally consists of other income and expense items outside of the Company's normal operations, such as realized gains or losses on the sale of certain positions of funds held for clients, gains or losses on the extinguishment of debt and expenses relating to the Company's financing arrangements.

Stock-based compensation

The Company recognizes all employee and director stock-based compensation as a cost in the consolidated financial statements. Equity-classified awards are measured at the grant date fair value of the award and expense is recognized on a straight-line basis over the requisite service period for each separately vesting portion of the award. The Company estimates grant date fair value using a Monte Carlo simulation model that uses assumptions including expected volatility, expected term, and the expected risk-free rate of return. The Company has determined that the Monte Carlo simulation model, as well as the underlying assumptions used in its application, is appropriate in estimating the fair value of its award grants.

Loss per share

Basic loss per share is computed by dividing net loss attributable to Paycor HCM, Inc. by the weighted-average number of common shares outstanding during the period. Diluted loss per share is computed by dividing net loss attributable to Paycor HCM, Inc. by the weighted-average number of common shares outstanding during the period and the impact of securities that would have a dilutive effect, if any. See Note 15—Net Loss Per Share for further discussion.

Income taxes

The Company accrues income taxes payable or refundable and recognizes deferred tax assets and liabilities based on differences between the book and tax basis of assets and liabilities. The Company measures deferred tax assets and liabilities using enacted rates in effect for the years in which the differences are expected to reverse and recognizes the effect of a change in enacted rates in the period of enactment.

Valuation allowances are provided, if, based upon the weight of available evidence, it is more likely than not that some or all the deferred tax assets will not be realized.

When uncertain tax positions exist, the Company recognizes the benefit of tax positions to the extent that the benefit will be more likely than not be realized. The determination as to whether the tax benefit will more likely than not be realized is based upon the technical merits of the tax position, as well as consideration of the available facts and circumstances. Interest associated with uncertain tax positions are recognized as a component of income tax expense.

The Company's income tax filings are subject to audit by various taxing authorities. The Internal Revenue Service ("IRS") examined Paycor's federal income tax return for the year ended June 30, 2014 with no adjustments. Periods for the Company open to examination by the IRS include tax years ended June 30, 2019, 2018, 2017, 2016 and 2015 and a stub period ended November 2, 2018.

Segments

Operating segments are defined as components of an enterprise engaging in business activities for which discrete financial information is available and regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company manages its business as a single operating segment at the consolidated level.

Pending accounting pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, "Leases" (Topic 842). This update amends existing accounting standards for lease accounting and requires lessees to recognize virtually all their leases on the balance sheet by recording a right-of-use asset and a lease liability (for other than short term leases). The Company is in the preliminary stages of gathering data and assessing the impact of the new lease standard. The Company anticipates that the adoption of this standard will materially affect the consolidated balance sheet and may require changes to the processes used to account for leases. The Company is evaluating the transition methods and will adopt this new standard in the fiscal year beginning July 1, 2022 based on its status as an emerging growth company.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses" (Topic 326). This update establishes a new approach to estimate credit losses on certain types of financial instruments. The update requires financial assets measured at amortized cost to be presented at the net amount expected to be collected. The amended guidance will also update the impairment model for available-for-sale debt securities, requiring entities to determine whether all or a portion of the unrealized loss on such securities is a credit loss. The Company is

currently evaluating this standard and the potential effects of these changes to its consolidated financial statements and will adopt this new standard in the fiscal year beginning July 1, 2023 based on its status as an emerging growth company.

3. REVENUE:

The following table disaggregates revenue from contracts by recurring fees and implementation services and other, which the Company believes depicts the nature, amount and timing of its revenue:

	Successor	Successor	Predecessor
	Year ended June 30, 2020	Period from November 2, 2018- June 30, 2019	Period from July 1, 2018- November 1, 2018
Recurring fees	$309,948	$ 190,436	$ 83,043
Implementation services and other	7,672	1,445	3,219
Total revenues from contracts	$317,620	$ 191,881	$ 86,262

Deferred revenue

The timing of revenue recognition for recurring revenue is consistent with the timing of invoicing as they occur simultaneously upon the client payroll processing period or by month. As such, the Company does not recognize contract assets or liabilities related to recurring revenue.

The nonrefundable upfront fees related to implementation services are typically included on the client's first invoice. Implementation fees are deferred and recognized as revenue over an estimated 24-month period to which the material right exists, which is the period the client is expected to benefit from not having to pay an additional nonrefundable implementation fee upon renewal of the service. The following table summarizes the changes in deferred revenue related to these nonrefundable upfront fees:

	Predecessor
Balance as of July 1, 2018	$ 11,753
Deferral of revenue	3,560
Revenue recognized	(2,740)
Balance as of November 1, 2018	$ 12,573

	Successor
Balance as of November 2, 2018	$ 2,364
Deferral of revenue	8,169
Revenue recognized	(375)
Balance as of June 30, 2019	10,158
Deferral of revenue	10,042
Revenue recognized	(4,284)
Balance as of June 30, 2020	$15,916

Deferred revenue related to nonrefundable upfront fees is recorded within deferred revenue and other long-term liabilities on the consolidated balance sheets. The Company will recognize deferred revenue of $10,223 in 2021, $4,986 in 2022, and $707 thereafter.

Deferred contract costs

The following table presents the deferred contract costs balance and related amortization expense for these deferred contract costs.

	Predecessor		
	Cost to obtain a contract	Cost to fulfill a contract	Total
Balance, July 1, 2018	$40,769	$51,203	$91,972
Capitalization of costs	6,816	7,689	14,505
Amortization	(3,955)	(4,718)	(8,673)
Balance, November 1, 2018	$43,630	$54,174	$97,804

	Successor		
	Cost to obtain a contract	Cost to fulfill a contract	Total
Balance, November 2, 2018	$ —	$ —	$ —
Capitalization of costs	14,195	18,118	32,313
Amortization	(838)	(1,125)	(1,963)
Balance, June 30, 2019	13,357	16,993	30,350
Capitalization of costs	23,425	28,353	51,778
Amortization	(4,549)	(5,657)	(10,206)
Balance, June 30, 2020	$32,233	$39,689	$ 71,922

Deferred contract costs are recorded within deferred contract costs and long-term deferred contract costs on the consolidated balance sheets. Amortization of costs to fulfill a contract and costs to obtain a contract are recorded in cost of revenues and sales and marketing expense in the consolidated statements of operations, respectively. The Company regularly reviews its deferred costs for impairment and did not recognize an impairment loss during any period presented.

4. BUSINESS COMBINATIONS:

Paycor HCM, Inc. Acquisition of Paycor, Inc.

As discussed in Note 1, Paycor HCM acquired Paycor on November 2, 2018 for total consideration of $1,251,427. The acquisition was funded with $901,407 of cash consideration from Apax on behalf of Paycor HCM and $350,020 in equity. The acquisition was accounted for as a business combination under ASC 805, Business Combinations (“ASC 805”). The primary items that generated goodwill are the value of the newly formed relationship between Paycor and Apax, the controlling stockholder of Paycor HCM, allowing Paycor to leverage Paycor HCM’s resources creating significant opportunities and incremental growth along with the acquired workforce, neither of which qualifies as an amortizable intangible asset. Goodwill attributable to the Apax

Acquisition is not deductible for tax purposes. The final purchase price was allocated to the assets acquired and liabilities assumed based on the estimated fair value at the date of the acquisition, as follows:

	Apax Acquisition
Cash consideration	$ 901,407
Fair value of equity issued	350,020
Fair value of total consideration	1,251,427
Cash acquired	(6,157)
Net purchase price	$ 1,245,270
Assets acquired:	
Accounts receivable	$ 9,833
Prepaid expenses	6,440
Funds held for clients	473,095
Property and equipment	38,371
Customer relationships	424,730
Technology	123,480
Trade name	105,650
Other long-term assets	36,774
Total identifiable assets acquired	1,218,373
Liabilities assumed:	
Accounts payable	(6,485)
Current portion of long-term debt	(573)
Accrued expenses	(39,272)
Client fund obligation	(475,128)
Long-term debt	(21,328)
Other long-term liabilities	(154,242)
Total identifiable liabilities assumed	(697,028)
Goodwill	723,925
Fair value of total consideration transferred	$ 1,245,270

Intangible assets primarily consist of customer relationship assets, technology and a trade name with weighted average estimated useful lives of 6 years, 3 years and 15 years, respectively.

The Company incurred transaction costs of $11,642 and $14,498 related to the Apax Acquisition during the Successor 2019 Period and Predecessor 2019 Period, respectively. These costs were expensed as incurred in general and administrative expenses on the accompanying consolidated statements of operations.

Acquisition of Nimble Software Systems, Inc.

On May 17, 2019, the Company acquired Nimble Software Systems, Inc. (“Nimble”) a provider of workforce management and scheduling software services. The Company acquired 100% of the voting interests in connection with this purchase. The total purchase price was $14,500, consisting of cash consideration of $10,600 and 2,260 units of Pride Aggregator, LP, with an estimated fair value of $3,900 (the “Nimble Acquisition”). The cash consideration was funded using available cash.

The acquisition was accounted for as a business combination under ASC 805. The purchase price was allocated to the assets acquired and liabilities assumed based on the estimated fair value at the date of acquisition. The excess of the purchase price over the fair value of the net assets acquired was allocated to goodwill, none of

which is deductible for tax purposes. Goodwill consists primarily of the acquired workforce and growth opportunities, neither of which qualify as an intangible asset. The factors contributing to the recognition of goodwill were based on several strategic benefits that are expected to be realized from the Nimble acquisition. The benefits include acquiring a software technology tailored to small and medium-sized businesses that can be integrated into the current suite of Company products or sold as a stand-alone product. The final purchase price is as follows:

	Nimble Acquisition
Cash consideration	$ 10,600
Fair value of equity issued	3,900
Fair value of total consideration	14,500
Cash acquired	(50)
Net purchase price	$ 14,450
Assets acquired:	
Accounts receivable	$ 25
Prepaid expenses	22
Intangible assets	5,145
Total identifiable assets acquired	5,192
Liabilities assumed:	
Accounts payable	(70)
Accrued expenses	(329)
Other long-term liabilities	(219)
Total identifiable liabilities assumed	(618)
Goodwill	9,876
Fair value of total consideration	$ 14,450

Intangible assets primarily consist of technology with a weighted average estimated useful life of 3 years.

The Company incurred transaction costs of $49 and $315 related to the Nimble Acquisition during the year ended June 30, 2020 and Successor 2019 Period, respectively. These costs were expensed as incurred in general and administrative expenses on the accompanying consolidated statements of operations.

5. FUNDS HELD FOR CLIENTS:

Funds held for clients are as follows:

	June 30, 2020			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Demand deposit accounts and other cash equivalents	$533,603	$ —	$ —	$533,603
U.S. Treasury and direct obligations of U.S. government agencies	23,081	137	—	23,218
Corporate bonds	49,274	2,259	(10)	51,523
Other securities	5,387	391	(7)	5,771
	$611,345	$ 2,787	$ (17)	$614,115

	June 30, 2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Demand deposit accounts and other cash equivalents	$415,130	$ —	$ —	$415,130
U.S. Treasury and direct obligations of U.S. government agencies	172,419	1,305	(740)	172,984
Corporate bonds	65,710	2,029	(216)	67,523
Other securities	5,028	296	(8)	5,316
	$658,287	$ 3,630	$ (964)	$660,953

Other securities are primarily comprised of collateralized and other mortgage obligations, municipal obligations, and certificates of deposit.

Proceeds from sales and maturities of investment securities for the year ended June 30, 2020, Successor 2019 Period and Predecessor 2019 Period were approximately $722,588, $494,775 and $109,492, respectively. Realized gains and losses were not material in any period.

The Company is exposed to interest rate risk as rate volatility will cause fluctuations in the earnings potential of future investments. The Company does not utilize derivative financial instruments to manage interest rate risk.

The Company reviews its investments on an ongoing basis to determine if any are other-than-temporarily impaired due to changes in credit risk or other potential valuation concerns. The Company has no material individual securities that have been in a continuous unrealized loss position greater than twelve months. The Company believes these unrealized losses result from changes in interest rates rather than credit risk, and therefore does not believe these unrealized losses are other than temporarily impaired.

Expected maturities of client fund assets are as follows:

Due within one year	$573,194
Due after one year to two years	11,559
Due after two years to three years	19,583
Due after three years	9,779
Total	$614,115

6. PROPERTY AND EQUIPMENT, NET:

Property and equipment at cost and accumulated depreciation as of June 30 are as follows:

	2020	2019
Land	$ 3,680	$ 3,680
Land improvements	910	910
Building and improvements	22,845	22,845
Computer, equipment and software	9,271	4,598
Furniture and fixtures	4,777	4,332
Office equipment	1,142	517
Leasehold improvements	3,541	3,040
Construction in progress	6,030	1,811
	52,196	41,733
Accumulated depreciation and amortization	(8,185)	(3,072)
Property and equipment, net	$44,011	$38,661

Depreciation of property and equipment was approximately $5,462, $3,347 and $1,827 for the year ended June 30, 2020, Successor 2019 Period and Predecessor 2019 Period, respectively.

7. CAPITALIZED SOFTWARE, NET:

Components of capitalized software as of June 30 are as follows:

	2020	2019
Capitalized software	$30,977	$12,132
Accumulated amortization	(7,871)	(978)
Capitalized software, net	$23,106	$11,154

Amortization expense for capitalized software was approximately $6,893, $978 and $4,540 for the year ended June 30, 2020, Successor 2019 Period and Predecessor 2019 Period, respectively.

The following is a schedule of future amortization expense as of June 30, 2020:

2021	$ 10,289
2022	9,348
2023	3,433
2024	36
2025	—
	$ 23,106

8. GOODWILL AND INTANGIBLE ASSETS:

Goodwill represents the excess of the consideration transferred over the net assets recognized and represents the estimated future economic benefits arising from other assets acquired.

The following details the changes in goodwill during the year ended June 30, 2020 and 2019:

Beginning goodwill balance as of November 2, 2018	$ —
Apax Acquisition	723,925
Nimble Acquisition	9,808
Goodwill balance as of June 30, 2019	$ 733,733
Nimble Acquisition adjustment	68
Goodwill balance as of June 30, 2020	$ 733,801

As a result of the Apax Acquisition (see Note 4 – Business Combinations), the carrying value of the Company's goodwill was eliminated and goodwill related to the Apax Acquisition was recorded in the Successor 2019 Period.

During the year ended June 30, 2020, the Company recorded certain adjustments to current assets and liabilities resulting in an increase to goodwill within the measurement period of the Nimble Acquisition.

Components of intangible assets as of June 30 are as follows:

	2020	2019
Technology	$ 131,625	$ 128,625
Customer relationships	425,659	424,730
Trade name	105,650	105,650
Total carrying amount	$ 662,934	$ 659,005
Accumulated amortization:		
Technology	$ (70,533)	$ (27,657)
Customer relationships	(118,135)	(47,192)
Trade name	(11,739)	(4,696)
Total accumulated amortization	$ (200,407)	$ (79,545)
Intangible assets, net	$ 462,527	$ 579,460

Amortization expense for intangible assets was approximately $120,862, $79,545 and $508 for the year ended June 30, 2020, Successor 2019 Period and Predecessor 2019 Period, respectively.

The following is a schedule of future amortization expense as of June 30, 2020:

2021	$ 122,017
2022	94,357
2023	78,987
2024	77,832
2025	30,639
Thereafter	58,695
	$ 462,527

9. DEBT AGREEMENTS AND LETTERS OF CREDIT:

The Company's long-term debt consists of the following:

	June 30,	
	2020	2019
Refinanced loan	$19,517	$ —
New Market Tax Credit Debt ("NMTC")	—	21,643
Less: Unamortized debt issuance costs	(83)	(50)
Total long-term debt (including current portion)	19,434	21,593
Less: Current portion	(849)	(597)
Total long-term debt, net	$18,585	$20,996

In December 2012, the Company, through a subsidiary, secured NMTC financing for the construction, development and maintenance of its new headquarters building in Norwood, Ohio. The NMTC financing was in the form of qualified low-income community investment loans (QLICI Loans) from Stonehenge Community Development LXXXII, LLC ("SCD LXXXII") and PNC CDE 21, LP ("PNC CDE") for a total of $20,000 and a direct loan ("Direct Loan") with PNC Bank, National Association ("PNC Bank") in an amount of up to $4,240 (together the "NMTC Debt").

The QLICI Loans were as follows:

Note	Lender	Original Principal Amount	Original Maturity Date
SCD LXXXII Note A	SCD LXXXII	$10,320	December 20, 2019
SCD LXXXII Note B	SCD LXXXII	$4,680	December 20, 2042
PNC CDE Note A	PNC CDE	$3,440	December 20, 2019
PNC CDE Note B	PNC CDE	$1,560	December 20, 2042

The QLICI Loans bore interest payable quarterly at a rate of monthly LIBOR plus 2.25% multiplied by 68.806881% through their respective maturity dates. Monthly payments of principal and interest on the Direct Loan began in May 2014. The QLICI Note A loans and the Direct Loan were repaid in December 2019. The QLICI Note B loans had no scheduled principal payments until December 20, 2019, after which monthly principal payments were scheduled until maturity on December 20, 2042.

On November 15, 2019, the Company closed on a refinancing of the debt related to its headquarters ("Refinanced Loan"). The Refinanced Loan amount was for $20,000 and requires monthly principal and interest payments over a three-year period beginning in December 2019, with a final balloon payment for the balance due in November 2022. As part of the refinancing transaction, the QLICI Note B loans totaling $6,240 were forgiven and recognized as a gain on the extinguishment of debt within the Successor 2019 Period. The gain is included in other income (expense)—other on the consolidated statement of operations.

The Refinanced Loan bears interest payable monthly at a rate of LIBOR plus 1.75% through maturity. As of June 30, 2020 and 2019, the LIBOR rate in effect was 0.16% and 2.40%, respectively.

The Refinanced Loan is secured by a mortgage on the land, building, building improvements and all related property, real and personal. The Refinanced Loan is subject to certain affirmative financial covenants relating to the debt service coverage ratio, liquidity amounts and other items. As of June 30, 2020, the Company was in compliance with all covenants related to the Refinanced Loan.

The Company incurred costs related to the Refinanced Loan and the NMTC debt such as closing costs, legal fees and origination fees. These costs have been deferred and recorded as a direct deduction from the carrying amount of the debt liability. The costs are amortized into interest expense over the term of the related debt using the effective interest method.

Scheduled debt maturities for the Refinanced Loan as of June 30, 2020 are as follows:

2021	$ 849
2022	885
2023	17,783
	$ 19,517

In November 2018, the Company entered into a credit agreement with Wells Fargo National Association (the "Credit Agreement") providing a five-year senior secured $50,000 revolving credit facility (the "Revolver"). The Revolver matures on November 2, 2023 and borrowings on the line of credit bear interest, at the option of the Company, at either: (i) LIBOR (subject to 1.0% floor) plus 3.0% margin or (ii) the greatest of (a) the Federal Funds Rate plus 0.5% (b) LIBOR rate plus 1.0%, or (c) the Lender's prime rate, plus 2.0% margin. The interest rate as of June 30, 2020 was 4.0%. Outstanding borrowings on this revolving line-of-credit were $5,001 and $0 as of June 30, 2020 and 2019, respectively. As of June 30, 2020, the Company had approximately $45,000 of borrowing capacity remaining under the Revolver, subject to liquidity covenants.

All obligations under the Credit Agreement are unconditionally guaranteed by the Company's wholly owned subsidiary Pride Guarantor, Inc. ("Holdings"), and substantially all of its existing and future direct and indirect wholly owned domestic subsidiaries, other than certain excluded subsidiaries. The obligations under the Credit Agreement are secured by all of Holdings, Paycor, Inc.'s (the "Borrower"), a direct subsidiary of Holdings, and certain of the Borrower's subsidiaries' (together with, Holdings, the "Guarantors") assets, subject to permitted liens and other exceptions, on a first lien basis. The Credit Agreement contains customary representations and warranties, affirmative covenants, reporting obligations and negative covenants. The negative covenants include restrictions regarding the incurrence of liens and indebtedness, substantial changes in the general nature of the business and the subsidiary companies (taken as a whole), certain merger transactions, certain sales of assets and other matters, all subject to certain exceptions. In addition, the Credit Agreement restricts dividends from the Guarantors to Paycor HCM, Inc. to no more than $10,000 in any calendar year, subject to other conditions and limitations.

The Credit Agreement requires compliance with certain financial covenants:

- A liquidity covenant that requires the Borrower and its subsidiaries to maintain liquidity, defined as the sum of the amount of undrawn commitments under the Revolving Credit Facility plus the amount of the Borrower's unrestricted cash and cash equivalents, of at least (i) prior to November 2, 2021, $22,500 and (ii) after November 2, 2021, $17,500.
- A recurring revenue covenant that requires the Borrower and its subsidiaries to achieve recurring revenue of at least (i) prior to November 2, 2021, $200,000 and (ii) after November 2, 2021, $250,000.
- An EBITDA covenant that requires the Borrower and its subsidiaries to achieve trailing twelve-month EBITDA (as defined in the Credit Agreement) following November 2, 2021 of at least $10,000, as measured at the end of each fiscal quarter.
- Upon our election (if certain conditions are met), a total leverage covenant that requires the Borrower and its Subsidiaries to maintain a total leverage ratio (as calculated pursuant to the Credit Agreement) of no greater than the greater of (i) 7.50:1.00 and (ii) the ratio that is equal to 130% of the total leverage ratio as of the date of such election.

The Company was in compliance with all applicable covenants in the Credit Agreement at June 30, 2020.

The Company had an outstanding letter of credit for $500 as of June 30, 2019 that was terminated in November 2019. The Company has no outstanding letters of credit as of June 30, 2020.

10. LEASES:

The Company leases office space (except for its headquarters) and equipment under operating leases expiring on various dates through June 2030, with voluntary renewal options that can extend the team term at the Company's discretion. The following is a schedule of future annual minimum lease payments required under operating leases as of June 30, 2020:

2021	$ 6,238
2022	6,108
2023	5,379
2024	3,917
2025	3,209
Thereafter	8,705
	$ 33,556

Rent expense for operating leases is accounted for on a straight-line basis. To the extent the rent expense exceeds actual rent payments, the Company records a lease escalation liability. Once the rent payments exceed the straight-line rent expense, the liability is reduced. At June 30, 2020 and 2019, the lease escalation liability was approximately $5,023 and $2,864, respectively. Rent expense for the year ending June 30, 2020, Successor 2019 Period, and Predecessor 2019 Period was approximately $5,285, $2,720 and $1,337, respectively.

11. FAIR VALUE MEASUREMENTS:

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company can access.

Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The fair value of certain assets, such as nonfinancial assets, primarily long-lived assets, goodwill, intangible assets and certain other assets, are recognized or disclosed in connection with impairment evaluations. All non-recurring valuations use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy.

The carrying amounts of financial instruments including cash and cash equivalents, accounts receivable, and accounts payable approximated fair value as of June 30, 2020 and 2019, because of the relatively short maturity of these instruments. Additionally, the Company believes the fair value of the amounts outstanding under the Company's Refinanced Loan and New Market Tax Credit Debt approximate carrying value as of June 30, 2020 and 2019 because their variable interest rate terms correspond to the current market terms.

The following table presents information on the Company's financial assets and liabilities measured at fair value on a recurring basis as of June 30 for each fiscal year:

	2020			
	Level 1	Level 2	Level 3	Total
Funds held for clients—cash and cash equivalents:				
Demand deposit accounts and other cash equivalents	$533,603	$ —	$ —	$533,603
Funds held for clients—available for sale:				
U.S. Treasury and direct obligations of U.S government agencies	—	23,218	—	23,218
Corporate bonds	—	51,523	—	51,523
Other securities	—	5,771	—	5,771
	$533,603	$80,512	$ —	$614,115

	2019			
	Level 1	Level 2	Level 3	Total
Funds held for clients—cash and cash equivalents:				
Demand deposit accounts and other cash equivalents	$415,130	$ —	$ —	$415,130
Funds held for clients—available for sale:				
U.S. Treasury and direct obligations of U.S government agencies	—	172,984	—	172,984
Corporate bonds	—	67,523	—	67,523
Other securities	—	5,316	—	5,316
	$415,130	$245,823	$ —	$660,953

Available-for-sale securities included in Level 1 are valued using closing prices for identical instruments that are traded on active exchanges. Available-for-sale securities included in Level 2 are valued by reference to quoted prices of similar assets or liabilities in active markets, adjusted for any terms specific to that asset or liability.

12. REDEEMABLE NONCONTROLLING INTERESTS:

In connection with the Apax Acquisition, a subsidiary of the Company, issued 200,000 shares of Series A Redeemable Preferred Stock ("Redeemable Preferred Stock") to certain institutional investors, including Apax Partners and/or affiliates, a related party, and received proceeds of approximately $194,745, net of $5,255 in issuance costs. Dividends associated with the Redeemable Preferred Stock begin accruing daily at the issuance date and are payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year. From the issuance date to the second anniversary of the issuance date, the Company has the option to pay the accrued dividends in cash on the applicable dividend payment date or to have such dividends accrue and be added to the then prevailing liquidation preference. Additionally, from the day after the second anniversary of the issuance date through the third anniversary of the issuance date, the Company shall pay at least 50% of the accrued dividends for the applicable dividend payment period in cash. Further, from the day after the third anniversary of the issuance date, the Company shall pay 100% of the accrued dividends for the applicable dividend payment period in cash. There is a noncompliance penalty if the Company does not meet certain requirements resulting in the prevailing dividend rate automatically increasing by 2.00% per year and increasing by 1.00% each six months thereafter until all of the issued and outstanding shares of Redeemable Preferred Stock are redeemed or the event of noncompliance ceases.

If on the 42-month anniversary of the issuance date, there are any shares of the Redeemable Preferred Stock outstanding, the Company shall pay an amount equal to 0.50% of the initial liquidation preference of each of the shares outstanding.

The dividends accrue based on a prevailing dividend rate, which is 3-month LIBOR plus a margin and adjusts accordingly. At any point in time, 3-month LIBOR shall not be less than 1%. The dividend rate is 3-month LIBOR plus 8.875% from the day after the issuance date to the third anniversary of the issuance date. From the day after the third anniversary of the issuance date until there are no shares of Redeemable Preferred Stock outstanding, the dividend rate is 3-month LIBOR plus 8.375%. In the event that from the day after the second anniversary of the issuance date through the third anniversary of the issuance date the Company elects to pay 100% of the accrued dividend for the applicable dividend payment in cash, the prevailing dividend rate is 3-month LIBOR plus 8.375%.

The Redeemable Preferred Stock may be redeemed by the Company at any point in time, although payment of a premium may be required.

Additionally, the Company may, at its option, redeem for cash any or all of the then outstanding Redeemable Preferred Stock, in whole at any time or in part from time to time, on or after May 2, 2020, at (i) a redemption price per share equal to 102.0% for the period of May 2, 2020 – November 1, 2020; 101.0% for the period November 2, 2020—November 1, 2021; and 100.0% for the period November 2, 2021 and thereafter, plus (ii) the amount of all accrued dividends for the then current and all prior dividend payment periods.

The holders of the Redeemable Preferred Stock have the ability to redeem the stock upon the occurrence of certain events such as a change in control, an initial public offering (“IPO”), on or after the sixth anniversary of the issue date, or a trigger event, etc. often involving a premium. The Company analyzed the embedded call and put options and concluded they are closely associated with the debt host and therefore do not require bifurcation. Outside of the events mentioned, there is not a mandatory redemption date for the Redeemable Preferred Stock and as a result, the Company concluded that the sixth anniversary of the issuance date is the most probable redemption date at June 30, 2020 and 2019 Successor period. The Company will continue to monitor the redemption date for any changes and adjust accordingly for any changes.

Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Company, before any distribution or payment shall be made to, or set aside for, holders of any junior stock, each holder shall be entitled to receive full, out of the assets of the Company or proceeds thereof (whether capital or surplus), an amount per share of Redeemable Preferred Stock held by such holder equal to the liquidation preference, plus the amount of accrued and unpaid dividends thereon, without duplication, through the date of liquidation.

Classification

The preferred shares issued and outstanding are accounted for as a redeemable noncontrolling interest in the mezzanine section on the Company’s consolidated balance sheet due to the shares being issued by a subsidiary of the Company and redemption features including a put option with the passage of time.

Initial and Subsequent Measurement

The Company recorded the preferred shares at their issuance date fair value of $194,745, net of issuance costs. The carrying value as of June 30, 2020 and 2019 is determined based upon the most probable redemption event on the six-year anniversary of the closing accreted using the effective interest method to the redemption value. Accretion of redeemable noncontrolling interests for the years ended June 30, 2020 and Successor 2019 Period includes $22,890 and $15,700 of adjustments, respectively, relating to the redemption accretion value adjustments from the closing date to the end of each reportable period. The Company elected to pay distributions for the period ending June 30, 2020 and Successor 2019 Period in-kind to preferred shareholders. These in-kind distributions increase the liquidation preference on each preferred share.

As of the reporting date, there are no triggering, change of control, early redemption or monetization events that are probable that would require us to revalue the preferred shares.

If the preferred shares were redeemed on the reporting date of June 30, 2020 and 2019, the required redemption values would be $243,070 and $236,750.

The following table shows the change in the Company's redeemable noncontrolling interests from initial measurement at November 2, 2018 to June 30, 2020:

	As of and for the Year Ended June 30, 2020
Issuance of Redeemable Preferred Stock	$200,000
Issuance costs	(5,255)
Accretion of Redeemable Preferred Stock	15,700
Balance as of June 30, 2019	210,445
Accretion of Redeemable Preferred Stock	22,890
Balance as of June 30, 2020	$233,335

13. CAPITAL STOCK:

Upon the Stock Split, the Company is authorized to issue 200,000 shares of common stock with a par value of $0.001 per share. The holders of the common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Subject to preferences that may be applicable to any outstanding preferred stock, holders of common stock are entitled to receive ratably such dividends as may be declared from time-to-time by the Board of Directors out of funds legally available for that purpose. In the event of liquidation, dissolution or winding up, the holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to prior distribution rights of preferred stock, if any, then outstanding.

The Board of Directors is authorized, subject to any limitations prescribed by law, without further vote or action by the stockholders, to issue from time to time shares of preferred stock in one or more series. Each such series of preferred stock will have such number of shares, designations, preferences, voting powers, qualifications, and special or relative rights or privileges as determined by the Board of Directors, which may include, among others, dividend rights, voting rights, redemption and sinking fund provisions, liquidation preferences, conversion rights and preemptive rights.

As of June 30, 2020 and 2019, there were 100,000 shares of common stock outstanding.

14. EQUITY COMPENSATION PLANS:

Liability incentive awards

Prior to the Apax Acquisition, the Company had issued stock-based compensation awards to employees and outside directors under a plan that provided for the granting of stock options, stock appreciation rights, restricted stock, restricted share units, incentive stock options and other stock-based awards to attract and retain directors, consultants and employees. As part of the Apax Acquisition, vested awards were settled after the closing date at fair value. Unvested awards were cancelled and replaced with cash-based liability awards. Under the terms of the new awards, 50% of the unvested awards were accelerated to vest as of the Apax Acquisition and were paid after the closing date. The remaining 50% of unvested awards are earned and paid to holders according to the vesting dates of the replacement awards. During the year ended June 30, 2020, Successor 2019 Period and Predecessor 2019 Period, $8,957, $60,400 and $0 was paid, respectively.

The Company accounted for the cancellation and replacement of the unvested stock-based compensation awards as a modification, as the classification of the awards was changed from equity to a liability. This modification required an assessment of the fair value of the replacement awards based upon the settlement value. The settlement value of the unvested awards was allocated between the Apax Acquisition purchase price and future compensation expense based upon the pre-acquisition service as a percentage of the greater of the total service period or the original service period of the acquiree's replaced award. Amounts allocated for future compensation are recognized as compensation costs over the remaining requisite service period and are recorded to general and administrative expense on the consolidated statement of operations.

The Company recognized compensation costs related to these liability incentive awards for the year ending June 30, 2020 and Successor 2019 Period of $3,055 and $29,047, respectively. At June 30, 2020 and 2019, the Company maintains a liability for these awards of $11,842 and $17,744, respectively.

There is $71 and $3,126 of unamortized compensation expense as of June 30, 2020 and 2019, respectively.

Equity awards

Subsequent to the Apax Acquisition, the Company established three stock-based compensation plans (the "2019 Plans") which provide for grants of incentive units to persons who are associates, officers or directors of the Company or any of its subsidiaries. The 2019 Plans include Pride Aggregator, L.P. Management Equity Plan ("MEP") and two cash Long Term Incentive Plans ("LTIPs").

The Company has granted Long Term Incentive Plan units ("LTIP Units") under its Pride Aggregator, L.P. Top Talent Incentive Plan and Sales Top Talent Incentive Plan ("LTIP Participants"). The LTIP Units are phantom awards providing for, at the Company's discretion, a cash or stock payment ("LTIP Payment") to participants on certain determination dates, if an IPO occurs and if the LTIP Participant remains employed by the Company on such date. An IPO transaction will result in a determination date, for which each LTIP Participant will be entitled to an LTIP Payment with respect to 20% of the LTIP Participant's LTIP Units as of the IPO date and 20% on each of four subsequent determination dates six, twelve, eighteen and 24 months following the IPO date. The LTIP Payment is calculated based on the average closing price per IPO Company share for the 10-day trading period ending on the day prior to the applicable payment date. Units of both LTIP plans vest only upon a liquidity event and therefore no compensation expense has been recognized for the year ended June 30, 2020, Successor 2019 Period and Predecessor 2019 Period.

Each individual Incentive Unit Grant Agreement specifies the number of awards, vesting terms, floor amount and timing of awards. The maximum number of units that may be issued under the 2019 Plans is 124,545. Each unit granted and not forfeited or terminated, reduces the number of units available for future awards. The units represent membership interests in Pride Aggregator, L.P.

Under the terms of the MEP, one half of the profits interest units vest based on an associate's service time. The units vest 25% on the first anniversary and thereafter in equal installments on each subsequent quarterly anniversary of the vesting commencement date. Upon a change in control all unvested time-based incentive units fully vest. Upon an IPO all time-vesting incentive units continue to vest based upon their original vesting schedule. MEP incentive units are subject to a floor amount established at the grant date, which acts as a participation threshold and permits the award to participate in distributions only to the extent the units exceed the floor amount. The MEP incentive units are accounted for as equity awards and the compensation expense recognized is based upon the fair market value of the MEP incentive units at the grant date. The Company estimates the fair value of the MEP incentive units using the Monte Carlo simulation method.

The second half of the MEP incentive units vest upon the Company attaining a rate of return (market condition), as defined in the 2019 Plans, triggered by either a distribution, a liquidity event or IPO (implied performance condition). Since a liquidity event or IPO was not deemed probable or did not commence, no compensation expense has been recognized for the year ended June 30, 2020, Successor 2019 Period and Predecessor 2019 Period.

Key inputs and assumptions used to estimate the fair value of the incentive units include the exercise price, the option term, the risk-free interest rate over the option's expected term, and the expected volatility. The Company's expected stock price volatility assumption was determined based upon the historical volatility of publicly traded companies similar in nature to the Company. The risk-free interest rate is based on the market yield for a U.S. Treasury security over the expected life. The expected life of the MEP incentive units was an estimated time to a liquidity event. Estimates of fair value are not intended to predict actual future events or the value realized by persons who receive option awards. The assumptions used in the Monte Carlo simulation method are set forth in the following table.

Expected volatility range of stock	42.5%–60.0%
Expected life of option, range in years	1.25–1.75
Risk-free interest range rate	0.19%–1.66%
Expected dividend yield on stock	0%

The MEP unit incentive activity was as follows:

	Number of Units	Weighted Average Floor Price	Weighted Average Fair Value of Time-Based Units
Outstanding at June 30, 2018	—	$ —	$ —
Granted	38,199	—	685
Forfeited	(6,349)	—	685
Outstanding at June 30, 2019	31,850	—	685
Granted	43,277	675	535
Forfeited	(8,858)	120	668
Outstanding at June 30, 2020	66,269	$ 425	$ 589

All stock-based awards to employees are recognized as compensation costs in the consolidated financial statements based on fair value measured as of the date of grant. These costs are recognized as an expense in the consolidated statements of operations over the requisite service period and increase additional paid in capital.

At June 30, 2020 and 2019, the number of vested units were 3,065 and 0, respectively. The weighted average grant date fair value of units vested during the year ending June 30, 2020 was $685. The Company recognized stock-based compensation costs for the year ending June 30, 2020 of $4,906. As of June 30, 2020, there was $16,700 of unrecognized compensation expense for the unvested time-based awards that will be recognized over a weighted average period of 3.2 years. As of June 30, 2020, the unrecognized compensation expense related to the performance-based awards was $18,276.

15. NET LOSS PER SHARE:

Basic net loss per share is calculated by dividing net loss attributable to Paycor HCM, Inc. by the weighted-average shares of common stock outstanding during the period.

Diluted net loss per share is computed by dividing net loss attributable to Paycor HCM, Inc., adjusted as necessary for the impact of potentially dilutive securities, by the weighted-average shares outstanding during the period and the impact of securities that would have a dilutive effect. The Company has no potentially dilutive securities at June 30, 2020 or 2019 as the Company's stock-based compensation awards represent membership interest units in Pride Aggregator, L.P.

Basic and diluted net loss per share was the same for each period presented, as the inclusion of all potential common shares outstanding would have been anti-dilutive. The following table sets forth the computation of basic and diluted net loss per share (in thousands, except per share data):

	Successor Year Ended June 30, 2020	Successor November 2, 2018- June 30, 2019
Net Loss Attributable to Paycor HCM, Inc.	$ (90,193)	$ (88,518)
Weighted-average outstanding shares:		
Basic and diluted	100,000	100,000
Basic and diluted net loss per share	$ (901.93)	$ (885.18)

16. PROFIT SHARING PLAN:

The Company has a 401(k)-profit sharing plan for the benefit of its employees, substantially all of whom are eligible to participate after meeting minimum age and service requirements. The Company makes matching contributions to the 401(k) plan on behalf of participating employees up to 50% of the first 6% of eligible wages or 3% of their eligible wages. Effective January 1, 2019, the Company increased the Company match to 65% of the first 6% of eligible wages. For the year ended June 30, 2020, Successor 2019 Period and Predecessor 2019 Period, the Company expensed contributions to the plan of approximately $3,907, $3,091, and $940, respectively.

17. INCOME TAXES:

The components of income tax benefit for the following periods are as follows:

	Successor Year ended June 30, 2020	Successor Period from November 2, 2018 - June 30, 2019	Predecessor Period from July 1, 2018 - November 1, 2018
Federal:			
Current provision	$ —	$ —	$ 1
Deferred provision	(16,950)	(14,660)	(1,591)
Federal tax benefit	(16,950)	(14,660)	(1,590)
State:			
Current (benefit) provision	(1)	26	26
Deferred provision	(3,231)	(1,897)	(953)
State tax benefit	(3,232)	(1,871)	(927)
Total tax benefit	$ (20,182)	$ (16,531)	$ (2,517)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of June 30 are presented below.

	2020	2019
Deferred tax assets:		
Stock-based compensation	$ 1,355	$ 2,928
Accrued expenses	2,562	1,723
Net operating loss carryforwards	33,895	32,115
Deferred rent	1,199	770
Deferred revenue	4,929	2,796
Tax credits	3,714	3,736
Other items	835	716
Total deferred tax assets	48,489	44,784
Valuation allowance	(118)	(748)
Net deferred tax assets	48,371	44,036
Deferred tax liabilities:		
Software development costs	(5,228)	(2,180)
Deferred contract costs	(17,263)	(7,285)
Property and equipment	(4,002)	(959)
Goodwill and other intangibles	(106,087)	(135,629)
Other	(874)	(3,213)
Total deferred liabilities	(133,454)	(149,266)
Net deferred tax liabilities	$ (85,083)	$(105,230)

The Company is in a cumulative three-year loss position. The realization of deferred tax assets is dependent upon the generation of future taxable income. After giving appropriate consideration to the sources of taxable income through the scheduled reversal of deferred tax liabilities, the Company concluded that some valuation allowance was required for its net deferred tax assets.

The Company has net operating loss (“NOL”) carryforwards for federal income tax purposes of approximately $142,503 and NOL carryforwards for state income tax purposes of approximately $135,711 at June 30, 2020. The federal NOLs not subject to expiration total $88,729 at June 30, 2020 with the remainder beginning to expire in 2034. The state NOL carryforwards generally expire from 2021 to 2040, except for one state for which NOLs do not expire. The Company also has gross federal research and development tax credit carryforwards of approximately $3,714 at June 30, 2020, which begin expiring in 2033. At June 30, 2020 and 2019 there are no material unrecognized tax benefits related to uncertain tax positions.

A reconciliation of the U.S. federal statutory tax rate to the Company's effective income tax rate for the following periods is presented below:

	Successor Year ended June 30, 2020	Successor Period from November 2, 2018 - June 30, 2019	Predecessor Period from July 1, 2018 - November 1, 2018
Federal statutory rate	21.0%	21.0%	21.0%
Research tax credits	0.0%	0.0%	-2.1%
State income taxes, net of federal tax benefit	2.9%	1.8%	10.1%
Stock-based compensation	-1.3%	-1.3%	47.9%
Transaction costs	0.0%	-2.6%	0.6%
Other permanent differences	-0.2%	-0.6%	-1.6%
Valuation allowance	0.7%	0.2%	-61.5%
Effective income tax rate	23.1%	18.5%	14.4%

18. COMMITMENTS AND CONTINGENCIES:

The Company is subject to various claims, litigation, and regulatory compliance matters in the normal course of business. When a loss is considered probable and reasonably estimable, the Company records a liability in the amount of its best estimate for the ultimate loss. The resolution of these claims, litigation and regulatory compliance matters, individually or in the aggregate, will not have a material adverse impact on the consolidated results of operation, financial condition or cash flows. These matters are subject to inherent uncertainties and management's view of these matters may change in the future.

19. CONDENSED FINANCIAL INFORMATION OF REGISTRANT (PARENT COMPANY ONLY)

Paycor HCM, Inc. and Subsidiaries
Parent Company Only
Condensed Balance Sheets
(in thousands)

	June 30, 2020	June 30, 2019
Assets		
Investment in subsidiary	$ 953,325	$ 1,038,570
Total assets	$ 953,325	$ 1,038,570
Liabilities and Stockholder's Equity		
Total liabilities	$ —	$ —
Total stockholder's equity	953,325	1,038,570
Total liabilities and stockholder's equity	$ 953,325	$ 1,038,570

Paycor HCM, Inc. and Subsidiaries
Parent Company Only
Condensed Statements of Operations and Comprehensive Loss
(in thousands)

	Successor Year ended June 30, 2020	Successor November 2, 2018- June 30, 2019
Equity in net loss of subsidiary	$ (90,193)	$ (88,518)
Net loss attributable to Paycor HCM, Inc.	$ (90,193)	$ (88,518)
Other comprehensive income, net of tax:		
Subsidiaries' other comprehensive income	104	2,666
Total other comprehensive income	104	2,666
Comprehensive loss attributable to Paycor HCM, Inc.	$ (90,089)	$ (85,852)

Description of Business

Paycor HCM, which is controlled by Pride Aggregator L.P., is the indirect controlling shareholder of Paycor. Pride Aggregator L.P. is controlled by a syndication led by Apax.

Paycor HCM was incorporated in Delaware in 2018 and became the ultimate parent of Paycor through the Apax Acquisition. Paycor HCM is a holding company and conducts substantially all of its activities through its subsidiaries and has no operations or significant assets or liabilities other than its investment in its subsidiaries, including Paycor. Accordingly, Paycor HCM is dependent upon distributions from Paycor and other subsidiaries to fund its limited, non-significant activities. However, Paycor's ability to pay dividends or lend to Paycor HCM is limited under the terms of the Credit Agreement with Wells Fargo, National Association. All obligations under the Credit Agreement are guaranteed by Pride Guarantor, Inc. and by Paycor. The Credit Agreement contains covenants limiting Pride Guarantor, Inc.'s and its subsidiaries', including Paycor, ability to, among other things: incur additional indebtedness or other contingent obligations, create liens, make investments, acquisitions, loans and advances; consolidate, merge, liquidate or dissolve; sell, transfer or otherwise dispose of its assets, including capital stock of its subsidiaries; pay dividends on its equity interests or make other payments in respect of capital stock; engage in transactions with affiliates; make payments in respect of subordinated, unsecured, or junior secured debt; modify organizational documents in a manner that is materially adverse to the lenders under the applicable Credit Agreement; enter into certain agreements with negative pledge clauses. These covenants are subject to certain exceptions and qualifications as described in the Credit Agreement. For a discussion of the Credit Agreement, see Note 9 – Debt Agreements and Letters of Credit.

Basis of Presentation

These condensed financial statements have been presented on a "parent-only" basis. Under a parent-only presentation, Paycor HCM's investments in subsidiaries are presented under the equity method of accounting. A condensed statement of cash flows was not presented because Paycor HCM has no material operating, investing, or financing cash flow activities for the periods presented. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. As such, these parent-only statements should be read in conjunction with the notes to accompanying consolidated financial statements.

20. SUBSEQUENT EVENTS:

The Company executed an amendment of its Revolver on September 2, 2020 whereby the Company entered into an additional term loan of $25,000 (the "Term Loan"). The Term Loan requires quarterly principal repayments of approximately $63 beginning December 31, 2020. The Company is required to pay any remaining unpaid principal balance and all accrued and unpaid interest on the maturity date of November 2, 2023. The Term Loan bears interest, at the Company's option, at a rate equal to: (i) LIBOR (subject to 1.0% floor) plus 4.25% margin prior to the third anniversary or 4.0% after the third anniversary or (ii) the greatest of (a) the Federal Funds Rate plus 0.5%, (b) LIBOR rate plus 1.0%, or (c) the Lender's prime rate, plus 3.25% margin prior to the third anniversary or 3.0% after the third anniversary. As a result of the amendment, the interest rate on the Revolver was adjusted to bear interest at the same rate as the Term Loan. The proceeds from the term loan are to be used for general corporate purposes including permitted acquisitions and investments.

On September 24, 2020, the Company entered into a share purchase agreement with Paltech Solutions Inc. (doing business as 7Geese), a performance management SaaS application. The Company acquired 100% of the equity interests for a total purchase price of $22,599. The acquisition enables the Company to expand its current service offerings.

On December 29, 2020, the Company executed an agreement for the authorization of up to 10,000 shares of Series A Preferred Stock ("Series A Preferred Stock"), $0.001 par value. On that same date, the Company completed a private placement of 7,715 shares of Series A Preferred Stock with certain institutional investors,

which generated net proceeds of approximately $270,000. Each share of Series A Preferred Stock has an initial liquidation preference of $35,000 per share, subject to adjustment in accordance with the Company's Amended and Restated Certificate of Incorporation. The Series A Preferred Stock, unless converted earlier at the option of the holder of the Series A Preferred Stock, automatically converts into shares of Common Stock upon (i) the closing of an underwritten public offering of the Company's Common Stock, (ii) the direct listing of the Company's Common Stock on a nationally-recognized securities exchange, or (iii) a merger involving a special purpose acquisition vehicle, commonly referred to as a special purpose acquisition company transaction (in each instance, subject to certain listing and valuation and dollar threshold requirements). The Series A Preferred Stock is initially convertible into shares of Common Stock on a one-to-one basis, subject to adjustment in certain circumstances. The Series A Preferred Stock is not subject to redemption except in the case of certain sale or change of control events. Holders of Series A Preferred Stock are entitled to vote as a single class together with holders of the Company's Common Stock on an as-converted basis.

Subsequent to the Company's Series A Preferred Stock issuance, the Company used the proceeds from the Series A Preferred Stock issuance to repurchase 7,000 shares of its Common Stock at a price of $35,000 per share for approximately $245,000.

Paycor HCM, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(in thousands, except share amounts)

	March 31, 2021	June 30, 2020
Assets	(Unaudited)	
Current assets:		
Cash and cash equivalents	$ 19,364	$ 828
Restricted cash and short-term investments	6,076	12,017
Accounts receivable, net	14,662	10,019
Deferred contract costs	21,535	14,015
Prepaid expenses	7,908	4,928
Other current assets	1,678	3,819
Current assets before funds held for clients	71,223	45,626
Funds held for clients	823,123	614,115
Total current assets	894,346	659,741
Property and equipment, net	40,812	44,011
Goodwill	750,417	733,801
Intangible assets, net	387,372	462,527
Capitalized software	28,993	23,106
Long-term deferred contract costs	81,904	57,907
Other long-term assets	25,397	26,690
Total assets	$ 2,209,241	$ 2,007,783
Liabilities, Redeemable Noncontrolling Interest and Stockholder's Equity		
Current liabilities:		
Accounts payable	$ 9,930	$ 12,029
Accrued expenses and other current liabilities	18,674	10,296
Accrued payroll and payroll related expenses	28,747	16,215
Liability incentive awards	6,659	11,842
Deferred revenue	11,703	10,223
Revolving line-of-credit	390	5,001
Current portion of long-term debt	1,126	849
Current liabilities before client fund obligations	77,229	66,455
Client fund obligations	822,551	613,151
Total current liabilities	899,780	679,606
Deferred income taxes	92,426	104,770
Other long-term liabilities	17,532	18,162
Long-term debt, net	42,253	18,585
Total liabilities	1,051,991	821,123
Commitments and contingencies (Note 14)		
Redeemable noncontrolling interest	245,041	233,335
Stockholder's equity:		
Common stock, $0.001 par value per share 200,000 shares authorized, 93,000 shares outstanding at March 31, 2021 and 100,000 shares outstanding as of June 30, 2020, respectively	—	—
Treasury stock, at cost, 7,000 and 0 shares at March 31, 2021 and June 30, 2020, respectively	(245,074)	—
Preferred stock, $0.001 par value, 10,000 shares authorized, 7,715 and 0 shares outstanding at March 31, 2021 and June 30, 2020, respectively	262,772	—
Additional paid in capital	1,134,676	1,129,368
Accumulated deficit	(242,923)	(178,813)
Accumulated other comprehensive income	2,758	2,770
Total stockholder's equity	912,209	953,325
Total liabilities, redeemable noncontrolling interest and stockholder's equity	$ 2,209,241	$ 2,007,783

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of these statements.

Paycor HCM, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(in thousands, except share amounts)

	Nine Months Ended	
	March 31, 2021 (Unaudited)	March 31, 2020
Revenues:		
Recurring and other revenue	$ 263,372	$245,357
Interest income on funds held for clients	1,392	9,192
Total revenues	264,764	254,549
Cost of revenues	112,506	105,501
Gross profit	152,258	149,048
Operating expenses:		
Sales and marketing	75,864	74,970
General and administrative	106,914	102,964
Research and development	26,507	35,918
Total operating expenses	209,285	213,852
Loss from operations	(57,027)	(64,804)
Other income (expense):		
Interest expense	(1,847)	(1,403)
Other	320	6,438
Loss before benefit for income taxes	(58,554)	(59,769)
Income tax benefit	(12,344)	(12,619)
Net loss	(46,210)	(47,150)
Less: Accretion of redeemable noncontrolling interests	17,900	17,781
Net loss attributable to Paycor HCM, Inc.	$ (64,110)	$ (64,931)
Basic and diluted net loss attributable to Paycor HCM, Inc. per share	$ (656.70)	$ (649.31)
Weighted-average common shares outstanding:		
Basic and diluted	97,624	100,000

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of these statements.

Paycor HCM, Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Loss
(in thousands)

	Nine Months Ended	
	March 31, 2021 (Unaudited)	March 31, 2020
Net loss	$ (46,210)	$(47,150)
Other comprehensive income (loss), net of tax:		
Unrealized gain on foreign currency translation	335	—
Unrealized (losses) gains on available for sale securities	(347)	622
Other comprehensive (loss) income, net of tax	(12)	622
Comprehensive loss	(46,222)	(46,528)
Less: Comprehensive income attributable to redeemable noncontrolling interests	17,900	17,781
Comprehensive loss attributable to Paycor HCM, Inc.	$ (64,122)	$(64,309)

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of these statements.

Paycor HCM, Inc. and Subsidiaries
Condensed Consolidated Statements of Stockholder's Equity (Unaudited)
(in thousands, except share amounts)

	Preferred Stock, par value of $0.001 per share		Common Stock, par value of $0.001 per share						
	Shares	Amount	Shares	Common Stock Amount	Treasury Stock	Additional Paid in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholder's Equity
Balance, June 30, 2020	—	$ —	100,000	$ —	$ —	$1,129,368	$ (178,813)	$ 2,770	$ 953,325
Net loss	—	—	—	—	—	—	(64,110)	—	(64,110)
Stock-based compensation expense	—	—	—	—	—	5,308	—	—	5,308
Issuance of preferred stock, net	7,715	262,772	—	—	—	—	—	—	262,772
Repurchase of common stock, at cost	—	—	(7,000)	—	(245,074)	—	—	—	(245,074)
Other comprehensive income	—	—	—	—	—	—	—	(12)	(12)
Balance March 31, 2021	7,715	$262,772	93,000	$ —	$(245,074)	$1,134,676	$ (242,923)	$ 2,758	$ 912,209

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of these statements.

Paycor HCM, Inc. and Subsidiaries
Condensed Consolidated Statements of Stockholder's Equity (Unaudited)
(in thousands, except share amounts)

	Common Stock, par value of $0.001 per share								
	Shares	Common Stock Amount	Treasury Stock	Additional Paid in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholder's Equity before Noncontrolling Interest	Noncontrolling Interest	Total Stockholder's Equity
Balance, June 30, 2019	100,000	$ —	$ —	$1,124,462	$ (88,518)	$ 2,666	$ 1,038,610	$ (40)	$ 1,038,570
Net loss	—	—	—	—	(64,931)	—	(64,931)	—	(64,931)
Other	—	—	—	—	(127)	—	(127)	40	(87)
Other comprehensive income	—	—	—	—	—	622	622	—	622
Balance March 31, 2020	100,000	$ —	$ —	$1,124,462	$ (153,576)	$ 3,288	$ 974,174	$ —	$ 974,174

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of these statements.

Paycor HCM, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)
(in thousands)

	Nine Months Ended	
	March 31, 2021	March 31, 2020
Cash flows from operating activities:		
Net loss	$ (46,210)	$ (47,150)
Adjustments to reconcile net loss to net cash provided / (used) by operating activities:		
Depreciation	5,073	4,009
Amortization of intangible assets and software	103,091	95,118
Stock-based compensation expense	5,308	—
Amortization of deferred contract costs	13,641	6,836
Amortization of debt acquisition costs	511	474
Deferred tax benefit	(12,344)	(12,618)
Bad debt expense	1,005	605
Gain on sale of investments	(70)	(78)
Gain on foreign currency exchange	(571)	—
Gain on forgiveness of indebtedness	—	(6,240)
Changes in assets and liabilities, net of effects from acquisitions:		
Accounts receivable	(5,144)	(3,420)
Prepaid expenses and other current assets	(526)	(2,546)
Other long-term assets	868	182
Accounts payable	(2,159)	(104)
Accrued liabilities	9,453	(2,081)
Deferred revenue	(826)	5,222
Other long-term liabilities	243	722
Deferred contract costs	(45,158)	(40,722)
Net cash provided / (used) by operating activities	26,185	(1,791)
Cash flows from investing activities:		
Purchases of client fund available for sale securities	(174,962)	(318,464)
Proceeds from sale and maturities of client fund available for sale securities	174,561	318,478
Purchase of property and equipment	(2,141)	(6,443)
Acquisition of intangible assets	(9,252)	(2,988)
Acquisition of Paltech Solutions, Inc, net of cash acquired	(16,592)	—
Internally developed software costs	(15,424)	(14,777)
Net cash used by investing activities	(43,810)	(24,194)
Cash flows from financing activities:		
Net change in cash and cash equivalents held to satisfy client funds obligations	172,311	118,147
Payment of contingent consideration	(1,000)	—
Proceeds from promissory note with related party	64,989	—
Repayment of promissory note with related party	(64,989)	—
Proceeds from line-of-credit	56,217	77,376
Repayments of line-of-credit	(60,828)	(73,126)
Proceeds from debt	25,000	20,000
Repayments of debt	(758)	(15,679)
Proceeds from issuance of preferred stock, net	262,772	—
Purchase of treasury stock at cost	(245,074)	—
Dividends paid to noncontrolling interests	(6,194)	—
Other financing activities	(397)	(192)
Net cash provided by financing activities	202,049	126,526
Impact of foreign exchange on cash and cash equivalents	(35)	—
Net change in cash, cash equivalents, restricted cash and short-term investments, and funds held for clients	184,389	100,541
Cash, cash equivalents, restricted cash and short-term investments, and funds held for clients, beginning of year	546,448	445,711
Cash, cash equivalents, restricted cash and short-term investments, and funds held for clients, end of year	$ 730,837	$ 546,252
Supplemental disclosure of non-cash investing, financing and other cash flow information:		
Capital expenditures in accounts payable	$ 28	$ 1,188
Cash paid during the year for interest	$ 510	$ 649
Reconciliation of cash, cash equivalents, restricted cash and short-term investments, and funds held for clients to the Condensed Consolidated Balance Sheets		
Cash and cash equivalents	$ 19,364	$ 197
Restricted cash and short-term investments	6,076	13,240
Funds held for clients	705,397	532,815
Total cash, cash equivalents, restricted cash and short-term investments, and funds held for clients	$ 730,837	$ 546,252

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of these statements.

Paycor HCM, Inc. and Subsidiaries
Notes to the Condensed Consolidated Financial Statements (Unaudited)
(all amounts in thousands, except share and per share data)

1. ORGANIZATION AND DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION:

Description of Business

Paycor HCM, Inc. ("Paycor HCM") and its subsidiaries is a cloud-based provider of human capital management ("HCM") software solutions for small and medium-sized employers located primarily in the United States ("U.S."). Solutions provided include payroll, workforce management and human resources ("HR") related services such as talent management, reporting and analytics and other payroll-related services. Services are generally provided in a Software-as-a-Service ("SaaS") delivery model utilizing a cloud-based platform.

Basis of Presentation and Consolidation

The accompanying interim unaudited condensed consolidated financial statements of Paycor HCM, Inc. and its subsidiaries (the "Company") were prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"). These should be read in conjunction with the audited consolidated financial statements and related notes for the year ended June 30, 2020. The unaudited condensed consolidated financial statements for interim periods do not include all disclosures required by GAAP for annual financial statements and are not necessarily indicative of results for the full year or any subsequent period. Adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of the unaudited condensed consolidated financial position, results of operations and cash flows at the dates and for the periods presented have been included. All intercompany transactions and balances have been eliminated in consolidation.

On December 2, 2020, the Company executed a 1,000 for 1 share stock split ("Stock Split") relating to its common stock. In connection with the Stock Split, the Company increased its common stock share authorization from 100,000 shares to 200,000 shares. As a result of the Stock Split, the Company had 100,000 common shares outstanding, with a par value of $0.001 per share. All share and per-share amounts have been retroactively adjusted to reflect the Stock Split.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Use of estimates

The preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The Company utilizes estimates and assumptions in determining the fair value of its common stock, which is a significant input in determining the fair value of stock-based compensation. The Board of Directors has determined the estimated fair value of the Company's common stock contemporaneous with grants of stock-based compensation based on a number of objective and subjective factors, including external market conditions, the enterprise value of the business at the time of acquisition by Apax, and the likelihood of achieving a liquidity event, such as an initial public offering or sale of the Company. Fair value is estimated using the guideline public company method. Valuation methodologies include estimates and assumptions that require the Company's judgment. These estimates include assumptions regarding future performance. Significant changes to the key assumptions used in the valuations could result in different fair values of common stock at each valuation date.

The Company's results can also be affected by economic, political, legislative, regulatory and legal actions, including but not limited to health epidemics and pandemics and the resulting economic impact, including the impact from the global outbreak of the novel coronavirus (COVID-19). Economic conditions, such as

recessionary trends, inflation, interest and monetary exchange rates, and government fiscal policies can have a significant effect on operations. While the Company maintains reserves for anticipated liabilities and carries various levels of insurance, the Company could be affected by civil, criminal, regulatory or administrative actions, claims or proceedings.

Accounts receivable, net

Accounts receivable balances are shown on the condensed consolidated balance sheets net of the allowance for doubtful accounts of $1,791 and $1,217 as of March 31, 2021 and June 30, 2020, respectively. The allowance for doubtful accounts considers factors such as historical experience, credit quality, age of the accounts receivable balance and current and forecasted economic conditions that may affect a customer's ability to pay. The Company performs ongoing credit evaluations and generally requires no collateral from clients. Management reviews individual accounts as they become past due to determine collectability. The allowance for doubtful accounts is adjusted periodically based on management's consideration of past due accounts. Individual accounts are charged against the allowance when all reasonable collection efforts have been exhausted.

Sales and marketing

Sales and marketing expenses consist primarily of employee-related expenses for the Company's direct sales and marketing staff, including employee-related costs, marketing, advertising and promotion expenses, and other related costs. Advertising and promotion costs are expensed as incurred. Advertising and promotion expense totaled approximately $11,520 and $11,521, for the nine months ended March 31, 2021 and 2020, respectively.

Income taxes

Income tax benefit for the nine months ended March 31, 2021 and 2020 was a benefit of $12,344 and $12,619, respectively, reflecting an effective tax rate of 21.1% for the nine month periods ended March 31, 2021 and 2020.

Pending accounting pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, "Leases" (Topic 842). This update amends existing accounting standards for lease accounting and requires lessees to recognize virtually all their leases on the balance sheet by recording a right-of-use asset and a lease liability (for other than short term leases). The Company is in the preliminary stages of gathering data and assessing the impact of the new lease standard. The Company anticipates that the adoption of this standard will materially affect the consolidated balance sheet and may require changes to the processes used to account for leases. The Company is evaluating the transition methods and will adopt this new standard in the fiscal year beginning July 1, 2022 based on its status as an emerging growth company.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses" (Topic 326). This update establishes a new approach to estimate credit losses on certain types of financial instruments. The update requires financial assets measured at amortized cost to be presented at the net amount expected to be collected. The amended guidance will also update the impairment model for available-for-sale debt securities, requiring entities to determine whether all or a portion of the unrealized loss on such securities is a credit loss. The Company is currently evaluating this standard and the potential effects of these changes to its consolidated financial statements and will adopt this new standard in the fiscal year beginning July 1, 2023 based on its status as an emerging growth company.

3. REVENUE:

The following table disaggregates revenue from contracts by recurring fees and implementation services and other, which the Company believes depicts the nature, amount and timing of its revenue:

	Nine Months Ended March 31,	
	2021	2020
Recurring fees	$ 252,743	$ 240,226
Implementation services and other	10,629	5,131
Total revenues from contracts	$ 263,372	$ 245,357

Deferred revenue

The timing of revenue recognition for recurring revenue is consistent with the timing of invoicing as they occur simultaneously upon the client payroll processing period or by month. As such, the Company does not recognize contract assets or liabilities related to recurring revenue.

The nonrefundable upfront fees related to implementation services are typically included on the client's first invoice. Implementation fees are deferred and recognized as revenue over an estimated 24-month period to which the material right exists, which is the period the client is expected to benefit from not having to pay an additional nonrefundable implementation fee upon renewal of the service. The following table summarizes the changes in deferred revenue related to these nonrefundable upfront fees:

	Nine Months Ended March 31,	
	2021	2020
Balance, beginning of period	$ 15,916	$ 10,158
Deferred revenue acquired	1,374	—
Deferral of revenue	9,767	9,139
Revenue recognized	(10,582)	(3,284)
Impact of foreign exchange	74	—
Balance, end of period	$ 16,549	$ 16,013

Deferred revenue related to nonrefundable upfront fees is recorded within deferred revenue and other long-term liabilities on the condensed consolidated balance sheets. The Company will recognize deferred revenue of $3,772 in the remainder of 2021, $9,339 in 2022, $2,871 in 2023, and $567 thereafter.

Deferred contract costs

The following table presents the deferred contract costs balance and related amortization expense for these deferred contract costs.

	As of and for the Nine Months Ended March 31, 2021			
	Beginning Balance	Capitalization of Costs	Amortization	Ending Balance
Costs to obtain a contract	$ 32,233	$ 21,069	$ (6,210)	$ 47,092
Costs to fulfill a contract	39,689	24,089	(7,431)	56,347
Total	$ 71,922	$ 45,158	$ (13,641)	$103,439

	As of and for the Nine Months Ended March 31, 2020			
	Beginning Balance	Capitalization of Costs	Amortization	Ending Balance
Costs to obtain a contract	$ 13,357	$ 18,226	$ (3,047)	$28,536
Costs to fulfill a contract	16,993	22,496	(3,789)	35,700
Total	$ 30,350	$ 40,722	$ (6,836)	$64,236

Deferred contract costs are recorded within deferred contract costs and long-term deferred contract costs on the condensed consolidated balance sheets. Amortization of costs to fulfill a contract and costs to obtain a contract are recorded in cost of revenues and sales and marketing expense in the condensed consolidated statements of operations, respectively. The Company regularly reviews its deferred costs for impairment and did not recognize an impairment loss during any period presented.

4. BUSINESS COMBINATION AND ASSET ACQUISITION:

Acquisition of Paltech Solutions, Inc.

On September 24, 2020, the Company entered into a share purchase agreement with Paltech Solutions, Inc. (doing business as 7Geese), a performance management SaaS application, to acquire 100% of the equity interests (the “7Geese Acquisition”). The acquisition enables the Company to expand its current service offerings. The cash consideration was funded using proceeds for the issuance of the September 2020 Term Loan discussed in Note 9 – Debt Agreements and Letters of Credit.

The acquisition was accounted for as a business combination. The purchase price was allocated to the assets acquired and liabilities assumed based on the estimated fair value at the date of acquisition. The excess of the purchase price over the fair value of the net assets acquired was allocated to goodwill, none of which is deductible for tax purposes. Goodwill consists primarily of the acquired workforce and growth opportunities, neither of which qualify as an intangible asset. The factors contributing to the recognition of goodwill were based on strategic benefits that are expected to be realized from the 7Geese Acquisition. The benefits include acquiring a software technology tailored to small and medium-sized businesses that can be integrated into the current suite of Company products. The preliminary purchase price is as follows:

	7Geese Acquisition
Cash consideration	$ 16,699
Contingent consideration	3,000
Deferred consideration	2,900
Fair value of total consideration	22,599
Cash acquired	(107)
Net purchase price	$ 22,492
Assets acquired:	
Accounts receivable	$ 477
Other current assets	295
Fixed assets	64
Technology	9,040
Other intangible assets	100
Other non-current assets	9
Total identifiable assets acquired	9,985

	7Geese Acquisition
Liabilities assumed:	
Accounts payable	(34)
Accrued expenses	(1,730)
Deferred revenue	(1,374)
Total identifiable liabilities assumed	(3,138)
Goodwill	15,645
Fair value of total consideration	$ 22,492

Intangible assets primarily consist of technology with a weighted average estimated useful life of three years.

The contingent consideration related to the 7Geese Acquisition is up to a maximum of $3,000 in payments relating to the achievement of operational milestones within a three-year period. The contingent consideration was initially measured at fair value at the acquisition date and recorded as a liability. The liability at fair value was based on the estimated future payments. The contingent consideration liability will be re-measured at fair value at each reporting date with the change in fair value recognized in earnings as other income (expense). The Company made a milestone payment of $1,000 in March 2021.

The deferred consideration related to the 7Geese Acquisition consists of a one-time payment due in October 2021.

The Company incurred transaction costs of approximately $500 related to the 7Geese Acquisition during the nine months ended March 31, 2021. These costs were expensed as incurred in general and administrative expenses on the accompanying condensed consolidated statements of operations.

Asset Acquisition

On February 4, 2021, the Company acquired payroll, timekeeping and HCM service customer relationships from another large provider of HCM services for an initial payment of approximately $9,300, which includes approximately $50 of transaction costs. As part of this asset purchase, the Company is required to make quarterly contingent payments and a final payment to the seller based on the revenue generated by the acquired clients over a twelve-month period.

The acquired customer relationships are recorded as an intangible asset and are being amortized on a straight-line basis over three years. As of March 31, 2021, the weighted average amortization period for these intangible assets was approximately 2.8 years. The contingent payments will be recognized when each contingency is resolved and the consideration is paid or becomes payable as an increase to the acquired intangible asset, amortized on a straight-line basis over the remaining period of the initial acquired intangible asset.

5. FUNDS HELD FOR CLIENTS:

Funds held for clients are as follows:

	March 31, 2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Demand deposit accounts and other cash equivalents	$705,397	$ —	$ —	$705,397
U.S. Treasury and direct obligations of U.S. government agencies	32,548	120	—	32,668
Corporate bonds	47,271	2,059	(307)	49,023
Commercial paper	25,640	5	(5)	25,640
Other securities	9,843	633	(81)	10,395
	$820,699	$ 2,817	$ (393)	$823,123

	June 30, 2020			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Demand deposit accounts and other cash equivalents	$533,603	$ —	$ —	$533,603
U.S. Treasury and direct obligations of U.S. government agencies	23,081	137	—	23,218
Corporate bonds	49,274	2,259	(10)	51,523
Other securities	5,387	391	(7)	5,771
	$611,345	$ 2,787	$ (17)	$614,115

Other securities are primarily comprised of collateralized and other mortgage obligations, municipal obligations, and certificates of deposit.

Proceeds from sales and maturities of investment securities for the nine months ended March 31, 2021 and 2020 were approximately $174,561 and $318,478, respectively. Realized gains and losses were not material in any period.

The Company is exposed to interest rate risk as rate volatility will cause fluctuations in the earnings potential of future investments. The Company does not utilize derivative financial instruments to manage interest rate risk.

The Company reviews its investments on an ongoing basis to determine if any are other-than-temporarily impaired due to changes in credit risk or other potential valuation concerns. The Company has no material individual securities that have been in a continuous unrealized loss position greater than twelve months. The Company believes these unrealized losses result from changes in interest rates rather than credit risk, and therefore does not believe these unrealized losses are other-than-temporarily impaired.

Expected maturities of client fund assets as of March 31, 2021 are as follows:

Due within one year	$772,890
Due after one year to two years	17,070
Due after two years to three years	21,988
Due after three years	11,175
Total	$823,123

6. PROPERTY AND EQUIPMENT, NET:

Property and equipment at cost and accumulated depreciation are as follows:

	March 31, 2021	June 30, 2020
Land	$ 3,680	$ 3,680
Land improvements	910	910
Building and improvements	22,845	22,845
Computer, equipment and software	12,136	9,271
Furniture and fixtures	4,183	4,777
Office equipment	1,213	1,142
Leasehold improvements	8,178	3,541
Construction in progress	697	6,030
	53,842	52,196
Accumulated depreciation and amortization	(13,030)	(8,185)
Property and equipment, net	$ 40,812	$44,011

Depreciation and amortization of property and equipment was approximately $5,073 and $4,009 for the nine months ended March 31, 2021 and 2020, respectively.

7. CAPITALIZED SOFTWARE, NET:

Components of capitalized software are as follows:

	March 31, 2021	June 30, 2020
Capitalized software	$ 46,402	$30,977
Accumulated amortization	(17,409)	(7,871)
Capitalized software, net	$ 28,993	$23,106

Amortization expense for capitalized software was approximately $9,538 and $4,547 for the nine months ended March 31, 2021 and 2020, respectively.

The following is a schedule of future amortization expense as of March 31, 2021:

2021 (remaining 3 months)	$ 3,866
2022	14,486
2023	8,571
2024	2,070
2025	—
	$ 28,993

8. GOODWILL AND INTANGIBLE ASSETS:

Goodwill represents the excess of the consideration transferred over the net assets recognized and represents the estimated future economic benefits arising from other assets acquired.

The following details the changes in goodwill from June 30, 2020 to March 31, 2021:

Balance, beginning of period	$ 733,801
7Geese Acquisition	15,645
Impact of foreign exchange	971
Balance, end of period	$ 750,417

Components of intangible assets are as follows:

	March 31, 2021	June 30, 2020
Technology	$ 140,665	$ 131,625
Customer relationships	434,996	425,659
Trade name	105,671	105,650
Total carrying amount	$ 681,332	$ 662,934
Accumulated amortization:		
Technology	$(104,946)	$ (70,533)
Customer relationships	(171,987)	(118,135)
Trade name	(17,027)	(11,739)
Total accumulated amortization	$(293,960)	$(200,407)
Intangible assets, net	$ 387,372	$ 462,527

Amortization expense for intangible assets was approximately $93,553 and $90,571 for the nine months ended March 31, 2021 and 2020, respectively.

The following is a schedule of future amortization expense as of March 31, 2021:

2021 (remaining 3 months)	$ 32,038
2022	100,491
2023	85,113
2024	80,391
2025	30,642
Thereafter	58,697
	$ 387,372

9. DEBT AGREEMENTS AND LETTERS OF CREDIT:

The Company's long-term debt consists of the following:

	Interest Rate as of March 31, 2021	March 31, 2021	June 30, 2020	Maturity Date
Refinanced loan	1.86%	$ 18,884	$19,517	November 2022
Term Loan	5.25%	24,875	—	November 2023
Less: Unamortized debt issuance costs		(380)	(83)	
Total long-term debt (including current portion)		43,379	19,434	
Less: Current portion		(1,126)	(849)	
Total long-term debt, net		$ 42,253	$18,585	

Refinanced Loan

On November 15, 2019, the Company closed on a refinancing of the debt related to its headquarters ("Refinanced Loan"). The Refinanced Loan amount was for $20,000 and requires monthly principal and interest payments over a three-year period beginning in December 2019, with a final balloon payment for the balance due in November 2022. As part of the refinancing transaction, the previously outstanding Qualified Low-Income Community Investment Loans ("QLICI") Note B loans obtained under New Market Tax Credit financing were forgiven and $6,240 was recognized as a gain on the extinguishment of debt within the nine months ended March 31, 2020. The gain is included in other income (expense)—other on the condensed consolidated statement of operations.

The Refinanced Loan bears interest payable monthly at a rate of LIBOR plus 1.75% through maturity, and is secured by a mortgage on the land, building, building improvements and all related property, real and personal. The Refinanced Loan is subject to certain affirmative financial covenants relating to the debt service coverage ratio, liquidity amounts and other items. As of March 31, 2021 and June 30, 2020, the Company was in compliance with all covenants related to the Refinanced Loan.

Credit Agreement and Term Loan

In November 2018, the Company entered into a credit agreement with Wells Fargo National Association (the "Credit Agreement") providing a five-year senior secured $50,000 revolving credit facility (the "Revolver"). Outstanding borrowings on the revolving line-of-credit were $390 and $5,001 as of March 31, 2021 and June 30, 2020, respectively. As of March 31, 2021, the Company had approximately $49,610 of borrowing capacity remaining under the Revolver, subject to liquidity covenants.

The Company executed an amendment of its Credit Agreement on September 2, 2020 whereby the Company entered into an additional term loan of $25,000 (the "Term Loan"). The Company incurred $397 of costs related to the Term Loan such as closing costs, legal fees and origination fees. These costs have been deferred and recorded as a direct deduction from the carrying amount of the debt liability. The costs are amortized into interest expense over the term of the related debt using the effective interest method. The Term Loan requires quarterly principal repayments of approximately $63 beginning December 31, 2020. The Company is required to pay any remaining unpaid principal balance and all accrued and unpaid interest on the maturity date of November 2, 2023. The Term Loan bears interest, at the Company's option, at a rate equal to: (i) LIBOR (subject to 1.0% floor) plus 4.25% margin prior to the third anniversary or 4.0% after the third anniversary or (ii) the greatest of (a) the Federal Funds Rate plus 0.5%, (b) LIBOR rate plus 1.0%, or (c) the Lender's prime rate, plus 3.25% margin prior to the third anniversary or 3.0% after the third anniversary. As a result of the amendment, the interest rate on the Revolver was adjusted to bear interest at the same rate as the Term Loan. The proceeds from the term loan were used for general corporate purposes including permitted acquisitions and investments.

The Company was in compliance with all applicable covenants in the Credit Agreement at March 31, 2021 and June 30, 2020.

Promissory Note with Related Party

In December 2020, in connection with the share repurchase discussed further in Note 12 – Capital Stock, the Company entered into a promissory note for approximately $65,000 with Pride Aggregator L.P. (“the Intercompany Promissory Note”). The Intercompany Promissory Note was payable on demand and accrued interest at a rate of 0.15% per annum. The Company repaid the Intercompany Promissory Note in full in January 2021, concurrent with the closing of the January 2021 issuance of preferred stock.

Scheduled debt maturities for the Company’s debt, excluding amounts outstanding under the Revolver, as of March 31, 2021 are as follows:

	Refinanced Loan	Term Loan	Total
2021 (remaining three months)	$ 216	$ 63	$ 279
2022	885	250	1,135
2023	17,783	250	18,033
2024	—	24,312	24,312
	$ 18,884	$24,875	$43,759

The Company has no outstanding letters of credit as of March 31, 2021 or June 30, 2020.

10. FAIR VALUE MEASUREMENTS:

The carrying amounts of financial instruments including cash and cash equivalents, accounts receivable, and accounts payable approximated fair value as of March 31, 2021 and June 30, 2020, because of the relatively short maturity of these instruments. Additionally, the Company believes the fair value of the amounts outstanding under the Company’s Refinanced Loan and New Market Tax Credit Debt approximate carrying value as of March 31, 2021 and June 30, 2020because their variable interest rate terms correspond to the current market terms.

The following table presents information on the Company’s financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2021 and June 30, 2020:

	March 31, 2021			
	Level 1	Level 2	Level 3	Total
Funds held for clients—cash and cash equivalents:				
Demand deposit accounts and other cash equivalents	$705,397	$ —	$ —	$ 705,397
Funds held for clients—available for sale:				
U.S. Treasury and direct obligations of U.S government agencies	—	32,668	—	32,668
Corporate bonds	—	49,023	—	49,023
Commercial Paper		25,640		25,640
Other securities	—	10,395	—	10,395
	$705,397	$117,726	$ —	$ 823,123

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Funds held for clients—cash and cash equivalents:				
Demand deposit accounts and other cash equivalents	$533,603	$ —	$ —	$533,603
Funds held for clients—available for sale:				
U.S. Treasury and direct obligations of U.S government agencies	—	23,218	—	23,218
Corporate bonds	—	51,523	—	51,523
Other securities	—	5,771	—	5,771
	$533,603	$80,512	$ —	$614,115

Available-for-sale securities included in Level 1 are valued using closing prices for identical instruments that are traded on active exchanges. Available-for-sale securities included in Level 2 are valued by reference to quoted prices of similar assets or liabilities in active markets, adjusted for any terms specific to that asset or liability.

11. REDEEMABLE NONCONTROLLING INTERESTS:

Initial and Subsequent Measurement

The Company recorded the preferred shares at their issuance date fair value of $194,745, net of issuance costs. The carrying value as of March 31, 2021 and June 30, 2020 is determined based upon the most probable redemption event on the six-year anniversary of the closing, accreted using the effective interest method to the redemption value. Accretion of redeemable noncontrolling interests for the nine months ended March 31, 2021 and 2020 includes $17,900 and $17,781 of adjustments, respectively, relating to the redemption accretion value adjustments for each reportable period. The Company elected to pay the distributions for the dividend payment date for the three months ended September 30, 2020 in-kind to preferred shareholders, while 50% of the required distributions for the December 31, 2020 and March 31, 2021 dividend payment dates were paid in cash with the remaining 50% in-kind to preferred shareholders. The Company elected to pay distributions for all dividend payment dates falling within the nine months ending March 31, 2020 in-kind to preferred shareholders. All in-kind distributions increase the liquidation preference on each preferred share.

As of the reporting date, there are no triggering, change of control, early redemption or monetization events that are probable that would require us to revalue the preferred shares.

If the preferred shares were redeemed on the reporting date of March 31, 2021 and June 30, 2020, the required redemption values would be $255,294 and $243,070.

The following table shows the change in the Company's redeemable noncontrolling interests from June 30, 2020 to March 31, 2021:

Balance, beginning of period	$233,335
Accretion of Redeemable Preferred Stock	17,900
Dividends paid	(6,194)
Balance, end of period	$245,041

12. CAPITAL STOCK:

Upon the Stock Split, the Company is authorized to issue 200,000 shares of common stock with a par value of $0.001 per share. The holders of the common stock are entitled to one vote for each share held of record on all

matters submitted to a vote of stockholders. Subject to preferences that may be applicable to any outstanding preferred stock, holders of common stock are entitled to receive ratably such dividends as may be declared from time-to-time by the Board of Directors out of funds legally available for that purpose. In the event of liquidation, dissolution or winding up, the holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to prior distribution rights of preferred stock, if any, then outstanding.

The Board of Directors is authorized, subject to any limitations prescribed by law, without further vote or action by the stockholders, to issue from time to time shares of preferred stock in one or more series. Each such series of preferred stock will have such number of shares, designations, preferences, voting powers, qualifications, and special or relative rights or privileges as determined by the Board of Directors, which may include, among others, dividend rights, voting rights, redemption and sinking fund provisions, liquidation preferences, conversion rights and preemptive rights.

On December 29, 2020, the Company executed an agreement for the authorization of up to 10,000 shares of Series A Preferred Stock ("Series A Preferred Stock"), $0.001 par value. On that same date, the Company completed a private placement of 5,143 shares of Series A Preferred Stock with certain institutional investors, which generated proceeds of approximately $180,005. Each share of Series A Preferred Stock has an initial liquidation preference of $35, subject to adjustment in accordance with the Company's Amended and Restated Certificate of Incorporation. The Series A Preferred Stock, unless converted earlier at the option of the holder of the Series A Preferred Stock, automatically converts into shares of common stock upon (i) the closing of an underwritten public offering of the Company's common stock, (ii) the direct listing of the Company's common stock on a nationally-recognized securities exchange, or (iii) a merger involving a special purpose acquisition vehicle, commonly referred to as a special purpose acquisition company transaction (in each instance, subject to certain listing and valuation and dollar threshold requirements). The Series A Preferred Stock is initially convertible into shares of common stock on a one-to-one basis, subject to adjustment in certain circumstances. The Series A Preferred Stock is not subject to redemption except in the case of certain sale or change of control events. Holders of Series A Preferred Stock are entitled to vote as a single class together with holders of the Company's common stock on an as-converted basis.

Subsequent to the Company's Series A Preferred Stock issuance, the Company used the proceeds from the Series A Preferred Stock issuance and the Intercompany Promissory Note of approximately $65,000 with Pride Aggregator L.P. to repurchase 7,000 shares of its common stock at a price of $35,000 per share for approximately $245,000.

On January 20, 2021, the Company completed a follow-on private placement of 2,572 shares of Series A Preferred Stock with certain institutional investors, which generated proceeds of approximately $90,020. The Company incurred approximately $7,253 of expenses associated with both the December 2020 and January 2021 private placements, which were netted against the $270,025 of proceeds received.

As of March 31, 2021 and June 30, 2020, there were 93,000 and 100,000 shares of common stock outstanding, respectively.

13. NET LOSS PER SHARE:

Basic net loss per share is calculated by dividing net loss attributable to Paycor HCM, Inc. by the weighted-average shares of common stock outstanding during the period.

Diluted net loss per share is computed by dividing net loss attributable to Paycor HCM, Inc., adjusted as necessary for the impact of potentially dilutive securities, by the weighted-average shares outstanding during the period and the impact of securities that would have a dilutive effect. The Company has no potentially dilutive securities at March 31, 2021 or June 30, 2020 as the Company's stock-based compensation awards represent membership interest units in Pride Aggregator, L.P. Additionally, as a result of the net loss for the nine months ended March 31, 2021, the preferred stock convertible to common stock has also been excluded from the denominator in computing dilutive net loss per share.

Basic and diluted net loss per share was the same for each period presented, as the inclusion of all potential common shares outstanding would have been anti-dilutive. The following table sets forth the computation of basic and diluted net loss per share (in thousands, except per share data):

	Nine Months Ended March 31,	
	2021	2020
Net loss attributable to Paycor HCM, Inc.	$ (64,110)	$ (64,931)
Weighted-average outstanding shares:		
Basic and diluted	97,624	100,000
Basic and diluted net loss per share	$ (656.70)	$ (649.31)

14. COMMITMENTS AND CONTINGENCIES:

The Company is subject to various claims, litigation, and regulatory compliance matters in the normal course of business. When a loss is considered probable and reasonably estimable, the Company records a liability in the amount of its best estimate for the ultimate loss. The resolution of these claims, litigation and regulatory compliance matters, individually or in the aggregate, will not have a material adverse impact on the condensed consolidated results of operation, financial condition or cash flows. These matters are subject to inherent uncertainties and management's view of these matters may change in the future.

Shares

Common Stock

PRELIMINARY PROSPECTUS

(*Lead bookrunners listed in alphabetical order*)

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

Jefferies
Credit Suisse
Deutsche Bank Securities
Baird
Cowen
JMP Securities
Needham & Company
Raymond James
Stifel
Truist Securities
Fifth Third Securities

Through and including , 2021 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth all costs and expenses, other than the underwriting discounts and commissions payable by us, in connection with the offer and sale of the securities being registered. All amounts shown are estimates except for the Securities and Exchange Commission, or SEC, registration fee and the FINRA filing fee.

SEC registration fee	$ *
FINRA filing fee	*
Nasdaq listing fee	*
Printing expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent fees and registrar fees	*
Miscellaneous expenses	*
Total expenses	$ *

* To be provided by amendment.

Item 14. Indemnification of Directors and Officers.

Section 102(b)(7) of the Delaware General Corporation Law, or DGCL, allows a corporation to provide in its certificate of incorporation that a director of the corporation will not be personally liable to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, except where the director breached the duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend, or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. Our certificate of incorporation will provide for this limitation of liability.

Section 145 of the DGCL, or Section 145, provides that a Delaware corporation may indemnify any person who was, is or is threatened to be made, 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 such corporation), by reason of the fact that such person is or was an officer, director, employee, or agent of such corporation or is or was serving at the request of such corporation as a director, officer, employee, or agent of another corporation or enterprise. The indemnity may include 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 such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the corporation's best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his conduct was illegal. A Delaware corporation may indemnify any persons who are, were or are a party to any threatened, pending, or completed action or suit by or in the right of the corporation by reason of the fact that such person is or was a director, officer, employee, or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, provided such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the corporation's best interests, provided that no indemnification is permitted without judicial approval if the officer, director, employee, or agent is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him against the expenses which such officer or director has actually and reasonably incurred.

Section 145 further authorizes a corporation to purchase and maintain insurance on behalf of any person who 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 corporation or enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would otherwise have the power to indemnify him under Section 145.

Our bylaws will provide that we will indemnify our directors and officers to the fullest extent authorized by the DGCL and must also pay expenses incurred in defending any such proceeding in advance of its final disposition upon delivery of an undertaking, by or on behalf of an indemnified person, to repay all amounts so advanced if it should be determined ultimately that such person is not entitled to be indemnified under this section or otherwise.

Upon completion, of this offering we intend to enter into indemnification agreements with each of our executive officers and directors. The indemnification agreements will provide the executive officers and directors with contractual rights to indemnification, expense advancement, and reimbursement, to the fullest extent permitted under the DGCL.

The indemnification rights set forth above shall not be exclusive of any other right which an indemnified person may have or hereafter acquire under any statute, provision of our certificate of incorporation or bylaws, agreement, vote of shareholders or disinterested directors, or otherwise.

We will maintain standard policies of insurance that provide coverage (1) to our directors and officers against loss arising from claims made by reason of breach of duty or other wrongful act and (2) to us with respect to indemnification payments that we may make to such directors and officers. The proposed form of Underwriting Agreement to be filed as Exhibit 1.1 to this Registration Statement provides for indemnification of our directors and officers by the underwriters party thereto against certain liabilities arising under the Securities Act of 1933, as amended (the “Securities Act”) or otherwise.

Item 15. Recent Sales of Unregistered Securities.

Set forth below is information regarding securities sold by us within the past three years that were not registered under the Securities Act. Also included is the consideration, if any, received by us for such securities and information relating to the section of the Securities Act, or rule of the SEC, under which exemption from registration was claimed.

Since January 1, 2018, we have made sales of the following unregistered securities:

- On August 24, 2018, Paycor HCM, Inc. issued 100 shares of common stock to Pride Aggregator, L.P. for nominal consideration in connection with the anticipated acquisition of Paycor, Inc. by affiliates of Paycor HCM, Inc.
- On December 29, 2020, Paycor HCM, Inc. issued 7,715 shares of its Series A preferred stock to certain institutional investors for an aggregate amount of $270,025,000.

The offers and sales of the above securities were deemed to be exempt from registration under the Securities Act of 1933 in reliance upon Section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder, as transactions by an issuer not involving any public offering. The recipients of the above securities represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof. Appropriate legends were placed upon any stock certificates issued in these transactions.

Item 16. Exhibits and Financial Statement Schedules.

(i) Exhibits

Exhibit Number	Description
1.1*	Form of Underwriting Agreement
3.1	Form of Second Amended and Restated Certificate of Incorporation of Paycor HCM, Inc., to be in effect upon the closing of this offering
3.2	Form of Amended and Restated Bylaws of Paycor HCM, Inc., to be in effect upon the closing of this offering
4.1	Registration Rights Agreement
5.1*	Opinion of Kirkland & Ellis LLP
10.1	Credit Agreement, dated as of November 2, 2018, by and between Pride Guarantor, Inc., Paycor, Inc., the lender party thereto and Wells Fargo Bank, National Association, as administrative agent, as amended from time to time
10.2+	Form of Paycor HCM, Inc. 2021 Omnibus Incentive Plan
10.3+	Form of Incentive Stock Option Agreement
10.4+	Form of Nonqualified Stock Option Agreement
10.5+	Form of Restricted Stock Unit Agreement
10.6+	Form of Indemnification Agreement
10.7*	Form of Director Nomination Agreement
10.8+	Form of Executive Employment Agreement
10.9	Midco Redeemable Preferred Stock Certificate of Designation
10.10+	Executive Severance Plan
10.11+	Executive Change in Control Severance Plan
10.12+	Annual Bonus Plan
10.13+	Paycor HCM, Inc. 2021 Employee Stock Purchase Plan
21.1	List of subsidiaries of Paycor HCM, Inc.
23.1*	Consent of Kirkland & Ellis LLP (included in Exhibit 5.1)
23.2	Consent of Ernst & Young LLP
24.1	Powers of attorney (included on signature page)

* Indicates to be filed by amendment.
\+ Indicates a management contract or compensatory plan or arrangement.

(ii) Financial statement schedules

No financial statement schedules are provided because the information called for is not applicable or is shown in the financial statements or notes.

Item 17. Undertakings.

The undersigned registrant hereby undertakes 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.

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 provisions referenced in Item 14 of this Registration Statement, or otherwise, the registrant has 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. 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 hereunder, 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.

The undersigned registrant hereby undertakes that:

(1) 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 the 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) 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 the time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Cincinnati, State of Ohio, on April 23, 2021.

Paycor HCM, Inc.

By: /s/ Raul Villar Jr.
Name: Raul Villar Jr.
Title: Chief Executive Officer and Director

POWER OF ATTORNEY

The undersigned directors and officers of Paycor HCM, Inc. hereby appoint each of Raul Villar Jr., Adam Ante and Alice Geene, as attorney-in-fact for the undersigned, with full power of substitution and resubstitution, for and in the name, place, and stead of the undersigned, to sign and file with the Securities and Exchange Commission under the Securities Act of 1933 any and all amendments (including post-effective amendments) and exhibits to this registration statement on Form S-1 (or any other registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933) and any and all applications and other documents to be filed with the Securities and Exchange Commission pertaining to the registration of the securities covered hereby, with full power and authority to do and perform any and all acts and things whatsoever requisite and necessary or desirable, hereby ratifying and confirming all that said attorney-in-fact, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Raul Villar Jr. Raul Villar Jr.	Chief Executive Officer and Director (Principal Executive Officer)	April 23, 2021
/s/ Adam Ante Adam Ante	Chief Financial Officer (Principal Financial and Accounting Officer)	April 23, 2021
/s/ Whitney Bouck Whitney Bouck	Director	April 23, 2021
/s/ Kathleen Burke Kathleen Burke	Director	April 23, 2021
/s/ Steve Collins Steve Collins	Director	April 23, 2021
/s/ Jonathan Corr Jonathan Corr	Director	April 23, 2021
/s/ Umang Kajaria Umang Kajaria	Director	April 23, 2021
/s/ Scott Miller Scott Miller	Director	April 23, 2021
/s/ Jason Wright Jason Wright	Director	April 23, 2021

Exhibit 3.1

SECOND AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
PAYCOR HCM, Inc.
*** * * * ***

Alice Geene, being the Chief Legal Officer and Secretary of Paycor HCM, Inc., a corporation duly organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), DOES HEREBY CERTIFY as follows:

FIRST: The Corporation was incorporated under the name Pride Parent, Inc. by the filing of its original Certificate of Incorporation with the Delaware Secretary of State on August 24, 2018, as amended on December 2, 2020 (as amended through the date hereof, the "Certificate of Incorporation"). The Corporation filed its Amended and Restated Certificate of Incorporation on December 29, 2020. A Certificate of Amendment to the Certificate of Incorporation was filed on April 22, 2021 changing the name of the Corporation to Paycor HCM, Inc.

SECOND: The Board of Directors of the Corporation, pursuant to a unanimous written consent, adopted resolutions authorizing the Corporation to amend, integrate and restate the Certificate of Incorporation of the Corporation in its entirety to read as set forth in Exhibit A attached hereto and made a part hereof (the "Restated Certificate").

THIRD: The Restated Certificate restates and integrates and amends the Certificate of Incorporation.

FOURTH: The Restated Certificate was duly adopted in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware and by the written consent of its stockholders in accordance with Section 228 of the General Corporation Law of the State of Delaware.

*** * * * ***

IN WITNESS WHEREOF, Paycor HCM, Inc. has caused this Amended and Restated Certificate of Incorporation to be executed by its duly authorized officer on this [ ] day of [ ], 2021.

PAYCOR HCM, Inc.

By: _____
Name: Alice Geene
Title: Chief Legal Officer and Secretary

Exhibit A

SECOND AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF PAYCOR HCM, Inc.

ARTICLE ONE

The name of the corporation is Paycor HCM, Inc. (the "Corporation").

ARTICLE TWO

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

ARTICLE THREE

The nature and purpose of the business of 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 ("DGCL").

ARTICLE FOUR

Section 1. Authorized Shares. The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is 550,000,000 shares, consisting of two classes as follows:

1. 50,000,000 shares of Preferred Stock, par value $0.001 per share (the "Preferred Stock"); and

2. 500,000,000 shares of Common Stock, par value $0.001 per share (the "Common Stock").

The Preferred Stock and the Common Stock shall have the designations, rights, powers and preferences and the qualifications, restrictions and limitations thereof, if any, set forth below.

Section 2. Preferred Stock. The Board of Directors of the Corporation (the "Board of Directors") is authorized, subject to limitations prescribed by law, to provide, by resolution or resolutions for the issuance of shares of Preferred Stock in one or more series, and with respect to each series, to establish the number of shares to be included in each such series, and to fix the voting powers (if any), designations, powers, preferences, and relative, participating, optional or other special rights, if any, of the shares of each such series, and any qualifications, limitations or restrictions thereof. The powers (including voting powers), preferences, and relative, participating, optional and other special rights of each series of Preferred Stock and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other

series at any time outstanding. Subject to the rights of the holders of any series of Preferred Stock, the number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the approval of the Board of Directors and by the affirmative vote of the holders of a majority in voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in an election of directors, without the separate vote of the holders of the Preferred Stock as a class, irrespective of the provisions of Section 242(b)(2) of the DGCL.

Section 3. Common Stock.

(a) Except as otherwise provided by the DGCL or this amended and restated certificate of incorporation (as it may be amended, the "Restated Charter ") and subject to the rights of holders of any series of Preferred Stock then outstanding, all of the voting power of the stockholders of the Corporation shall be vested in the holders of the Common Stock. Each share of Common Stock shall entitle the holder thereof to one vote for each share held by such holder on all matters voted upon by the stockholders of the Corporation; *provided*, *however*, that, except as otherwise required by law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to this Restated Charter (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 with the holders of one or more other such series, to vote thereon pursuant to this Restated Charter (including any certificate of designation relating to any series of Preferred Stock) or pursuant to the DGCL.

(b) Except as otherwise required by law or expressly provided in this Restated Charter, each share of Common Stock shall have the same powers, rights and privileges and shall rank equally, share ratably and be identical in all respects as to all matters.

(c) Subject to the rights of the holders of any series of Preferred Stock then outstanding and to the other provisions of applicable law and this Restated Charter, holders of Common Stock shall be entitled to receive equally, on a per share basis, such dividends and other distributions in cash, securities or other property of the Corporation if, as and when declared thereon by the Board of Directors from time to time out of assets or funds of the Corporation legally available therefor.

(d) In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, after payment or provision for payment of the Corporation's debts and any other payments required by law and amounts payable upon shares of Preferred Stock ranking senior to the shares of Common Stock upon such dissolution, liquidation or winding up, if any, the remaining net assets of the Corporation shall be distributed to the holders of shares of Common Stock and the holders of shares of any other class or series ranking equally with the shares of Common Stock upon such dissolution, liquidation or winding up, equally on a per share basis. Subject to the rights of the holders of any series of Preferred Stock then outstanding and to the other provisions of this Restated Charter, a merger or consolidation of the Corporation with or into any other corporation or other entity, or a sale or conveyance of all or any part of the assets of the

Corporation (which shall not in fact result in the liquidation of the Corporation and the distribution of assets to its stockholders) shall not be deemed to be a voluntary or involuntary liquidation or dissolution or winding up of the Corporation within the meaning of this Paragraph (d).

(e) Subject to the rights of the holders of any series of Preferred Stock then outstanding and to the other provisions of this Restated Charter no holder of shares of Common Stock or Preferred Stock shall be entitled to preemptive, subscription, conversion or redemption rights.

ARTICLE FIVE

Section 1. Board of Directors. Except as otherwise provided in this Restated Charter or the DGCL, the business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

Section 2. Number of Directors. Subject to any rights of the holders of any class or series of Preferred Stock to elect additional directors under specified circumstances or otherwise, the number of directors which shall constitute the Board of Directors shall be fixed from time to time exclusively by resolution of the Board.

Section 3. Classes of Directors. The directors of the Corporation, other than those who may be elected by the holders of any series of Preferred Stock, shall be divided into three classes, as nearly equal in number as possible, designated Class I, Class II and Class III.

Section 4. Election and Term of Office. Subject to the rights of the holders of any series of Preferred Stock then outstanding, directors shall be elected by a plurality of the votes cast. The term of office of the initial Class I directors shall expire at the first annual meeting of stockholders following the date the Common Stock is first publicly traded (the "IPO Date"), the term of office of the initial Class II directors shall expire at the second succeeding annual meeting of stockholders after the IPO Date and the term of office of the initial Class III directors shall expire at the third succeeding annual meeting of the stockholders after the IPO Date. For the purposes hereof, the Board of Directors may assign directors already in office to Class I, Class II and Class III, in accordance with the terms of that certain Director Nomination Agreement, dated on or about [ ], 2021 (as amended and/or restated or supplemented in accordance with its terms, the "Nomination Agreement"), by and among the Corporation and the investors named therein. At each annual meeting of stockholders after the IPO Date, directors elected to replace those of a class whose terms expire at such annual meeting shall be elected to hold office until the third succeeding annual meeting after their election and until their respective successors shall have been duly elected and qualified. Each director shall hold office until the annual meeting of stockholders for the year in which such director's term expires and a successor is duly elected and qualified or until his or her earlier death, resignation or removal. Nothing in this Restated Charter shall preclude a director from serving consecutive terms. Elections of directors need not be by written ballot unless the Bylaws of the Corporation (as amended and/or restated, the "Bylaws") shall so provide.

Section 5. Newly-Created Directorships and Vacancies. Subject to the rights of the holders of any series of Preferred Stock then outstanding and except as otherwise set forth in the Nomination Agreement, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, disqualification, removal from office or any other cause may be filled only by resolution of a majority of the directors then in office, although less than a quorum, or by a sole remaining director, and may not be filled in any other manner. A director elected or appointed to fill a vacancy shall serve for the unexpired term of his or her predecessor in office and until his or her successor is elected and qualified or until his or her earlier death, resignation or removal. A director elected or appointed to fill a position resulting from an increase in the number of directors shall hold office until the next election of the class for which such director shall have been elected or appointed and until his or her successor is elected and qualified, or until his or her earlier death, resignation or removal. No decrease in the authorized number of directors shall shorten the term of any incumbent director.

Section 6. Removal and Resignation of Directors. Subject to the rights of the holders of any series of Preferred Stock then outstanding and notwithstanding any other provision of this Restated Charter, (i) prior to the first date (the "Trigger Date") on which Apax Partners, L.P. (the "Sponsor") and its Affiliated Companies (as defined herein) cease to beneficially own in the aggregate (directly or indirectly) 40% or more of the voting power of the then outstanding shares of capital stock of the Corporation then entitled to vote generally in the election of directors ("Voting Stock"), directors may be removed with or without cause upon the affirmative vote of stockholders representing at least a majority of the voting power of the then outstanding shares of Voting Stock, voting together as a single class and (ii) on and after the Trigger Date, directors may only be removed for cause and only upon the affirmative vote of stockholders representing at least sixty-six and two-thirds percent (66⅔%) of the voting power of the then outstanding shares of Voting Stock, at a meeting of the Corporation's stockholders called for that purpose. Any director may resign at any time upon notice to the Corporation.

Section 7. Rights of Holders of Preferred Stock. During any period when the holders of any series of Preferred Stock, voting separately as a series or together with one or more 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, disqualification or removal. Except as otherwise provided by the Board of Directors 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 8. Advance Notice. 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 provided in the Bylaws.

ARTICLE SIX

Section 1. Limitation of Liability.

(a) To the fullest extent permitted by the DGCL as it now exists or may hereafter be amended, no director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages arising from a breach of fiduciary duty as a director.

(b) Any amendment, repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a director of the Corporation existing at the time of such amendment, repeal or modification with respect to any act, omission or other matter occurring prior to such amendment, repeal or modification.

ARTICLE SEVEN

Section 1. Action by Written Consent. Prior to the first date (the "Stockholder Consent Trigger Date") on which the Sponsor and its Affiliated Companies (as defined herein) cease to beneficially own in the aggregate (directly or indirectly) at least 35% of the Voting Stock, any action which is required or permitted to be taken by the Corporation's stockholders may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of the Corporation's stock entitled to vote thereon were present and voted. From and after the Stockholder Consent Trigger Date, any action required or permitted to be taken by the Corporation's stockholders may be taken only at a duly called annual or special meeting of the Corporation's stockholders and the power of stockholders to consent without a meeting is specifically denied; provided, however, that any action required or permitted to be taken by the holders of Preferred Stock, voting separately as a series or separately as a class with one or more other such series, may be taken without a meeting, without prior notice and without a vote, unless expressly prohibited in the resolutions creating such series of Preferred Stock.

Section 2. Special Meetings of Stockholders. Subject to the rights of the holders of any series of Preferred Stock then outstanding and to the requirements of applicable law, special meetings of stockholders of the Corporation may be called only (i) by or at the direction of the Chairman of the Board of Directors or by the Board of Directors pursuant to a written resolution adopted by the affirmative vote of the majority of the total number of directors that the Corporation would have if there were no vacancies or (ii) prior to the Stockholder Consent Trigger Date, by the Chairman of the Board of Directors at the written request of the Sponsor in the manner provided for in the Bylaws. Any business transacted at any special meeting of stockholders shall be limited to the purpose or purposes stated in the notice of the meeting.

ARTICLE EIGHT

Section 1. Certain Acknowledgments. In recognition and anticipation that (i) certain of the directors, partners, principals, officers, members, managers and/or employees of the Sponsor or its Affiliated Companies (as defined below) may serve as directors or officers of the Corporation and (ii) the Sponsor and its Affiliated Companies engage and may continue to engage in the same or similar activities or related lines of business as those in which the Corporation, directly or indirectly, may engage and/or other business activities that overlap with or compete with those in which the Corporation, directly or indirectly, may engage, and (iii) that the Corporation and its Affiliated Companies may engage in material business transactions with the Sponsor and its Affiliated Companies, and that the Corporation is expected to benefit therefrom, the provisions of this ARTICLE EIGHT are set forth to regulate and define the conduct of certain affairs of the Corporation as they may involve the Sponsor and/or its Affiliated Companies and/or their respective directors, partners, principals, officers, members, managers and/or employees, including any of the foregoing who serve as officers or directors of the Corporation (collectively, the "Exempted Persons"), and the powers, rights, duties and liabilities of the Corporation and its officers, directors and stockholders in connection therewith. As used in this Restated Charter, "Affiliated Companies" shall mean (a) in respect of the Sponsor, any entity that controls, is controlled by or under common control with the Sponsor (other than the Corporation and any company that is controlled by the Corporation) and any investment entities managed by the Sponsor or any of its Affiliated Companies (as general partner, sole member or otherwise) and (b) in respect of the Corporation, any entity controlled by the Corporation.

Section 2. Competition and Corporate Opportunities. To the fullest extent permitted by applicable law, none of the Sponsor, its Affiliated Companies or any of the Exempted Persons shall have any fiduciary duty to refrain from engaging directly or indirectly in the same or similar business activities or lines of business as the Corporation or any of its Affiliated Companies, and none of the Sponsor, its Affiliated Companies or any of the Exempted Persons shall be liable to the Corporation or its stockholders for breach of any fiduciary or other duty (whether contractual or otherwise) solely by reason of any such activities of the Sponsor, its Affiliated Companies or any of the Exempted Persons. To the fullest extent permitted by applicable law, the Corporation, on behalf of itself and its Affiliated Companies, renounces any interest or expectancy of the Corporation and its Affiliated Companies in, or in being offered an opportunity to participate in, business opportunities that are from time to time presented to the Sponsor, its Affiliated Companies or any of the Exempted Persons, even if the opportunity is one that the Corporation or its Affiliated Companies might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so, and the Sponsor, its Affiliated Companies and the Exempted Persons shall have no duty to communicate or offer such business opportunity to the Corporation or its Affiliated Companies and, to the fullest extent permitted by applicable law, shall not be liable to the Corporation, any of its Affiliated Companies or its stockholders for breach of any fiduciary or other duty (whether contractual or otherwise), as a director, officer or stockholder of the Corporation solely, by reason of the fact that the Sponsor, its Affiliated Companies or any such Exempted Person pursues or acquires such business opportunity, sells, assigns, transfers or directs such business opportunity to another person or fails to present such business opportunity, or information regarding such business opportunity, to the Corporation or any of its Affiliated Companies. For the avoidance of doubt, the Sponsor, its Affiliated Companies and the Exempted Persons shall, to the fullest extent permitted by law, have the right to, and shall have no duty (whether contractual or otherwise) not to, directly or indirectly: (A) engage in the same, similar or competing business activities or lines of business as the Corporation or its Affiliated Companies,

(B) do business with any client or customer of the Corporation or its Affiliated Companies, or (C) make investments in competing businesses of the Corporation or its Affiliated Companies, and such acts shall not be deemed wrongful or improper. Notwithstanding anything to the contrary in this Section 2, the Corporation does not renounce any interest or expectancy it may have in any business opportunity that is expressly offered to any Exempted Person solely in his or her capacity as a director or officer of the Corporation.

Section 3. Certain Matters Deemed Not Corporate Opportunities. In addition to and notwithstanding the foregoing provisions of this ARTICLE EIGHT, a corporate opportunity shall not be deemed to be a potential corporate opportunity for the Corporation if it is a business opportunity the Corporation is not financially able or contractually permitted or legally able to undertake, or that is, from its nature, not in the line of the Corporation's business or is of no practical advantage to it or that is one in which the Corporation has no interest or reasonable expectancy.

Section 4. Amendment of this Article. Notwithstanding anything to the contrary elsewhere contained in this Restated Charter, subject to the rights of the holders of any series of Preferred Stock then outstanding, and in addition to any vote required by applicable law, the affirmative vote of the holders of at least eighty percent (80%) of the voting power of the then outstanding shares of Voting Stock, voting together as a single class, shall be required to alter, amend or repeal, or to adopt any provision inconsistent with, this ARTICLE EIGHT; *provided however*, that, to the fullest extent permitted by law, neither the alteration, amendment or repeal of this ARTICLE EIGHT nor the adoption of any provision of this Restated Charter inconsistent with this ARTICLE EIGHT shall apply to or have any effect on the liability or alleged liability of any Exempted Person for or with respect to any activities or opportunities which such Exempted Person becomes aware prior to such alteration, amendment, repeal or adoption.

Section 5. Deemed Notice. Any person or entity purchasing or otherwise acquiring or holding any interest in any shares of the Corporation shall be deemed to have notice of and to have consented to the provisions of this ARTICLE EIGHT.

ARTICLE NINE

Section 1. Section 203 of the DGCL. The Corporation expressly elects not to be subject to the provisions of Section 203 of the DGCL.

Section 2. Business Combinations with Interested Stockholders. Notwithstanding any other provision in this Restated Charter to the contrary, the Corporation shall not engage in any Business Combination (as defined hereinafter), at any point in time at which the Common Stock is registered under Section 12(b) or 12(g) of the Exchange Act of 1934, as amended (the "Exchange Act"), with any Interested Stockholder (as defined hereinafter) for a period of three years following the time that such stockholder became an Interested Stockholder, unless:

(a) prior to such time the Board of Directors approved either the Business Combination or the transaction which resulted in such stockholder becoming an Interested Stockholder;

(b) upon consummation of the transaction which resulted in such stockholder becoming an Interested Stockholder, such stockholder owned at least eighty-five percent (85%) of the Voting Stock of the Corporation outstanding at the time the transaction commenced, excluding for purposes of determining the Voting Stock outstanding (but not the outstanding Voting Stock owned by such Interested Stockholder) those shares owned (i) by Persons (as defined hereinafter) who are directors and also officers of the Corporation and (ii) employee stock plans of the Corporation 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

(c) at or subsequent to such time, the Business Combination is approved by the Board of Directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least sixty-six and two-thirds percent (66⅔%) of the outstanding Voting Stock which is not owned by such Interested Stockholder.

Section 3. Exceptions to Prohibition on Interested Stockholder Transactions. The restrictions contained in this ARTICLE NINE shall not apply if:

(a) a stockholder becomes an Interested Stockholder inadvertently and (i) as soon as practicable divests itself of ownership of sufficient shares so that the stockholder ceases to be an Interested Stockholder; and (ii) would not, at any time within the three- year period immediately prior to a Business Combination between the Corporation and such stockholder, have been an Interested Stockholder but for the inadvertent acquisition of ownership; or

(b) the Business Combination is proposed prior to the consummation or abandonment of and subsequent to the earlier of the public announcement or the notice required hereunder of a proposed transaction which (i) constitutes one of the transactions described in the second sentence of this Section 3(b) of ARTICLE NINE; (ii) is with or by a Person who either was not an Interested Stockholder during the previous three years or who became an Interested Stockholder with the approval of the Board of Directors; and (iii) is approved or not opposed by a majority of the directors then in office (but not less than one) who were directors prior to any Person becoming an Interested Stockholder during the previous three years or were recommended for election or elected to succeed such directors by a majority of such directors. The proposed transactions referred to in the preceding sentence are limited to (x) a merger or consolidation of the Corporation (except for a merger in respect of which, pursuant to Section 251(f) of the DGCL, no vote of the stockholders of the Corporation is required); (y) a sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), whether as part of a dissolution or otherwise, of assets of the Corporation or of any direct or indirect majority-owned subsidiary of the Corporation (other than to any direct or indirect wholly-owned subsidiary or to the Corporation) having an aggregate market value equal to fifty percent (50%) or more of either that aggregate market value of all of the assets of the Corporation determined on a consolidated basis or the aggregate market value of all the outstanding Stock (as defined hereinafter) of the Corporation; or (z) a proposed tender or exchange offer for fifty percent (50%) or more of the outstanding Voting Stock of the

Corporation. The Corporation shall give not less than 20 days' notice to all Interested Stockholders prior to the consummation of any of the transactions described in clause (x) or (y) of the second sentence of this Section 3(b) of ARTICLE NINE.

Section 4. Definitions. As used in this ARTICLE NINE only, and unless otherwise provided by the express terms of this ARTICLE NINE, the following terms shall have the meanings ascribed to them as set forth in this Section 4 and, to the extent such terms are defined elsewhere in this Restated Certificate, such definitions shall not apply to this Article NINE:

(a) "Affiliate" means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another Person;

(b) "Associate," when used to indicate a relationship with any Person, means: (i) any corporation, partnership, unincorporated association or other entity of which such Person is a director, officer or general partner or is, directly or indirectly, the owner of twenty percent (20%) or more of any class of Voting Stock; (ii) any trust or other estate in which such Person has at least a twenty percent (20%) beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity; and (iii) any relative or spouse of such Person, or any relative of such spouse, who has the same residence as such Person;

(c) "Business Combination" means:

(i) any merger or consolidation of the Corporation or any direct or indirect majority-owned subsidiary of the Corporation with (A) the Interested Stockholder, or (B) any other corporation, partnership, unincorporated association or entity if the merger or consolidation is caused by the Interested Stockholder and as a result of such merger or consolidation Section 2 of this ARTICLE NINE is not applicable to the surviving entity;

(ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), except proportionately as a stockholder of the Corporation, to or with the Interested Stockholder, whether as part of a dissolution or otherwise, of assets of the Corporation or of any direct or indirect majority-owned subsidiary of the Corporation which assets have an aggregate market value equal to ten percent (10%) or more of either the aggregate market value of all the assets of the Corporation determined on a consolidated basis or the aggregate market value of all the outstanding Stock of the Corporation;

(iii) any transaction which results in the issuance or transfer by the Corporation or by any direct or indirect majority-owned subsidiary of the Corporation of any Stock of the Corporation or of such subsidiary to the Interested Stockholder, except: (A) pursuant to the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into Stock of the Corporation or any such subsidiary which securities were outstanding prior to the time that the Interested Stockholder became such; (B) pursuant to a merger under

Section 251(g) of the DGCL; (C) pursuant to a dividend or distribution paid or made, or the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into Stock of the Corporation or any such subsidiary which security is distributed, pro rata to all holders of a class or series of Stock of the Corporation subsequent to the time the Interested Stockholder became such; (D) pursuant to an exchange offer by the Corporation to purchase Stock made on the same terms to all holders of such Stock; or (E) any issuance or transfer of Stock by the Corporation; *provided however*, that in no case under items (C)-(E) of this Section 4(c)(iii) of ARTICLE NINE shall there be an increase in the Interested Stockholder's proportionate share of the Stock of any class or series of the Corporation or of the Voting Stock of the Corporation;

(iv) any transaction involving the Corporation or any direct or indirect majority-owned subsidiary of the Corporation which has the effect, directly or indirectly, of increasing the proportionate share of the Stock of any class or series, or securities convertible into the Stock of any class or series, of the Corporation or of any such subsidiary which is owned by the Interested Stockholder, except as a result of immaterial changes due to fractional share adjustments or as a result of any purchase or redemption of any shares of Stock not caused, directly or indirectly, by the Interested Stockholder; or

(v) any receipt by the Interested Stockholder of the benefit, directly or indirectly (except proportionately as a stockholder of the Corporation), of any loans, advances, guarantees, pledges or other financial benefits (other than those expressly permitted in Sections 4(c)(i)-(iv) of ARTICLE NINE) provided by or through the Corporation or any direct or indirect majority-owned subsidiary of the Corporation;

(d) "control," including the terms "controlling," "controlled by" and "under common control with," means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of Voting Stock, by contract or otherwise. A Person who is the owner of twenty percent (20%) or more of the outstanding Voting Stock of any corporation, partnership, unincorporated association or other entity shall be presumed to have control of such entity, in the absence of proof by a preponderance of the evidence to the contrary; notwithstanding the foregoing, a presumption of control shall not apply where such Person holds Voting Stock, in good faith and not for the purpose of circumventing this ARTICLE NINE, as an agent, bank, broker, nominee, custodian or trustee for one or more owners who do not individually or as a group (as such term is used in Rule 13d-5 under the Securities Exchange Act of 1934, as such Rule is in effect as of the date of this Restated Charter) have control of such entity;

(e) "Interested Stockholder" means any Person (other than the Corporation and any direct or indirect majority-owned subsidiary of the Corporation) that (i) is the owner of fifteen percent (15%) or more of the outstanding Voting Stock of the Corporation, or (ii) is an Affiliate or Associate of the Corporation and was the owner of fifteen percent (15%) or more of the outstanding Voting Stock of the Corporation at any time within the three-

year period immediately prior to the date on which it is sought to be determined whether such Person is an Interested Stockholder, and the affiliates and associates of such Person. Notwithstanding anything in this ARTICLE NINE to the contrary, the term "Interested Stockholder" shall not include: (x) the Sponsor or any of its Affiliated Companies, any direct or indirect transferees of the Sponsor or any of its Affiliated Companies, or any other Person with whom any of the foregoing are acting as a group or in concert for the purpose of acquiring, holding, voting or disposing of shares of Stock of the Corporation, (y) any Person who would otherwise be an Interested Stockholder either in connection with or because of a transfer, sale, assignment, conveyance, hypothecation, encumbrance, or other disposition of five percent (5%) or more of the outstanding Voting Stock of the Corporation (in one transaction or a series of transactions) by the Sponsor or any of its affiliates or associates to such Person; *provided*, *however*, that such Person was not an Interested Stockholder prior to such transfer, sale, assignment, conveyance, hypothecation, encumbrance, or other disposition; or (z) any Person whose ownership of shares in excess of the fifteen percent (15%) limitation set forth herein is the result of action taken solely by the Corporation, *provided that*, for purposes of this clause (z) only, such Person shall be an Interested Stockholder if thereafter such Person acquires additional shares of Voting Stock of the Corporation, except as a result of further action by the Corporation not caused, directly or indirectly, by such Person;

(f) "Owner," including the terms "own" and "owned," when used with respect to any Stock, means a Person that individually or with or through any of its Affiliates or Associates beneficially owns such Stock, directly or indirectly; or has (A) the right to acquire such Stock (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; *provided*, *however*, that a Person shall not be deemed the owner of Stock tendered pursuant to a tender or exchange offer made by such Person or any of such Person's Affiliates or Associates until such tendered Stock is accepted for purchase or exchange; or (B) the right to vote such Stock pursuant to any agreement, arrangement or understanding; *provided*, *however*, that a Person shall not be deemed the owner of any Stock because of such Person's right to vote such Stock if the agreement, arrangement or understanding to vote such Stock arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made to 10 or more Persons; or (C) has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent as described in (B) of this Section 4(f) of ARTICLE NINE), or disposing of such Stock with any other Person that beneficially owns, or whose affiliates or associates beneficially own, directly or indirectly, such Stock; *provided*, that, for the purpose of determining whether a Person is an Interested Stockholder, the Voting Stock of the Corporation deemed to be outstanding shall include Stock deemed to be owned by the Person through application of this definition of "owned" but shall not include any other unissued Stock of the Corporation which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise;

(g) "Person" means any individual, corporation, partnership, unincorporated association or other entity;

(h) "Stock" means, with respect to any corporation, any capital stock of such corporation and, with respect to any other entity, any equity interest of such entity; and

(i) "Voting Stock" means, with respect to any corporation, Stock of any class or series entitled to vote generally in the election of directors and, with respect to any entity that is not a corporation, any equity interest entitled to vote generally in the election of the governing body of such entity. Every reference to a percentage of Voting Stock shall refer to such percentage of the votes of such Voting Stock.

ARTICLE TEN

Section 1. Amendments to the Bylaws. Subject to the rights of holders of any series of Preferred Stock then outstanding, in furtherance and not in limitation of the powers conferred by law, prior to the first date (the "Amendment Trigger Date") on which the Sponsor ceases to beneficially own in the aggregate (directly or indirectly) at least 50% of the Voting Stock, the Bylaws may be amended, altered or repealed and new bylaws made by (i) the Board or (ii) in addition to any of the holders of any class or series of capital stock of the Corporation required herein (including any certificate of designation relating to any series of Preferred Stock), the Bylaws or applicable law, the affirmative vote of the holders of at least a majority of the voting power of the then outstanding Voting Stock, voting together as a single class. On and after the Amendment Trigger Date, the Bylaws may be amended, altered or repealed and new bylaws made by (i) the Board or (ii) in addition to any of the holders of any class or series of capital stock of the Corporation required herein (including any certificate of designation relating to any series of Preferred Stock), the Bylaws or applicable law, the affirmative vote of the holders of at least sixty-six and two-thirds percent (66⅔%) of the voting power of the then outstanding Voting Stock, voting together as a single class.

Section 2. Amendments to this Restated Charter. Subject to the rights of holders of any series of Preferred Stock then outstanding, notwithstanding any other provision of this Restated Charter or the Bylaws, and in addition to any affirmative vote of the holders of any particular class or series of the capital stock required by law, this Restated Charter or otherwise, no provision of ARTICLE FIVE, ARTICLE SIX, ARTICLE SEVEN, ARTICLE NINE, ARTICLE TEN or ARTICLE ELEVEN of this Restated Charter may be altered, amended or repealed in any respect, nor may any provision of this Restated Charter or the Bylaws inconsistent therewith be adopted, unless such alteration, amendment, repeal or adoption is approved (i) prior to the Amendment Trigger Date, by the affirmative vote of holders of a majority of the voting power of the then outstanding shares of Voting Stock, voting together as a single class, and (ii) from and after the Amendment Trigger Date, by the affirmative vote of holders of at least sixty-six and two-thirds percent (66⅔%) of the voting power of all outstanding shares of Voting Stock, voting together as a single class.

ARTICLE ELEVEN

Section 1. Exclusive Forum.

(a) Unless this Corporation consents in writing to the selection of an alternative forum, (A) the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the United States District Court for the District of Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of fiduciary duty owed by, or other wrongdoing by, any Director, officer, employee or agent of the Corporation to the Corporation or the Corporation's stockholders, creditors or other constituents, or a claim of aiding and abetting any such breach of fiduciary duty, (iii) any action asserting a claim against the Corporation or any Director or officer or other employee of the Corporation arising pursuant to any provision of the DGCL or this Restated Charter or the Bylaws of the Corporation (as either may be amended, restated, modified, supplemented or waived from time to time), (iv) any action to interpret, apply, enforce or determine the validity of this Restated Charter or the Bylaws of the Corporation, (v) any action asserting a claim against the Corporation or any Director or officer or other employee of the Corporation governed by the internal affairs doctrine or (vi) any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL. For the avoidance of doubt, this Section 1(a) of ARTICLE ELEVEN shall not apply to any action or proceeding asserting a claim under the Securities Act of 1933 or the Exchange Act of 1934.

(b) Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933 against the Corporation or any director, officer, employee or agent of the corporation.

Section 2. Notice. Any Person purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation (including, without limitation, shares of Common Stock) shall be deemed to have notice of and to have consented to the provisions of this ARTICLE ELEVEN.

ARTICLE TWELVE

If any provision or provisions of this Restated Charter shall be held to be invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever, the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Restated Charter (including, without limitation, each portion of any paragraph of this Restated Charter containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not, to the fullest extent permitted by applicable law, in any way be affected or impaired thereby.

Exhibit 3.2

AMENDED AND RESTATED BYLAWS

OF

PAYCOR HCM, Inc.

A Delaware corporation
(Adopted as of [ ], 2021)

Paycor HCM, Inc. (the "Corporation"), pursuant to the provisions of Section 109 of the General Corporation Law of the State of Delaware (the "DGCL"), hereby adopts these Amended and Restated Bylaws (these "Bylaws"), which restate, amend and supersede the bylaws of the Corporation in their entirety as described below:

ARTICLE I
OFFICES

Section 1. Offices. The Corporation may have an office or offices other than its registered office at such place or places, either within or outside the State of Delaware, as the Board of Directors of the Corporation (the "Board of Directors") may from time to time determine or the business of the Corporation may require. The registered office of the Corporation in the State of Delaware shall be as stated in the Corporation's certificate of incorporation as then in effect (the "Certificate of Incorporation").

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 1. Place of Meetings. The Board of Directors may designate a place, if any, either within or outside the State of Delaware, as the place of meeting for any annual meeting or for any special meeting of stockholders.

Section 2. Annual Meeting. An annual meeting of the stockholders shall be held at such date and time as is specified by resolution of the Board of Directors. At the annual meeting, stockholders shall elect directors to succeed those whose terms expire at such annual meeting and transact such other business as properly may be brought before the annual meeting pursuant to Section 11 of this ARTICLE II of these Bylaws. The Board of Directors may postpone, reschedule or cancel any annual meeting of stockholders previously scheduled by the Board of Directors.

Section 3. Special Meetings. Special meetings of the stockholders may only be called in the manner provided in the Certificate of Incorporation. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice. The Board of Directors may postpone, reschedule or cancel any special meeting of stockholders previously scheduled by the Board of Directors; provided that prior to the Stockholder Consent Date (as defined in the Certificate of Incorporation) any special meeting called at the request of the Sponsor (as defined herein) may not be postponed, rescheduled or canceled without the consent of the Sponsor.

Section 4. Notice of Meetings. Whenever stockholders are required or permitted to take action at a meeting, notice of the meeting shall be given that shall state the place, if any, date, and time of the meeting of the stockholders, the means of remote communications, if any, by which stockholders and proxyholders not physically present may be deemed to be present in person and vote at such meeting, the record date for determining the stockholders entitled to vote at the meeting, if such date is different from the record date for determining stockholders entitled to notice of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given, not less than 10 nor more than 60 days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting, except as otherwise provided herein or required by law (meaning, here and hereinafter, as required from time to time by the DGCL) or the Certificate of Incorporation.

(a) Form of Notice. All such notices shall be delivered in writing or in any other manner permitted by the DGCL. If mailed, such notice shall be deemed given when deposited in the United States mail, postage prepaid, addressed to the stockholder at his, her or its address as the same appears on the records of the Corporation. If given by courier, such notice shall be deemed given at the earlier of when the notice is received or left at such stockholder's address. Subject to the limitations of Section 4(c) of this ARTICLE II, if given by electronic transmission, such notice shall be deemed to be delivered: (i) if given by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice by facsimile; (ii) if by electronic mail, when directed to such stockholder's electronic mail address; (iii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (x) such posting and (y) the giving of such separate notice; and (iv) if by any other form of electronic transmission, when directed to the stockholder. An affidavit of the secretary or an assistant secretary of the Corporation, the transfer agent of the Corporation or any other agent of the Corporation that the notice has been given shall, in the absence of fraud, be *prima facie* evidence of the facts stated therein.

(b) Waiver of Notice. Whenever notice is required to be given under any provisions of the DGCL, the Certificate of Incorporation or these Bylaws, a written waiver thereof, signed by the stockholder entitled to notice, or a waiver by electronic transmission given by the stockholder entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Neither the business to be transacted at, nor the purpose of, any meeting of the stockholders of the Corporation need be specified in any waiver of notice of such meeting. Attendance of a stockholder of the Corporation at a meeting of such stockholders shall constitute a waiver of notice of such meeting, except when the stockholder attends 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 and does not further participate in the meeting.

(c) Notice by Electronic Transmission. Without limiting the manner by which notice otherwise may be given effectively to stockholders of the Corporation pursuant to the DGCL, the Certificate of Incorporation or these Bylaws, any notice to stockholders of the Corporation given by the Corporation under any provision of the DGCL, the Certificate of Incorporation or these Bylaws shall be effective if given by electronic mail complying with the DGCL or other form of electronic transmission which other form has been consented to by the

stockholder of the Corporation to whom the notice is given. Any such consent is revocable by the stockholder by notice to the Corporation. Notice may not be given by electronic transmission from and after the time: (i) the Corporation is unable to deliver by electronic transmission two (2) consecutive notices given by the Corporation; and (ii) 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, that the inadvertent failure to discover such inability shall not invalidate any meeting or other action. For purposes of these Bylaws, except as otherwise limited by applicable law, the term "electronic transmission" means any form of communication not directly involving the physical transmission of paper, including the use of, or participation in, one or more electronic networks or databases (including one or more distributed electronic networks), that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such recipient through an automated process.

Section 5. List of Stockholders. The Corporation shall prepare, at least 10 days before each meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, provided, however, if the record date for determining the stockholders entitled to vote is less than 10 days before the meeting date, the list shall reflect the stockholders entitled to vote as of the 10th day before the meeting date, arranged in alphabetical order and showing the address of each such stockholder and the number of shares registered in the name of each such stockholder. Nothing contained in this section shall require the Corporation to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least 10 days prior to the meeting: (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (b) during ordinary business hours, at the principal place of business of the Corporation. In the event the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, 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. If the meeting is to be held solely by means of remote communication, then the list shall also 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 such list shall be provided with the notice of the meeting. Except as otherwise provided by law, the list shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 5 or to vote in person or by proxy at any meeting of stockholders.

Section 6. Quorum. The holders of a majority in voting power of the outstanding capital stock entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders, except as otherwise provided by law, by the Certificate of Incorporation or these Bylaws. If a quorum is not present, the chairman of the meeting or the holders of a majority of the voting power present in person or represented by proxy at the meeting and entitled to vote at the meeting may adjourn the meeting to another time and/or place from time to time until a quorum shall be present in person or represented by proxy. When a specified item of business requires a vote by a class or series (if the Corporation shall then have outstanding shares of more than one class or series) voting as a separate class or series,

the holders of a majority in voting power of the outstanding stock of such class or series shall constitute a quorum (as to such class or series) for the transaction of such item of business. A quorum once established at a meeting shall not be broken by the withdrawal of enough votes to leave less than a quorum.

Section 7. Adjourned Meetings. Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place. When a meeting is adjourned to another time and place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 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 stockholders entitled to vote is fixed for the adjourned meeting, the Board of Directors shall fix a new record date for notice of such adjourned meeting, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and, except as otherwise required by law, shall not be more than 60 days nor less than 10 days before the date of such 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 fixed for notice of such adjourned meeting.

Section 8. Vote Required. Subject to the rights of the holders of any series of preferred stock then outstanding, when a quorum has been established, all matters other than the election of directors shall be determined by the affirmative vote of the majority of voting power of capital stock present in person or represented by proxy at the meeting and entitled to vote on the subject matter, unless by express provisions of an applicable law, the rules of any stock exchange upon which the Corporation's securities are listed, any regulation applicable to the Corporation or its securities, the Certificate of Incorporation or these Bylaws a minimum or different vote is required, in which case such minimum or different vote shall be the vote required on such matter. Except as otherwise provided in the Certificate of Incorporation, directors shall be elected by a plurality of the votes cast.

Section 9. Voting Rights. Subject to the rights of the holders of any series of preferred stock then outstanding, except as otherwise provided by the DGCL, or the Certificate of Incorporation, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote in person or by proxy for each share of capital stock held by such stockholder which has voting power upon the matter in question. Voting at meetings of stockholders need not be by written ballot.

Section 10. Proxies. Each stockholder entitled to vote at a meeting of stockholders or to express consent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the Corporation generally.

Section 11. Advance Notice of Stockholder Business and Director Nominations.

(a) Annual Meetings of Stockholders. 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 the stockholders only as (A) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors or any duly authorized committee thereof, (B) brought by or at the direction of the Board of Directors or any duly authorized committee thereof, or (C) otherwise properly brought by any stockholder of the Corporation who (1) was a stockholder of record (a) at the time of giving of notice provided for in Section 11(a)(ii) of this ARTICLE II, (b) on the record date for determination of stockholders of the Corporation entitled to vote at the meeting, and (c) at the time of the annual meeting, (2) is entitled to vote at the meeting and (3) complies with the notice procedures set forth in Section 11(a)(ii) of this ARTICLE II. For the avoidance of doubt, the foregoing clause (C) of this Section 11(a) of ARTICLE II shall be the exclusive means for a stockholder to nominate for election or reelection to the Board any director or propose such 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 (the "Exchange Act") or business brought by the Sponsor (as defined below) and any entity that controls, is controlled by or under common control with the Sponsor (other than the Corporation and any entity that is controlled by the Corporation) and any investment funds managed by the Sponsor (the "Sponsor Affiliates") at any time prior to the Advance Notice Trigger Date (as defined below), as applicable) before an annual meeting of stockholders.

(i) In addition to any other applicable requirements, for any business or nominations (other than business brought by Apax Partners, L.P. (the "Sponsor") and the Sponsor Affiliates at any time prior to the date when the Sponsor ceases to beneficially own in the aggregate (directly or indirectly) at least 5% of the voting power of the then outstanding shares of capital stock of the Corporation then entitled to vote generally in the election of directors (the "Advance Notice Trigger Date")) to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in proper form and in writing to the Secretary and any such proposed business must be a proper matter for stockholder action. To be timely, a stockholder's notice for such business (other than such a notice by the Sponsor prior to the Advance Notice Trigger Date, which may be delivered at any time prior to the mailing of the definitive proxy statement pursuant to Section 14(a) of the Exchange Act related to the next annual meeting of stockholders) must be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the Close of Business on the 120th day prior to the first anniversary of the date of the preceding year's annual meeting of stockholders nor later than the Close of Business on the 90th day prior to the first anniversary of the date of the preceding year's annual meeting of stockholders (which date shall, for purposes of the Corporation's first annual meeting of stockholders after its shares of Common Stock are first publicly traded, be deemed to have occurred on [ ], 2021); provided that if the date of the annual meeting is more than 30 days before or more than 70 days after such anniversary date, or if no annual meeting was held in the preceding year (other than for purposes of the Corporation's first annual meeting of stockholders after its shares of Common Stock are first publicly

traded), such stockholder's notice to be timely must be so delivered not earlier than the Close of Business on the 120th day prior to the date of such annual meeting and not later than the Close of Business on the later of (A) the tenth day following the day the Public Announcement (as defined in Section 11(c)(iv) of this ARTICLE II) of the date of the annual meeting is first made or (B) the 90th day prior to the date of the annual meeting. In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. For the avoidance of doubt, a stockholder shall not be entitled to make additional or substitute nominations following the expiration of the time periods set forth in these Bylaws.

(ii) To be in proper form, a stockholder's notice to the Secretary (whether given pursuant to Section 11(a) or Section 11(b) of this ARTICLE II) must:

(A) if the notice relates to any business other than the nomination of a director or directors that the stockholder proposes to bring before the meeting, set forth (1)(a) a brief description of the business desired to be brought before the annual meeting and (b) the text, if any, of the proposal or business (including the text of any resolutions or actions proposed for consideration and if such business includes a proposal to amend these Bylaws, the specific language of the proposed amendment), (2) the reasons for conducting such business at the meeting and any material interest in such business of each Holder and any Stockholder Associated Person (as such terms are defined below), and (3) a description of all agreements, arrangements and understandings between each Holder and any Stockholder Associated Person and any other person or persons (including their names) in connection with the proposal of such business by such stockholder;

(B) set forth, as to the stockholder giving the notice (the "Noticing Stockholder") and the beneficial owner, if any, on whose behalf the nomination or proposal is made (collectively with the Noticing Stockholder, the "Holders" and each a "Holder"): (1) the name and address, as they appear on the Corporation's books, of each Holder and the name and address of any Stockholder Associated Person, (2)(a) the class or series and number of shares of stock of the Corporation which are directly or indirectly held of record or beneficially owned by each Holder and any Stockholder Associated Person (provided that, for the purposes of this Section 11(a)(ii), any such person shall in all events be deemed to beneficially own any shares of the Corporation as to which such person has a right to acquire beneficial ownership at any time in the future), (b) any option, warrant, convertible security, stock appreciate 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 capital stock of the Corporation or otherwise (a "Derivative Instrument") directly or indirectly held or beneficially held by each Holder and any Stockholder Associated Person, and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of any security of the Corporation, (c) any proxy, contract, arrangement, understanding or relationship pursuant to which each Holder and any Stockholder Associated Person has a right to vote or has granted a right to vote any security of the Corporation, (d) any Short Interest (as defined below) held by each Holder and any Stockholder Associated Person presently or within the last 12 months in any security of the Corporation (for purposes of these Bylaws, a person shall be deemed to have a "Short Interest" in a security if such person, directly or indirectly, though any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (e) any agreement, arrangement or understanding (including any contract to purchase or sell, acquisition or grant of any option, right or warrant to purchase or sell, swap or other instrument) between and among each Holder and/or any Stockholder Associated Person, on the one hand, and any person acting in concert with any such person, on the other hand, with the intent to, or the effect of which may be to, transfer to or from any such person, in whole or in part, any of the economic consequences of ownership of any security of the Corporation or to increase or decrease the voting power of any such person with respect to any security of the Corporation, (f) any direct or indirect legal, economic or financial interest (including Short Interest) of each Holder and any Stockholder Associated Person in the outcome of any (I) vote to be taken at any annual or special meeting of stockholders of the Corporation or (II) any meeting of stockholders of any other entity with respect to any matter that is related, directly or indirectly, to any nomination or business proposed by any Holder under this Bylaw, (g) any rights to dividends on any security of the Corporation owned beneficially by each Holder and any Stockholder Associated Person that are separated or separable from the underlying security of the Corporation, (h) any proportionate interest in any security of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership or limited liability company or similar entity in which any Holder or any Stockholder Associated Person is a general partner or, directly or indirectly, beneficially owns any interest in a general partner or is the manager or managing member or, directly or indirectly, beneficially owns any interest in the manager or managing member of a limited liability company or similar entity, (i) any performance-related fees (other than an asset-based fee) that each Holder and any Stockholder Associated Person is entitled to based on any increase or decrease in the value of securities of the Corporation or Derivative Instruments, if any, as of the date of such

notice, and (j) any direct or indirect legal, economic or financial interest (including Short Interest) in any principal competitor of the Corporation held by each Holder and any Stockholder Associated Person (sub-clauses (a) through (j) of this Section 11(a)(ii)(B)(2) shall be referred to as the "Ownership Information"), (3) a representation by the Noticing Stockholder that such stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting, will continue to be a stockholder of record of the Corporation entitled to vote at such meeting through the date of such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination, (4) a representation as to whether any Holder and/or any Stockholder Associated Person intends or is part of a group which intends (a) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect any nominee and/or (b) otherwise to solicit proxies or votes from stockholders in support of such proposal or nomination or nominations, (5) a certification that each Holder and any Stockholder Associated Person has complied with all applicable federal, state and other legal requirements in connection with its acquisition of shares or other securities of the Corporation and such person's acts or omissions as a stockholder of the Corporation, and (6) a representation as to the accuracy of the information set forth in the notice;

(C) set forth, as to each person, if any, whom the Noticing Stockholder proposes to nominate for election or reelection to the Board (1) the name, age, business address and residence address of such person, (2) the principal occupation or employment of such person (present and for the past five years), (3) the Ownership Information for such person and any member of the immediate family of such person, or any Affiliate or Associate (as such terms are defined below) of such person, or any person acting in concert therewith, (4) all information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected), (5) a complete and accurate description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings (whether written or oral) during the past three years, and any other material relationships, between or among the Holders and/or any Stockholder Associated Person, on the one hand, and each proposed nominee and any member of the immediate family of such proposed nominee, and his or her respective Affiliates and Associates, or others acting in concert therewith, on the other hand, including, without limitation, all biographical and related party transaction and other information that would be required to be disclosed pursuant to the federal and state securities laws, including

Rule 404 promulgated under Regulation S-K under the Securities Act of 1933 (the "Securities Act") (or any successor provision), if any Holder and/or any Stockholder Associated Person were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant; and

(D) with respect to each nominee for election or reelection to the Board, include a completed and signed questionnaire, representation and agreement and any and all other information required by Section 11(d) hereof.

(iii) A Noticing Stockholder shall further update and supplement its notice of any nomination or other business proposed to be brought before a meeting, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 11(a) shall be true and correct (A) as of the record date for the meeting and (B) as of the date that is ten Business Days prior to the meeting or any adjournment, recess, rescheduling or postponement thereof. Such update and supplement shall be delivered to the Secretary not later than three Business Days after the later of the record date or the date a Public Announcement of the notice of the Record Date is first made (in the case of the update and supplement required to be made as of the record date for the meeting) and not later than seven Business Days prior to the date of the meeting, if practicable (or, if not practicable, on the first practicable date prior to the meeting), or any adjournment, recess, rescheduling or postponement thereof (in the case of the update and supplement required to be made as of ten Business Days prior to the meeting or any adjournment, recess, rescheduling or postponement thereof).

(iv) The Corporation may also, as a condition to any such nomination or business being deemed properly brought before an annual meeting, require any Holder or any proposed nominee to deliver to the Secretary, within five Business Days of any such request, such other information as may be reasonably be requested by the Corporation, including, without limitation, such other information as may be reasonably required by the Board, in its sole discretion, to determine (1) the eligibility of such proposed nominee to serve as a director of the Corporation, (2) whether such nominee qualifies as an "independent director" or "audit committee financial expert" under applicable law, securities exchange rule or regulation, or any publicly disclosed corporate governance guideline or committee charter of the Corporation and (3) that the Board determines, in its sole discretion, could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee.

(b) 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 notice of meeting. In the event that a special meeting of stockholders is called for the purpose of electing one or more directors to the Board, nominations of persons for election to the Board may be made at such special meeting (i) by a stockholder who submitted a request for a special

meeting in the manner provided for in the Certificate of Incorporation prior to the Stockholder Consent Date (if stockholders are permitted to call a special meeting pursuant to Section 2 of ARTICLE SEVEN of the Certificate of Incorporation), (ii) by or at the direction of the Board of Directors or any duly authorized committee thereof or (iii) by any stockholder (if stockholders are permitted to call a special meeting of stockholders pursuant to Section 2 of ARTICLE SEVEN of the Certificate of Incorporation) other than any stockholder who submitted a request for a special meeting in accordance with Section 2 of ARTICLE SEVEN of the Certificate of Incorporation that included the election of directors in the request) who (A) is a stockholder of record (1) at the time of giving of notice provided for in this Bylaw, (2) on the record date for the determination of stockholders of the Corporation entitled to vote at the meeting, and (3) at the time of the special meeting, (B) is entitled to vote at the meeting and (C) complies with the notice procedures provided for in Section 11(a) of this ARTICLE II, including delivering the stockholder's notice required by Section 11(a) of this ARTICLE II with respect to any nomination (including the completed and signed questionnaire, representation and agreement required by Section 11(a)(ii)(D) of this ARTICLE II) to the Secretary not earlier than the Close of Business on the 120th day prior to such special meeting, nor later than the Close of Business on the later of the 90th day prior to such special meeting or the 10th day following the date on which Public Announcement is first made by the Corporation of the special meeting and of the nominees, if any, proposed by the Board to be elected at such meeting (other than such a notice by the Sponsor prior to the Advance Notice Trigger Date, which may be delivered at any time up to the later of (i) thirty-five (35) days prior to the special meeting of stockholders and (ii) the tenth day following the day on which a Public Announcement is first made by the Corporation of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting). In no event shall the Public Announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(c) General.

(i) Only such persons who are nominated in accordance with the procedures set forth in this Section 11 of ARTICLE II shall be eligible to be elected at an annual or special meeting of stockholders of the Corporation to 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 Bylaw, except as may be otherwise provided by the terms of one or more series of Preferred Stock with respect to the rights of holders of one or more series of Preferred Stock to elect directors or pursuant to that Director Nomination Agreement, dated as of on or about [ ], 2021 (as amended and/or restated or supplemented from time to time, the "Nomination Agreement"), by and among the Corporation and the investors named therein. Nothing in this Section 11 of ARTICLE II shall be deemed to affect any rights of the holders of Preferred Stock or the parties to the Nomination Agreement to elect directors pursuant to the Certificate of Incorporation or the Nomination Agreement, as applicable, or the right of the Board to fill newly created directorships or vacancies on the Board pursuant to the Certificate of Incorporation. Except as otherwise provided by law, the chairman of the meeting shall have the power and duty (a) to determine whether a nomination or any 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 Bylaw (including whether the Holder, if any, on whose behalf the nomination or proposal is made, solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in support of such Holder's nominee or proposal in compliance with such Holder's representation as required by Section 11(a)(ii)(B)(4) of ARTICLE II and (b) if any proposed nomination or business was not made or proposed in compliance with this Bylaw, to declare that such nomination shall be disregarded or that such proposed business shall not be transacted. The number of nominees a Noticing Stockholder may nominate for election at a meeting of stockholders (or in the case of a Noticing Stockholder giving the notice on behalf of a beneficial owner, the number of nominees a a Noticing 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 meeting.

(ii) Notwithstanding the foregoing provisions of this Bylaw, unless otherwise required by law, if the Noticing Stockholder (or a Qualified Representative thereof) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or propose business, such nomination shall be disregarded and such business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation.

(iii) For purposes of this Section 11 of ARTICLE II, delivery of any notice or materials by a stockholder as required under this Section 11 of ARTICLE II shall be made by both (1) hand delivery, overnight courier service, or by certified or registered mail, return receipt requested, in each case to the Secretary at the principal executive offices of the Corporation and (2) electronic mail to the Secretary.

(iv) Definitions. For purposes of these Bylaws, the term:

(A) "Affiliate" shall have the meaning attributed to such term in Rule 12b-2 under the Exchange Act and the rules and regulations promulgated thereunder.

(B) "Associate" shall have the meaning attributed to such term in Rule 12b-2 under the Exchange Act and the rules and regulations promulgated thereunder.

(C) "Business Day" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in Denver, Colorado or New York, New York are authorized or obligated by law or executive order to close.

(D) "Close of Business" shall mean 5:00 p.m. local time at the principal executive offices of the Corporation, and if an applicable deadline falls on the Close of Business on a day that is not a Business Day, then the applicable deadline shall be deemed to be the Close of Business on the immediately preceding Business Day.

(E) "Public Announcement" means any method (or combination of methods) of disclosure that is reasonably designed to provide broad, non-exclusionary distribution of the information to the public or the furnishing or filing of any document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder;

(F) "Qualified Representative" of any stockholder means a duly authorized officer, manager or partner of such stockholder or authorized by a writing executed by such stockholder (or a reliable reproduction or electronic transmission of the writing) delivered to the Corporation prior to the presentation of any matters at any meeting of stockholders stating that such person is authorized to act for such stockholder as proxy at such meeting of stockholders; and

(G) "Stockholder Associated Person" of any Holder means (1) any person acting in concert with such Holder, (2) any person controlling, controlled by or under common control with such Holder or any of their respective Affiliates and Associates, or person acting in concert therewith and (3) any member of the immediate family of such Holder or an Affiliate or Associate of such Holder.

(v) Notwithstanding the foregoing provisions of this Section 11 of ARTICLE II, a stockholder must also comply with all applicable requirements of the Exchange Act and the rules and regulations promulgated thereunder with respect to the matters set forth in this Bylaw; provided that any references in these Bylaws to the Exchange Act or the rules and regulations promulgated thereunder are not intended to and shall not limit the requirements applicable to nominations or proposals as to any other business to be considered pursuant to Section 11(a) or Section 11(b) of ARTICLE II. Nothing in this Bylaw shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or any other applicable federal or state securities law with respect to that stockholder's request to include proposals in the Corporation's proxy statement.

(d) Submission of Questionnaire, Representation and Agreement. To be qualified to be a nominee for election or re-election as a director of the Corporation, a person must deliver in writing (in accordance with the time periods prescribed for delivery of notice under this Section 11 of ARTICLE II) to the Secretary at the principal executive offices of the Corporation (A) a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request of any

stockholder of record identified by name within five Business Days of such written request) and (B) a written representation and agreement (in the form provided by the Secretary upon written request of any stockholder of record identified by name within five Business Days of such written request) that such person (1) is not and will not become a party to (x) any agreement, arrangement or understanding (whether written or oral) 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 (y) 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, (2) is not and will not become a party to any agreement, arrangement or understanding with any 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 that has not been disclosed to the Corporation, (3) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable rules of the exchanges upon which the securities of the Corporation are listed and all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation, and (4) in such person's individual capacity and on behalf of any Holder on whose behalf the nomination is being made, intends to serve a full term if elected as a director of the Corporation.

Section 12. Fixing a Record Date for Stockholder Meetings. In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board of Directors 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 of Directors, and which record date shall not be more than 60 days nor less than 10 days before the date of such meeting. If the Board of Directors 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 of Directors 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 of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be the Close of Business on the next day preceding the day on which notice is first 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 of Directors may fix a new record date for the adjourned meeting in conformity herewith; 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 with the foregoing provisions of this Section 12 at the adjourned meeting.

Section 13. Action by Stockholders Without a Meeting. So long as stockholders of the Corporation have the right to act by written consent in accordance with Section 1 of ARTICLE EIGHT of the Certificate of Incorporation, the following provisions shall apply:

(a) Record Date. For the purpose of determining the stockholders entitled to consent to corporate action without a meeting as may be permitted by the Certificate of Incorporation or the certificate of designation relating to any outstanding class or series of preferred stock, the Board of Directors may fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than ten (10) (or the maximum number permitted by applicable law) days after the date on which the resolution fixing the record date is adopted by the Board of Directors. Any stockholder of record seeking to have the stockholders authorize or take action by consent shall, by written notice delivered by hand to the Secretary at the Corporation's principal place of business during regular business hours, request that the Board of Directors fix a record date, which notice shall include the text of any proposed resolutions. Notices delivered pursuant to Section 13(a) of this ARTICLE II will be deemed received on any given day only if received prior to the Close of Business on such day (and otherwise shall be deemed received on the next succeeding Business Day). The Board of Directors shall promptly, but in all events within ten (10) days after the date on which such written notice is properly delivered to and deemed received by the Secretary, adopt a resolution fixing the record date (unless a record date has previously been fixed by the Board of Directors pursuant to the first sentence of this Section 13(a)). If no record date has been fixed by the Board of Directors pursuant to this Section 13(a) or otherwise within ten (10) days of receipt of a valid request by a stockholder, the record date for determining stockholders entitled to consent to corporate action without a meeting, when no prior action by the Board of Directors is required pursuant to applicable law, shall be the first date after the expiration of such ten (10) day time period on which a signed consent setting forth the action taken or proposed to be taken is delivered to the Corporation pursuant to Section 13(b); provided, however, that if prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action without a meeting shall in such an event be at the Close of Business on the day on which the Board of Directors adopts the resolution taking such prior action.

(b) Generally. No consent shall be effective to take the corporate action referred to therein unless written or electronic consents signed by a sufficient number of stockholders to take such action are delivered to the Corporation, in the manner required by this Section 13 and applicable law, within sixty (60) (or the maximum number permitted by applicable law) days of the first date on which a consent is delivered to the Corporation in the manner required by applicable law and this Section 13. The validity of any consent executed by a proxy for a stockholder pursuant to an electronic transmission transmitted to such proxy holder by or upon the authorization of the stockholder shall be determined by or at the direction of the Secretary. A written record of the information upon which the person making such determination relied shall be made and kept in the records of the proceedings of the stockholders. Any such consent shall be inserted in the minute book as if it were the minutes of a meeting of stockholders. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given by the Corporation (at its expense) to those stockholders who have not consented in writing or by electronic transmission and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for notice of such meeting had been the date that consents signed by a sufficient number of holders to take the action were delivered to the Corporation.

Section 14. Conduct of Meetings.

(a) Generally. Meetings of stockholders shall be presided over by the Chairman of the Board, if any, or in the Chairman's absence or disability, by the Chief Executive Officer, or in the Chief Executive Officer's absence or disability, by the President, or in the President's absence or disability, by a Vice President (in the order as determined by the Board of Directors), or in the absence or disability of the foregoing persons by a chairman designated by the Board of Directors, or in the absence or disability of such person, by a chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, but in the Secretary's absence or disability the chairman of the meeting may appoint any person to act as secretary of the meeting.

(b) Rules, Regulations and Procedures. The Board of Directors may adopt by resolution such rules, regulations and procedures for the conduct of any meeting of stockholders of the Corporation as it shall deem appropriate including, without limitation, such guidelines and procedures as it may deem appropriate regarding the participation by means of remote communication of stockholders and proxyholders not physically present at a meeting. Except to the extent inconsistent with such rules, regulations and procedures as adopted by the Board of Directors, the chairman of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman 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 to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chairman 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; and (vi) restrictions on the use of mobile phones, audio or video recording devices and similar devices at the meeting. The chairman of the 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 nomination or matter or business was not properly brought before the meeting and if such chairman should so determine, such chairman 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 of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure. The chairman of the meeting shall announce at the meeting when the polls for each matter to be voted upon at the meeting will be opened and closed. After the polls close, no ballots, proxies or votes or any revocations or changes thereto may be accepted. The chairman of the meeting shall have the power, right and authority, for any or no reason, to convene, recess and/or adjourn any meeting of stockholders.

(c) Inspectors of Elections. The Corporation may, and to the extent required by law 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. One or more other persons may be designated 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 chairman of the meeting shall appoint one or more inspectors to act at the meeting. Unless otherwise required by law, inspectors may be officers, employees or agents of the Corporation. No person who is a candidate for an office at an election may serve as an inspector at such election. Each inspector, 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. The inspector shall have the duties prescribed by law and, when the vote is completed, shall make a certificate of the result of the vote taken and of such other facts as may be required by law.

ARTICLE III
DIRECTORS

Section 1. General Powers. Except as otherwise provided in this Certificate of Incorporation or the DGCL, the business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

Section 2. Annual Meetings. The annual meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after, and at the same place as, the annual meeting of stockholders. In the event that the annual meeting of stockholders takes place telephonically or through any other means by which the stockholders do not convene in any one location, the annual meeting of the Board of Directors shall be held at the principal offices of the Corporation immediately after the annual meeting of the stockholders.

Section 3. Regular Meetings and Special Meetings. Regular meetings, other than the annual meeting, of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by resolution of the Board of Directors and publicized among all directors. Special meetings of the Board of Directors may be called by (i) the Chairman of the Board, if any, (ii) by the Secretary upon the written request of a majority of the directors then in office or (iii) if the Board of Directors then includes a director nominated or designated for nomination by the Sponsor, by any director nominated or designated for nomination by the Sponsor, and in each case shall be held at the place, if any, on the date and at the time as he, she or they shall fix. Any and all business may be transacted at a special meeting of the Board of Directors.

Section 4. Notice of Meetings. Notice of regular meetings of the Board of Directors need not be given except as otherwise required by law or these Bylaws. Notice of each special meeting of the Board of Directors, and of each regular and annual meeting of the Board of Directors for which notice is required, shall be given by the Secretary as hereinafter provided in this Section 4. Such notice shall be state the date, time and place, if any, of the meeting. Notice of any special meeting, and of any regular or annual meeting for which notice is required, shall be given to each director at least (a) twenty-four (24) hours before the meeting if by telephone or by being personally delivered or sent by overnight courier, telecopy, electronic transmission, email or similar means or (b) five (5) days before the meeting if delivered by mail to the director's residence or usual place of business. Such notice shall be deemed to be delivered when

deposited in the United States mail so addressed, with postage prepaid, or when transmitted if sent by telex, telecopy, electronic transmission, email or similar means. Neither the business to be transacted at, nor the purpose of, any special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 5. Waiver of Notice. Any director may waive notice of any meeting of directors by a writing signed by the director or by electronic transmission. Any member of the Board of Directors or any committee thereof who is present at a meeting shall have waived notice of such meeting except when such member attends 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 and does not further participate in the meeting. Such member shall be conclusively presumed to have assented to any action taken unless his or her dissent shall be entered in the minutes of the meeting or unless his or her written dissent to such action shall be filed with the person acting as the secretary of the meeting before the adjournment thereof or shall be forwarded by registered mail to the secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to any member who voted in favor of such action.

Section 6. Chairman of the Board, Quorum, Required Vote and Adjournment. The Board of Directors may elect a Chairman of the Board. Notwithstanding the foregoing, for so long as the Sponsor beneficially owns in the aggregate (directly or indirectly) at least 30% or more of the voting power of the then outstanding shares of capital stock of the Corporation then entitled to vote generally in the election of directors, the Chairman of the Board of Directors may be designated by a majority of the directors nominated or designated for nomination by the Sponsor. The Chairman of the Board must be a director and may be an officer of the Corporation. Subject to the provisions of these Bylaws and the direction of the Board of Directors, he or she shall perform all duties and have all powers which are commonly incident to the position of Chairman of the Board or which are delegated to him or her by the Board of Directors, preside at all meetings of the stockholders and Board of Directors at which he or she is present and have such powers and perform such duties as the Board of Directors may from time to time prescribe. If the Chairman of the Board is not present at a meeting of the Board of Directors, the Chief Executive Officer (if the Chief Executive Officer is a director and is not also the Chairman of the Board) shall preside at such meeting, and, if the Chief Executive Officer is not present at such meeting, a majority of the directors present at such meeting shall elect one of the directors present at the meeting to so preside. At all meetings of the Board of Directors, a majority of the directors then in office shall constitute a quorum for the transaction of business, provided, however, that a quorum shall never be less than one-third of the total number of directors. Unless by express provision of an applicable law, the Certificate of Incorporation or these Bylaws a different vote is required, the vote of a majority of directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. At any meeting of the Board of Directors, business shall be transacted in such order and manner as the Board of Directors may from time to time determine. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may, to the fullest extent permitted by law, adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Committees.

(a) The Board of Directors may designate one or more committees, including an executive committee, consisting of one or more of the directors of the Corporation, and any committees required by the rules and regulations of such exchange as any securities of the Corporation are listed. The Board of Directors 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. Except to the extent restricted by applicable law or the Certificate of Incorporation, each such committee, to the extent provided by the DGCL and in the resolution creating it, shall have and may exercise all the powers and authority of the Board of Directors. Each such committee shall serve at the pleasure of the Board of Directors. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors upon request.

(b) Each committee of the Board of Directors may fix its own rules of procedure and shall hold its meetings as provided by such rules, except as may otherwise be provided by a resolution of the Board of Directors designating such committee. Unless otherwise provided in such a resolution, the presence of at least a majority of the members of the committee shall be necessary to constitute a quorum. All matters shall be determined by a majority vote of the members present at a meeting at which a quorum is present. Unless otherwise provided in such a resolution, in the event that a member and that member's alternate, if alternates are designated by the Board of Directors, of such committee is or are absent or disqualified, the member or members present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member.

Section 8. Action by Written Consent. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or such committee, as the case may be, consent thereto in writing or by electronic transmission. After an action is taken, the consent or consents relating thereto shall be filed with the minutes of proceedings of the board or committee. 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 9. Compensation. The Board of Directors shall have the authority to fix the compensation, including fees, reimbursement of expenses and equity compensation, of directors for services to the Corporation in any capacity, including for attendance of meetings of the Board of Directors or participation on any committees. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 10. Reliance on Books and Records. A member of the Board of Directors, or a member of any committee designated by the Board of Directors shall, in the performance of such member's duties, be fully protected in relying in good faith upon 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 of Directors, 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 11. Telephonic and Other Meetings. Unless restricted by the Certificate of Incorporation, any one or more members of the Board of Directors or any committee thereof may participate in a meeting of the Board of Directors 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. Participation by such means shall constitute presence in person at a meeting.

ARTICLE IV
OFFICERS

Section 1. Number and Election. Subject to the authority of Chief Executive Officer to appoint officers as set forth in Section 11 of this ARTICLE IV, the officers of the Corporation shall be elected by the Board of Directors and shall consist of a Chief Executive Officer, a President, one or more Vice Presidents, a Secretary, a Chief Financial Officer, a Treasurer and such other officers and assistant officers as may be deemed necessary or desirable by the Board of Directors. Any number of offices may be held by the same person. In its discretion, the Board of Directors may choose not to fill any office for any period as it may deem advisable.

Section 2. Term of Office. Each officer shall hold office until a successor is duly elected and qualified or until his or her earlier death, resignation or removal as hereinafter provided.

Section 3. Removal. Any officer or agent of the Corporation may be removed with or without cause by the Board of Directors, a duly authorized committee thereof or by such officers as may be designated by a resolution of the Board of Directors, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer appointed by the Chief Executive Officer in accordance with Section 11 of this ARTICLE IV may also be removed by the Chief Executive Officer in his or her sole discretion.

Section 4. Vacancies. Any vacancy occurring in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors or the Chief Executive Officer in accordance with Section 11 of this ARTICLE IV.

Section 5. Compensation. Compensation of all executive officers shall be approved by the Board of Directors or a duly authorized committee thereof, and no officer shall be prevented from receiving such compensation by virtue of his or her also being a director of the Corporation.

Section 6. Chief Executive Officer. The Chief Executive Officer shall have the powers and perform the duties incident to that position. The Chief Executive Officer shall, in the absence of the Chairman of the Board, or if a Chairman of the Board shall not have been elected, preside at each meeting of (a) the Board of Directors if the Chief Executive Officer is a director and (b) the stockholders. Subject to the powers of the Board of Directors and the Chairman of the Board, the Chief Executive Officer shall be in general and active charge of the entire business and affairs of the Corporation, and shall be its chief policy making officer. The Chief Executive Officer shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or provided in these Bylaws. The Chief Executive Officer is

authorized to execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation. Whenever the President is unable to serve, by reason of sickness, absence or otherwise, the Chief Executive Officer shall perform all the duties and responsibilities and exercise all the powers of the President.

Section 7. The President. The President of the Corporation shall, subject to the powers of the Board of Directors, the Chairman of the Board and the Chief Executive Officer, have general charge of the business, affairs and property of the Corporation, and control over its officers, agents and employees. The President shall see that all orders and resolutions of the Board of Directors are carried into effect. The President is authorized to execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation. The President shall, in the absence of the Chief Executive Officer, act with all of the powers and be subject to all of the restrictions of the Chief Executive Officer. The President shall have such other powers and perform such other duties as may be prescribed by the Chairman of the Board, the Chief Executive Officer, the Board of Directors or as may be provided in these Bylaws.

Section 8. Vice Presidents. The Vice President, or if there shall be more than one, the Vice Presidents, in the order determined by the Board of Directors or the Chairman of the Board, shall, perform such duties and have such powers as the Board of Directors, the Chairman of the Board, the Chief Executive Officer, the President or these Bylaws may, from time to time, prescribe. The Vice Presidents may also be designated as Executive Vice Presidents or Senior Vice Presidents, as the Board of Directors may from time to time prescribe.

Section 9. The Secretary and Assistant Secretaries. The Secretary shall attend all meetings of the Board of Directors (other than executive sessions thereof) and all meetings of the stockholders and record all the proceedings of the meetings in a book or books to be kept for that purpose or shall ensure that his or her designee attends each such meeting to act in such capacity. Under the Board of Directors' supervision, the Secretary shall give, or cause to be given, all notices required to be given by these Bylaws or by law; shall have such powers and perform such duties as the Board of Directors, the Chairman of the Board, the Chief Executive Officer, the President or these Bylaws may, from time to time, prescribe; and shall have custody of the corporate seal of the Corporation. The Secretary, or an Assistant Secretary, shall have authority to affix the corporate seal to any instrument requiring it and when so affixed, it may be attested by his or her signature or by the signature of such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his or her signature. The Assistant Secretary, or if there be more than one, any of the assistant secretaries, shall in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board of Directors, the Chairman of the Board, the Chief Executive Officer, the President, or Secretary may, from time to time, prescribe.

Section 10. The Chief Financial Officer and the Treasurer. The Chief Financial Officer shall have the custody of the corporate funds and securities; shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation as shall be necessary or desirable in accordance with applicable law or generally accepted accounting principles; shall deposit all monies and other valuable effects in the name and to the credit of the Corporation as may be ordered by the Chairman of the Board or the Board of Directors; shall receive, and give receipts for, moneys due and payable to the Corporation from any source whatsoever; shall cause the funds of the Corporation to be disbursed when such disbursements have been duly authorized, taking proper vouchers for such disbursements; and shall render to the Board of Directors, at its regular meeting or when the Board of Directors so requires, an account of the financial condition and operations of the Corporation; shall have such powers and perform such duties as the Board of Directors, the Chairman of the Board, the Chief Executive Officer, the President or these Bylaws may, from time to time, prescribe. The Treasurer, if any, shall in the absence or disability of the chief financial officer, perform the duties and exercise the powers of the chief financial officer, subject to the power of the board of directors. The Treasurer, if any, shall perform such other duties and have such other powers as the board of directors may, from time to time, prescribe.

Section 11. Appointed Officers. In addition to officers designated by the Board in accordance with this ARTICLE IV, the Chief Executive Officer shall have the authority to appoint other officers below the level of Board-appointed Vice President as the Chief Executive Officer may from time to time deem expedient and may designate for such officers titles that appropriately reflect their positions and responsibilities. Such appointed officers shall have such powers and shall perform such duties as may be assigned to them by the Chief Executive Officer or the senior officer to whom they report, consistent with corporate policies. An appointed officer shall serve until the earlier of such officer's resignation or such officer's removal by the Chief Executive Officer or the Board of Directors at any time, either with or without cause.

Section 12. Other Officers, Assistant Officers and Agents. Officers, assistant officers and agents, if any, other than those whose duties are provided for in these Bylaws, shall have such authority and perform such duties as may from time to time be prescribed by resolution of the Board of Directors and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board of Directors.

Section 13. Officers' Bonds or Other Security. If required by the Board of Directors, any officer of the Corporation shall give a bond or other security for the faithful performance of his duties, in such amount and with such surety as the Board of Directors may require.

Section 14. Delegation of Authority. The Board of Directors may by resolution delegate the powers and duties of such officer to any other officer or to any director, or to any other person whom it may select.

ARTICLE V
CERTIFICATES OF STOCK

Section 1. Form. The shares of stock of the Corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. If shares are represented by certificates, the certificates shall be in such form as required by applicable law and as determined by the Board of Directors. Each certificate shall certify the number of shares owned by such holder in the Corporation and shall be signed by, or in the name of the Corporation by two authorized officers of the Corporation including, but not limited to, the Chairman of the Board (if an officer), the President, a Vice President, the Treasurer, the Secretary and an Assistant Secretary of the Corporation. Any or all signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed, or whose facsimile signature or signatures have been used on, any such certificate or certificates shall cease to be such officer, transfer agent or registrar of the Corporation whether because of death, resignation or otherwise before such certificate or certificates have been issued by the Corporation, such certificate or certificates may nevertheless be issued as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer, transfer agent or registrar of the Corporation at the date of issue. All certificates for shares shall be consecutively numbered or otherwise identified. The Board of Directors may appoint a bank or trust company organized under the laws of the United States or any state thereof to act as its transfer agent or registrar, or both in connection with the transfer of any class or series of securities of the Corporation. The Corporation, or its designated transfer agent or other agent, shall keep a book or set of books to be known as the stock transfer books of the Corporation, containing the name of each holder of record, together with such holder's address and the number and class or series of shares held by such holder and the date of issue. When shares are represented by certificates, the Corporation shall issue and deliver to each holder to whom such shares have been issued or transferred, certificates representing the shares owned by such holder, and shares of stock of the Corporation shall only be transferred on the books of the Corporation by the holder of record thereof or by such holder's attorney duly authorized in writing, upon surrender to the Corporation or its designated transfer agent or other agent of the certificate or certificates for such shares endorsed by the appropriate person or persons, with such evidence of the authenticity of such endorsement, transfer, authorization and other matters as the Corporation may reasonably require, and accompanied by all necessary stock transfer stamps. In that event, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate or certificates and record the transaction on its books. When shares are not represented by certificates, shares of stock of the Corporation shall only be transferred on the books of the Corporation by the holder of record thereof or by such holder's attorney duly authorized in writing, with such evidence of the authenticity of such transfer, authorization and other matters as the Corporation may reasonably require, and accompanied by all necessary stock transfer stamps, and within a reasonable time after the issuance or transfer of such shares, the Corporation shall, if required by applicable law, send the holder to whom such shares have been issued or transferred a written statement of the information required by applicable law. Unless otherwise provided by applicable law, the Certificate of Incorporation, Bylaws or any other instrument, the rights and obligations of the holders of uncertificated stock and the rights and obligations of the holders of certificates representing stock of the same class and series shall be identical.

Section 2. Lost Certificates. The Corporation may issue or direct a new certificate or certificates or uncertificated shares to be issued in place of any certificate or certificates previously issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the owner of the lost, stolen or destroyed certificate. When authorizing such issue of a new certificate or certificates or uncertificated shares, the Corporation may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his or her legal representative, to give the Corporation a bond in such sum as it may direct, sufficient to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

Section 3. Registered Stockholders. The Corporation shall be entitled to recognize the exclusive right of a person registered on its records as the owner of shares of stock to receive dividends, to vote, to receive notifications and otherwise to exercise all the rights and powers of an owner, except as otherwise required by applicable law. The Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares of stock on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by applicable law.

Section 4. Fixing a Record Date for Purposes Other Than Stockholder Meetings or Actions by Written Consent. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment or any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purposes of any other lawful action (other than stockholder meetings and stockholder written consents which are expressly governed by Sections 12 and 13 of ARTICLE II hereof), the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the Close of Business on the day on which the Board of Directors adopts the resolution relating thereto.

ARTICLE VI
GENERAL PROVISIONS

Section 1. Dividends. Subject to and in accordance with applicable law, the Certificate of Incorporation and any certificate of designation relating to any series of preferred stock, dividends upon the shares of capital stock of the Corporation may be declared and paid by the Board of Directors, in accordance with applicable law. Dividends may be paid in cash, in property or in shares of the Corporation’s capital stock, subject to the provisions of applicable law and the Certificate of Incorporation. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends a reserve or reserves for any proper purpose. The Board of Directors may modify or abolish any such reserves in the manner in which they were created.

Section 2. Checks, Notes, Drafts, Etc. All checks, notes, drafts or other orders for the payment of money of the Corporation shall be signed, endorsed or accepted in the name of the Corporation by such officer, officers, person or persons as from time to time may be designated by the Board of Directors or by an officer or officers authorized by the Board of Directors to make such designation.

Section 3. Contracts. In addition to the powers otherwise granted to officers pursuant to ARTICLE IV hereof, the Board of Directors may authorize any officer or officers, or any agent or agents, in the name and on behalf of the Corporation to enter into or execute and deliver any and all deeds, bonds, mortgages, contracts and other obligations or instruments, and such authority may be general or confined to specific instances.

Section 4. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 5. Corporate Seal. The Board of Directors may provide a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the Corporation and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise. Notwithstanding the foregoing, no seal shall be required by virtue of this Section.

Section 6. Voting Securities Owned By Corporation. Voting securities in any other corporation or entity held by the Corporation shall be voted by the Chairman of the Board, Chief Executive Officer, the President or the Chief Financial Officer, unless the Board of Directors specifically confers authority to vote with respect thereto, which authority may be general or confined to specific instances, upon some other person or officer. Any person authorized to vote securities shall have the power to appoint proxies, with general power of substitution.

Section 7. Facsimile Signatures. In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these Bylaws and subject to applicable law, facsimile and any other forms of electronic signatures of any officer or officers of the Corporation may be used.

Section 8. Section Headings. Section headings in these Bylaws are for convenience of reference only and shall not be given any substantive effect in limiting or otherwise construing any provision herein.

Section 9. Inconsistent Provisions. In the event that any provision (or part thereof) of these Bylaws is or becomes inconsistent with any provision of the Certificate of Incorporation, the DGCL, any other applicable law or the Nomination Agreement, the provision (or part thereof) of these Bylaws shall be construed to be consistent with such other provision or provisions, and to the extent such provision may not be so construed, such provision shall be deemed amended to incorporate such other provision so as to eliminate such inconsistency and as so amended shall be given full force and effect.

ARTICLE VII
INDEMNIFICATION

Section 1. Right to Indemnification and Advancement. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved (including involvement, without limitation, as a witness) in any actual or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding"), by reason of the fact that he or she is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director or officer or in any other capacity while serving as a director or officer, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than permitted prior thereto), against all expense, liability and loss (including attorneys' fees and related disbursements, judgments, fines, excise taxes or penalties under the Employee Retirement Income Security Act of 1974, as amended from time to time ("ERISA") and any other penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith and such indemnification shall continue as to an indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators; provided, however, that, except as provided in this Section 2 of this ARTICLE VII with respect to proceedings to enforce rights to indemnification and advance of expenses (as defined below), the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized in the specific case by the Board of Directors of the Corporation. The rights to indemnification and advance of expenses conferred in this Section 1 of ARTICLE VII shall be contract rights. In addition to the right to indemnification conferred herein, an indemnitee shall also have the right, to the fullest extent not prohibited by law, to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition (an "advance of expenses"); provided, however, that if and to the extent that the DGCL requires, an advance of expenses shall be made only upon delivery to the Corporation of an undertaking (an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Section 1 or otherwise. The Corporation may also, by action of its Board of Directors, provide indemnification and advancement to employees and agents of the Corporation. Any reference to an officer of the Corporation in this ARTICLE VII shall be deemed to refer exclusively to the Chairman of the Board of Directors, Chief Executive Officer, President, Secretary and Treasurer of the Corporation appointed pursuant to ARTICLE IV, and to any Vice President, Assistant Secretary, Assistant Treasurer or other officer of the Corporation appointed by the Board of Directors pursuant to ARTICLE IV of these By-laws, and any reference to an officer of any other enterprise shall be deemed to refer exclusively to an officer appointed by the board of directors or equivalent governing body of such other entity pursuant to the Certificate of Incorporation and bylaws or equivalent organizational documents of such other enterprise. The fact that any person who is or was an employee of the Corporation or an employee of any other enterprise has been given or has used the title of "Vice President" or any other title that could be construed to suggest or imply that such person is or may be an officer of the Corporation or of such other enterprise, including any titled granted to such person by the Chief Executive Officer pursuant to ARTICLE IV, Section 11, shall not result in such person being constituted as, or being deemed to be, an officer of the Corporation or of such other enterprise for purposes of this ARTICLE VII unless such person's appointment to such office was approved by the Board of Directors pursuant to ARTICLE IV.

Section 2. Procedure for Indemnification. Any claim for indemnification or advance of expenses by an indemnitee under this Section 2 of ARTICLE VII shall be made promptly, and in any event within forty-five days (or, in the case of an advance of expenses, twenty days, provided that the director or officer has delivered the undertaking contemplated by Section 1 of this ARTICLE VII if required), upon the written request of the indemnitee. If the Corporation denies a written request for indemnification or advance of expenses, in whole or in part, or if payment in full pursuant to such request is not made within forty-five days (or, in the case of an advance of expenses, twenty days, provided that the indemnitee has delivered the undertaking contemplated by Section 1 of this ARTICLE VII if required), the right to indemnification or advances as granted by this ARTICLE VII shall be enforceable by the indemnitee in any court of competent jurisdiction. Such person's costs and expenses incurred in connection with successfully establishing his or her right to indemnification, in whole or in part, in any such action shall also be indemnified by the Corporation to the fullest extent permitted by applicable law. It shall be a defense to any such action (other than an action brought to enforce a claim for the advance of expenses where the undertaking required pursuant to Section 1 of this ARTICLE VII, if any, has been tendered to the Corporation) that the claimant has not met the applicable standard of conduct which make it permissible under the DGCL for the Corporation to indemnify the claimant for the amount claimed, but the burden of proof shall be on the Corporation to the fullest extent permitted by law. Neither the failure of the Corporation (including its Board of Directors, a committee thereof, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 3. Insurance. The Corporation may purchase and maintain insurance on its own behalf and on behalf of any person who is or was or has agreed to become a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, partner, member, trustee, administrator, employee or agent of another corporation, partnership, joint venture, limited liability company, trust or other enterprise against any expense, liability or loss asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify such person against such expenses, liability or loss under the DGCL.

Section 4. Service for Subsidiaries. Any person serving as a director, officer, partner, member, trustee, administrator, employee or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise, at least 50% of whose equity interests are owned by the Corporation (a "subsidiary" for purposes of this ARTICLE VII) shall be conclusively presumed to be serving in such capacity at the request of the Corporation.

Section 5. Reliance. Persons who after the date of the adoption of this provision become or remain directors or officers of the Corporation or who, while a director or officer of the Corporation, become or remain a director, officer, employee or agent of a subsidiary, shall be conclusively presumed to have relied on the rights to indemnity, advance of expenses and other rights contained in this ARTICLE VII in entering into or continuing such service. To the fullest extent permitted by law, the rights to indemnification and to the advance of expenses conferred in this ARTICLE VII shall apply to claims made against an indemnitee arising out of acts or omissions which occurred or occur both prior and subsequent to the adoption hereof. Any amendment, alteration or repeal of this ARTICLE VII that adversely affects any right of an indemnitee or its successors shall be prospective only and shall not limit, eliminate, or impair any such right 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 or repeal.

Section 6. Non-Exclusivity of Rights; Continuation of Rights of Indemnification. The rights to indemnification and to the advance of expenses conferred in this ARTICLE VII shall not be exclusive of any other right which any person may have or hereafter acquire under the Certificate of Incorporation or under any statute, by-law, agreement, vote of stockholders or disinterested directors or otherwise. All rights to indemnification under this ARTICLE VII shall be deemed to be a contract between the Corporation and each director or officer of the Corporation who serves or served in such capacity at any time while this ARTICLE VII is in effect. Any repeal or modification of this ARTICLE VII or repeal or modification of relevant provisions of the DGCL or any other applicable laws shall not in any way diminish any rights to indemnification and advancement of expenses of such director or officer or the obligations of the Corporation arising hereunder with respect to any proceeding arising out of, or relating to, any actions, transactions or facts occurring prior to the final adoption of such repeal or modification.

Section 7. Merger or Consolidation. For purposes of this ARTICLE VII, references to the “Corporation” shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this ARTICLE VII with respect to the resulting or surviving corporation as he or she would have with respect to such constituent corporation if its separate existence had continued.

Section 8. Savings Clause. To the fullest extent permitted by law, if this ARTICLE VII or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify and advance expenses to each person entitled to indemnification under Section 1 of this ARTICLE VII as to all expense, liability and loss (including attorneys’ fees and related disbursements, judgments, fines, ERISA excise taxes and penalties and any other penalties and amounts paid or to be paid in settlement) actually and reasonably incurred or suffered by such person and for which indemnification and advancement of expenses is available to such person pursuant to this ARTICLE VII to the fullest extent permitted by any applicable portion of this ARTICLE VII that shall not have been invalidated.

ARTICLE VIII
AMENDMENTS

These Bylaws may be amended, altered, changed or repealed or new Bylaws adopted only in accordance with Section 1 of ARTICLE TEN of the Certificate of Incorporation.

* * * * *

PRIDE PARENT, INC.

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made as of December 29, 2020 among (i) **Pride Parent, Inc.**, a Delaware corporation (the "Company"), (ii) each of the investors listed on the signature pages hereto under the caption "Sponsor Investors" (collectively, the "Sponsor Investors"), (iii) each Person who owns shares of Series A Preferred Stock listed on the signature pages under the caption "Preferred Holders" or who executes a Joinder as a "Preferred Holder" (collectively, the "Preferred Holders") and (iv) each Person who executes a Joinder as an "Other Investor" (the "Other Investors"). Except as otherwise specified herein, all capitalized terms used in this Agreement are defined in Exhibit A attached hereto.

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

Section 1 Demand Registrations.

(a) Requests for Registration. At any time and from time to time, the Sponsor Investors may request registration under the Securities Act of all or any portion of their Registrable Securities on Form S-1 or any similar long-form registration statement ("Long-Form Registrations") or on Form S-3 or any similar short-form registration statement ("Short-Form Registrations"), if available (any such requested registration, a "Demand Registration"). The Sponsor Investors may request that any Demand Registration be made pursuant to Rule 415 under the Securities Act (a "Shelf Registration") and (if the Company is a WKSI at the time any such request is submitted to the Company or will become one by the time of the filing of such Shelf Registration) that such Shelf Registration be an automatic shelf registration statement (as defined in Rule 405 under the Securities Act) (an "Automatic Shelf Registration Statement"). Each request for a Demand Registration must specify the approximate number or dollar value of Registrable Securities requested to be registered by the requesting Holders and (if known) the intended method of distribution. The Sponsor Investors will be entitled to request an unlimited number of Demand Registrations. The Company will pay all Registration Expenses, whether or not any such registration is consummated.

(b) Notice to Other Holders. Within four (4) Business Days after receipt of any such request, the Company will give written notice of the Demand Registration to all other Holders and, subject to the terms of Section 1(f), will include in such Demand Registration (and in all related registrations and qualifications under state blue sky laws and in any related underwriting) all Registrable Securities with respect to which the Company has received written requests for inclusion therein within ten (10) days after the receipt of such notice; provided that, with the written consent of the Sponsor Investors, the Company may instead provide notice of such Demand Registration to all other Holders within five (5) Business Days following the non-confidential filing of the registration statement with respect to such Demand Registration so long as such registration statement is not an Automatic Shelf Registration Statement.

(c) Form of Registrations. All Long-Form Registrations will be underwritten registrations unless otherwise approved by the Sponsor Investors. Demand Registrations will be Short-Form Registrations whenever the Company is permitted to use any applicable short form unless otherwise requested by the Sponsor Investors.

(d) Resale Shelf Registration. On the first anniversary of the initial Public Offering or as promptly as practicable thereafter, so long as the Company is then-eligible to use any applicable Short-Form Registration, the Company shall use its reasonable best efforts to cause a registration statement for the sale or distribution by the Preferred Holders, and any other Holders approved by the Sponsor Investors,

of the Registrable Securities held by such holders on a delayed or continuous basis pursuant to Rule 415 (the "Resale Shelf Registration"), to be filed and declared effective under the Securities Act, and, if the Company is a WKSI at the time of such Resale Shelf Registration, to cause that such Resale Shelf Registration be an Automatic Shelf Registration Statement and, once effective, the Company shall cause the Resale Shelf Registration to remain effective (including by filing a new Resale Shelf Registration, if necessary) for a period ending on the earlier of (i) the date on which all Registrable Securities included in such registration have been sold or distributed pursuant to the Resale Shelf Registration and (ii) the date as of which there are no longer in existence any Registrable Securities covered by the Shelf Registration. The Company shall pay all expenses in connection with the filing and effectiveness of the Resale Shelf Registration whether or not it has become effective; provided, however, that the Company shall not be required to pay any Registration Expenses for any offering of securities pursuant to such Resale Shelf Registration unless such offering is a Shelf Offering pursuant to Section 1(e) hereof. For the avoidance of doubt, nothing set forth herein shall require the Company to file the Resale Shelf Registration or any Shelf Registration or to keep effective the Resale Shelf Registration or any Shelf Registration at any time during which the Company is ineligible to use any applicable Short-Form Registration.

(e) Shelf Registrations.

(i) For so long as a registration statement for a Shelf Registration (a "Shelf Registration Statement") is and remains effective, the Sponsor Investors will have the right at any time or from time to time to elect to sell pursuant to an offering (including an underwritten offering), Registrable Securities available for sale pursuant to such registration statement (such Registrable Securities, the "Shelf Registrable Securities"). If the Sponsor Investors desire to sell Registrable Securities pursuant to an underwritten offering, then the Sponsor Investors shall deliver to the Company a written notice (a "Shelf Offering Notice") specifying the number of Shelf Registrable Securities that the Sponsor Investors desire to sell pursuant to such underwritten offering (the "Shelf Offering"). As promptly as practicable, but in no event later than two (2) Business Days after receipt of a Shelf Offering Notice, the Company will give written notice of such Shelf Offering Notice to all other Holders of Shelf Registrable Securities that have been identified as selling stockholders in such Shelf Registration Statement and are otherwise permitted to sell in such Shelf Offering, which such notice shall request that each such Holder specify, within ten (10) days after the Company's receipt of the Shelf Offering Notice, the maximum number of Shelf Registrable Securities such Holder desires to be disposed of in such Shelf Offering. The Company, subject to Section 1(f) and Section 7, will include in such Shelf Offering all Shelf Registrable Securities with respect to which the Company has received timely written requests for inclusion. The Company will, as expeditiously as possible (and in any event within fourteen (14) days after the receipt of a Shelf Offering Notice), but subject to Section 1(f), use its best efforts to consummate such Shelf Offering.

(ii) If the Sponsor Investors desire to engage in an underwritten block trade or bought deal pursuant to a Shelf Registration Statement (either through filing an Automatic Shelf Registration Statement or through a take-down from an already existing Shelf Registration Statement) (each, an "Underwritten Block Trade"), then notwithstanding the time periods set forth in Section 1(e)(i), the Sponsor Investors will notify the Company of the Underwritten Block Trade not less than two (2) Business Days prior to the day such offering is first anticipated to commence. If requested by the Sponsor Investors, the Company will promptly notify other Holders of such Underwritten Block Trade and such notified Holders (each, a "Potential Participant") may elect whether or not to participate no later than the next Business Day (*i.e.* one (1) Business Day prior to the day such offering is to commence) (unless a longer period is agreed to by the Sponsor Investors), and the Company will as expeditiously as possible use its best efforts to facilitate such Underwritten Block Trade (which may close as early as two (2) Business Days after the date it commences);

provided further that, notwithstanding the provisions of Section 1(e)(i), no Holder (other than Holders of Sponsor Investor Registrable Securities) will be permitted to participate in an Underwritten Block Trade without the written consent of the Sponsor Investors. Any Potential Participant's request to participate in an Underwritten Block Trade shall be binding on the Potential Participant.

(iii) All determinations as to whether to complete any Shelf Offering and as to the timing, manner, price and other terms of any Shelf Offering contemplated by this Section 1(e) shall be determined by the Sponsor Investors, and the Company shall use its best efforts to cause any Shelf Offering to occur as promptly as practicable.

(iv) The Company will, at the request of the Sponsor Investors, file any prospectus supplement or any post-effective amendments and otherwise take any action necessary to include therein all disclosure and language deemed necessary or advisable by the Sponsor Investors to effect such Shelf Offering.

(f) Priority on Demand Registrations and Shelf Offerings. The Company will not include in any Demand Registration any securities which are not Registrable Securities without the prior written consent of the Sponsor Investors. If a Demand Registration or a Shelf Offering is an underwritten offering and the managing underwriters advise the Company in writing that in their opinion the number of Registrable Securities and (if permitted hereunder) other securities requested to be included in such offering exceeds the number of Registrable Securities and other securities (if any), which can be sold therein without adversely affecting the marketability, proposed offering price, timing or method of distribution of the offering, then the Company will include in such offering (prior to the inclusion of any securities which are not Registrable Securities); (i) first, the number of Sponsor Investor Registrable Securities and Preferred Holder Registrable Securities requested to be included by any Participating Holder which, in the opinion of such underwriters, can be sold, without any such adverse effect, pro rata among the respective Participating Holders on the basis of the number of Registrable Securities owned by each such Participating Holder; and (ii) second, the number of Registrable Securities requested to be included by any other Holders which, in the opinion of such underwriters, can be sold, without any such adverse effect, pro rata among such Holders on the basis of the number of Registrable Securities owned by each such Holder.

(g) Restrictions on Demand Registration and Shelf Offerings.

(i) The Company may postpone, for up to 60 days (or with the consent of the Sponsor Investors, a longer period) from the date of the request (the "Suspension Period"), the filing or the effectiveness of a registration statement for a Demand Registration or suspend the use of a prospectus that is part of a Shelf Registration Statement (and therefore suspend sales of the Shelf Registrable Securities) by providing written notice to the Holders if the following conditions are met: (A) the Company's board of directors determines in its good faith judgment that the offer or sale of Registrable Securities would reasonably be expected to have a material adverse effect on any proposal or plan by the Company or any Subsidiary to engage in any material acquisition of assets or stock (other than in the ordinary course of business) or any material merger, consolidation, tender offer, recapitalization, reorganization, financing or other transaction involving the Company and (B) upon advice of counsel, the sale of Registrable Securities pursuant to the registration statement would require disclosure of material non-public information not otherwise required to be disclosed under applicable law, and either (x) the Company has a bona fide business purpose for preserving the confidentiality of such transaction, (y) disclosure would have a material adverse effect on the Company or the Company's ability to consummate such transaction, or (z) such transaction renders the Company unable to comply with SEC requirements, in each case under circumstances that would make it impractical or inadvisable to cause the registration statement (or

such filings) to become effective or to promptly amend or supplement the registration statement on a post effective basis, as applicable. The Company may delay or suspend the effectiveness of a Demand Registration or Shelf Registration Statement pursuant to this Section 1(g)(i) only once in any twelve (12)-month period (for avoidance of doubt, in addition to the Company's rights and obligations under Section 4(a)(vi)) unless additional delays or suspensions are approved by the Sponsor Investors.

(ii) In the case of an event that causes the Company to suspend the use of a Shelf Registration Statement as set forth in paragraph (g)(i) above or pursuant to Section 4(a)(vi) (a "Suspension Event"), the Company will give a notice to the Holders whose Registrable Securities are registered pursuant to such Shelf Registration Statement (a "Suspension Notice") to suspend sales of the Registrable Securities and such notice must state generally the basis for the notice and that such suspension will continue only for so long as the Suspension Event or its effect is continuing. Each Holder agrees not to effect any sales of its Registrable Securities pursuant to such Shelf Registration Statement (or such filings) at any time after it has received a Suspension Notice from the Company and prior to receipt of an End of Suspension Notice. A Holder may recommence effecting sales of the Registrable Securities pursuant to the Shelf Registration Statement (or such filings) following further written notice to such effect (an "End of Suspension Notice") from the Company, which End of Suspension Notice will be given by the Company to the Holders promptly following the conclusion of any Suspension Event (and in any event during the permitted Suspension Period).

(h) Selection of Underwriters. The legal counsel to the Company, the investment banker(s) and manager(s) to administer any underwritten offering in connection with any Demand Registration or Shelf Offering shall be selected by the Sponsor Investors.

(i) Other Registration Rights. Except as provided in this Agreement, the Company will not grant to any Person(s) the right to request the Company or any Subsidiary to register any equity securities of the Company or any Subsidiary, or any securities convertible or exchangeable into or exercisable for such securities, without the prior written consent of the Sponsor Investors.

(j) Revocation of Demand Notice or Shelf Offering Notice. At any time prior to the effective date of the registration statement relating to a Demand Registration or the "pricing" of any offering relating to a Shelf Offering Notice, the Sponsor Investors who initiated such Demand Registration or Shelf Offering may revoke or withdraw such notice of a Demand Registration or Shelf Offering Notice on behalf of all Holders participating in such Demand Registration or Shelf Offering without liability to such Holders (including, for the avoidance of doubt, the other Participating Holders), in each case by providing written notice to the Company.

(k) Confidentiality. Each Holder agrees to treat as confidential the receipt of any notice hereunder (including notice of a Demand Registration, a Shelf Offering Notice and a Suspension Notice) and the information contained therein, and not to disclose or use the information contained in any such notice (or the existence thereof) without the prior written consent of the Company until such time as the information contained therein is or becomes available to the public generally (other than as a result of disclosure by such Holder in breach of the terms of this Agreement) or, in the case of a notice of Demand Registration or a Shelf Offering Notice, a determination is made not to proceed with such registration or offering, except, in each case, (i) to the extent required by applicable law regulation, legal or regulatory process or specifically requested by any self-regulatory organization or governmental authority and (ii) that Holders may disclose the existence of such notice or such information to their respective Affiliates, limited partners, employees, accountants, advisors and other representatives as necessary in connection with their evaluation of such notice (so long as such Persons agree to or are bound by contract or other obligations to keep such information confidential).

Section 2 Piggyback Registrations.

(a) Right to Piggyback. Whenever the Company proposes to register any of its equity securities under the Securities Act (including primary and secondary registrations, and other than pursuant to an Excluded Registration) (a "Piggyback Registration"), the Company will give prompt written notice (and in any event within three (3) Business Days after the public filing of the registration statement relating to the Piggyback Registration) to all Holders of its intention to effect such Piggyback Registration and, subject to the terms of Section 2(b) and Section 2(c), will include in such Piggyback Registration (and in all related registrations or qualifications under blue sky laws and in any related underwriting) all Registrable Securities with respect to which the Company has received written requests for inclusion therein within ten (10) days after delivery of the Company's notice**.** Any Holder may withdraw its request for inclusion at any time prior to executing the underwriting agreement, or if none, prior to the applicable registration statement becoming effective.

(b) Priority on Primary Registrations. If a Piggyback Registration is an underwritten primary registration on behalf of the Company, and the managing underwriters advise the Company in writing that in their opinion the number of securities requested to be included in such registration exceeds the number which can be sold in such offering without adversely affecting the marketability, proposed offering price, timing or method of distribution of the offering, the Company will include in such registration (i) first, the securities the Company proposes to sell, (ii) second, the Sponsor Investor Registrable Securities and Preferred Holder Registrable Securities requested to be included in such registration which, in the opinion of the underwriters, can be sold without any such adverse effect, pro rata among the respective Participating Holders on the basis of the number of Registrable Securities owned by each such Participating Holder, (iii) third, any other Registrable Securities requested to be included in such registration by any other Holder which, in the opinion of the underwriters, can be sold without any such adverse effect, pro rata among such Holders on the basis of the number of Registrable Securities owned by each such Holder, and (iv) fourth, other securities requested to be included in such registration which, in the opinion of the underwriters, can be sold without any such adverse effect.

(c) Priority on Secondary Registrations. If a Piggyback Registration is an underwritten secondary registration on behalf of holders of the Company's equity securities (other than pursuant to Section 1 hereof), and the managing underwriters advise the Company in writing that in their opinion the number of securities requested to be included in such registration exceeds the number which can be sold in such offering without adversely affecting the marketability, proposed offering price, timing or method of distribution of the offering, the Company will include in such registration (i) first, the securities requested to be included therein by the holders initially requesting such registration and the Registrable Securities requested to be included in such registration which, in the opinion of the underwriters, can be sold without any such adverse effect, (ii) second, the Sponsor Investor Registrable Securities and Preferred Holder Registrable Securities requested to be included in such registration which, in the opinion of the underwriters, can be sold without any such adverse effect, pro rata among the respective Participating Holders on the basis of the number of Registrable Securities owned by each such Participating Holder, (iii) third, any other Registrable Securities requested to be included in such registration by any other Holder which, in the opinion of the underwriters, can be sold without any such adverse effect, pro rata among such Holders on the basis of the number of Registrable Securities owned by each such Holder, and (iv) fourth, other securities requested to be included in such registration which, in the opinion of the underwriters, can be sold without any such adverse effect.

(d) Right to Terminate Registration. The Company will have the right to terminate or withdraw any registration initiated by it under this Section 2, whether or not any Holder has elected to include securities in such registration.

(e) Selection of Underwriters. If any Piggyback Registration is an underwritten offering, the legal counsel for the Company, the investment banker(s) and manager(s) for the offering shall be selected by the Sponsor Investors.

Section 3 Stockholder Lock-Up Agreements and Company Holdback Agreement.

(a) Stockholder Lock-up Agreements. In connection with the Company's initial Public Offering, any Direct Listing or any SPAC Transaction, each Holder will enter into any lock-up, holdback or similar agreements requested by the parties managing such Public Offering, Direct Listing or SPAC Transaction and consistent with Section 4(a) of the Stockholders' Agreement and the last sentence of this Section 3(a). Without limiting the generality of the foregoing, and except as otherwise permitted pursuant to Section 4(c), Section 4(d) or Section 7 of the Stockholders' Agreement, each Holder hereby agrees, in connection with the Company's initial Public Offering, any Direct Listing or any SPAC Transaction, not to (i) offer, sell, contract to sell, pledge or otherwise dispose of (including sales pursuant to Rule 144), directly or indirectly, any equity securities of the Company (including equity securities of the Company that may be deemed to be beneficially owned by such Holder in accordance with the rules and regulations of the SEC) (collectively, "Securities"), or any securities, options or rights convertible into or exchangeable or exercisable for Securities (collectively, "Other Securities"), (ii) enter into a transaction which would have the same effect as described in clause (i) above, (iii) enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences or ownership of any Securities or Other Securities, whether such transaction is to be settled by delivery of such Securities or Other Securities, in cash or otherwise (each of (i), (ii) and (iii) above, a "Sale Transaction"), or (iv) publicly disclose the intention to enter into any Sale Transaction, commencing, in the case of the Company's initial Public Offering or any Direct Listing, on the date on which the applicable preliminary prospectus has been publicly filed and, in the case of a SPAC Transaction, on the date such SPAC Transaction is consummated, and in each case continuing to the date that is 180 days later (such period, or such shorter period as agreed to by the Sponsor Investors and the managing underwriters, a "Holdback Period"). The provisions set forth in this Section 3(a) shall not be applicable to any Holder unless all officers and directors of the Company, all Persons who shall have acquired Common Equity (or rights to acquire Common Equity) from any Sponsor Investor, and all holders of at least one percent (1.0%) of the Company's voting securities (on an as-converted to Common Stock basis) are bound by and have entered into similar agreements. The Company may impose stop-transfer instructions with respect to any Securities or Other Securities subject to the restrictions set forth in this Section 3(a) until the end of such Holdback Period. Such lock-up, holdback or similar agreements shall provide that any discretionary release from such Holdback Period arrangement shall apply *pro rata* to all Holders party to such agreements; provided, that all such releases must be on the same terms and for the same purposes and, if applicable, pursuant to the same offering.

(b) Company Holdback Agreement. The Company (i) will not file any registration statement for a Public Offering or cause any such registration statement to become effective, or effect any public sale or distribution of its Securities or Other Securities during any Holdback Period (other than as part of such underwritten Public Offering, or a registration on Form S-4 or Form S-8 or any successor or

similar form which is (x) then in effect or (y) shall become effective upon the conversion, exchange or exercise of any then outstanding Other Securities) and (ii) will cause each holder of Securities and Other Securities (including each of its directors and executive officers) to agree not to effect any Sale Transaction during any Holdback Period, except as part of such underwritten registration (if otherwise permitted), unless approved in writing by the Sponsor Investors and the underwriters managing the Public Offering and to enter into any lock-up, holdback or similar agreements requested by the underwriter(s) managing such offering, in each case with such modifications and exceptions as may be approved by the Sponsor Investors.

Section 4 Registration Procedures.

(a) Company Obligations. Whenever any Holder has requested that any Registrable Securities be registered pursuant to this Agreement or has initiated a Shelf Offering pursuant to this Agreement, the Company will use its best efforts to effect the registration and the sale of such Registrable Securities in accordance with the intended method of disposition thereof, and pursuant thereto the Company will as expeditiously as possible:

(i) prepare and file with (or submit confidentially to) the SEC a registration statement, and all amendments and supplements thereto and related prospectuses, with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective, all in accordance with the Securities Act and all applicable rules and regulations promulgated thereunder (provided that before filing or confidentially submitting a registration statement or prospectus or any amendments or supplements thereto, the Company will furnish to the counsel selected by the Sponsor Investors covered by such registration statement copies of all such documents proposed to be filed or submitted, which documents will be subject to the review and comment of such counsel);

(ii) notify each Holder of (A) the issuance by the SEC of any stop order suspending the effectiveness of any registration statement or the initiation of any proceedings for that purpose, (B) the receipt by the Company or its counsel of any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, and (C) the effectiveness of each registration statement filed hereunder;

(iii) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for a period ending when all of the securities covered by such registration statement have been disposed of in accordance with the intended methods of distribution by the sellers thereof set forth in such registration statement (but not in any event before the expiration of any longer period required under the Securities Act or, if such registration statement relates to an underwritten Public Offering, such longer period as in the opinion of counsel for the underwriters a prospectus is required by law to be delivered in connection with sale of Registrable Securities by an underwriter or dealer) and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such registration statement;

(iv) furnish, without charge, to each seller of Registrable Securities thereunder and each underwriter, if any, such number of copies of such registration statement, each amendment and supplement thereto, the prospectus included in such registration statement (including each preliminary prospectus) (in each case including all exhibits and documents incorporated by reference therein), each amendment and supplement thereto, each Free Writing Prospectus and such

other documents as such seller or underwriter, if any, may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such seller (the Company hereby consenting to the use in accordance with all applicable laws of each such registration statement, each such amendment and supplement thereto, and each such prospectus (or preliminary prospectus or supplement thereto) or Free Writing Prospectus by each such seller of Registrable Securities and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such registration statement or prospectus);

(v) use its best efforts to register or qualify such Registrable Securities under such other securities or blue sky laws of such jurisdictions as any seller reasonably requests and do any and all other acts and things which may be reasonably necessary or advisable to enable such seller to consummate the disposition in such jurisdictions of the Registrable Securities owned by such seller (provided that the Company will not be required to (A) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subparagraph, (B) consent to general service of process in any such jurisdiction or (C) subject itself to taxation in any such jurisdiction);

(vi) notify in writing each seller of such Registrable Securities (A) promptly after it receives notice thereof, of the date and time when such registration statement and each post-effective amendment thereto has become effective or a prospectus or supplement to any prospectus relating to a registration statement has been filed and when any registration or qualification has become effective under a state securities or blue sky law or any exemption thereunder has been obtained, (B) promptly after receipt thereof, of any request by the SEC for the amendment or supplementing of such registration statement or prospectus or for additional information, and (C) at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event or of any information or circumstances as a result of which the prospectus included in such registration statement contains an untrue statement of a material fact or omits any fact necessary to make the statements therein not misleading, and, subject to Section 1(g), if required by applicable law or to the extent requested by the Sponsor Investors, the Company will use its best efforts to promptly prepare and file a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any fact necessary to make the statements therein not misleading and (D) if at any time the representations and warranties of the Company in any underwriting agreement, securities sale agreement, or other similar agreement, relating to the offering shall cease to be true and correct;

(vii) (A) use best efforts to cause all such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed and, if not so listed, to be listed on a securities exchange and, without limiting the generality of the foregoing, to arrange for at least two market markers to register as such with respect to such Registrable Securities with FINRA, and (B) comply (and continue to comply) with the requirements of any self-regulatory organization applicable to the Company, including without limitation all corporate governance requirements;

(viii) use best efforts to provide a transfer agent and registrar for all such Registrable Securities not later than the effective date of such registration statement;

(ix) enter into and perform such customary agreements (including, as applicable, underwriting agreements in customary form) and take all such other actions as the Sponsor Investors or the underwriters, if any, reasonably request in order to expedite or facilitate the disposition of such Registrable Securities (including, without limitation, making available the executive officers of the Company and participating in “road shows,” investor presentations, marketing events and other selling efforts and effecting a stock or unit split or combination, recapitalization or reorganization);

(x) make available for inspection by any seller of Registrable Securities, any underwriter participating in any disposition or sale pursuant to such registration statement and any attorney, accountant or other agent retained by any such seller or underwriter, all financial and other records, pertinent corporate and business documents and properties of the Company as will be necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors, employees, agents, representatives and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant or agent in connection with such registration statement and the disposition of such Registrable Securities pursuant thereto;

(xi) take all reasonable actions to ensure that any Free-Writing Prospectus utilized in connection with any Demand Registration or Piggyback Registration or Shelf Offering hereunder complies in all material respects with the Securities Act, is filed in accordance with the Securities Act to the extent required thereby, is retained in accordance with the Securities Act to the extent required thereby and, when taken together with the related prospectus, prospectus supplement and related documents, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(xii) otherwise use its best efforts to comply with all applicable rules and regulations of the SEC, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve (12) months beginning with the first day of the Company's first full calendar quarter after the effective date of the registration statement, which earnings statement will satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(xiii) permit any Holder which, in its sole and exclusive judgment, might be deemed to be an underwriter or a controlling Person of the Company, to participate in the preparation of such registration or comparable statement and to allow such Holder to provide language for insertion therein, in form and substance satisfactory to the Company, which in the reasonable judgment of such Holder and its counsel should be included;

(xiv) use best efforts to (A) make Short-Form Registration available for the sale of Registrable Securities and (B) prevent the issuance of any stop order suspending the effectiveness of a registration statement, or the issuance of any order suspending or preventing the use of any related prospectus or suspending the qualification of any Common Equity included in such registration statement for sale in any jurisdiction use, and in the event any such order is issued, best efforts to obtain promptly the withdrawal of such order;

(xv) use its reasonable best efforts to cause such Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the sellers thereof to consummate the disposition of such Registrable Securities;

(xvi) cooperate with the Holders covered by the registration statement and the managing underwriter or agent, if any, to facilitate the timely preparation and delivery of certificates (not bearing any restrictive legends) representing securities to be sold under the registration statement, or the removal of any restrictive legends associated with any account at which such securities are held, and enable such securities to be in such denominations and registered in such names as the managing underwriter, or agent, if any, or any such Holder may request;

(xvii) if requested by any managing underwriter, include in any prospectus or prospectus supplement updated financial or business information for the Company's most recent period or current quarterly period (including estimated results or ranges of results) if required for purposes of marketing the offering in the view of the managing underwriter;

(xviii) take no direct or indirect action prohibited by Regulation M under the Exchange Act; provided, however, that to the extent that any prohibition is applicable to the Company, the Company will take such action as is necessary to make any such prohibition inapplicable;

(xix) (A) cooperate with each Holder covered by the registration statement and each underwriter or agent participating in the disposition of such Registrable Securities and their respective counsel in connection with the preparation and filing of applications, notices, registrations and responses to requests for additional information with FINRA, the New York Stock Exchange, Nasdaq or any other national securities exchange on which the shares of Common Equity are or are to be listed, and (B) to the extent required by the rules and regulations of FINRA, retain a Qualified Independent Underwriter acceptable to the managing underwriter;

(xx) in the case of any underwritten offering, use its best efforts to obtain, and deliver to the underwriter(s), in the manner and to the extent provided for in the applicable underwriting agreement, one or more cold comfort letters from the Company's independent public accountants in customary form and covering such matters of the type customarily covered by cold comfort letters;

(xxi) use its best efforts to provide (A) a legal opinion of the Company's outside counsel, dated the effective date of such registration statement addressed to the Company, (B) on the date that such Registrable Securities are delivered to the underwriters for sale in connection with a Demand Registration or Shelf Offering, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the closing date of the applicable sale, (1) one or more legal opinions of the Company's outside counsel, dated such date, in form and substance as customarily given to underwriters in an underwritten Public Offering or, in the case of a non-underwritten offering, to the broker, placement agent or other agent of the Holders assisting in the sale of the Registrable Securities and (2) one or more "negative assurances letters" of the Company's outside counsel, dated such date, in form and substance as is customarily given to underwriters in an underwritten Public Offering or, in the case of a non-underwritten offering, to the broker, placement agent or other agent of the Holders assisting in the sale of the Registrable Securities, in each case, addressed to the underwriters, if any, or, if requested, in the case of a non-underwritten offering, to the broker, placement agent or other agent of the Holders assisting in the sale of the Registrable Securities and (C) customary certificates executed by authorized officers of the Company as may be requested by any Holder or any underwriter of such Registrable Securities;

(xxii) if the Company files an Automatic Shelf Registration Statement covering any Registrable Securities, use its best efforts to remain a WKSI (and not become an ineligible issuer (as defined in Rule 405 under the Securities Act)) during the period during which such Automatic Shelf Registration Statement is required to remain effective;

(xxiii) if the Company does not pay the filing fee covering the Registrable Securities at the time an Automatic Shelf Registration Statement is filed, pay such fee at such time or times as the Registrable Securities are to be sold;

(xxiv) if the Automatic Shelf Registration Statement has been outstanding for at least three (3) years, at the end of the third year, refile a new Automatic Shelf Registration Statement covering the Registrable Securities, and, if at any time when the Company is required to re-evaluate its WKSI status the Company determines that it is not a WKSI, use its best efforts to refile the Shelf Registration Statement on Form S-3 and, if such form is not available, Form S-1 and keep such registration statement effective during the period during which such registration statement is required to be kept effective; and

(xxv) if requested by any Participating Sponsor Investor, cooperate with such Participating Sponsor Investor and with the managing underwriter or agent, if any, on reasonable notice to facilitate any Charitable Gifting Event and to prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to permit any such recipient Charitable Organization to sell in the underwritten offering if it so elects.

(b) Officer Obligations. Each Holder that is an officer of the Company agrees that if and for so long as he or she is employed by the Company or any Subsidiary thereof, he or she will participate fully in the sale process in a manner customary for Persons in like positions and consistent with his or her other duties with the Company, including the preparation of the registration statement and the preparation and presentation of any road shows.

(c) Automatic Shelf Registration Statements. If the Company files any Automatic Shelf Registration Statement for the benefit of the holders of any of its securities other than the Holders, and the Sponsor Investors do not request that their Registrable Securities be included in such Shelf Registration Statement, the Company agrees that, at the request of the Sponsor Investors, it will include in such Automatic Shelf Registration Statement such disclosures as may be required by Rule 430B in order to ensure that the Sponsor Investors may be added to such Shelf Registration Statement at a later time through the filing of a prospectus supplement rather than a post-effective amendment. If the Company has filed any Automatic Shelf Registration Statement for the benefit of the holders of any of its securities other than the Holders, the Company shall, at the request of the Sponsor Investors, file any post-effective amendments necessary to include therein all disclosure and language necessary to ensure that the holders of Registrable Securities may be added to such Shelf Registration Statement.

(d) Additional Information. The Company may require each seller of Registrable Securities as to which any registration is being effected to furnish to the Company such information regarding such seller and the distribution of such securities as the Company may from time to time reasonably request in writing, as a condition to such seller's participation in such registration; provided that the failure of any potential seller to provide such information shall not result in any liability or consequence for such potential seller other than the inability to participate in such registration.

(e) In-Kind Distributions. If any Sponsor Investor (and/or any of their Affiliates) seeks to effectuate an in-kind distribution of all or part of their Registrable Securities to their respective direct or indirect equityholders, the Company will, subject to any applicable lock-ups, work with the foregoing Persons to facilitate such in-kind distribution in the manner reasonably requested and consistent with the Company's obligations under the Securities Act.

(f) Suspended Distributions. Each Person participating in a registration hereunder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 4(a)(vi), such Person will immediately discontinue the disposition of its Registrable Securities pursuant to the registration statement until such Person's receipt of the copies of a supplemented or amended prospectus as contemplated by Section 4(a)(vi), subject to the Company's compliance with its obligations under Section 4(a)(vi).

(g) Other. To the extent that any of the Participating Sponsor Investors is or may be deemed to be an "underwriter" of Registrable Securities pursuant to any SEC comments or policies, the Company agrees that (i) the indemnification and contribution provisions contained in Section 6 shall be applicable to the benefit of such Participating Sponsor Investor in their role as an underwriter or deemed underwriter in addition to their capacity as a holder and (ii) such Participating Sponsor Investor shall be entitled to conduct the due diligence which they would normally conduct in connection with an offering of securities registered under the Securities Act, including without limitation receipt of customary opinions and comfort letters addressed to such Participating Sponsor Investor.

Section 5 Registration Expenses.

Except as expressly provided herein, all out-of-pocket expenses incurred by the Company or any Sponsor Investor in connection with the performance of or compliance with this Agreement and/or in connection with any Demand Registration, Piggyback Registration or Shelf Offering, whether or not the same shall become effective, shall be paid by the Company, including, without limitation: (i) all registration and filing fees, and any other fees and expenses associated with filings required to be made with the SEC or FINRA, (ii) all fees and expenses in connection with compliance with any securities or "blue sky" laws, (iii) all printing, duplicating, word processing, messenger, telephone, facsimile and delivery expenses (including expenses of printing certificates for the Registrable Securities in a form eligible for deposit with The Depository Trust Company or other depositary and of printing prospectuses and Company Free Writing Prospectuses), (iv) all fees and disbursements of counsel for the Company and of all independent certified public accountants of the Company (including the expenses of any special audit and cold comfort letters required by or incident to such performance), (v) Securities Act liability insurance or similar insurance if the Company so desires or the underwriters so require in accordance with then-customary underwriting practice, (vi) all fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange on which similar securities of the Company are then listed (or on which exchange the Registrable Securities are proposed to be listed in the case of the initial Public Offering), (vii) all applicable rating agency fees with respect to the Registrable Securities, (viii) all fees and disbursements of legal counsel for the Company, (ix) all reasonable fees and disbursements of one legal counsel for the Sponsor Investors, together with any necessary local counsel as may be required by the Sponsor Investors, (x) any fees and disbursements of underwriters customarily paid by issuers or sellers of securities, (xi) all fees and expenses of any special experts or other Persons retained by the Company or the Sponsor Investors in connection with any registration (xii) all of the Company's internal expenses (including all salaries and expenses of its officers and employees performing legal or accounting duties) and (xiii) all expenses related to the "road-show" for any underwritten offering, including all travel, meals and lodging. All such expenses are referred to herein as "Registration Expenses." The Company shall not be required to pay, and each Person that sells securities pursuant to a Demand Registration, Shelf Offering or Piggyback Registration hereunder will bear and pay, all underwriting discounts and commissions applicable to the Registrable Securities sold for such Person's account and all transfer taxes (if any) attributable to the sale of Registrable Securities.

Section 6 Indemnification and Contribution.

(a) By the Company. The Company will indemnify and hold harmless, to the fullest extent permitted by law and without limitation as to time, each Holder, such Holder's officers, directors, employees, agents, fiduciaries, stockholders, managers, partners, members, Affiliates, direct and indirect equityholders, consultants and representatives, and any successors and assigns thereof, and each Person who controls such holder (within the meaning of the Securities Act) (the "Indemnified Parties") against all losses, claims, actions, damages, liabilities and expenses (including with respect to actions or proceedings, whether commenced or threatened, and including reasonable attorney fees and expenses) (collectively, "Losses") caused by, resulting from, arising out of, based upon or related to any of the following (each, a "Violation") by the Company: (i) any untrue or alleged untrue statement of material fact contained in (A) any registration statement, prospectus, preliminary prospectus or Free-Writing Prospectus, or any amendment thereof or supplement thereto or (B) any application or other document or communication (in this Section 6, collectively called an "application") executed by or on behalf of the Company or based upon written information furnished by or on behalf of the Company filed in any jurisdiction in order to qualify any securities covered by such registration under the "blue sky" or securities laws thereof, (ii) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading or (iii) any violation or alleged violation by the Company of the Securities Act or any other similar federal or state securities laws or any rule or regulation promulgated thereunder applicable to the Company and relating to action or inaction required of the Company in connection with any such registration, qualification or compliance. In addition, the Company will reimburse such Indemnified Party for any legal or any other expenses reasonably incurred by them in connection with investigating or defending any such Losses. Notwithstanding the foregoing, the Company will not be liable in any such case to the extent that any such Losses result from, arise out of, are based upon, or relate to an untrue statement, or omission, made in such registration statement, any such prospectus, preliminary prospectus or Free-Writing Prospectus or any amendment or supplement thereto, or in any application, in reliance upon, and in conformity with, written information prepared and furnished in writing to the Company by such Indemnified Party expressly for use therein or by such Indemnified Party's failure to deliver a copy of the registration statement or prospectus or any amendments or supplements thereto after the Company has furnished such Indemnified Party with a sufficient number of copies of the same. In connection with an underwritten offering, the Company will indemnify such underwriters, their officers and directors, and each Person who controls such underwriters (within the meaning of the Securities Act) to the same extent as provided above with respect to the indemnification of the Indemnified Parties or as otherwise agreed to in the underwriting agreement executed in connection with such underwritten offering. Such indemnity and reimbursement of expenses shall remain in full force and effect regardless of any investigation made by or on behalf of such Indemnified Party and shall survive the transfer of such securities by such seller.

(b) By Holders. In connection with any registration statement in which a Holder is participating, each such Holder will furnish to the Company in writing such information as the Company reasonably requests for use in connection with any such registration statement or prospectus and, to the extent permitted by law, will indemnify the Company, its officers, directors, employees, agents and representatives, and each Person who controls the Company (within the meaning of the Securities Act) against any Losses resulting from (as determined by a final and appealable judgment, order or decree of a court of competent jurisdiction) any untrue statement of material fact contained in the registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto or any omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that such untrue statement or omission is contained in any information so furnished in writing by such Holder expressly for use therein; provided that the obligation to indemnify will be individual, not joint and several, for each Holder and will be limited to the net amount of proceeds received by such Holder from the sale of Registrable Securities pursuant to such registration statement; provided, further, that the failure of any Holder to provide such information shall not result in any liability or consequence for such Holder other than the inability to participate in the applicable registration.

(c) Claim Procedure. Any Person entitled to indemnification hereunder will (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that the failure to give prompt notice will impair any Person's right to indemnification hereunder only to the extent such failure has prejudiced the indemnifying party) and (ii) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party. If such defense is assumed, the indemnifying party will not be subject to any liability for any settlement made by the indemnified party without its consent (but such consent will not be unreasonably withheld, conditioned or delayed). An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim. In such instance, the conflicted indemnified parties will have a right to retain one separate counsel, chosen by the majority of the conflicted indemnified parties involved in the indemnification and approved by the Sponsor Investors, at the expense of the indemnifying party.

(d) Contribution. If the indemnification provided for in this Section 6 is held by a court of competent jurisdiction to be unavailable to, or is insufficient to hold harmless, an indemnified party or is otherwise unenforceable with respect to any Loss referred to herein, then such indemnifying party will contribute to the amounts paid or payable by such indemnified party as a result of such Loss, (i) in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other hand in connection with the statements or omissions which resulted in such Loss as well as any other relevant equitable considerations or (ii) if the allocation provided by clause (i) of this Section 6(d) is not permitted by applicable law, then in such proportion as is appropriate to reflect not only such relative fault but also the relative benefit of the Company on the one hand and of the sellers of Registrable Securities and any other sellers participating in the registration statement on the other in connection with the statement or omissions which resulted in such Losses, as well as any other relevant equitable considerations; provided that the maximum amount of liability in respect of such contribution will be limited, in the case of each seller of Registrable Securities, to an amount equal to the net proceeds actually received by such seller from the sale of Registrable Securities effected pursuant to such registration. The relative fault of the indemnifying party and of the indemnified party will be determined by reference to, among other things, whether the untrue (or, as applicable alleged) untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just or equitable if the contribution pursuant to this Section 6(d) were to be determined by pro rata allocation or by any other method of allocation that does not take into account such equitable considerations. The amount paid or payable by an indemnified party as a result of the Losses referred to herein will be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending against any action or claim which is the subject hereof. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person who is not guilty of such fraudulent misrepresentation.

(e) Release. No indemnifying party will, except with the consent of the indemnified party, consent to the entry of any judgment or enter into any settlement that does not include as an unconditional term thereof giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

(f) Non-exclusive Remedy; Survival. The indemnification and contribution provided for under this Agreement will be in addition to any other rights to indemnification or contribution that any indemnified party may have pursuant to law or contract (and the Company and its Subsidiaries shall be considered the indemnitors of first resort in all such circumstances to which this Section 6 applies) and will remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, director or controlling Person of such indemnified party and will survive the transfer of Registrable Securities and the termination or expiration of this Agreement.

Section 7 Cooperation with Underwritten Offerings. No Person may participate in any underwritten registration hereunder unless such Person (i) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved by the Person or Persons entitled hereunder to approve such arrangements (including, without limitation, pursuant to the terms of any over-allotment or "green shoe" option requested by the underwriters; provided that no Holder will be required to sell more than the number of Registrable Securities such Holder has requested to include in such registration) and (ii) completes, executes and delivers all questionnaires, powers of attorney (which shall be in customary form for an underwritten securities offering and limited in scope to the consummation of such offering), stock powers, custody agreements, indemnities, underwriting agreements and other documents and agreements required under the terms of such underwriting arrangements or as may be reasonably requested by the Company and the lead managing underwriter(s). To the extent that any such agreement is entered into pursuant to, and consistent with, Section 3, Section 4 and/or this Section 7, the respective rights and obligations created under such agreement will supersede the respective rights and obligations of the Holders, the Company and the underwriters created thereby with respect to such registration.

Section 8 Subsidiary Public Offering. The Company shall not effect an initial Public Offering or Direct Listing of the common equity securities of one of its Subsidiaries, or a SPAC Transaction involving one of its Subsidiaries, without the written consent or affirmative vote of the Requisite Holders (as defined in the Stockholders Agreement of the Company dated as of the date hereof and as in effect as of the date hereof) given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, unless (i) such transaction would have met the requirements to trigger the mandatory conversion of the Series A Preferred Stock in accordance with Section 5.1 of the Charter had such transaction been effected by the Company, and (ii) within ninety (90) days after such an initial Public Offering, Direct Listing or SPAC Transaction, the Company distributes (and in the event such transaction involves an indirect subsidiary, the Corporation causes each of its subsidiaries that hold, directly or indirectly, securities of such subsidiary to distribute) all of the securities of such Subsidiary held directly or indirectly by the Company to the Holders in accordance with Section 2 of the Charter, in which case the rights and obligations of the Company pursuant to this Agreement will apply, mutatis mutandis, to such Subsidiary, and the Company will cause such Subsidiary to comply with such Subsidiary's obligations under this Agreement as if it were the Company hereunder.

Section 9 Joinder; Additional Parties; Transfer of Registrable Securities.

(a) Joinder. The Company may from time to time (with the prior written consent of the Sponsor Investors) permit any Person who acquires Common Equity (or rights to acquire Common Equity) to become a party to this Agreement and to be entitled to and be bound by all of the rights and obligations as a Holder by obtaining an executed joinder to this Agreement from such Person in the form of Exhibit B attached hereto (a "Joinder"). Upon the execution and delivery of a Joinder by such Person, the Common Equity held by such Person shall become the category of Registrable Securities (i.e. Preferred Holder Registrable Securities or Other Investor Registrable Securities) and such Person shall be deemed the category of Holder (i.e. Preferred Holder Registrable Securities or Other Investor Registrable Securities) (unless a different designation is approved by the Sponsor Investors, in each case as set forth on the signature page to such Joinder).

Legend. Each certificate (if any) evidencing any Registrable Securities and each certificate issued in exchange for or upon the transfer of any Registrable Securities (unless such Registrable Securities would no longer be Registrable Securities after such transfer) will be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ORIGINALLY ISSUED ON [INSERT DATE OF ISSUANCE], HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY OTHER SECURITIES LAW, AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN EXEMPTION FROM REGISTRATION THEREUNDER. THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS AND CONDITIONS ON TRANSFER AS SPECIFIED IN THE STOCKHOLDERS AGREEMENT, DATED AS OF [•], BY AND AMONG PRIDE PARENT, INC. (THE "COMPANY") AND THE COMPANY'S STOCKHOLDERS, AS THE SAME MAY BE AMENDED OR MODIFIED FROM TIME TO TIME, AND THE REGISTRATION RIGHTS AGREEMENT, DATED AS OF [•], BY AND AMONG THE COMPANY AND CERTAIN OF THE COMPANY'S STOCKHOLDERS, AS THE SAME MAY BE AMENDED OR MODIFIED FROM TIME TO TIME, AND THE COMPANY RESERVES THE RIGHT TO REFUSE THE TRANSFER OF SUCH SECURITIES UNTIL SUCH CONDITIONS HAVE BEEN FULFILLED WITH RESPECT TO SUCH TRANSFER. A COPY OF SUCH STOCKHOLDERS AGREEMENT AND REGISTRATION RIGHTS AGREEMENT SHALL BE FURNISHED BY THE COMPANY TO THE HOLDER HEREOF UPON WRITTEN REQUEST AND WITHOUT CHARGE."

The Company will imprint such legend on certificates evidencing Registrable Securities outstanding prior to the date hereof. The legend set forth above will be removed from the certificates evidencing any securities that have ceased to be Registrable Securities.

Section 10 General Provisions.

(a) Amendments and Waivers. Except as otherwise provided herein, the provisions of this Agreement may be amended, modified or waived only with the prior written consent of the Company and the Sponsor Investors; provided that no such amendment, modification or waiver that would treat a specific Holder or group of Holders of Registrable Securities (*i.e.*, Preferred Holders) in a manner materially and adversely different than any other Holder or group of Holders will be effective against such Holder or group of Holders without the consent of the holders of a majority of the Registrable Securities that are held by the group of Holders that is materially and adversely affected thereby; provided, further that the foregoing provision shall not apply to any amendments or modifications otherwise expressly permitted by this Agreement, including any required to add a party hereto; and provided, further, that no provision of Section 3(a) applicable to any Holder may be amended, modified or waived without the prior written consent of each such Holder. The failure or delay of any Person to enforce any of the provisions of this Agreement

will in no way be construed as a waiver of such provisions and will not affect the right of such Person thereafter to enforce each and every provision of this Agreement in accordance with its terms. A waiver or consent to or of any breach or default by any Person in the performance by that Person of his, her or its obligations under this Agreement will not be deemed to be a consent or waiver to or of any other breach or default in the performance by that Person of the same or any other obligations of that Person under this Agreement.

(b) Remedies. The parties to this Agreement will be entitled to enforce their rights under this Agreement specifically (without posting a bond or other security), to recover damages caused by reason of any breach of any provision of this Agreement and to exercise all other rights existing in their favor. The parties hereto agree and acknowledge that a breach of this Agreement would cause irreparable harm and money damages would not be an adequate remedy for any such breach and that, in addition to any other rights and remedies existing hereunder, any party will be entitled to specific performance and/or other injunctive relief from any court of law or equity of competent jurisdiction (without posting any bond or other security) in order to enforce or prevent violation of the provisions of this Agreement.

(c) Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited, invalid, illegal or unenforceable in any respect under any applicable law or regulation in any jurisdiction, such prohibition, invalidity, illegality or unenforceability will not affect the validity, legality or enforceability of any other provision of this Agreement in such jurisdiction or in any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction as if such prohibited, invalid, illegal or unenforceable provision had never been contained herein.

(d) Entire Agreement. Except as otherwise provided herein and as modified by any side letter agreement between any party hereto and the Company, this Agreement contains the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the parties hereto, written or oral, which may have related to the subject matter hereof in any way.

(e) Successors and Assigns. Except as otherwise provided herein, this Agreement will bind and inure to the benefit and be enforceable by the Company and its successors and permitted assigns and the Holders and their respective successors and permitted assigns (whether so expressed or not), so long as such Persons hold Registrable Securities.

(f) Notices. Any notice, demand or other communication to be given under or by reason of the provisions of this Agreement will be in writing and, except as otherwise provided by any side letter agreement between the Company and any other party hereto, will be deemed to have been given (i) when delivered personally to the recipient, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient; but if not, then on the next Business Day, (iii) one Business Day after it is sent to the recipient by reputable overnight courier service (charges prepaid) or (iv) three Business Days after it is mailed to the recipient by first class mail, return receipt requested. Such notices, demands and other communications will be sent to the Company at the address specified on the signature page hereto or any Joinder and to any holder, or at such address or to the attention of such other Person as the recipient party has specified by prior written notice to the sending party. Any party may change such party's address for receipt of notice by giving prior written notice of the change to the sending party as provided herein. The Company's address is:

Pride Parent, Inc.
4811 Montgomery Road
Cincinnati, Ohio 45212
Attn: Raul Villar, Jr.; Alice Geene
Email: RVillar@paycor.com; AGeene@paycor.com

With a copy to:

Kirkland & Ellis LLP
300 North LaSalle
Chicago, Illinois 60654
Attn: Robert Goedert
Email: robert.goedert@kirkland.com

or to such other address or to the attention of such other Person as the recipient party has specified by prior written notice to the sending party.

(g) Business Days. If any time period for giving notice or taking action hereunder expires on a day that is not a Business Day, the time period will automatically be extended to the Business Day immediately following such day.

(h) Governing Law. All issues and questions concerning the construction, validity, interpretation and enforcement of this Agreement and the exhibits and schedules hereto will be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

(i) MUTUAL WAIVER OF JURY TRIAL. AS A SPECIFICALLY BARGAINED FOR INDUCEMENT FOR EACH OF THE PARTIES HERETO TO ENTER INTO THIS AGREEMENT (AFTER HAVING THE OPPORTUNITY TO CONSULT WITH COUNSEL), EACH PARTY HERETO EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY LAWSUIT OR PROCEEDING RELATING TO OR ARISING IN ANY WAY FROM THIS AGREEMENT OR THE MATTERS CONTEMPLATED HEREBY.

(j) CONSENT TO JURISDICTION AND SERVICE OF PROCESS. EACH OF THE PARTIES IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF THIS AGREEMENT, ANY RELATED AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY OR THEREBY. EACH OF THE PARTIES HERETO FURTHER AGREES THAT SERVICE OF ANY PROCESS, SUMMONS, NOTICE OR DOCUMENT BY U.S. REGISTERED MAIL TO SUCH PARTY'S RESPECTIVE ADDRESS SET FORTH ABOVE WILL BE EFFECTIVE SERVICE OF PROCESS FOR ANY ACTION, SUIT OR PROCEEDING WITH RESPECT TO ANY MATTERS TO WHICH IT HAS SUBMITTED TO JURISDICTION IN THIS PARAGRAPH. EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY OBJECTION TO THE LAYING OF VENUE OF ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF THIS AGREEMENT, ANY RELATED DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE, AND HEREBY AND THEREBY FURTHER IRREVOCABLY AND UNCONDITIONALLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION, SUIT OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(k) No Recourse. Notwithstanding anything to the contrary in this Agreement, the Company and each Holder agrees and acknowledges that no recourse under this Agreement or any documents or instruments delivered in connection with this Agreement, will be had against any current or future director, officer, employee, general or limited partner or member of any Holder or any Affiliate or assignee thereof, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any statute, regulation or other applicable law, it being expressly agreed and acknowledged that no personal liability whatsoever will attach to, be imposed on or otherwise be incurred by any current or future officer, agent or employee of any Holder or any current or future member of any Holder or any current or future director, officer, employee, partner or member of any Holder or of any Affiliate or assignee thereof, as such for any obligation of any Holder under this Agreement or any documents or instruments delivered in connection with this Agreement for any claim based on, in respect of or by reason of such obligations or their creation.

(l) Descriptive Headings; Interpretation. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement. The use of the word "including" in this Agreement will be by way of example rather than by limitation.

(m) No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction will be applied against any party.

(n) Counterparts. This Agreement may be executed in multiple counterparts, any one of which need not contain the signature of more than one party, but all such counterparts taken together will constitute one and the same agreement.

(o) Electronic Delivery. This Agreement, the agreements referred to herein, and each other agreement or instrument entered into in connection herewith or therewith or contemplated hereby or thereby, and any amendments hereto or thereto, to the extent executed and delivered by means of a photographic, photostatic, facsimile or similar reproduction of such signed writing using a facsimile machine or electronic mail will be treated in all manner and respects as an original agreement or instrument and will be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto will re-execute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement or instrument will raise the use of a facsimile machine or electronic mail to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or electronic mail as a defense to the formation or enforceability of a contract and each such party forever waives any such defense.

(p) Further Assurances. In connection with this Agreement and the transactions contemplated hereby, each Holder agrees to execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and the transactions contemplated hereby.

(q) Dividends, Recapitalizations, Etc. If at any time or from time to time there is any change in the capital structure of the Company by way of a stock split, stock dividend, combination or reclassification, or through a merger, consolidation, reorganization or recapitalization, or by any other means, appropriate adjustment will be made in the provisions hereof so that the rights and privileges granted hereby will continue.

(r) No Third-Party Beneficiaries. No term or provision of this Agreement is intended to be, or shall be, for the benefit of any Person not a party hereto, and no such other Person shall have any right or cause of action hereunder, except as otherwise expressly provided herein.

(s) Current Public Information. At all times after the Company has filed a registration statement with the SEC pursuant to the requirements of either the Securities Act or the Exchange Act, the Company will file all reports required to be filed by it under the Securities Act and the Exchange Act and will take such further action as the Sponsor Investors may reasonably request, all to the extent required to enable the Holders to sell Registrable Securities (or securities that would be Registrable Securities but for the final sentence of the definition of Registrable Securities) pursuant to Rule 144.

* * * * *

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

COMPANY:

PRIDE PARENT, INC.

By: /s/ Raul Villar Jr.
Name: Raul Villar Jr.
Its: Chief Executive Officer

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

SPONSOR INVESTORS:

PRIDE AGGREGATOR, L.P.

By: PRIDE GP, INC.
Its: General Partner

By: /s/ Jason Wright
Name: Jason Wright
Title: President

EXHIBIT A

DEFINITIONS

"Affiliate" of any Person means any other Person controlled by, controlling or under common control with such Person and, in the case of an individual, also includes any member of such individual's Family Group; provided that the Company and its Subsidiaries will not be deemed to be Affiliates of any holder of Registrable Securities. As used in this definition, "control" (including, with its correlative meanings, "controlling," "controlled by" and "under common control with") will mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities, by contract or otherwise).

"Agreement" has the meaning set forth in the recitals.

"Automatic Shelf Registration Statement" has the meaning set forth in Section 1(a).

"Business Day" means a day that is not a Saturday or Sunday or a day on which banks in New York City are authorized or requested by law to close.

"Charitable Gifting Event" means any transfer by a Sponsor Investor, or any subsequent transfer by such holder's members, partners or other employees, in connection with a bona fide gift to any Charitable Organization on the date of, but prior to, the execution of the underwriting agreement entered into in connection with any underwritten offering.

"Charitable Organization" means a charitable organization as described by Section 501(c)(3) of the Internal Revenue Code of 1986, as in effect from time to time.

"Charter" means the Company's Certificate of Incorporation, dated as of the date hereof and on file with the Secretary of State of the State of Delaware.

"Common Equity" means the Company's common stock, par value $[____] per share.

"Company" has the meaning set forth in the preamble and shall include its successor(s).

"Demand Registrations" has the meaning set forth in Section 1(a).

"Direct Listing" has the meaning set forth in the Charter.

"End of Suspension Notice" has the meaning set forth in Section 1(f)(ii).

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor federal law then in force, together with all rules and regulations promulgated thereunder.

"Excluded Registration" means any registration (i) pursuant to a Demand Registration (which is addressed in Section 1(a)), (ii) in connection with registrations on Form S-4 or S-8 promulgated by the SEC or any successor or similar forms or (iii) on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of Registrable Securities or that does not permit the registration of Registrable Securities.

"Family Group" means with respect to any individual, such individual's current or former spouse, their respective parents, descendants of such parents (whether natural or adopted) and the spouses of such descendants, any trust, limited partnership, corporation or limited liability company established solely for the benefit of such individual or such individual's current or former spouse, their respective parents, descendants of such parents (whether natural or adopted) or the spouses of such descendants.

"FINRA" means the Financial Industry Regulatory Authority.

"Free Writing Prospectus" means a free-writing prospectus, as defined in Rule 405.

"Holdback Period" has the meaning set forth in Section 3(a).

"Holder" means a holder of Registrable Securities who is a party to this Agreement (including by way of Joinder).

"Indemnified Parties" has the meaning set forth in Section 6(a).

"Joinder" has the meaning set forth in Section 9(a).

"Long-Form Registrations" has the meaning set forth in Section 1(a).

"Losses" has the meaning set forth in Section 6(c).

"Other Registrable Securities" means (i) any Common Equity held (directly or indirectly) by any Other Investors or any of their Affiliates and (ii) any equity securities of the Company or any Subsidiary issued or issuable with respect to the securities referred to in clause (i) of Section 3(a) by way of dividend, distribution, split or combination of securities, or any recapitalization, merger, consolidation or other reorganization.

"Participating Holder" means any Participating Sponsor Investor or Participating Preferred Holder.

"Participating Preferred Holder" means any Preferred Holder participating in any Demand Registration, Shelf Offering or Piggyback Registration.

"Participating Sponsor Investor" means any Sponsor Investor participating in the request for a Demand Registration, Shelf Offering, Piggyback Registration or Underwritten Block Trade.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

"Piggyback Registrations" has the meaning set forth in Section 2(a).

"Preferred Holder Registrable Securities" means (i) any Common Equity held (directly or indirectly) by any Preferred Holder or any of its Affiliates and (ii) any equity securities of the Company or any Subsidiary issued or issuable with respect to the securities referred to in clause (i) of Section 3(a) by way of dividend, distribution, split or combination of securities, or any recapitalization, merger, consolidation or other reorganization.

"Preferred Holders" has the meaning set forth in the recitals.

"Public Offering" means any sale or distribution by the Company, one of its Subsidiaries and/or Holders to the public of Common Equity or other securities convertible into or exchangeable for Common Equity pursuant to an offering registered under the Securities Act.

"Qualified Independent Underwriter" means a qualified independent underwriter within the meaning of FINRA Rule 5121.

"Registrable Securities" means Sponsor Investor Registrable Securities, Preferred Holder Registrable Securities and Other Registrable Securities. As to any particular Registrable Securities, such securities will cease to be Registrable Securities when they have been (a) sold or distributed pursuant to a Public Offering, (b) sold in compliance with Rule 144 following the consummation of the Company's initial Public Offering, (c) distributed to the direct or indirect partners or members of a Sponsor Investor, except for a distribution and assignment permitted pursuant to Section 10(e) or (d) repurchased by the Company or a Subsidiary of the Company. For purposes of this Agreement, a Person will be deemed to be a holder of Registrable Securities, and the Registrable Securities will be deemed to be in existence, whenever such Person has the right to acquire, directly or indirectly, such Registrable Securities (upon conversion or exercise in connection with a transfer of securities or otherwise, but disregarding any restrictions or limitations upon the exercise of such right), whether or not such acquisition has actually been effected, and such Person will be entitled to exercise the rights of a holder of Registrable Securities hereunder (it being understood that a holder of Registrable Securities may only request that Registrable Securities in the form of Common Equity be registered pursuant to this Agreement). Notwithstanding the foregoing, following the consummation of an initial Public Offering, any Registrable Securities held by any Person (other than any Sponsor Investor or its Affiliates) that may be sold under Rule 144(b)(1)(i) without limitation under any of the other requirements of Rule 144 will be deemed not to be Registrable Securities.

"Registration Expenses" has the meaning set forth in Section 5.

"Rule 144," "Rule 158," "Rule 405" and "Rule 415" mean, in each case, such rule promulgated under the Securities Act (or any successor provision) by the SEC, as the same will be amended from time to time, or any successor rule then in force.

"Sale of the Company" means any transaction or series of transactions pursuant to which any Person(s) or a group of related Persons (other than any Sponsor Investor and/or its Affiliates) in the aggregate acquires: (i) Common Equity of the Company entitled to vote (other than voting rights accruing only in the event of a default, breach, event of noncompliance or other contingency) to elect directors with a majority of the voting power of the Company's board of directors (whether by merger, consolidation, reorganization, combination, sale or transfer of the Company's Common Equity) or (ii) all or substantially all of the Company's and its Subsidiaries' assets determined on a consolidated basis; provided that a Public Offering will not constitute a Sale of the Company.

"Sale Transaction" has the meaning set forth in Section 3(a).

"SEC" means the United States Securities and Exchange Commission.

"Securities" has the meaning set forth in Section 3(a).

"Securities Act" means the Securities Act of 1933, as amended from time to time, or any successor federal law then in force, together with all rules and regulations promulgated thereunder.

"Series A Preferred Stock" has the meaning set forth in the Charter.

"Shelf Offering" has the meaning set forth in Section 1(e)(i).

"Shelf Offering Notice" has the meaning set forth in Section 1(e)(i).

"Shelf Registration" has the meaning set forth in Section 1(a).

"Shelf Registration Statement" has the meaning set forth in Section 1(d).

"Shelf Registrable Securities" has the meaning set forth in Section 1(e)(i).

"Short-Form Registrations" has the meaning set forth in Section 1(a).

"SPAC Transaction" has the meaning set forth in the Charter.

"Sponsor Investors" has the meaning set forth in the recitals; provided that any decision to be made under this Agreement by the Sponsor Investors shall be made by the holders of a majority of all Sponsor Investor Registrable Securities.

"Sponsor Investor Registrable Securities" means (i) any Common Equity held (directly or indirectly) by any Sponsor Investor or any of its Affiliates and (ii) any equity securities of the Company or any Subsidiary issued or issuable with respect to the securities referred to in clause (i) of Section 3(a) by way of dividend, distribution, split or combination of securities, or any recapitalization, merger, consolidation or other reorganization.

"Stockholders' Agreement" means the stockholders agreement among the Company, the Sponsor Investors and the other parties thereto, dated as of the date hereof.

"Subsidiary" means, with respect to the Company, any corporation, limited liability company, partnership, association or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by the Company or one or more of the other Subsidiaries of the Company or a combination thereof, or (ii) if a limited liability company, partnership, association or other business entity, a majority of the limited liability company, partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by the Company or one or more Subsidiaries of the Company or a combination thereof. For purposes hereof, a Person or Persons will be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity if such Person or Persons will be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or will be or control the managing director or general partner of such limited liability company, partnership, association or other business entity.

"Suspension Event" has the meaning set forth in Section 1(g)(ii).

"Suspension Notice" has the meaning set forth in Section 1(g)(ii).

"Suspension Period" has the meaning set forth in Section 1(g)(i).

"Violation" has the meaning set forth in Section 6(a).

"WKSI" means a "well-known seasoned issuer" as defined under Rule 405.

EXHIBIT B

The undersigned is executing and delivering this Joinder pursuant to the Registration Rights Agreement dated as of _____, 202__ (as amended, modified and waived from time to time, the "Registration Agreement"), among Pride Parent, Inc., a Delaware corporation (the "Company"), and the other persons named as parties therein (including pursuant to other Joinders). Capitalized terms used herein have the meaning set forth in the Registration Agreement.

By executing and delivering this Joinder to the Company, the undersigned hereby agrees to become a party to, to be bound by, and to comply with the provisions of, the Registration Agreement as a Holder in the same manner as if the undersigned were an original signatory to the Registration Agreement, and the undersigned will be deemed for all purposes to be a Holder, a**[n] [Sponsor Investor//Preferred Holder//Other Investor thereunder]** and the undersigned's ____ **[shares of Common Equity//Preferred Stock]** will be deemed for all purposes to be a**[n] [Sponsor Investor//Preferred Holder//Other Investor]** Registrable Securities under the Registration Agreement.

Accordingly, the undersigned has executed and delivered this Joinder as of the ___ day of _____, 20___.

_____

Signature

_____

Print Name

Address: _____

_____

_____

Agreed and Accepted as of

_____, 20___:

PRIDE PARENT, INC.

By: _____

Its: _____

CREDIT AGREEMENT

by and among

WELLS FARGO BANK, NATIONAL ASSOCIATION,

as Agent,

WELLS FARGO BANK, NATIONAL ASSOCIATION,

as Lead Arranger,

THE LENDERS THAT ARE PARTIES HERETO

as the Lenders,

PRIDE GUARANTOR, INC.,

as Holdings,

PRIDE MERGER SUBSIDIARY, INC.,

PAYCOR, INC.,

as Borrowers,

and

THE OTHER GUARANTORS THAT ARE FROM TIME TO TIME PARTIES HERETO

Dated as of November 2, 2018

EXHIBITS AND SCHEDULES

CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this "Agreement"), is entered into as of November 2, 2018, by and among the lenders identified on the signature pages hereof (each of such lenders, together with its successors and permitted assigns, is referred to hereinafter as a "Lender", as that term is hereinafter further defined), **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association for each member of the Lender Group and the Bank Product Providers (in such capacity, together with its successors and assigns in such capacity, "Agent") and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association, as lead arranger and bookrunner (in such capacity, together with its successors and assigns in such capacity, "Lead Arranger"), **PRIDE GUARANTOR, INC.**, a Delaware corporation ("Holdings"), **PAYCOR, INC.**, a Delaware corporation ("Paycor"), **PRIDE MERGER SUBSIDIARY, INC.**, a Delaware corporation ("Merger Sub"), which upon consummation of the Closing Acquisition, shall be merged with and into Paycor with Paycor surviving such merger (Merger Sub and Paycor, each individually a "Borrower" and, collectively, jointly and severally, the "Borrowers"), the other Guarantors from time to time party hereto.

The parties agree as follows:

1. **DEFINITIONS AND CONSTRUCTION.**

1.1 **Definitions**. Capitalized terms used in this Agreement shall have the meanings specified therefor on Annex 1.1.

1.2 **Accounting Terms**. All accounting terms not specifically defined herein shall be construed in accordance with GAAP; provided, that if Borrowers notify Agent that Borrowers request an amendment to any provision hereof to eliminate the effect of any Accounting Change occurring after the Second Amendment Effective Date or in the application thereof on the operation of such provision (or if Agent notifies Borrowers that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such Accounting Change or in the application thereof, then Agent and Borrowers agree that they will negotiate in good faith amendments to the provisions of this Agreement that are directly affected by such Accounting Change with the intent of having the respective positions of the Lenders and Borrowers after such Accounting Change conform as nearly as possible to their respective positions before such Accounting Change and, until any such amendments have been agreed upon and agreed to by the Required Lenders and the Borrowers, the provisions in this Agreement shall be calculated as if no such Accounting Change had occurred. When used herein, the term "financial statements" shall include the notes and schedules thereto. Whenever the term "Borrowers" is used in respect of a financial covenant or a related definition, it shall be understood to mean Borrowers and their Subsidiaries on a consolidated basis, unless the context clearly requires otherwise. Notwithstanding anything to the contrary contained herein, (a) all financial statements delivered hereunder shall be prepared, and all financial covenants contained herein shall be calculated, without giving effect to any election under the Statement of Financial Accounting Standards Board's Accounting Standards Codification Topic 825 (or any similar accounting principle) permitting a Person to value its financial liabilities or Indebtedness at the fair value thereof, and (b) the term "unqualified opinion" as used herein to refer to opinions or reports provided by accountants shall mean an opinion or report that is (i) unqualified, and (ii) does not include any explanation, supplemental comment, or other comment concerning the ability of the applicable Person to continue as a going concern or concerning the scope of the audit.

1.3 **Code**. Any terms used in this Agreement that are defined in the Code shall be construed and defined as set forth in the Code unless otherwise defined herein; provided, that to the extent that the Code is used to define any term herein and such term is defined differently in different Articles of the Code, the definition of such term contained in Article 9 of the Code shall govern.

1.4 **Construction**. Unless the context of this Agreement or any other Loan Document clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the terms "includes" and "including" are not limiting, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or." The words "hereof," "herein," "hereby," "hereunder," and similar terms in this Agreement or any other Loan Document refer to this Agreement or such other Loan Document, as the case may be, as a whole and not to any particular provision of this Agreement or such other Loan Document, as the case may be. Section, subsection, clause, schedule, and exhibit references herein are to this Agreement unless otherwise specified. Any reference in this Agreement or in any other Loan Document to any agreement, instrument, or document shall include all alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements, thereto and thereof, as applicable (subject to any restrictions on such alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements set forth herein). The words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties. Any reference herein or in any other Loan Document to the satisfaction, repayment, or payment in full of the Obligations shall mean (a) the payment or repayment in full in immediately available funds of (i) the principal amount of, and interest accrued and unpaid with respect to, all outstanding Loans, together with the payment of any premium applicable to the repayment of the Loans, (ii) all Lender Group Expenses that have accrued and are unpaid regardless of whether demand has been made therefor, (iii) all fees or charges that have accrued hereunder or under any other Loan Document (including the Letter of Credit Fee and the Unused Line Fee) and are unpaid, (b) in the case of contingent reimbursement obligations with respect to Letters of Credit, providing Letter of Credit Collateralization, (c) in the case of obligations with respect to Bank Products (other than Hedge Obligations), providing Bank Product Collateralization, (d) the receipt by Agent of cash collateral in order to secure any other contingent Obligations for which a claim or demand for payment has been made on or prior to such time, such cash collateral to be in such amount as Agent reasonably determines is appropriate to secure such contingent Obligations, but in no event greater than 105% of the face amount of such claim or demand to the extent a specific amount has been claimed or demanded, (e) the payment or repayment in full in immediately available funds of all other outstanding Obligations (including the payment of any termination amount then applicable (or which would or could become applicable as a result of the repayment of the other Obligations) under Hedge Agreements provided by Hedge Providers) other than, in any case, (i) unasserted contingent indemnification Obligations, (ii) any Bank Product Obligations (other than Hedge Obligations) that, at such time, are allowed by the applicable Bank Product Provider to remain outstanding without being required to be repaid or cash collateralized, and (iii) any Hedge Obligations that, at such time, are allowed by the applicable Hedge Provider to remain outstanding without being required to be repaid, and (f) the termination of all of the Commitments of the Lenders. Any reference herein to any Person shall be construed to include such Person's successors and assigns. Any requirement of a writing contained herein or in any other Loan Document shall be satisfied by the transmission of a Record.

1.5 **Time References**. Unless the context of this Agreement or any other Loan Document clearly requires otherwise, all references to time of day refer to Eastern standard time or Eastern daylight saving time, as in effect in Boston, Massachusetts on such day. For purposes of the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to and including"; provided that, with respect to a computation of fees or interest payable to Agent or any Lender, such period shall in any event consist of at least one full day.

1.6 **Schedules and Exhibits**. All of the schedules and exhibits attached to this Agreement shall be deemed incorporated herein by reference.

1.7 **Certain Calculations and Tests**.

(a) Notwithstanding anything in this Agreement or any Loan Document to the contrary, when calculating any applicable ratio or determining other compliance with this Agreement (including the determination of compliance with any provision of this Agreement which requires that no Default or Event of Default has occurred, is continuing or would result therefrom) in connection with a Specified Transaction undertaken in connection with the consummation of a Limited Condition Transaction, the date of determination of such ratio or other applicable covenant and determination of whether any Default or Event of Default has occurred, is continuing or would result therefrom or other applicable covenant, shall, at the option of the Borrowers (the Borrowers' election to exercise such option in connection with any Limited Condition Transaction, an "LCT Election"), be deemed to be either (i) the date that the definitive agreements for such Limited Condition Transaction are entered into or (ii) solely in connection with an acquisition to which the United Kingdom City Code on Takeovers and Mergers (the "City Code") applies, the date on which a "Rule 2.7 announcement" of a firm intention to make an offer in respect of a target company is made in compliance with the City Code (in each case the "LCT Test Date") and if, after such ratios and other provisions are measured on a pro forma basis after giving effect to such Limited Condition Transaction and the other Specified Transactions to be entered into in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the four consecutive fiscal quarter period being used to calculate such financial ratio ending prior to the LCT Test Date, the Borrower could have taken such action on the relevant LCT Test Date in compliance with such ratios and provisions, such provisions shall be deemed to have been complied with. For the avoidance of doubt, (x) if any of such ratios are exceeded as a result of fluctuations in such ratio (including due to fluctuations in Consolidated EBITDA) at or prior to the consummation of the relevant Limited Condition Transaction, such ratios and other provisions will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the Limited Condition Transaction is permitted hereunder and (y) such ratios and other provisions shall not be tested at the time of consummation of such Limited Condition Transaction or related Specified Transactions. If the Borrower has made an LCT Election for any Limited Condition Transaction, then in connection with any subsequent calculation of any ratio or basket availability with respect to any other Specified Transaction on or following the relevant LCT Test Date and prior to the earlier of the date on which such Limited Condition Transaction is consummated or the date that the definitive agreement for, or "Rule 2.7 announcement" in respect of, as applicable, such Limited Condition Transaction is terminated or expires without consummation of such Limited Condition Transaction, any such ratio or basket shall be calculated on a pro forma basis assuming such Limited Condition Transaction and other transactions in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof) have been consummated.

1.8 **Divisions**. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

2. **LOANS AND TERMS OF PAYMENT**

2.1 Revolving Loans.

(a) Subject to the terms and conditions of this Agreement, during the term of this Agreement, each Revolving Lender agrees (severally, not jointly or jointly and severally) to make revolving loans ("Revolving Loans") to Borrowers in an amount at any one time outstanding not to exceed *the lesser of*:

(i) such Lender's Revolver Commitment, or

(ii) such Lender's Pro Rata Share of an amount equal to (1) the Maximum Revolver Amount *less* (2) the sum of (y) the Letter of Credit Usage at such time, *plus* (z) the principal amount of Swing Loans outstanding at such time.

(b) Amounts borrowed pursuant to this Section 2.1 may be repaid and, subject to the terms and conditions of this Agreement, reborrowed at any time during the term of this Agreement. The outstanding principal amount of the Revolving Loans, together with interest accrued and unpaid thereon, shall constitute Obligations and shall be due and payable on the Maturity Date or, if earlier, on the date on which they are declared due and payable pursuant to the terms of this Agreement.

(c) Anything to the contrary in this Section 2.1 notwithstanding, Agent shall have the right (but not the obligation) to establish Bank Product Reserves from time to time against the Maximum Revolver Amount. Agent shall endeavor to provide substantially contemporaneous notice to Administrative Borrower of any Bank Product Reserves established.

2.2 **Second Amendment Term Loan**.

(a) Subject to the terms and conditions of this Agreement, on the Second Amendment Effective Date, each Term Loan Lender with a Second Amendment Term Loan Commitment agrees (severally, not jointly or jointly and severally) to make term loans (collectively, the "Second Amendment Term Loan") to Borrower in an amount equal to such Lender's Pro Rata Share of the Second Amendment Term Loan Amount.

(b) The principal of the Second Amendment Term Loan shall be repaid on the following dates and in the following amounts (subject to any adjustments pursuant to Sections 2.4(d)(ii) and 2.4(f)(ii)):

Date	Installment Amount
December 31, 2020	$ 62,500
March 31, 2021	$ 62,500
June 30, 2021	$ 62,500
September 30, 2021	$ 62,500
December 31, 2021	$ 62,500
March 31, 2022	$ 62,500
June 30, 2022	$ 62,500
September 30, 2022	$ 62,500
December 31, 2022	$ 62,500
March 31, 2023	$ 62,500
June 30, 2023	$ 62,500
September 30, 2023	$ 62,500

The outstanding unpaid principal balance and all accrued and unpaid interest on the Second Amendment Term Loan shall be due and payable on the earlier of (i) the Maturity Date, and (ii) the date of the acceleration of the Second Amendment Term Loan in accordance with the terms hereof. Any principal amount of the Second Amendment Term Loan that is repaid or prepaid may not be reborrowed.

2.3 **Borrowing Procedures and Settlement.**

(a) **Procedure for Borrowing Revolving Loans**. Each Borrowing shall be made by a written request by an Authorized Person delivered to Agent (which may be delivered through Agent's electronic platform or portal) and received by Agent no later than 10:00 a.m. (i) on the Business Day that is the requested Funding Date in the case of a request for a Swing Loan, (ii) on the Business Day that is 1 Business Day prior to the requested Funding Date in the case of a request for a Base Rate Loan, and (iii) on the Business Day that is 3 Business Days prior to the requested Funding Date in the case of all other requests, specifying (A) the amount of such Borrowing, and (B) the requested Funding Date (which shall be a Business Day); provided, that Agent may, in its sole discretion, elect to accept as timely requests that are received later than 10:00 a.m. on the applicable Business Day. At Agent's election, in lieu of delivering the above-described written request, any Authorized Person may give Agent telephonic notice of such request by the required time. In such circumstances, Borrowers agree that any such telephonic notice will be confirmed in writing within 24 hours of the giving of such telephonic notice, but the failure to provide such written confirmation shall not affect the validity of the request. All Borrowing requests which are not made on-line via Agent's electronic platform or portal shall be subject to (and unless Agent elects otherwise in the exercise of its sole discretion, such Borrowings shall not be made until the completion of) Agent's authentication process (with results satisfactory to Agent) prior to the funding of any such requested Revolving Loan.

(b) **Making of Swing Loans**. In the case of a request for a Revolving Loan and so long as either (i) the aggregate amount of Swing Loans made since the last Settlement Date, *minus* all payments or other amounts applied to Swing Loans since the last Settlement Date, plus the amount of the requested Swing Loan does not exceed $10,000,000, or (ii) Swing Lender, in its sole discretion, agrees to make a Swing Loan notwithstanding the foregoing limitation, Swing Lender shall make a Revolving Loan (any such Revolving Loan made by Swing Lender pursuant to this Section 2.3(b) being referred to as a "Swing Loan" and all such Revolving Loans being referred to as "Swing Loans") available to Borrowers on the Funding Date applicable thereto by transferring immediately available funds in the amount of such requested Borrowing to the Designated Account. Each Swing Loan shall be deemed to be a Revolving Loan hereunder and shall be subject to all the terms and conditions (including Section 3) applicable to other Revolving Loans, except that all payments (including interest) on any Swing Loan shall be payable to Swing Lender solely for its own account. Subject to the provisions of Section 2.3(d)(ii), Swing Lender shall not make and shall not be obligated to make any Swing Loan if Swing Lender has actual knowledge that (i) one or more of the applicable conditions precedent set forth in Section 3 will not be satisfied on the requested Funding Date for the applicable Borrowing unless such condition has been waived in accordance with the terms hereof, or (ii) the requested Borrowing would exceed the Availability on such Funding Date. Swing Lender shall not otherwise be required to determine whether the applicable conditions precedent set forth in Section 3 have been satisfied on the Funding Date applicable thereto prior to making any Swing Loan. The Swing Loans shall be secured by Agent's Liens, constitute Revolving Loans and Obligations, and bear interest at the rate applicable from time to time to Revolving Loans that are Base Rate Loans.

(c) **Making of Loans**.

(i) In the event that Swing Lender is not obligated to make a Swing Loan, then after receipt of a request for a Borrowing pursuant to Section 2.3(a), Agent shall notify the Lenders by telecopy, telephone, email, or other electronic form of transmission, of the requested Borrowing; such notification to be sent on the Business Day that is 1 Business Day prior to the requested Funding Date. If Agent has notified the Lenders of a requested Borrowing on the Business Day that is 1 Business Day prior

to the Funding Date, then each Lender shall make the amount of such Lender's Pro Rata Share of the requested Borrowing available to Agent in immediately available funds, to the Agent's Account, not later than 10:00 a.m. on the Business Day that is the requested Funding Date. After Agent's receipt of the proceeds of the Loans from the Lenders, Agent shall make the proceeds thereof available to Borrowers on the applicable Funding Date by transferring immediately available funds equal to such proceeds received by Agent to the Designated Account; provided, that, subject to the provisions of Section 2.3(d)(ii), no Lender shall have an obligation to make any Loan, if (1) one or more of the applicable conditions precedent set forth in Section 3 will not be satisfied on the requested Funding Date for the applicable Borrowing unless such condition has been waived, or (2) with respect to Revolving Loans, the requested Borrowing would exceed the Availability on such Funding Date.

(ii) Unless Agent receives notice from a Lender prior to 9:30 a.m. on the Business Day that is the requested Funding Date relative to a requested Borrowing as to which Agent has notified the Lenders of a requested Borrowing that such Lender will not make available as and when required hereunder to Agent for the account of Borrowers the amount of that Lender's Pro Rata Share of the Borrowing, Agent may assume that each Lender has made or will make such amount available to Agent in immediately available funds on the Funding Date and Agent may (but shall not be so required), in reliance upon such assumption, make available to Borrowers a corresponding amount. If, on the requested Funding Date, any Lender shall not have remitted the full amount that it is required to make available to Agent in immediately available funds and if Agent has made available to Borrowers such amount on the requested Funding Date, then such Lender shall make the amount of such Lender's Pro Rata Share of the requested Borrowing available to Agent in immediately available funds, to the Agent's Account, no later than 10:00 a.m. on the Business Day that is the first Business Day after the requested Funding Date (in which case, the interest accrued on such Lender's portion of such Borrowing for the Funding Date shall be for Agent's separate account). If any Lender shall not remit the full amount that it is required to make available to Agent in immediately available funds as and when required hereby and if Agent has made available to Borrowers such amount, then that Lender shall be obligated to immediately remit such amount to Agent, together with interest at the Defaulting Lender Rate for each day until the date on which such amount is so remitted. A notice submitted by Agent to any Lender with respect to amounts owing under this Section 2.3(c)(ii) shall be conclusive, absent manifest error. If the amount that a Lender is required to remit is made available to Agent, then such payment to Agent shall constitute such Lender's Revolving Loan for all purposes of this Agreement. If such amount is not made available to Agent on the Business Day following the Funding Date, Agent will notify Borrowers of such failure to fund and, upon demand by Agent, Borrowers shall pay such amount to Agent for Agent's account, together with interest thereon for each day elapsed since the date of such Borrowing, at a rate per annum equal to the interest rate applicable at the time to the Revolving Loans composing such Borrowing.

(d) **Protective Advances**.

(i) Any contrary provision of this Agreement or any other Loan Document notwithstanding, at any time (A) after the occurrence and during the continuance of a Default or Event of Default, or (B) at the request of Borrowers only, when any of the other applicable conditions precedent set forth in Section 3 are not satisfied, Agent hereby is authorized by Borrowers and the Lenders, from time to time, in Agent's sole discretion, to make Revolving Loans to, or for the benefit of, Borrowers, on behalf of the Revolving Lenders, that Agent, in its Permitted Discretion, deems necessary (1) to preserve or protect the Collateral, or any portion thereof, or (2) to enhance the likelihood of repayment of the Obligations (other than unasserted contingent Obligations or the Bank Product Obligations) (the Revolving Loans described in this Section 2.3(d)(i) shall be referred to as "Protective Advances"). Notwithstanding the foregoing, the aggregate amount of all Protective Advances outstanding at any one time shall not exceed $6,000,000.

(ii) Each Protective Advance shall be deemed to be a Revolving Loan hereunder, except that no Protective Advance shall be eligible to be a LIBOR Rate Loan and, prior to Settlement therefor, all payments on the Protective Advances shall be payable to Agent solely for its own account. The Protective Advances shall be repayable on demand, secured by Agent's Liens, constitute Obligations hereunder, and bear interest at the rate applicable from time to time to Revolving Loans that are Base Rate Loans. The provisions of this Section 2.3(d) are for the exclusive benefit of Agent, Swing Lender, and the Lenders and are not intended to benefit Borrowers (or any other Loan Party) in any way.

(e) **Settlement**. It is agreed that each Lender's funded portion of the Revolving Loans is intended by the Lenders to equal, at all times, such Lender's Pro Rata Share of the outstanding Revolving Loans. Such agreement notwithstanding, Agent, Swing Lender, and the other Lenders agree (which agreement shall not be for the benefit of Borrowers) that in order to facilitate the administration of this Agreement and the other Loan Documents, settlement among the Lenders as to the Revolving Loans (including the Swing Loans and the Protective Advances) shall take place on a periodic basis in accordance with the following provisions:

(i) Agent shall request settlement ("Settlement") with the Lenders on a weekly basis, or on a more frequent basis if so determined by Agent in its sole discretion (1) on behalf of Swing Lender, with respect to the outstanding Swing Loans, (2) for itself, with respect to the outstanding Protective Advances, and (3) with respect to Borrowers' or any of their Subsidiaries' payments or other amounts received, as to each by notifying the Lenders by telecopy, telephone, or other similar form of transmission, of such requested Settlement, no later than 2:00 p.m. on the Business Day immediately prior to the date of such requested Settlement (the date of such requested Settlement being the "Settlement Date"). Such notice of a Settlement Date shall include a summary statement of the amount of outstanding Revolving Loans (including Swing Loans and Protective Advances) for the period since the prior Settlement Date. Subject to the terms and conditions contained herein (including Section 2.3(g)): (y) if the amount of the Revolving Loans (including Swing Loans and Protective Advances) made by a Lender that is not a Defaulting Lender exceeds such Lender's Pro Rata Share of the Revolving Loans (including Swing Loans, and Protective Advances) as of a Settlement Date, then Agent shall, by no later than 12:00 p.m. on the Settlement Date, transfer in immediately available funds to a Deposit Account of such Lender (as such Lender may designate), an amount such that each such Lender shall, upon receipt of such amount, have as of the Settlement Date, its Pro Rata Share of the Revolving Loans (including Swing Loans, and Protective Advances), and (z) if the amount of the Revolving Loans (including Swing Loans, and Protective Advances) made by a Lender is less than such Lender's Pro Rata Share of the Revolving Loans (including Swing Loans, and Protective Advances) as of a Settlement Date, such Lender shall no later than 12:00 p.m. on the Settlement Date transfer in immediately available funds to the Agent's Account, an amount such that each such Lender shall, upon transfer of such amount, have as of the Settlement Date, its Pro Rata Share of the Revolving Loans (including Swing Loans and Protective Advances). Such amounts made available to Agent under clause (z) of the immediately preceding sentence shall be applied against the amounts of the applicable Swing Loans or Protective Advances and, together with the portion of such Swing Loans or Protective Advances representing Swing Lender's Pro Rata Share thereof, shall constitute Revolving Loans of such Lenders. If any such amount is not made available to Agent by any Lender on the Settlement Date applicable thereto to the extent required by the terms hereof, Agent shall be entitled to recover for its account such amount on demand from such Lender together with interest thereon at the Defaulting Lender Rate.

(ii) In determining whether a Lender's balance of the Revolving Loans (including Swing Loans and Protective Advances) is less than, equal to, or greater than such Lender's Pro Rata Share of the Revolving Loans (including Swing Loans and Protective Advances) as of a Settlement Date, Agent shall, as part of the relevant Settlement, apply to such balance the portion of payments actually received in good funds by Agent with respect to principal, interest, fees payable by Borrowers and allocable to the Lenders hereunder, and proceeds of Collateral.

(iii) Between Settlement Dates, Agent, to the extent Protective Advances for the account of Agent or Swing Loans for the account of Swing Lender are outstanding, may pay over to Agent or Swing Lender, as applicable, any payments or other amounts received by Agent, that in accordance with the terms of this Agreement would be applied to the reduction of the Revolving Loans, for application to the Protective Advances or Swing Loans. Between Settlement Dates, Agent, to the extent no Protective Advances or Swing Loans are outstanding, may pay over to Swing Lender any payments or other amounts received by Agent, that in accordance with the terms of this Agreement would be applied to the reduction of the Revolving Loans, for application to Swing Lender's Pro Rata Share of the Revolving Loans. If, as of any Settlement Date, payments or other amounts of Holdings or its Subsidiaries received since the then immediately preceding Settlement Date have been applied to Swing Lender's Pro Rata Share of the Revolving Loans other than to Swing Loans, as provided for in the previous sentence, Swing Lender shall pay to Agent for the accounts of the Lenders, and Agent shall pay to the Lenders (other than a Defaulting Lender if Agent has implemented the provisions of Section 2.3(g)), to be applied to the outstanding Revolving Loans of such Lenders, an amount such that each such Lender shall, upon receipt of such amount, have, as of such Settlement Date, its Pro Rata Share of the Revolving Loans. During the period between Settlement Dates, Swing Lender with respect to Swing Loans, Agent with respect to Protective Advances, and each Lender with respect to the Revolving Loans other than Swing Loans and Protective Advances, shall be entitled to interest at the applicable rate or rates payable under this Agreement on the daily amount of funds employed by Swing Lender, Agent, or the Lenders, as applicable.

(iv) Anything in this Section 2.3(e) to the contrary notwithstanding, in the event that a Lender is a Defaulting Lender, Agent shall be entitled to refrain from remitting settlement amounts to the Defaulting Lender and, instead, shall be entitled to elect to implement the provisions set forth in Section 2.3(g).

(f) **Notation**. Agent, as a non-fiduciary agent for Borrowers, shall maintain a register showing the principal amount of the Revolving Loans (and portion of the Term Loan, as applicable) owing to each Lender, including the Swing Loans owing to Swing Lender, and Protective Advances owing to Agent, and the interests therein of each Lender, from time to time and such register shall, absent manifest error, conclusively be presumed to be correct and accurate.

(g) **Defaulting Lenders**.

(i) Notwithstanding the provisions of Section 2.4(b)(i) or (ii), Agent shall not be obligated to transfer to a Defaulting Lender any payments made by Borrowers to Agent for the Defaulting Lender's benefit or any proceeds of Collateral that would otherwise be remitted hereunder to the Defaulting Lender, and, in the absence of such transfer to the Defaulting Lender, Agent shall transfer any such payments (A) first, to Agent to the extent of any Protective Advances that were made by Agent and that were required to be, but were not, paid by the Defaulting Lender, (B) second, to Swing Lender to the extent of any Swing Loans that were made by Swing Lender and that were required to be, but were not, paid by the Defaulting Lender, (C) third, to Issuing Bank, to the extent of the portion of a Letter of Credit Disbursement that was required to be, but was not, paid by the Defaulting Lender, (D) fourth, to each Non-Defaulting Lender ratably in accordance with their Commitments (but, in each case, only to the extent that such Defaulting Lender's portion of a Loan (or other funding obligation) was funded by such other Non-Defaulting Lender), (E) fifth, at the Borrowers' request (so long as no Event of Default exists and the conditions set forth in Section 3.2 are satisfied), to the funding of any Loans in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by Agent, (F) sixth, in Agent's sole discretion, to a suspense account maintained by Agent, the proceeds of

which shall be retained by Agent and may be made available to be re-advanced to or for the benefit of Borrowers (upon the request of Borrowers and subject to the conditions set forth in Section 3.2) as if such Defaulting Lender had made its portion of Loans (or other funding obligations) hereunder, and (G) seventh, from and after the date on which all other Obligations have been paid in full, to such Defaulting Lender in accordance with tier (L) of Section 2.4(b)(ii) (or, if all Obligations to the Defaulting Lenders have been paid in full, in accordance with tier (M) of Section 2.4(b)(ii)). Subject to the foregoing, Agent may hold and, in its discretion, re-lend to Borrowers for the account of such Defaulting Lender the amount of all such payments received and retained by Agent for the account of such Defaulting Lender. Solely for the purposes of voting or consenting to matters with respect to the Loan Documents (including the calculation of Pro Rata Share in connection therewith) and for the purpose of calculating the fee payable under Section 2.10(b), such Defaulting Lender shall be deemed not to be a "Lender" and such Lender's Commitment shall be deemed to be zero; provided, that the foregoing shall not apply to any of the matters governed by Section 14.1(a)(i) through (iii). The provisions of this Section 2.3(g) shall remain effective with respect to such Defaulting Lender until the earlier of (y) the date on which all of the Non-Defaulting Lenders, Agent, Issuing Bank, and Borrowers shall have waived, in writing, the application of this Section 2.3(g) to such Defaulting Lender, or (z) the date on which such Defaulting Lender makes payment of all amounts that it was obligated to fund hereunder, pays to Agent all amounts owing by Defaulting Lender in respect of the amounts that it was obligated to fund hereunder, and, if requested by Agent, provides adequate assurance of its ability to perform its future obligations hereunder (on which earlier date, so long as no Event of Default has occurred and is continuing, any remaining cash collateral held by Agent pursuant to Section 2.3(g)(ii) shall be released to Borrowers). The operation of this Section 2.3(g) shall not be construed to increase or otherwise affect the Commitment of any Lender, to relieve or excuse the performance by such Defaulting Lender or any other Lender of its duties and obligations hereunder, or to relieve or excuse the performance by any Borrower of its duties and obligations hereunder to Agent, Issuing Bank, or to the Lenders other than such Defaulting Lender. Any failure by a Defaulting Lender to fund amounts that it was obligated to fund hereunder shall constitute a material breach by such Defaulting Lender of this Agreement and shall entitle Borrowers, at their option, upon written notice to Agent, to arrange for a substitute Lender to assume the Commitment of such Defaulting Lender, such substitute Lender to be reasonably acceptable to Agent. In connection with the arrangement of such a substitute Lender, the Defaulting Lender shall have no right to refuse to be replaced hereunder, and agrees to execute and deliver a completed form of Assignment and Acceptance in favor of the substitute Lender (and agrees that it shall be deemed to have executed and delivered such document if it fails to do so) subject only to being paid its share of the outstanding Obligations (other than unasserted contingent Obligations and Bank Product Obligations, but including (1) all interest, fees, and other amounts that may be due and payable in respect thereof, and (2) an assumption of its Pro Rata Share of its participation in the Letters of Credit); provided, that any such assumption of the Commitment of such Defaulting Lender shall not be deemed to constitute a waiver of any of the Lender Group's or Borrowers' rights or remedies against any such Defaulting Lender arising out of or in relation to such failure to fund. In the event of a direct conflict between the priority provisions of this Section 2.3(g) and any other provision contained in this Agreement or any other Loan Document, it is the intention of the parties hereto that such provisions be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, the terms and provisions of this Section 2.3(g) shall control and govern.

(ii) If any Swing Loan or Letter of Credit is outstanding at the time that a Lender becomes a Defaulting Lender then:

(A) such Defaulting Lender's Swing Loan Exposure and Letter of Credit Exposure shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Pro Rata Shares but only to the extent (x) the sum of all Non-Defaulting Lenders' Revolving Loan Exposures plus such Defaulting Lender's Swing Loan Exposure and Letter of Credit Exposure does not exceed the total of all Non-Defaulting Lenders' Revolver Commitments and (y) the conditions set forth in Section 3.2 are satisfied at such time;

(B) if the reallocation described in clause (A) above cannot, or can only partially, be effected, Borrowers shall within two (2) Business Days following notice by Agent (x) first, prepay such Defaulting Lender's Swing Loan Exposure (after giving effect to any partial reallocation pursuant to clause (A) above) and (y) second, cash collateralize such Defaulting Lender's Letter of Credit Exposure (after giving effect to any partial reallocation pursuant to clause (A) above), pursuant to a cash collateral agreement to be entered into in form and substance reasonably satisfactory to Agent, for so long as such Letter of Credit Exposure is outstanding; provided, that Borrowers shall not be obligated to cash collateralize any Defaulting Lender's Letter of Credit Exposure if such Defaulting Lender is also the Issuing Bank;

(C) if Borrowers cash collateralize any portion of such Defaulting Lender's Letter of Credit Exposure pursuant to this Section 2.3(g)(ii), Borrowers shall not be required to pay any Letter of Credit Fees to Agent for the account of such Defaulting Lender pursuant to Section 2.6(b) with respect to such cash collateralized portion of such Defaulting Lender's Letter of Credit Exposure during the period such Letter of Credit Exposure is cash collateralized;

(D) to the extent the Letter of Credit Exposure of the Non-Defaulting Lenders is reallocated pursuant to this Section 2.3(g)(ii), then the Letter of Credit Fees payable to the Non-Defaulting Lenders pursuant to Section 2.6(b) shall be adjusted in accordance with such Non-Defaulting Lenders' Letter of Credit Exposure;

(E) to the extent any Defaulting Lender's Letter of Credit Exposure is neither cash collateralized nor reallocated pursuant to this Section 2.3(g)(ii), then, without prejudice to any rights or remedies of the Issuing Bank or any Lender hereunder, all Letter of Credit Fees that would have otherwise been payable to such Defaulting Lender under Section 2.6(b) with respect to such portion of such Letter of Credit Exposure shall instead be payable to the Issuing Bank until such portion of such Defaulting Lender's Letter of Credit Exposure is cash collateralized or reallocated;

(F) so long as any Lender is a Defaulting Lender, the Swing Lender shall not be required to make any Swing Loan and the Issuing Bank shall not be required to issue, amend, or increase any Letter of Credit, in each case, to the extent (x) the Defaulting Lender's Pro Rata Share of such Swing Loans or Letter of Credit cannot be reallocated pursuant to this Section 2.3(g)(ii) or (y) the Swing Lender or Issuing Bank, as applicable, has not otherwise entered into arrangements reasonably satisfactory to the Swing Lender or Issuing Bank, as applicable, and Borrowers to eliminate the Swing Lender's or Issuing Bank's risk with respect to the Defaulting Lender's participation in Swing Loans or Letters of Credit; and

(G) Agent may release any cash collateral provided by Borrowers pursuant to this Section 2.3(g)(ii) to the Issuing Bank and the Issuing Bank may apply any such cash collateral to the payment of such Defaulting Lender's Pro Rata Share of any Letter of Credit Disbursement that is not reimbursed by Borrowers pursuant to Section 2.11(d).

(h) **Independent Obligations**. All Loans (other than Swing Loans and Protective Advances) shall be made by the Lenders contemporaneously and in accordance with their Pro Rata Shares. It is understood that (i) no Lender shall be responsible for any failure by any other Lender to perform its obligation to make any Loan (or other extension of credit) hereunder, nor shall any Commitment of any Lender be increased or decreased as a result of any failure by any other Lender to perform its obligations hereunder, and (ii) no failure by any Lender to perform its obligations hereunder shall excuse any other Lender from its obligations hereunder.

2.4 **Payments; Reductions of Commitments; Prepayments**.

(a) **Payments by Borrowers**.

(i) Except as otherwise expressly provided herein, all payments by Borrowers shall be made to the Agent's Account for the account of the Lender Group and shall be made in immediately available funds, no later than 1:30 p.m. on the date specified herein. Any payment received by Agent later than 1:30 p.m. shall be deemed to have been received (unless Agent, in its sole discretion, elects to credit it on the date received) on the following Business Day and any applicable interest or fee shall continue to accrue until such following Business Day.

(ii) Unless Agent receives notice from Borrowers prior to the date on which any payment is due to the Lenders that Borrowers will not make such payment in full as and when required, Agent may assume that Borrowers have made (or will make) such payment in full to Agent on such date in immediately available funds and Agent may (but shall not be so required), in reliance upon such assumption, distribute to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent Borrowers do not make such payment in full to Agent on the date when due, each Lender severally shall repay to Agent on demand such amount distributed to such Lender, together with interest thereon at the Defaulting Lender Rate for each day from the date such amount is distributed to such Lender until the date repaid.

(b) **Apportionment and Application**.

(i) So long as no Application Event has occurred and is continuing and except as otherwise provided in Section 2.3(c)(ii) and herein with respect to Defaulting Lenders, all principal and interest payments received by Agent shall be apportioned ratably among the Lenders (according to the unpaid principal balance of the Obligations to which such payments relate held by each Lender) and all payments of fees and expenses received by Agent (other than fees or expenses that are for Agent's separate account or for the separate account of Issuing Bank) shall be apportioned ratably among the Lenders having a Pro Rata Share of the type of Commitment or Obligation to which a particular fee or expense relates. Subject to Section 2.4(b)(iv) and Section 2.4(e), all payments to be made hereunder by Borrowers shall be remitted to Agent and all such payments, and all proceeds of Collateral received by Agent, shall be applied, so long as no Application Event has occurred and is continuing and except as otherwise provided herein with respect to Defaulting Lenders, to reduce the balance of the Revolving Loans outstanding and, thereafter, to Borrowers (to be wired to the Designated Account) or such other Person entitled thereto under applicable law.

(ii) At any time that an Application Event has occurred and is continuing and except as otherwise provided herein with respect to Defaulting Lenders, all payments remitted to Agent and all proceeds of Collateral received by Agent shall be applied as follows:

(A) first, to pay any Lender Group Expenses (including cost or expense reimbursements) or indemnities then due to Agent under the Loan Documents, until paid in full,

(B) second, to pay any fees or premiums then due to Agent under the Loan Documents until paid in full,

(C) third, to pay interest due in respect of all Protective Advances until paid in full,

(D) fourth, to pay the principal of all Protective Advances until paid in full,

(E) fifth, ratably, to pay any Lender Group Expenses (including cost or expense reimbursements) or indemnities then due to any of the Lenders under the Loan Documents, until paid in full,

(F) sixth, ratably, to pay any fees or premiums then due to any of the Lenders under the Loan Documents until paid in full,

(G) seventh, to pay interest accrued in respect of the Swing Loans until paid in full,

(H) eighth, to pay the principal of all Swing Loans until paid in full,

(I) ninth, ratably, to pay interest accrued in respect of the Revolving Loans (other than Protective Advances) and the Term Loan until paid in full,

(J) tenth, ratably (i) to pay the principal of all Revolving Loans until paid in full, (ii) to Agent, to be held by Agent, for the benefit of Issuing Bank (and for the ratable benefit of each of the Lenders that have an obligation to pay to Agent, for the account of Issuing Bank, a share of each Letter of Credit Disbursement), for Letter of Credit Collateralization (to the extent permitted by applicable law, such cash collateral shall be applied to the reimbursement of any Letter of Credit Disbursement as and when such disbursement occurs and, if a Letter of Credit expires undrawn, the cash collateral held by Agent in respect of such Letter of Credit shall, to the extent permitted by applicable law, be reapplied pursuant to this Section 2.4(b)(ii), beginning with tier (A) hereof), (iii) ratably, to the Bank Product Providers based upon amounts then certified by the applicable Bank Product Provider to Agent (in form and substance satisfactory to Agent) to be due and payable to such Bank Product Providers on account of Bank Product Obligations, and (iv) to pay the outstanding principal balance of the Term Loan (in the inverse order of the maturity of the installments due thereunder) until the Term Loan is paid in full,

(K) eleventh, to pay any other Obligations (other than Obligations owed to Defaulting Lenders),

(L) twelfth, ratably to pay any Obligations owed to Defaulting Lenders; and

(M) thirteenth, to Borrowers (to be wired to the Designated Account) or such other Person entitled thereto under applicable law.

(iii) Agent promptly shall distribute to each Lender, pursuant to the applicable wire instructions received from each Lender in writing, such funds as it may be entitled to receive, subject to a Settlement delay as provided in Section 2.3(e).

(iv) In each instance, so long as no Application Event has occurred and is continuing, the last sentence of Section 2.4(b)(i) shall not apply to any payment made by Borrowers to Agent and specified by Borrowers to be for the payment of specific Obligations then due and payable (or prepayable) under any provision of this Agreement or any other Loan Document.

(v) For purposes of Section 2.4(b)(ii), "paid in full" of a type of Obligation means payment in cash or immediately available funds of all amounts owing on account of such type of Obligation, including interest accrued after the commencement of any Insolvency Proceeding, default interest, interest on interest, and expense reimbursements, irrespective of whether any of the foregoing would be or is allowed or disallowed in whole or in part in any Insolvency Proceeding.

(vi) In the event of a direct conflict between the priority provisions of this Section 2.4 and any other provision contained in this Agreement or any other Loan Document, it is the intention of the parties hereto that such provisions be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, if the conflict relates to the provisions of Section 2.3(g) and this Section 2.4, then the provisions of Section 2.3(g) shall control and govern, and if otherwise, then the terms and provisions of this Section 2.4 shall control and govern.

(c) **Reduction of Commitments**.

(i) Revolver Commitments. The Revolver Commitments shall terminate on the Maturity Date. Borrowers may reduce the Revolver Commitments, without premium or penalty, to an amount not less than the sum of (A) the Revolver Usage as of such date, plus (B) the principal amount of all Revolving Loans not yet made as to which a request has been given by Borrowers under Section 2.3(a), plus (C) the amount of all Letters of Credit not yet issued as to which a request has been given by Borrowers pursuant to Section 2.11(a). Each such reduction shall be in an amount which is not less than $250,000, shall be made by providing not less than five (5) Business Days' (or such shorter period as the Agent may agree) prior written notice to Agent, and shall, except as provided below, be irrevocable. Once reduced, the Revolver Commitments may not be increased. Each such reduction of the Revolver Commitments shall reduce the Revolver Commitments of each Lender proportionately in accordance with its ratable share thereof. In connection with any reduction in the Revolver Commitments prior to the Maturity Date, if any Loan Party or any of its Subsidiaries owns any Margin Stock, Borrowers shall deliver to Agent an updated Form U-1 (with sufficient additional originals thereof for each Lender), duly executed and delivered by the Borrowers, together with such other documentation as Agent shall reasonably request, in order to enable Agent and the Lenders to comply with any of the requirements under Regulations T, U or X of the Federal Reserve Board. Any notice delivered pursuant to this Section 2.4(c) in connection with a Replacement Financing or an Approved Sale may state that such notice is conditioned upon the effectiveness of the other credit facility or receipt of proceeds from the issuance of new Indebtedness comprising such Replacement Financing or the consummation of such Approved Sale, in which case such notice may be revoked (by written notice to Agent on or prior to the specified effective date of termination) if such effectiveness, receipt of proceeds or Approved Sale does not occur.

(ii) Term Loan Commitments. The Second Amendment Term Loan Commitments shall terminate upon the making of the Second Amendment Term Loan.

(d) **Optional Prepayments**.

(i) **Revolving Loans**. Borrowers may prepay the principal of any Revolving Loan from time to time in whole or in part without penalty or premium.

(ii) **Term Loan**. Borrowers may, upon at least five Business Days prior written notice to Agent, prepay the principal of the Term Loan, in whole or in part, without penalty or premium. Each prepayment made pursuant to this Section 2.4(d)(ii) shall be in a minimum amount of $500,000 and integral multiples of $250,000 in excess thereof. Each prepayment made pursuant to this Section 2.4(d)(ii) shall be accompanied by the payment of accrued interest to the date of such payment on the amount prepaid. Each such prepayment shall be applied against the remaining installments of principal due on the Term Loan as directed by the Borrower (it being understood and agreed that if Borrower does not so direct at the time of such prepayment, such prepayment shall be applied in the direct order of maturity (for the avoidance of doubt, any amount that is due and payable on the Maturity Date shall constitute an installment)).

(e) **Mandatory Prepayments**.

(i) **Overadvance**. If, at any time, (A) the Revolver Usage on such date exceeds (B) the Maximum Revolver Amount less any Bank Product Reserves as in effect pursuant to Section 2.1(c) as of such date, then Borrowers shall promptly, but in any event, within three Business Days prepay the outstanding Revolver Usage in accordance with Section 2.4(f)(i) in an amount equal to the amount of such excess.

(ii) **Dispositions**. Within three Business Days of the date of receipt by any Loan Party or any of its Subsidiaries of the Net Cash Proceeds of any voluntary or involuntary sale or disposition of assets of any Loan Party or any of its Subsidiaries (including Net Cash Proceeds of insurance or arising from casualty losses or condemnations and payments in lieu thereof, but excluding Net Cash Proceeds from sales or dispositions which qualify as Permitted Dispositions under clauses (a), (b), (c), (d), (e), (f), (i), (j), (k), (l), (m), (n), (o), (p), (q), (r), (s) or (t) of the definition of Permitted Dispositions), Borrowers shall prepay the outstanding principal amount of the Obligations in accordance with Section 2.4(f)(ii) in an amount equal to 100% of such Net Cash Proceeds received by such Person in connection with such sales or dispositions; provided, that so long as (A) no Default or Event of Default shall have occurred and is continuing or would result therefrom, (B) Borrowers shall have given Agent prior written notice of Borrowers' intention to reinvest such proceeds in assets used or useful in the business of such Loan Party or its Subsidiaries, (C) the monies are held in a Deposit Account in which Agent has a perfected first-priority security interest (subject to Permitted Liens), and (D) such reinvestment occurs prior to the date that is 12 months after the initial receipt of such monies, then the Loan Party or such Loan Party's Subsidiary whose assets were the subject of such disposition shall have the option to reinvest such proceeds in assets used or useful in the business of such Loan Party or its Subsidiaries; provided, that to the extent that such applicable period shall have expired without such reinvestment, in which case, any remaining Net Cash Proceeds shall be paid to Agent and applied in accordance with Section 2.4(f)(ii). Nothing contained in this Section 2.4(e)(ii) shall permit any Loan Party or any of its Subsidiaries to sell or otherwise dispose of any assets other than in accordance with Section 6.4.

(iii) **Extraordinary Receipts.** Within three Business Days of the date of receipt by any Loan Party or any of its Subsidiaries of any Extraordinary Receipts in excess of $500,000 in the aggregate during any fiscal year, Borrowers shall prepay the outstanding principal amount of the Obligations in accordance with Section 2.4(f)(ii) in an amount equal to 100% of the Net Cash Proceeds received by such Person in connection with such event; provided, that such mandatory prepayments pursuant to this Section 2.(e)(iii) shall only be required upon the occurrence and during the continuation of an Event of Default.

(iv) **Indebtedness**. Within one Business Day of the date of incurrence by any Loan Party or any of its Subsidiaries of any Indebtedness (other than Permitted Indebtedness), Borrowers shall prepay the outstanding principal amount of the Obligations in accordance with Section 2.4(f)(ii) in an amount equal to 100% of the Net Cash Proceeds received by such Person in connection with such incurrence. The provisions of this Section 2.4(e)(iv) shall not be deemed to be implied consent to any such incurrence otherwise prohibited by the terms of this Agreement.

(v) **[Reserved].**

(vi) **Curative Equity.** Within one Business Day of the date of receipt by any Borrowers of the proceeds of any Curative Equity pursuant to Section 9.3, Borrowers shall prepay the outstanding principal of Obligations in accordance with Section 2.4(f)(ii) in an amount equal to 100% of such proceeds which are Recurring Revenue Equity Contributions.

(f) **Application of Payments**.

(i) Each prepayment pursuant to Section 2.4(e)(i) shall, (A) so long as no Application Event shall have occurred and be continuing, be applied, first, to the outstanding principal amount of the Revolving Loans until paid in full, and second, to Letter of Credit Collateralization, and (B) if an Application Event shall have occurred and be continuing, be applied in the manner set forth in Section 2.4(b)(ii).

(ii) Each prepayment pursuant to Section 2.4(e)(ii), Section 2.4(e)(iii), Section 2.4(e)(iv) or Section 2.4(e)(vi) shall (A) so long as no Application Event shall have occurred and be continuing, be applied, to the outstanding principal amount of the Term Loan until paid in full, and (B) if an Application Event shall have occurred and be continuing, be applied in the manner set forth in Section 2.4(b)(ii). Each such prepayment of the Term Loan shall be applied against the remaining installments of principal of the Term Loan in the direct order of maturity (for the avoidance of doubt, any amount that is due and payable on the Maturity Date shall constitute an installment).

(g) **Restricted Dispositions**. Notwithstanding any other provision of this Section 2.4, (i) to the extent that any or all of the Net Cash Proceeds of any sale or disposition of assets (including Net Cash Proceeds of insurance or arising from casualty losses or condemnations and payments in lieu thereof) by a Subsidiary that is a Foreign Subsidiary otherwise giving rise to a prepayment pursuant to Section 2.4(e)(ii) (a "Restricted Disposition") would be prohibited or significantly delayed by applicable local law from being distributed or otherwise transferred to the Borrowers, the Borrowers shall not be required to make a prepayment at the time provided in Section 2.4(e)(ii) with respect to such affected Net Cash Proceeds for so long, but only so long, as the applicable local law will not permit such distribution or transfer (the Borrowers hereby agreeing to cause the applicable Subsidiary to promptly take all commercially reasonable actions available under the applicable local law to permit such repatriation), and once distribution or transfer of any of such affected Net Cash Proceeds is permitted under the applicable local law, the amount of such Net Cash Proceeds permitted to be distributed or transferred will promptly (and in any event not later than two (2) Business Days after such distribution or transfer is permitted) be taken into account in measuring the Borrowers' obligations to prepay the Term Loans pursuant to Section 2.4(e)(ii), and (ii) to the extent that the Borrowers have determined in good faith, in consultation with Agent and set forth in a written notice delivered to the Agent, that repatriation of any or all of the Net Cash

Proceeds of any Restricted Disposition would have a material adverse tax consequence (taking into account any foreign tax credit or benefit received in connection with such repatriation), the amount of the Net Cash Proceeds so affected shall not be taken into account in measuring the Borrowers' obligation to prepay the Term Loans pursuant to Section 2.4(e)(ii).

2.5 **Promise to Pay; Promissory Notes**.

(a) Borrowers agree to pay the Lender Group Expenses (x) so long as no Event of Default has occurred and is continuing, within 10 Business Days of the date on which demand therefor is made by Agent, and (y) at any time that an Event of Default has occurred and is continuing, on the earlier of (i) the first day of the month following the date on which the applicable Lender Group Expenses were first incurred or (ii) the date on which demand therefor is made by Agent (it being acknowledged and agreed that any charging of such costs, expenses or Lender Group Expenses to the Loan Account pursuant to the provisions of Section 2.6(d) shall be deemed to constitute a demand for payment thereof for the purposes of this subclause (ii)). Borrowers promise to pay all of the Obligations (including principal, interest, premiums, if any, fees, costs, and expenses (including Lender Group Expenses)) in full on the Maturity Date or, if earlier, on the date on which the Obligations (other than unasserted contingent Obligations and the Bank Product Obligations) become due and payable pursuant to the terms of this Agreement. Borrowers agree that their obligations contained in the first sentence of this Section 2.5(a) shall survive payment or satisfaction in full of all other Obligations (other than unasserted contingent Obligations and Bank Product Obligations).

(b) Any Lender may request that any portion of its Commitments or the Loans made by it be evidenced by one or more promissory notes. In such event, Borrowers shall execute and deliver to such Lender the requested promissory notes payable to such Lender and its registered assigns in a form furnished by Agent and reasonably satisfactory to Borrowers. Thereafter, the portion of the Commitments and Loans evidenced by such promissory notes and interest thereon shall at all times be represented by one or more promissory notes in such form payable to such Lender and its registered assigns.

2.6 **Interest Rates and Letter of Credit Fee: Rates, Payments, and Calculations**.

(a) **Interest Rates**. Except as provided in Section 2.6(c), all Obligations (except for undrawn Letters of Credit) that have been charged to the Loan Account pursuant to the terms hereof shall bear interest as follows:

(i) if the relevant Obligation is a LIBOR Rate Loan, at a *per annum* rate equal to the LIBOR Rate plus the LIBOR Rate Margin, and

(ii) otherwise, at a *per annum* rate equal to the Base Rate plus the Base Rate Margin.

(b) **Letter of Credit Fee**. Borrowers shall pay Agent (for the ratable benefit of the Revolving Lenders), a Letter of Credit fee (the "Letter of Credit Fee") (which fee shall be in addition to the fronting fees and commissions, other fees, charges and expenses set forth in Section 2.11(k)) that shall accrue at a *per annum* rate equal to the LIBOR Rate Margin times the undrawn amount of all outstanding Letters of Credit.

(c) **Default Rate**. Upon the occurrence and during the continuation of an Event of Default and at the election of Agent or the Required Lenders (or automatically upon the occurrence of an Event of Default under Section 8.1, Section 8.4, or Section 8.5), (i) all overdue principal that has been charged to the Loan Account pursuant to the terms hereof shall bear interest at a *per annum* rate equal to 2 percentage points above the per annum rate otherwise applicable thereunder and (ii) all other overdue Obligations that have been charged to the Loan Account pursuant to the terms hereof shall bear interest at a *per annum* rate equal to 2 percentage points above the per annum rate otherwise applicable to Base Rate Loans.

(d) **Payment**. Except to the extent provided to the contrary in Section 2.10, Section 2.11(k) or Section 2.12(a), (i) (x) all Letter of Credit Fees shall be due and payable, in arrears, on the first Business Day of each quarter and (y) all interest and all other fees payable hereunder or under any of the other Loan Documents shall be due and payable, in arrears, on the first day of each month, and (ii) all costs and expenses payable hereunder or under any of the other Loan Documents, and all Lender Group Expenses shall be due and payable (A) so long as no Event of Default has occurred and is continuing, within 10 Business Days of the date on which demand therefor is made by Agent, and (B) if an Event of Default has occurred and is continuing, on the earlier of (x) the first day of the month following the date on which the applicable costs, expenses, or Lender Group Expenses were first incurred or (y) the date on which demand therefor is made by Agent (it being acknowledged and agreed that any charging of such costs, expenses or Lender Group Expenses to the Loan Account pursuant to the provisions of the following sentence shall be deemed to constitute a demand for payment thereof for the purposes of this subclause (y)). Borrowers hereby authorize Agent, from time to time without prior notice to Borrowers, to charge to the Loan Account (A) on the first day of each month and the last day of each Interest Period, as applicable, all interest accrued during the prior month (or, with respect to Base Rate Loans, during the prior quarter to the extent no Event of Default has occurred and is continuing) on the Revolving Loans or the Term Loan hereunder, (B) on the first day of each quarter, all Letter of Credit Fees accrued or chargeable hereunder during the prior quarter, (C) as and when incurred or accrued, all fees and costs provided for in Section 2.10 (a) or (d), (D) on the first day of each quarter, the Unused Line Fee accrued during the prior quarter pursuant to Section 2.10(b), (E) as and when due and payable, all other fees payable hereunder or under any of the other Loan Documents, (F) as and when incurred or accrued, the fronting fees and all commissions, other fees, charges and expenses provided for in Section 2.11(k), (G) as and when due and payable, all other Lender Group Expenses, and (H) as and when due and payable all other payment obligations payable under any Loan Document or any Bank Product Agreement (including any amounts due and payable to the Bank Product Providers in respect of Bank Products). Agent shall endeavor to provide substantially contemporaneous notice to the Administrative Borrower of any costs and expenses described in this Section 2.6(d) that are charged to the Loan Account; provided that (x) any failure to give or delay in giving such notice shall not relieve the Borrowers of their obligation to pay such costs and expenses, (y) delivery of such notice shall not be required during the continuance of any Event of Default, and (z) the Agent shall have no liability, in any event, for failing to deliver such notice. All amounts (including interest, fees, costs, expenses, Lender Group Expenses, or other amounts payable hereunder or under any other Loan Document or under any Bank Product Agreement) charged to the Loan Account shall thereupon constitute Revolving Loans hereunder, shall constitute Obligations hereunder, and shall initially accrue interest at the rate then applicable to Revolving Loans that are Base Rate Loans (unless and until converted into LIBOR Rate Loans in accordance with the terms of this Agreement).

(e) **Computation**. All interest and fees chargeable under the Loan Documents (other than amounts accruing at the Base Rate) shall be computed on the basis of a 360 day year, in each case, for the actual number of days elapsed in the period during which the interest or fees accrue. All interest and fees chargeable under the Loan Documents accruing at the Base Rate shall be computed on the basis of a 365 or 366 day year, in each case, for the actual number of days elapsed in the period during which the interest or fees accrue. In the event the Base Rate is changed from time to time hereafter, the rates of interest hereunder based upon the Base Rate automatically and immediately shall be increased or decreased by an amount equal to such change in the Base Rate.

(f) **Intent to Limit Charges to Maximum Lawful Rate**. In no event shall the interest rate or rates payable under this Agreement, plus any other amounts paid in connection herewith, exceed the highest rate permissible under any law that a court of competent jurisdiction shall, in a final determination, deem applicable. Borrowers and the Lender Group, in executing and delivering this Agreement, intend legally to agree upon the rate or rates of interest and manner of payment stated within it; provided, that, anything contained herein to the contrary notwithstanding, if such rate or rates of interest or manner of payment exceeds the maximum allowable under applicable law, then, *ipso facto*, as of the date of this Agreement, Borrowers are and shall be liable only for the payment of such maximum amount as is allowed by law, and payment received from Borrowers in excess of such legal maximum, whenever received, shall be applied to reduce the principal balance of the Obligations to the extent of such excess.

2.7 **Crediting Payments**. The receipt of any payment item by Agent shall not be required to be considered a payment on account unless such payment item is a wire transfer of immediately available federal funds made to the Agent's Account or unless and until such payment item is honored when presented for payment. Should any payment item not be honored when presented for payment, then Borrowers shall be deemed not to have made such payment and interest shall be calculated accordingly. Anything to the contrary contained herein notwithstanding, any payment item shall be deemed received by Agent only if it is received into the Agent's Account on a Business Day on or before 1:30 p.m. If any payment item is received into the Agent's Account on a non-Business Day or after 1:30 p.m. on a Business Day (unless Agent, in its sole discretion, elects to credit it on the date received), it shall be deemed to have been received by Agent as of the opening of business on the immediately following Business Day.

2.8 **Designated Account**. Agent is authorized to make the Revolving Loans and the Term Loan, and Issuing Bank is authorized to issue the Letters of Credit, under this Agreement based upon telephonic or other instructions received from anyone purporting to be an Authorized Person or, without instructions, if pursuant to Section 2.6(d). Borrowers agree to establish and maintain the Designated Account with the Designated Account Bank for the purpose of receiving the proceeds of the Term Loan and the Revolving Loans requested by Borrowers and made by Agent or the Lenders hereunder. Unless otherwise agreed by Agent and Borrowers, any Term Loan, Revolving Loan or Swing Loan requested by Borrowers and made by Agent or the Lenders hereunder shall be made to the Designated Account.

2.9 **Maintenance of Loan Account; Statements of Obligations**. Agent shall maintain an account on its books in the name of Borrowers (the "Loan Account") on which Borrowers will be charged with the Term Loan and all Revolving Loans (including Protective Advances and Swing Loans) made by Agent, Swing Lender, or the Lenders to Borrowers or for Borrowers' account, the Letters of Credit issued or arranged by Issuing Bank for Borrowers' account, and with all other payment Obligations hereunder or under the other Loan Documents, including, accrued interest, fees and expenses, and Lender Group Expenses. In accordance with Section 2.7, the Loan Account will be credited with all payments received by Agent from Borrowers or for Borrowers' account. Agent shall make available to Borrowers monthly statements regarding the Loan Account, including the principal amount of the Term Loan and the Revolving Loans, interest accrued hereunder, fees accrued or charged hereunder or under the other Loan Documents, and a summary itemization of all charges and expenses constituting Lender Group Expenses accrued hereunder or under the other Loan Documents, and each such statement, absent manifest error, shall be conclusively presumed to be correct and accurate and constitute an account stated between Borrowers and the Lender Group unless, within 30 days after Agent first makes such a statement available to Borrowers, Borrowers shall deliver to Agent written objection thereto describing the error or errors contained in such statement.

2.10 **Fees**.

(a) **Agent Fees**. Borrowers shall pay to Agent, for the account of Agent, as and when due and payable under the terms of the Fee Letter, the fees set forth in the Fee Letter.

(b) **Unused Line Fee**. Borrowers shall pay to Agent, for the ratable account of the Revolving Lenders (other than Defaulting Lenders), an unused line fee (the "Unused Line Fee") in an amount equal to 0.50% per annum times the result of (i) the aggregate amount of the Revolver Commitments, less (ii) the average amount of the Revolver Usage during the immediately preceding quarter (or portion thereof), which Unused Line Fee shall be due and payable in arrears on the first day of each quarter from and after the Closing Date up to the first day of the quarter prior to the date on which the Obligations are paid in full and on the date on which the Obligations are paid in full.

(c) **[Reserved]**.

(d) **Financial Examination and Other Fees**. Borrowers shall pay to Agent, financial examination, appraisal, and valuation fees and charges, as and when incurred or chargeable, as follows (i) a fee of $1,000 per day, per examiner, plus reasonable and documented out-of-pocket expenses (including travel, meals, and lodging) for each financial examination of any Borrower performed by personnel employed by Agent, and (ii) the reasonable and documented fees or charges paid or incurred by Agent (but, in any event, no less than a charge of $1,000 per day, per Person, plus reasonable and documented out-of-pocket expenses (including travel, meals, and lodging)) if it elects to employ the services of one or more third Persons (in lieu of and without duplication of personnel employed by Agent) to perform financial examinations of Holdings or its Subsidiaries, to appraise the Collateral, or any portion thereof, or to assess Holdings' or its Subsidiaries' business/recurring revenue valuation; provided, that so long as no Event of Default shall have occurred and be continuing, Borrowers shall not be obligated to reimburse Agent for more than one (1) financial examination or business/recurring revenue valuation during any calendar year.

2.11 **Letters of Credit**.

(a) Subject to the terms and conditions of this Agreement, upon the request of the Administrative Borrower made in accordance herewith, and prior to the Maturity Date, Issuing Bank agrees to issue a requested Letter of Credit for the account of Borrowers. By submitting a request to Issuing Bank for the issuance of a Letter of Credit, the Administrative Borrower shall be deemed to have requested that Issuing Bank issue the requested Letter of Credit. Each request for the issuance of a Letter of Credit, or the amendment, renewal, or extension of any outstanding Letter of Credit, shall be (i) irrevocable, and shall be made in writing by an Authorized Person, (ii) delivered to Issuing Bank and Agent via telefacsimile or other electronic method of transmission reasonably acceptable to Issuing Bank and Agent and reasonably in advance of the requested date of issuance, amendment, renewal, or extension and (iii) subject to Issuing Bank's authentication procedures with results satisfactory to Issuing Bank. Each such request shall be in form and substance reasonably satisfactory to Agent and Issuing Bank and (i) shall specify (A) the amount of such Letter of Credit, (B) the date of issuance, amendment, renewal, or extension of such Letter of Credit, (C) the proposed expiration date of such Letter of Credit, (D) the name and address of the beneficiary of the Letter of Credit, and (E) such other information (including the conditions to drawing and, in the case of an amendment, renewal, or extension, identification of the Letter of Credit to be so amended, renewed, or extended) as shall be necessary to prepare, amend, renew, or extend such Letter of Credit, and (ii) shall be accompanied by such Issuer Documents as Agent or Issuing Bank may request or require, to the extent that such requests or requirements are consistent with the Issuer Documents that Issuing Bank generally requests for Letters of Credit in similar circumstances. Issuing Bank's records of the content of any such request will be conclusive absent manifest error. Anything contained herein to the contrary notwithstanding, Issuing Bank may, but shall not be obligated to, issue a Letter of Credit that supports the obligations of

Holdings or one of its Subsidiaries in respect of (x) a lease of real property to the extent that the face amount of such Letter of Credit exceeds the highest rent (including all rent-like charges) payable under such lease for a period of one year, or (y) an employment contract to the extent that the face amount of such Letter of Credit exceeds the highest compensation payable under such contract for a period of one year.

(b) Issuing Bank shall have no obligation to issue a Letter of Credit if any of the following would result after giving effect to the requested issuance:

(i) the Letter of Credit Usage would exceed $5,000,000, or

(ii) the Letter of Credit Usage would exceed the Maximum Revolver Amount less the sum of (A) the outstanding amount of Revolving Loans (including Swing Loans) *plus* (B) Bank Product Reserves.

(c) In the event there is a Defaulting Lender as of the date of any request for the issuance of a Letter of Credit, the Issuing Bank shall not be required to issue or arrange for such Letter of Credit to the extent (i) the Defaulting Lender's Letter of Credit Exposure with respect to such Letter of Credit may not be reallocated pursuant to Section 2.3(g)(ii), or (ii) the Issuing Bank has not otherwise entered into arrangements reasonably satisfactory to it and Borrowers to eliminate the Issuing Bank's risk with respect to the participation in such Letter of Credit of the Defaulting Lender, which arrangements may include Borrowers cash collateralizing such Defaulting Lender's Letter of Credit Exposure in accordance with Section 2.3(g)(ii). Additionally, Issuing Bank shall have no obligation to issue a Letter of Credit if (A) any order, judgment, or decree of any Governmental Authority or arbitrator shall, by its terms, purport to enjoin or restrain Issuing Bank from issuing such Letter of Credit, or any law applicable to Issuing Bank or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over Issuing Bank shall prohibit or request that Issuing Bank refrain from the issuance of letters of credit generally or such Letter of Credit in particular, (B) the issuance of such Letter of Credit would violate one or more policies of Issuing Bank applicable to letters of credit generally, or (C) if amounts demanded to be paid under any Letter of Credit will or may not be in United States Dollars.

(d) Any Issuing Bank (other than Wells Fargo or any of its Affiliates) shall notify Agent in writing no later than the Business Day immediately following the Business Day on which such Issuing Bank issued any Letter of Credit; provided that (i) until Agent advises any such Issuing Bank that the provisions of Section 3.2 are not satisfied, or (ii) unless the aggregate amount of the Letters of Credit issued in any such week exceeds such amount as shall be agreed by Agent and such Issuing Bank, such Issuing Bank shall be required to so notify Agent in writing only once each week of the Letters of Credit issued by such Issuing Bank during the immediately preceding week as well as the daily amounts outstanding for the prior week, such notice to be furnished on such day of the week as Agent and such Issuing Bank may agree. Each Letter of Credit shall be in form and substance reasonably acceptable to Issuing Bank, including the requirement that the amounts payable thereunder must be payable in Dollars. If Issuing Bank makes a payment under a Letter of Credit, Borrowers shall pay to Agent an amount equal to the applicable Letter of Credit Disbursement on the Business Day such Letter of Credit Disbursement is made and, in the absence of such payment, the amount of the Letter of Credit Disbursement immediately and automatically shall be deemed to be a Revolving Loan hereunder (notwithstanding any failure to satisfy any condition precedent set forth in Section 3) and, initially, shall bear interest at the rate then applicable to Revolving Loans that are Base Rate Loans. If a Letter of Credit Disbursement is deemed to be a Revolving Loan hereunder, Borrowers' obligation to pay the amount of such Letter of Credit Disbursement to Issuing Bank shall be automatically converted into an obligation to pay the resulting Revolving Loan. Promptly following receipt by Agent of any payment from Borrowers pursuant to this paragraph, Agent shall distribute such payment to Issuing Bank or, to the extent that Revolving Lenders have made payments pursuant to Section 2.11(e) to reimburse Issuing Bank, then to such Revolving Lenders and Issuing Bank as their interests may appear.

(e) Promptly following receipt of a notice of a Letter of Credit Disbursement pursuant to Section 2.11(d), each Revolving Lender agrees to fund its Pro Rata Share of any Revolving Loan deemed made pursuant to Section 2.11(d) on the same terms and conditions as if Borrowers had requested the amount thereof as a Revolving Loan and Agent shall promptly pay to Issuing Bank the amounts so received by it from the Revolving Lenders. By the issuance of a Letter of Credit (or an amendment, renewal, or extension of a Letter of Credit) and without any further action on the part of Issuing Bank or the Revolving Lenders, Issuing Bank shall be deemed to have granted to each Revolving Lender, and each Revolving Lender shall be deemed to have purchased, a participation in each Letter of Credit issued by Issuing Bank, in an amount equal to its Pro Rata Share of such Letter of Credit, and each such Revolving Lender agrees to pay to Agent, for the account of Issuing Bank, such Revolving Lender's Pro Rata Share of any Letter of Credit Disbursement made by Issuing Bank under the applicable Letter of Credit. In consideration and in furtherance of the foregoing, each Revolving Lender hereby absolutely and unconditionally agrees to pay to Agent, for the account of Issuing Bank, such Revolving Lender's Pro Rata Share of each Letter of Credit Disbursement made by Issuing Bank and not reimbursed by Borrowers on the date due as provided in Section 2.11(d), or of any reimbursement payment that is required to be refunded (or that Agent or Issuing Bank elects, based upon the advice of counsel, to refund) to Borrowers for any reason. Each Revolving Lender acknowledges and agrees that its obligation to deliver to Agent, for the account of Issuing Bank, an amount equal to its respective Pro Rata Share of each Letter of Credit Disbursement pursuant to this Section 2.11(e) shall be absolute and unconditional and such remittance shall be made notwithstanding the occurrence or continuation of an Event of Default or Default or the failure to satisfy any condition set forth in Section 3. If any such Revolving Lender fails to make available to Agent the amount of such Revolving Lender's Pro Rata Share of a Letter of Credit Disbursement as provided in this Section, such Revolving Lender shall be deemed to be a Defaulting Lender and Agent (for the account of Issuing Bank) shall be entitled to recover such amount on demand from such Revolving Lender together with interest thereon at the Defaulting Lender Rate until paid in full.

(f) Each Borrower agrees to indemnify, defend and hold harmless each member of the Lender Group (including Issuing Bank and its branches, Affiliates, and correspondents) and each such Person's respective directors, officers, employees, attorneys and agents (each, including Issuing Bank, a "Letter of Credit Related Person") (to the fullest extent permitted by law) from and against any and all claims, demands, suits, actions, investigations, proceedings, liabilities, fines, costs, penalties, and damages, and all reasonable fees and disbursements of attorneys, experts, or consultants and all other costs and expenses actually incurred in connection therewith or in connection with the enforcement of this indemnification (as and when they are incurred and irrespective of whether suit is brought), which may be incurred by or awarded against any such Letter of Credit Related Person (other than Taxes, which shall be governed by Section 16) (the "Letter of Credit Indemnified Costs"), and which arise out of or in connection with, or as a result of:

(i) any Letter of Credit or any pre-advice of its issuance;

(ii) any transfer, sale, delivery, surrender or endorsement of any Drawing Document at any time(s) held by any such Letter of Credit Related Person in connection with any Letter of Credit;

(iii) any action or proceeding arising out of, or in connection with, any Letter of Credit (whether administrative, judicial or in connection with arbitration), including any action or proceeding to compel or restrain any presentation or payment under any Letter of Credit, or for the wrongful dishonor of, or honoring a presentation under, any Letter of Credit;

(iv) any independent undertakings issued by the beneficiary of any Letter of Credit;

(v) any unauthorized instruction or request made to Issuing Bank in connection with any Letter of Credit or requested Letter of Credit or error in computer or electronic transmission;

(vi) an adviser, confirmer or other nominated person seeking to be reimbursed, indemnified or compensated;

(vii) any third party seeking to enforce the rights of an applicant, beneficiary, nominated person, transferee, assignee of Letter of Credit proceeds or holder of an instrument or document;

(viii) any prohibition on payment or delay in payment of any amount payable by Issuing Bank to a beneficiary or transferee beneficiary of a Letter of Credit arising out of Anti-Corruption Laws, Anti-Money Laundering Laws, or Sanctions;

(ix) the fraud, forgery or illegal action of parties other than the Letter of Credit Related Person;

(x) Issuing Bank's performance of the obligations of a confirming institution or entity that wrongfully dishonors a confirmation;

(xi) any foreign language translation provided to Issuing Bank in connection with any Letter of Credit;

(xii) any foreign law or usage as it relates to Issuing Bank's issuance of a Letter of Credit in support of a foreign guaranty including the expiration of such guaranty after the related Letter of Credit expiration date and any resulting drawing paid by Issuing Bank in connection therewith; or

(xiii) the acts or omissions, whether rightful or wrongful, of any present or future de jure or de facto governmental or regulatory authority or cause or event beyond the control of the Letter of Credit Related Person;

in each case, including that resulting from the Letter of Credit Related Person's own negligence; provided, that such indemnity shall not be available to any Letter of Credit Related Person claiming indemnification under clauses (i) through (xiii) above to the extent that such Letter of Credit Indemnified Costs may be finally determined in a final, non-appealable judgment of a court of competent jurisdiction to have resulted directly from the bad faith, gross negligence or willful misconduct of the Letter of Credit Related Person claiming indemnity. Borrowers hereby agree to pay the Letter of Credit Related Person claiming indemnity on demand from time to time all amounts owing under this Section 2.11(f). If and to the extent that the obligations of Borrowers under this Section 2.11(f) are unenforceable for any reason, Borrowers agree to make the maximum contribution to the Letter of Credit Indemnified Costs permissible under applicable law. This indemnification provision shall survive termination of this Agreement and all Letters of Credit.

(g) The liability of Issuing Bank (or any other Letter of Credit Related Person) under, in connection with or arising out of any Letter of Credit (or pre-advice), regardless of the form or legal grounds of the action or proceeding, shall be limited to direct damages suffered by Borrowers that are caused directly by Issuing Bank's gross negligence or willful misconduct in (i) honoring a presentation under a Letter of Credit that on its face does not at least substantially comply with the terms and conditions of such Letter of Credit, (ii) failing to honor a presentation under a Letter of Credit that strictly complies

with the terms and conditions of such Letter of Credit or (iii) retaining Drawing Documents presented under a Letter of Credit. Issuing Bank shall be deemed to have acted with due diligence and reasonable care if Issuing Bank's conduct is in accordance with Standard Letter of Credit Practice or in accordance with this Agreement. Borrowers' aggregate remedies against Issuing Bank and any Letter of Credit Related Person for wrongfully honoring a presentation under any Letter of Credit or wrongfully retaining honored Drawing Documents shall in no event exceed the aggregate amount paid by Borrowers to Issuing Bank in respect of the honored presentation in connection with such Letter of Credit under Section 2.11(d), plus interest at the rate then applicable to Base Rate Loans hereunder. Borrowers shall take action to avoid and mitigate the amount of any damages claimed against Issuing Bank or any other Letter of Credit Related Person, including by enforcing its rights against the beneficiaries of the Letters of Credit. Any claim by Borrowers under or in connection with any Letter of Credit shall be reduced by an amount equal to the sum of (x) the amount (if any) saved by Borrowers as a result of the breach or alleged wrongful conduct complained of; and (y) the amount (if any) of the loss that would have been avoided had Borrowers taken all reasonable steps to mitigate any loss, and in case of a claim of wrongful dishonor, by specifically and timely authorizing Issuing Bank to effect a cure.

(h) Borrowers are responsible for preparing or approving the final text of the Letter of Credit as issued by Issuing Bank, irrespective of any assistance Issuing Bank may provide such as drafting or recommending text or by Issuing Bank's use or refusal to use text submitted by Borrowers. Borrowers are solely responsible for the suitability of the Letter of Credit for Borrowers' purposes. With respect to any Letter of Credit containing an "automatic amendment" to extend the expiration date of such Letter of Credit, Issuing Bank, in its sole and absolute discretion, may give notice of nonrenewal of such Letter of Credit and, if Borrowers do not at any time want such Letter of Credit to be renewed, the Administrative Borrower will so notify Agent and Issuing Bank at least 15 calendar days before Issuing Bank is required to notify the beneficiary of such Letter of Credit or any advising bank of such nonrenewal pursuant to the terms of such Letter of Credit.

(i) Borrowers' reimbursement and payment obligations under this Section 2.11 are absolute, unconditional and irrevocable and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever, including:

(i) any lack of validity, enforceability or legal effect of any Letter of Credit or this Agreement or any term or provision therein or herein;

(ii) payment against presentation of any draft, demand or claim for payment under any Drawing Document that does not comply in whole or in part with the terms of the applicable Letter of Credit or which proves to be fraudulent, forged or invalid in any respect or any statement therein being untrue or inaccurate in any respect, or which is signed, issued or presented by a Person or a transferee of such Person purporting to be a successor or transferee of the beneficiary of such Letter of Credit;

(iii) Issuing Bank or any of its branches or Affiliates being the beneficiary of any Letter of Credit;

(iv) Issuing Bank or any correspondent honoring a drawing against a Drawing Document up to the amount available under any Letter of Credit even if such Drawing Document claims an amount in excess of the amount available under the Letter of Credit;

(v) the existence of any claim, set-off, defense or other right that Borrowers or any other Person may have at any time against any beneficiary, any assignee of proceeds, Issuing Bank or any other Person;

(vi) any other event, circumstance or conduct whatsoever, whether or not similar to any of the foregoing that might, but for this Section 2.11(i), constitute a legal or equitable defense to or discharge of, or provide a right of set-off against, Borrowers' reimbursement and other payment obligations and liabilities, arising under, or in connection with, any Letter of Credit, whether against Issuing Bank, the beneficiary or any other Person; or

(vii) the fact that any Default or Event of Default shall have occurred and be continuing;

provided, however, that subject to Section 2.11(g) above, the foregoing shall not release Issuing Bank from such liability to Borrowers as may be finally determined in a final, non-appealable judgment of a court of competent jurisdiction against Issuing Bank following reimbursement or payment of the obligations and liabilities, including reimbursement and other payment obligations, of Borrowers to Issuing Bank arising under, or in connection with, this Section 2.11 or any Letter of Credit.

(j) Without limiting any other provision of this Agreement, Issuing Bank and each other Letter of Credit Related Person (if applicable) shall not be responsible to Borrowers for, and Issuing Bank's rights and remedies against Borrowers and the obligation of Borrowers to reimburse Issuing Bank for each drawing under each Letter of Credit shall not be impaired (except in the case of the gross negligence, bad faith or willful misconduct of the Issuing Bank or any of its Affiliates as finally determined by a court of competent jurisdiction) by:

(i) honor of a presentation under any Letter of Credit that on its face substantially complies with the terms and conditions of such Letter of Credit, even if the Letter of Credit requires strict compliance by the beneficiary;

(ii) honor of a presentation of any Drawing Document that appears on its face to have been signed, presented or issued (A) by any purported successor or transferee of any beneficiary or other Person required to sign, present or issue such Drawing Document or (B) under a new name of the beneficiary;

(iii) acceptance as a draft of any written or electronic demand or request for payment under a Letter of Credit, even if nonnegotiable or not in the form of a draft or notwithstanding any requirement that such draft, demand or request bear any or adequate reference to the Letter of Credit;

(iv) the identity or authority of any presenter or signer of any Drawing Document or the form, accuracy, genuineness or legal effect of any Drawing Document (other than Issuing Bank's determination that such Drawing Document appears on its face substantially to comply with the terms and conditions of the Letter of Credit);

(v) acting upon any instruction or request relative to a Letter of Credit or requested Letter of Credit that Issuing Bank in good faith believes to have been given by a Person authorized to give such instruction or request;

(vi) any errors, omissions, interruptions or delays in transmission or delivery of any message, advice or document (regardless of how sent or transmitted) or for errors in interpretation of technical terms or in translation or any delay in giving or failing to give notice to Borrowers;

(vii) any acts, omissions or fraud by, or the insolvency of, any beneficiary, any nominated person or entity or any other Person or any breach of contract between the beneficiary and any Borrower or any of the parties to the underlying transaction to which the Letter of Credit relates;

(viii) assertion or waiver of any provision of the ISP or UCP that primarily benefits an issuer of a letter of credit, including any requirement that any Drawing Document be presented to it at a particular hour or place;

(ix) payment to any paying or negotiating bank (designated or permitted by the terms of the applicable Letter of Credit) claiming that it rightfully honored or is entitled to reimbursement or indemnity under Standard Letter of Credit Practice applicable to it;

(x) acting or failing to act as required or permitted under Standard Letter of Credit Practice applicable to where Issuing Bank has issued, confirmed, advised or negotiated such Letter of Credit, as the case may be;

(xi) honor of a presentation after the expiration date of any Letter of Credit notwithstanding that a presentation was made prior to such expiration date and dishonored by Issuing Bank if subsequently Issuing Bank or any court or other finder of fact determines such presentation should have been honored;

(xii) dishonor of any presentation that does not strictly comply or that is fraudulent, forged or otherwise not entitled to honor; or

(xiii) honor of a presentation that is subsequently determined by Issuing Bank to have been made in violation of international, federal, state or local restrictions on the transaction of business with certain prohibited Persons.

(k) Borrowers shall pay immediately upon demand to Agent for the account of Issuing Bank as non-refundable fees, commissions, and charges (it being acknowledged and agreed that any charging of such fees, commissions, and charges to the Loan Account pursuant to the provisions of Section 2.6(d) shall be deemed to constitute a demand for payment thereof for the purposes of this Section 2.11(k)): (i) a fronting fee which shall be imposed by Issuing Bank equal to 0.25% *per annum* times the average amount of the Letter of Credit Usage during the immediately preceding quarter, *plus* (ii) any and all other customary commissions, fees and charges then in effect imposed by, and any and all expenses incurred by, Issuing Bank, or by any adviser, confirming institution or entity or other nominated person, relating to Letters of Credit, at the time of issuance of any Letter of Credit and upon the occurrence of any other activity with respect to any Letter of Credit (including transfers, assignments of proceeds, amendments, drawings, renewals or cancellations). Notwithstanding the foregoing, if Issuing Bank is a Person other than Wells Fargo, all fronting fees payable in respect of Letters of Credit issued by such Issuing Bank shall be paid by Borrowers immediately upon demand directly to such Issuing Bank for its own account.

(l) If by reason of (x) any Change in Law, or (y) compliance by Issuing Bank or any other member of the Lender Group with any direction, request, or requirement (irrespective of whether having the force of law) of any Governmental Authority or monetary authority including, Regulation D of the Board of Governors as from time to time in effect (and any successor thereto):

(i) any reserve, deposit, or similar requirement is or shall be imposed or modified in respect of any Letter of Credit issued or caused to be issued hereunder or hereby, or

(ii) there shall be imposed on Issuing Bank or any other member of the Lender Group any other condition regarding any Letter of Credit,

and the result of the foregoing is to increase, directly or indirectly, the cost to Issuing Bank or any other member of the Lender Group of issuing, making, participating in, or maintaining any Letter of Credit or to reduce the amount receivable in respect thereof, then, and in any such case, Agent may, at any time within a reasonable period after the additional cost is incurred or the amount received is reduced, notify Borrowers, and Borrowers shall pay within 30 days after demand therefor, such amounts as Agent may specify to be necessary to compensate Issuing Bank or any other member of the Lender Group for such additional cost or reduced receipt, together with interest on such amount from the date of such demand until payment in full thereof at the rate then applicable to Base Rate Loans hereunder; provided, that (A) Borrowers shall not be required to provide any compensation pursuant to this Section 2.11(l) for any such amounts incurred more than 180 days prior to the date on which the demand for payment of such amounts is first made to Borrowers, and (B) if an event or circumstance giving rise to such amounts is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof. The determination by Agent of any amount due pursuant to this Section 2.11(l), as set forth in a certificate setting forth the calculation thereof in reasonable detail, shall, in the absence of manifest or demonstrable error, be final and conclusive and binding on all of the parties hereto.

(m) Unless otherwise expressly agreed by Issuing Bank and Borrowers when a Letter of Credit is issued, (i) the rules of the ISP and the UCP shall apply to each standby Letter of Credit, and (ii) the rules of the UCP shall apply to each commercial Letter of Credit.

(n) In the event of a direct conflict between the provisions of this Section 2.11 and any provision contained in any Issuer Document, it is the intention of the parties hereto that such provisions be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, the terms and provisions of this Section 2.11 shall control and govern.

2.12 **LIBOR Option**.

(a) **Interest and Interest Payment Dates**. In lieu of having interest charged at the rate based upon the Base Rate, Borrowers shall have the option, subject to Section 2.12(c) below (the "LIBOR Option") to have interest on all or a portion of the Term Loan or the Revolving Loans be charged (whether at the time when made (unless otherwise provided herein), upon conversion from a Base Rate Loan to a LIBOR Rate Loan, or upon continuation of a LIBOR Rate Loan as a LIBOR Rate Loan) at a rate of interest based upon the LIBOR Rate. Interest on LIBOR Rate Loans shall be payable on the earliest of (i) the last day of the Interest Period applicable thereto; provided, that, subject to the following clauses (ii) and (iii), in the case of any Interest Period greater than 3 months in duration, interest shall be payable at 3 month intervals after the commencement of the applicable Interest Period and on the last day of such Interest Period, (ii) the date on which all or any portion of the Obligations are accelerated pursuant to the terms hereof, or (iii) the date on which this Agreement is terminated pursuant to the terms hereof. On the last day of each applicable Interest Period, unless Borrowers properly have exercised the LIBOR Option with respect thereto, the interest rate applicable to such LIBOR Rate Loan automatically shall convert to a rate of interest then applicable to the Base Rate Loans of the same type hereunder.

(b) At any time that an Event of Default has occurred and is continuing, at the written election of Agent or the Required Lenders, Borrowers no longer shall have the option to request that any portion of the Term Loan or Revolving Loans bear interest at a rate based upon the LIBOR Rate; provided, that for the avoidance of doubt, any portion of the Term Loan or Revolving Loans that are LIBOR Rate Loans at the time of such election shall continue as LIBOR Rate Loans until the end of the applicable Interest Period (and shall then automatically convert to Base Rate Loans of the same type hereunder).

(c) **LIBOR Election**.

(i) Administrative Borrower may, at any time and from time to time, so long as Borrowers have not received a notice from Agent (which notice Agent may give if Agent is directed to give such notice by the Required Lenders, in which case, it shall give the notice to Borrowers) after the occurrence and during the continuation of an Event of Default, to terminate the right of Borrowers to exercise the LIBOR Option during the continuance of such Event of Default, elect to exercise the LIBOR Option by notifying Agent prior to 11:00 a.m. at least 3 Business Days prior to the commencement of the proposed Interest Period (the "LIBOR Deadline"). Notice of Administrative Borrower's election of the LIBOR Option for a permitted portion of the Term Loan or the Revolving Loans and an Interest Period pursuant to this Section (and subject to clause (iii) below) shall be made by delivery to Agent of a LIBOR Notice received by Agent before the LIBOR Deadline. Promptly upon its receipt of each such LIBOR Notice, Agent shall provide a copy thereof to each of the affected Lenders.

(ii) Each LIBOR Notice shall be irrevocable and binding on Borrowers. In connection with each LIBOR Rate Loan, each Borrower shall indemnify, defend, and hold Agent and the Lenders harmless against any loss, cost, or expense actually incurred by Agent or any Lender (excluding any loss of anticipated profits and excluding any differential on applicable margin on funds so redeployed (in each case, other than breakage costs or any fees associated therewith)) as a result of (A) the payment of or required assignment any principal of any LIBOR Rate Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (B) the conversion of any LIBOR Rate Loan other than on the last day of the Interest Period applicable thereto, or (C) the failure to borrow, convert, continue or prepay any LIBOR Rate Loan on the date specified in any LIBOR Notice delivered pursuant hereto (such losses, costs, or expenses, "Funding Losses"). A certificate of Agent or a Lender delivered to Borrowers setting forth in reasonable detail any amount or amounts that Agent or such Lender is entitled to receive pursuant to this Section 2.12 shall be conclusive absent manifest error. Borrowers shall pay such amount to Agent or the Lender, as applicable, within 30 days of the date of its receipt of such certificate. If a payment of a LIBOR Rate Loan on a day other than the last day of the applicable Interest Period would result in a Funding Loss, Agent may, in its sole discretion at the request of Borrowers, hold the amount of such payment as cash collateral in support of the Obligations until the last day of such Interest Period and apply such amounts to the payment of the applicable LIBOR Rate Loan on such last day, it being agreed that Agent has no obligation to so defer the application of payments to any LIBOR Rate Loan and that, in the event that Agent does not defer such application, Borrowers shall be obligated to pay any resulting Funding Losses.

(iii) Unless Agent, in its sole discretion, agrees otherwise, Borrowers shall have not more than 10 LIBOR Rate Loans in effect at any given time. Borrowers may only exercise the LIBOR Option for proposed LIBOR Rate Loans of at least $500,000.

(d) **Conversion; Prepayment**. Borrowers may convert LIBOR Rate Loans to Base Rate Loans or prepay LIBOR Rate Loans at any time; provided, that in the event that LIBOR Rate Loans are converted or prepaid on any date that is not the last day of the Interest Period applicable thereto, including as a result of any prepayment through the required application by Agent of any payments or proceeds of Collateral in accordance with Section 2.4(b) or for any other reason, including early termination of the term of this Agreement or acceleration of all or any portion of the Obligations pursuant to the terms hereof, each Borrower shall indemnify, defend, and hold Agent and the Lenders and their Participants harmless against any and all Funding Losses in accordance with Section 2.12(c)(ii).

(e) **Special Provisions Applicable to LIBOR Rate**.

(i) The LIBOR Rate may be adjusted by Agent with respect to any Lender on a prospective basis to take into account any additional or increased costs to such Lender of maintaining or obtaining any eurodollar deposits or increased costs (other than Taxes which shall be governed by Section 16), in each case, due to changes in applicable law occurring subsequent to the commencement of the then applicable Interest Period, including any Changes in Law and changes in the reserve requirements imposed by the Board of Governors, which additional or increased costs would increase the cost of funding or maintaining loans bearing interest at the LIBOR Rate. In any such event, the affected Lender shall give Borrowers and Agent notice of such a determination and adjustment and Agent promptly shall transmit the notice to each other Lender and, upon its receipt of the notice from the affected Lender, Borrowers may, by notice to such affected Lender (A) require such Lender to furnish to Borrowers a statement setting forth in reasonable detail the basis for adjusting such LIBOR Rate and the method for determining the amount of such adjustment, or (B) repay the LIBOR Rate Loans of such Lender with respect to which such adjustment is made (together with any amounts due under Section 2.12(c)(ii)).

(ii) In the event that any change in market conditions or any Change in Law shall at any time after the date hereof, in the reasonable opinion of any Lender, make it unlawful or impractical for such Lender to fund or maintain LIBOR Rate Loans or to continue such funding or maintaining, or to determine or charge interest rates at the LIBOR Rate, such Lender shall give notice of such changed circumstances to Agent and Administrative Borrower and Agent promptly shall transmit the notice to each other Lender and (y) in the case of any LIBOR Rate Loans of such Lender that are outstanding, the date specified in such Lender's notice shall be deemed to be the last day of the Interest Period of such LIBOR Rate Loans, and interest upon the LIBOR Rate Loans of such Lender thereafter shall accrue interest at the rate then applicable to Base Rate Loans, and (z) Borrowers shall not be entitled to elect the LIBOR Option until such Lender determines that it would no longer be unlawful or impractical to do so.

(iii) Effect of Benchmark Transition Event.

(A) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Loan Document, upon the occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, Agent and Administrative Borrower may amend this Agreement to replace the LIBOR Rate with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m. on the fifth (5th) Business Day after Agent has posted such proposed amendment to all Lenders and Administrative Borrower so long as Agent has not received, by such time, written notice of objection to such amendment from Lenders comprising the Required Lenders. Any such amendment with respect to an Early Opt-in Election will become effective on the date that Lenders comprising the Required Lenders have delivered to Agent written notice that such Required Lenders accept such amendment. No replacement of the LIBOR Rate with a Benchmark Replacement pursuant to this Section 2.12(e)(iii) will occur prior to the applicable Benchmark Transition Start Date.

(B) Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement.

(C) Notices; Standards for Decisions and Determinations. Agent will promptly notify Administrative Borrower and the Lenders of (1) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date and Benchmark Transition Start Date, (2) the implementation of any Benchmark Replacement, (3) the effectiveness of any Benchmark Replacement Conforming Changes and (4) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by Agent or Lenders pursuant to this Section 2.12(e)(iii) including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section 2.12(e)(iii).

(D) Benchmark Unavailability Period. Upon Administrative Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, Administrative Borrower may revoke any request for a LIBOR Borrowing of, conversion to or continuation of LIBOR Rate Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, Administrative Borrower will be deemed to have converted any such request into a request for a Borrowing of or conversion to Base Rate Loans. During any Benchmark Unavailability Period, the component of Base Rate based upon the LIBOR Rate will not be used in any determination of the Base Rate.

(f) **No Requirement of Matched Funding**. Anything to the contrary contained herein notwithstanding, neither Agent, nor any Lender, nor any of their Participants, is required actually to acquire eurodollar deposits to fund or otherwise match fund any Obligation as to which interest accrues at the LIBOR Rate.

2.13 **Capital Requirements**.

(a) If, after the date hereof, Issuing Bank or any Lender determines that (i) any Change in Law regarding capital or reserve requirements for banks or bank holding companies, or (ii) compliance by Issuing Bank or such Lender, or their respective parent bank holding companies, with any guideline, request or directive of any Governmental Authority regarding capital adequacy (whether or not having the force of law), has the effect of reducing the return on Issuing Bank's, such Lender's, or such holding companies' capital as a consequence of Issuing Bank's or such Lender's commitments hereunder to a level below that which Issuing Bank, such Lender, or such holding companies could have achieved but for such Change in Law or compliance (taking into consideration Issuing Bank's, such Lender's, or such holding companies' then existing policies with respect to capital adequacy and assuming the full utilization of such entity's capital) by any amount deemed by Issuing Bank or such Lender to be material, then Issuing Bank or such Lender may notify Borrowers and Agent thereof. Following receipt of such notice, Borrowers agree to pay Issuing Bank or such Lender on demand the amount of such reduction of return of capital as and when such reduction is determined, payable within 30 days after presentation by Issuing Bank or such Lender of a statement in the amount and setting forth in reasonable detail Issuing Bank's or such Lender's calculation thereof and the assumptions upon which such calculation was based (which statement shall be deemed true and correct absent manifest error). In determining such amount, Issuing Bank or such Lender may use any reasonable averaging and attribution methods. Failure or delay on the part of Issuing Bank or any Lender to demand compensation pursuant to this Section shall not constitute a waiver of Issuing Bank's or such Lender's right to demand such compensation; provided that Borrowers shall not be required to compensate Issuing Bank or a Lender pursuant to this Section for any reductions in return incurred more than 180 days prior to the date that Issuing Bank or such Lender notifies Borrowers of such Change in Law giving rise to such reductions and of such Lender's intention to claim compensation therefor; provided further that if such claim arises by reason of the Change in Law that is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

(b) If Issuing Bank or any Lender requests additional or increased costs referred to in Section 2.11(l) or Section 2.12(e)(i) or amounts under Section 2.13(a) or sends a notice under Section 2.12(e)(ii) relative to changed circumstances (such Issuing Bank or Lender, an "Affected Lender"), then such Affected Lender shall use reasonable efforts to promptly designate a different one of its lending offices or to assign its rights and obligations hereunder to another of its offices or branches, if (i) in the reasonable judgment of such Affected Lender, such designation or assignment would eliminate or reduce amounts payable pursuant to Section 2.11(l), Section 2.12(d)(i) or Section 2.13(a), as applicable, or would eliminate the illegality or impracticality of funding or maintaining LIBOR Rate Loans and (ii) in the reasonable judgment of such Affected Lender, such designation or assignment would not subject it to any material unreimbursed cost or expense and would not otherwise be materially disadvantageous to it. Borrowers agree to pay all reasonable out-of-pocket costs and expenses incurred by such Affected Lender in connection with any such designation or assignment. If, after such reasonable efforts, such Affected Lender does not so designate a different one of its lending offices or assign its rights to another of its offices or branches so as to eliminate Borrowers' obligation to pay any future amounts to such Affected Lender pursuant to Section 2.11(l), Section 2.12(d)(i) or Section 2.13(a), as applicable, or to enable Borrowers to obtain LIBOR Rate Loans, then Borrowers (without prejudice to any amounts then due to such Affected Lender under Section 2.11(l), Section 2.12(d)(i) or Section 2.13(a), as applicable) may, unless prior to the effective date of any such assignment the Affected Lender withdraws its request for such additional amounts under Section 2.11(l), Section 2.12(d)(i) or Section 2.13(a), as applicable, or indicates that it is no longer unlawful or impractical to fund or maintain LIBOR Rate Loans, may designate a different Issuing Bank or substitute a Lender, in each case, reasonably acceptable to Agent to purchase the Obligations owed to such Affected Lender and such Affected Lender's commitments hereunder (a "Replacement Lender"), and if such Replacement Lender agrees to such purchase, such Affected Lender shall assign to the Replacement Lender its Obligations and commitments, and upon such purchase by the Replacement Lender, which such Replacement Lender shall be deemed to be "Issuing Bank" or a "Lender" (as the case may be) for purposes of this Agreement and such Affected Lender shall cease to be "Issuing Bank" or a "Lender" (as the case may be) for purposes of this Agreement.

(c) Notwithstanding anything herein to the contrary, the protection of Sections 2.11(l), 2.12(d), and 2.13 shall be available to Issuing Bank and each Lender (as applicable) regardless of any possible contention of the invalidity or inapplicability of the law, rule, regulation, judicial ruling, judgment, guideline, treaty or other change or condition which shall have occurred or been imposed, so long as it shall be customary for issuing banks or lenders affected thereby to comply therewith. Notwithstanding any other provision herein, neither Issuing Bank nor any Lender shall demand compensation pursuant to this Section 2.13 if it shall not at the time be the general policy or practice of Issuing Bank or such Lender (as the case may be) to demand such compensation in similar circumstances under comparable provisions of other credit agreements, if any.

2.14 **Joint and Several Liability of Borrowers**.

(a) Each Borrower is accepting joint and several liability hereunder and under the other Loan Documents in consideration of the financial accommodations to be provided by the Lender Group under this Agreement, for the mutual benefit, directly and indirectly, of each Borrower and in consideration of the undertakings of the other Borrowers to accept joint and several liability for the Obligations.

(b) Each Borrower, jointly and severally, hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other Borrowers, with respect to the payment and performance of all of the Obligations (including any Obligations arising under this Section 2.14), it being the intention of the parties hereto that all the Obligations shall be the joint and several obligations of each Borrower without preferences or distinction among them.

(c) If and to the extent that any Borrower shall fail to make any payment with respect to any of the Obligations as and when due or to perform any of the Obligations in accordance with the terms thereof, then in each such event the other Borrowers will make such payment with respect to, or perform, such Obligation until such time as all of the Obligations are paid in full.

(d) The Obligations of each Borrower under the provisions of this Section 2.14 constitute the absolute and unconditional, full recourse Obligations of each Borrower enforceable against each Borrower to the full extent of its properties and assets, irrespective of the validity, regularity or enforceability of the provisions of this Agreement (other than this Section 2.14(d)) or any other circumstances whatsoever.

(e) Except as otherwise expressly provided in this Agreement, each Borrower hereby waives notice of acceptance of its joint and several liability, notice of any Term Loan, Revolving Loans or Letters of Credit issued under or pursuant to this Agreement, notice of the occurrence of any Default, Event of Default, or of any demand for any payment under this Agreement, notice of any action at any time taken or omitted by Agent or Lenders under or in respect of any of the Obligations, any requirement of diligence or to mitigate damages and, generally, to the extent permitted by applicable law, all demands, notices and other formalities of every kind in connection with this Agreement (except as otherwise provided in this Agreement). Each Borrower hereby assents to, and waives notice of, any extension or postponement of the time for the payment of any of the Obligations, the acceptance of any payment of any of the Obligations, the acceptance of any partial payment thereon, any waiver, consent or other action or acquiescence by Agent or Lenders at any time or times in respect of any default by any Borrower in the performance or satisfaction of any term, covenant, condition or provision of this Agreement, any and all other indulgences whatsoever by Agent or Lenders in respect of any of the Obligations, and the taking, addition, substitution or release, in whole or in part, at any time or times, of any security for any of the Obligations or the addition, substitution or release, in whole or in part, of any Borrower. Without limiting the generality of the foregoing, each Borrower assents to any other action or delay in acting or failure to act on the part of any Agent or Lender with respect to the failure by any Borrower to comply with any of its respective Obligations, including, without limitation, any failure strictly or diligently to assert any right or to pursue any remedy or to comply fully with applicable laws or regulations thereunder, which might, but for the provisions of this Section 2.14 afford grounds for terminating, discharging or relieving any Borrower, in whole or in part, from any of its Obligations under this Section 2.14, it being the intention of each Borrower that, so long as any of the Obligations hereunder remain unsatisfied, the Obligations of each Borrower under this Section 2.14 shall not be discharged except by performance and then only to the extent of such performance. The Obligations of each Borrower under this Section 2.14 shall not be diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation, reconstruction or similar proceeding with respect to any other Borrower or any Agent or Lender.

(f) Each Borrower represents and warrants to Agent and Lenders that such Borrower is currently informed of the financial condition of Borrowers and of all other circumstances which a diligent inquiry would reveal and which bear upon the risk of nonpayment of the Obligations. Each Borrower further represents and warrants to Agent and Lenders that such Borrower has read and understands the terms and conditions of the Loan Documents. Each Borrower hereby covenants that such Borrower will continue to keep informed of Borrowers' financial condition and of all other circumstances which bear upon the risk of nonpayment or nonperformance of the Obligations.

(g) The provisions of this Section 2.14 are made for the benefit of Agent, each member of the Lender Group, each Bank Product Provider, and their respective successors and assigns, and may be enforced by it or them from time to time against any or all Borrowers as often as occasion therefor may arise and without requirement on the part of Agent, any member of the Lender Group, any Bank Product Provider, or any of their successors or assigns first to marshal any of its or their claims or to exercise any

of its or their rights against any Borrower or to exhaust any remedies available to it or them against any Borrower or to resort to any other source or means of obtaining payment of any of the Obligations hereunder or to elect any other remedy. The provisions of this Section 2.14 shall remain in effect until all of the Obligations shall have been paid in full or otherwise fully satisfied. If at any time, any payment, or any part thereof, made in respect of any of the Obligations, is rescinded or must otherwise be restored or returned by Agent or any Lender upon the insolvency, bankruptcy or reorganization of any Borrower, or otherwise, the provisions of this Section 2.14 will forthwith be reinstated in effect, as though such payment had not been made.

(h) Each Borrower hereby agrees that it will not enforce any of its rights of contribution or subrogation against any other Borrower with respect to any liability incurred by it hereunder or under any of the other Loan Documents, any payments made by it to Agent or Lenders with respect to any of the Obligations or any collateral security therefor until such time as all of the Obligations have been paid in full in cash. Any claim which any Borrower may have against any other Borrower with respect to any payments to any Agent or any member of the Lender Group hereunder or under any of the Bank Product Agreements are hereby expressly made subordinate and junior in right of payment, without limitation as to any increases in the Obligations arising hereunder or thereunder, to the prior payment in full in cash of the Obligations and, in the event of any insolvency, bankruptcy, receivership, liquidation, reorganization or other similar proceeding under the laws of any jurisdiction relating to any Borrower, its debts or its assets, whether voluntary or involuntary, all such Obligations shall be paid in full in cash before any payment or distribution of any character, whether in cash, securities or other property, shall be made to any other Borrower therefor.

(i) Each Borrower hereby agrees that after the occurrence and during the continuance of any Default or Event of Default, such Borrower will not demand, sue for or otherwise attempt to collect any indebtedness of any other Borrower owing to such Borrower until the Obligations shall have been paid in full in cash. If, notwithstanding the foregoing sentence, such Borrower shall collect, enforce or receive any amounts in respect of such indebtedness, such amounts shall be collected, enforced and received by such Borrower as trustee for Agent, and such Borrower shall deliver any such amounts to Agent for application to the Obligations in accordance with Section 2.4(b).

(j) Notwithstanding anything to the contrary in the foregoing, no Borrower that is not a Qualified ECP Guarantor shall be jointly and severally liable for any Excluded Swap Obligations in respect of such Borrower.

(k) Each Borrower that is a Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Borrower to guaranty and otherwise honor all Obligations in respect of Swap Obligations. The obligations of each Qualified ECP Guarantor under this Section shall remain in full force and effect until payment in full of the Obligations. Each Qualified ECP Guarantor intends that this Section 2.14(k) constitute, and this Section 2.14(k) shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each other Grantor for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

(l) Notwithstanding any other provision of this Section 2.14, the joint and several liability of each Borrower hereunder shall be limited to a maximum amount as would not, after giving effect to such maximum amount, render its obligations hereunder subject to avoidance under Section 548 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or comparable law. In determining the limitations, if any, on the amount of any Borrower's obligations hereunder pursuant to the preceding sentence, it is the intention of the parties hereto that any rights of subrogation, indemnification or contribution which such Borrower may have under this Section

2.14, any other agreement or applicable law shall be taken into account. Subject to the restrictions, limitations and other terms of this Agreement (including Section 2.14(h)), each Borrower hereby agrees that to the extent that a Borrower shall have paid more than its proportionate share of any payment made hereunder, such Borrower shall be entitled to seek and receive contribution from and against any other Borrower hereunder which has not paid its proportionate share of such payment.

3. **CONDITIONS; TERM OF AGREEMENT.**

3.1 **Conditions Precedent to Closing**. The effectiveness of this Agreement and the obligation of the Lender Group (or any member thereof) to make any Loans or issue a Letter of Credit on the Closing Date is subject to the fulfillment, to the satisfaction of Agent and each Lender, of each of the conditions precedent set forth on Annex 3.1 (the execution and delivery of this Agreement by Agent or any Lender being conclusively deemed to be its satisfaction or waiver of the following (other than clause (q) thereof in the case of Agent)).

3.2 **Conditions Precedent to all Extensions of Credit**. The obligation of the Lender Group (or any member thereof) to make any Loans or issue a Letter of Credit hereunder at any time after the Closing Date shall be subject to the following conditions precedent:

(a) the representations and warranties of each Loan Party or their Subsidiaries contained in this Agreement or in the other Loan Documents shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of the date of such extension of credit, as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) as of such earlier date); and

(b) no Default or Event of Default shall have occurred and be continuing on the date of such extension of credit, nor shall either result from the making thereof.

3.3 **Maturity**. This Agreement shall continue in full force and effect for a term ending on the Maturity Date.

3.4 **Effect of Maturity**. On the Maturity Date, all commitments of the Lender Group to provide additional credit hereunder shall automatically be terminated and all of the Obligations (other than unasserted contingent Obligations and Bank Product Obligations) immediately shall become due and payable without notice or demand and Borrowers shall be required to repay all of the Obligations in full. No termination of the obligations of the Lender Group (other than payment in full of the Obligations and termination of the Commitments) shall relieve or discharge any Loan Party of its duties, obligations, or covenants hereunder or under any other Loan Document and Agent's Liens in the Collateral shall continue to secure the Obligations and shall remain in effect until all Obligations have been paid in full and the Commitments have been terminated. When all of the Obligations have been paid in full and the Lender Group's obligations to provide additional credit under the Loan Documents have been terminated irrevocably, Agent will, at Borrowers' sole expense, execute and deliver any termination statements, lien releases, discharges of security interests, and other similar discharge or release documents (and, if applicable, in recordable form) as are reasonably necessary to release, as of record, Agent's Liens and all notices of security interests and liens previously filed by Agent.

3.5 **Early Termination by Borrowers**. Borrowers have the option, at any time upon five (5) Business Days prior written notice to Agent, to terminate this Agreement and terminate the Commitments hereunder by repaying to Agent all of the Obligations in full. The foregoing notwithstanding, (a) Borrowers may rescind termination notices relative to proposed payments in full of the Obligations with the proceeds of third party Indebtedness if the closing for such issuance or incurrence does not happen on or before the date of the proposed termination (in which case, a new notice shall be required to be sent in connection with any subsequent termination), and (b) Borrowers may extend the date of termination at any time with the consent of Agent (which consent shall not be unreasonably withheld or delayed).

3.6 **Conditions Subsequent**. The obligation of the Lender Group (or any member thereof) to continue to make Loans (or otherwise extend credit hereunder) is subject to the fulfillment, on or before the date applicable thereto, of the conditions subsequent set forth on Schedule 3.6 (the failure by Borrowers to so perform or cause to be performed such conditions subsequent as and when required by the terms thereof (unless such date is extended, in writing, by Agent, which Agent may do without obtaining the consent of the other members of the Lender Group), shall constitute an Event of Default).

4. **REPRESENTATIONS AND WARRANTIES.**

In order to induce the Lender Group to enter into this Agreement, each Loan Party makes the following representations and warranties to the Lender Group which shall be true, correct, and complete, in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof), as of the Closing Date, and shall be true, correct, and complete, in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof), as of the date of the making of each Loan (or other extension of credit) made thereafter, as though made on and as of the date of such Loan (or other extension of credit) (except to the extent that such representations and warranties relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) as of such earlier date) and such representations and warranties shall survive the execution and delivery of this Agreement:

4.1 **Due Organization and Qualification; Subsidiaries**.

(a) Each Loan Party (i) is duly organized and existing and in good standing under the laws of the jurisdiction of its organization, (ii) is qualified to do business in any state where the failure to be so qualified would reasonably be expected to result in a Material Adverse Effect, and (iii) has all requisite power and authority to own and operate its properties, to carry on its business as now conducted and as proposed to be conducted, to enter into the Loan Documents to which it is a party and to carry out the transactions contemplated thereby.

(b) Set forth on Schedule 4.1(b) is a complete and accurate description of the authorized Equity Interests of each Loan Party, by class, and a description of the number of shares of each such class that are issued and outstanding as of the Closing Date. As of the Closing Date, no Loan Party is subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any shares of its Equity Interests or any security convertible into or exchangeable for any of its Equity Interests except for any Equity Interests (other than Disqualified Equity Interests) that are permitted by the Loan Documents.

(c) Set forth on Schedule 4.1(c), is a complete and accurate list of each Loan Party's direct and indirect Subsidiaries as of the Closing Date, showing: (i) the number of shares of each class of common and preferred Equity Interests authorized for each of such Subsidiaries, and (ii) the number and the percentage of the outstanding shares of each such class owned directly or indirectly by such Loan Party. As of the Closing Date, all of the outstanding Equity Interests of each such Subsidiary have been validly issued and are fully paid and non-assessable (except as such rights may arise under non-waivable provisions of applicable statutory law).

(d) Schedule 4.1(d) sets forth all subscriptions, options, warrants, or calls relating to any shares of any Loan Party's Equity Interests as of the Closing Date, including any right of conversion or exchange under any outstanding security or other instrument.

4.2 **Due Authorization; No Conflict**.

(a) As to each Loan Party, the execution, delivery, and performance by such Loan Party of the Loan Documents to which it is a party have been duly authorized by all necessary organizational action on the part of such Loan Party.

(b) As to each Loan Party, the execution, delivery, and performance by such Loan Party of the Loan Documents to which it is a party do not and will not (i) violate any material provision of federal, state, or local law or regulation applicable to any Loan Party or its Subsidiaries, or any order, judgment, or decree of any court or other Governmental Authority binding on any Loan Party or its Subsidiaries where any such violation could individually or in the aggregate reasonably be expected to have a Material Adverse Effect, (ii) violate the Governing Documents of any Loan Party or its Subsidiaries, (iii) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any material agreement of any Loan Party or its Subsidiaries where any such conflict, breach or default could individually or in the aggregate reasonably be expected to have a Material Adverse Effect, (iv) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under the Existing Headquarters Debt Facility or the Preferred Shares Documents, (v) result in or require the creation or imposition of any Lien of any nature whatsoever upon any assets of any Loan Party, other than Permitted Liens, or (vi) require any approval of any holder of Equity Interests of a Loan Party or any approval or consent of any Person under any material agreement of any Loan Party, other than consents or approvals that have been obtained and that are still in force and effect and except, in the case of material agreements, for consents or approvals, the failure to obtain could not individually or in the aggregate reasonably be expected to cause a Material Adverse Effect.

4.3 **Governmental Consents**. The execution, delivery, and performance by each Loan Party of the Loan Documents to which such Loan Party is a party and the consummation of the transactions contemplated by the Loan Documents do not and will not require any registration with, consent, or approval of, or notice to, or other action with or by, any Governmental Authority, other than registrations, consents, approvals, notices, or other actions that have been obtained and that are still in force and effect and except for filings and recordings with respect to the Collateral to be made, or otherwise delivered to Agent for filing or recordation, as of the Closing Date or where any such failure to do the foregoing could not individually or in the aggregate reasonably be expected to have a Material Adverse Effect.

4.4 **Binding Obligations; Perfected Liens**.

(a) Each Loan Document has been duly executed and delivered by each Loan Party that is a party thereto and is the legally valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally.

(b) Agent's Liens on the Collateral are validly created, and, subject only to the filing of financing statements, the recordation of the Copyright Security Agreement, Patent Security Agreement and Trademark Security Agreement, the recordation of the Mortgages, if any, and taking of possession or control by the Collateral Agent of such Collateral with respect to which a security interest may be perfected only by possession or control, in each case, in the appropriate filing offices and subject to the payment of any associated fees, and solely with respect to the Copyright Security Agreement, Patent Security Agreement and Trademark Security Agreement, to the extent that a security interest may be perfected by such recordation and the payment of such fees, perfected first priority Liens in such Collateral to the extent perfection can be obtained by filing financing statements or upon the taking of possession or control, subject only to Permitted Liens which are non-consensual Permitted Liens, permitted purchase money Liens or the interests of lessors under Capital Leases (including Liens for Permitted Purchase Money Indebtedness).

4.5 **Title to Assets; No Encumbrances**. Each of the Loan Parties and its Subsidiaries has (a) good and legal title to (in the case of fee interests in Real Property), (b) valid leasehold interests in (in the case of leasehold interests in real or personal property), and (c) good title to or the rights or power to transfer rights (in the case of all other personal property), all of their respective assets reflected in their most recent financial statements delivered pursuant to clause (p) of Annex 5.1, in each case except for (i) assets disposed of since the date of such financial statements to the extent permitted by the Agreement and (ii) minor defects in title that do not interfere with any sale, transfer, or other disposition of such property, or its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes. All of such assets are free and clear of Liens except for Permitted Liens.

4.6 **Litigation**.

(a) There are no actions, suits, or proceedings pending or, to the knowledge of any Borrower, after due inquiry, threatened in writing against a Loan Party or any of its Subsidiaries that either individually or in the aggregate would reasonably be expected to result in a Material Adverse Effect.

(b) Schedule 4.6(b) sets forth a complete and accurate description, with respect to each of the actions, suits, or proceedings with asserted liabilities in excess of, or that would reasonably be expected to result in liabilities in excess of, $2,000,000 that, as of the Closing Date, is pending or, to the knowledge of any Loan Party, after due inquiry, threatened in writing against a Loan Party or any of its Subsidiaries, of (i) the parties to such actions, suits, or proceedings, (ii) the nature of the dispute that is the subject of such actions, suits, or proceedings, (iii) the procedural status, as of the Closing Date, with respect to such actions, suits, or proceedings, and (iv) whether any liability of the Loan Parties' and their Subsidiaries in connection with such actions, suits, or proceedings is covered by insurance.

4.7 **Compliance with Laws**. No Loan Party nor any of its Subsidiaries (a) is in violation of any applicable laws, rules, regulations, executive orders, or codes (including Environmental Laws) that, individually or in the aggregate, would reasonably be expected to result in a Material Adverse Effect, or (b) is subject to or in default with respect to any final judgments, writs, injunctions, decrees, rules or regulations of any court or any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, that, individually or in the aggregate, would reasonably be expected to result in a Material Adverse Effect.

4.8 **No Material Adverse Effect**. All historical financial statements relating to the Loan Parties and their Subsidiaries that have been delivered by Borrowers to Agent pursuant to clause (p) of Annex 3.1 to the Agreement have been prepared in accordance with GAAP (except, in the case of unaudited financial statements, for the lack of footnotes and being subject to year-end audit adjustments) and present fairly in all material respects, the Loan Parties' and their Subsidiaries' consolidated financial condition as of the date thereof and results of operations for the period then ended. Since the Closing Date, no event, circumstance, or change has occurred that has or would reasonably be expected to result in a Material Adverse Effect with respect to the Loan Parties and their Subsidiaries.

4.9 **Solvency**. As of the Closing Date, the Borrower and its Subsidiaries (on a consolidated basis) are Solvent.

4.10 **Employee Benefits**. No Loan Party nor any of its Subsidiaries maintains or contributes to any Benefit Plan.

4.11 **Environmental Condition**. Except as set forth on Schedule 4.11 or that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, (a) no Loan Party's nor any of its Subsidiaries' properties or assets has ever been used by a Loan Party, its Subsidiaries, or by previous owners or operators in the disposal of, or to produce, store, handle, treat, release, or transport, any Hazardous Materials, where such disposal, production, storage, handling, treatment, release or transport was in violation, in any respect, of any applicable Environmental Law, (b) no Loan Party's nor any of its Subsidiaries' properties or assets has ever been designated or identified in any manner pursuant to any environmental protection statute as a Hazardous Materials disposal site, (c) no Loan Party nor any of its Subsidiaries has received notice that a Lien arising under any Environmental Law has attached to any revenues or to any Real Property owned or operated by a Loan Party or its Subsidiaries, and (d) no Loan Party nor any of its Subsidiaries nor any of their respective facilities or operations is subject to any outstanding written order, consent decree, or settlement agreement with any Person relating to any Environmental Law or Environmental Liability that, individually or in the aggregate, would reasonably be expected to result in a Material Adverse Effect.

4.12 **Complete Disclosure**. All material written information and written data taken as a whole (other than forward-looking information and projections and information of a general economic or industry specific nature and general information about Borrowers' industry) furnished by or on behalf of a Loan Party or its Subsidiaries in writing to Agent or any Lender (including all information contained in the Schedules hereto or in the other Loan Documents) for purposes of or in connection with this Agreement or the other Loan Documents, when taken as a whole, is or will be when furnished, correct in all material respects and does not or will not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made (giving effect to all supplements and updates thereto). The unaudited pro forma consolidated balance sheet of the Borrower and the related pro forma consolidated statement of income (the "Pro Forma Financials") delivered to Agent on September 18, 2018 were prepared in good faith based upon assumptions that are believed by the Borrower to be reasonable at the time such Pro Forma Financials are so furnished (it being understood that such Pro Forma Financials are as to future events and are not to be viewed as facts, the Pro Forma Financials are subject to significant uncertainties and contingencies, many of which are beyond the Loan Parties control, that no assurance can be given that any particular projections will be realized and that actual results during the period or periods covered by any such projections may differ significantly from the projected results and such differences may be material).

4.13 **PATRIOT Act**. To the extent applicable, each Loan Party is in compliance, in all material respects, with the (a) Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, and (b) Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA Patriot Act of 2001, as amended) (the "PATRIOT Act"). No part of the proceeds of the loans made hereunder will be used by any Loan Party or any of their Affiliates, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

4.14 **[Reserved]**.

4.15 **Payment of Taxes**. All material Tax returns and reports of each Loan Party and its Subsidiaries required to be filed by any of them under applicable law have been timely filed, and all material Taxes due and payable by any Loan Party and any Subsidiary thereof, whether or not shown on such tax returns to be due and payable, and all material assessments, fees and other governmental charges imposed upon a Loan Party and its Subsidiaries and upon their respective assets, income, businesses and franchises that are due and payable have been paid when due and payable, except where the failure to file any such tax return or timely pay such Taxes assessments, fees or other governmental charges is being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP. Each Loan Party and each of its Subsidiaries has made adequate provision in accordance with GAAP for all Taxes not yet due and payable. No Borrower knows of any proposed tax assessment for a material amount of Taxes against a Loan Party or any of its Subsidiaries that is not being actively contested by such Loan Party or such Subsidiary diligently, in good faith, and by appropriate proceedings; provided such reserves or other appropriate provisions, if any, as shall be required in conformity with GAAP shall have been made or provided therefor.

4.16 **Margin Stock**. No Loan Party nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. No part of the proceeds of the Loans will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock or for any purpose that violates the provisions of Regulation T, U or X of the Board of Governors. Neither any Loan Party nor any of its Subsidiaries expects to acquire any Margin Stock.

4.17 **Governmental Regulation**. No Loan Party nor any of its Subsidiaries is subject to regulation under the Federal Power Act or the Investment Company Act of 1940 or under any other federal or state statute or regulation which may limit its ability to incur Indebtedness or which may otherwise render all or any portion of the Obligations unenforceable. No Loan Party nor any of its Subsidiaries is an "investment company" required to register as such under the Investment Company Act of 1940.

4.18 **OFAC; Sanctions; Anti-Corruption Laws; Anti-Money Laundering Laws**. No Loan Party nor any of its Subsidiaries is in violation of any applicable Sanctions. No Loan Party nor any of its Subsidiaries nor, to the knowledge of such Loan Party, any director, officer, employee, agent or Affiliate of such Loan Party or such Subsidiary (a) is a Sanctioned Person or a Sanctioned Entity, (b) has any assets located in Sanctioned Entities, or (c) derives revenues from investments in, or transactions with Sanctioned Persons or Sanctioned Entities. Each of the Loan Parties and its Subsidiaries has implemented and maintains in effect policies and procedures designed to ensure compliance with all applicable Sanctions, Anti-Corruption Laws and Anti-Money Laundering Laws. Each of the Loan Parties and its Subsidiaries, and to the knowledge of each such Loan Party, each director, officer, employee, agent and Affiliate of each such Loan Party and each such Subsidiary, is in compliance with all applicable Sanctions, and in material respects, with Anti-Corruption Laws and Anti-Money Laundering Laws. No proceeds of any Loan made or Letter of Credit issued hereunder will be used, directly or indirectly to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Entity, or otherwise used in any manner that would result in a violation of any applicable Sanction, Anti-Corruption Law or Anti-Money Laundering Law by any Loan Party, Lender, Bank Product Provider, or other individual or entity participating in any transaction.

4.19 **Employee and Labor Matters**. There is (a) no unfair labor practice complaint pending or, to the knowledge of any Loan Party, threatened against any Loan Party or its Subsidiaries before any Governmental Authority and no grievance or arbitration proceeding pending or threatened against any Loan Party or its Subsidiaries which arises out of or under any collective bargaining agreement and that would reasonably be expected to result in a Material Adverse Effect, and (b) no strike, labor dispute, slowdown, stoppage or similar action or grievance pending or threatened in writing against any Loan Party or its Subsidiaries that would reasonably be expected to result in a Material Adverse Effect. No Loan Party or its Subsidiaries has incurred any liability or obligation under the Worker Adjustment and Retraining Notification Act or similar state law, which remains unpaid or unsatisfied, except where such obligations or liability, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. The hours worked and payments made to employees of each Loan Party and its Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable legal requirements, except to the extent such violations could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. All material payments due from any Loan Party or its Subsidiaries on account of wages and employee health and welfare insurance and other benefits have been paid or accrued as a liability on the books of such Person, except where the failure to do so could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

4.20 **Material Intellectual Property owned by Loan Parties**. All Material Intellectual Property is owned or licensed (as applicable) by a Loan Party.

5. **AFFIRMATIVE COVENANTS.**

Each Loan Party covenants and agrees that, until termination of all of the Commitments and payment in full of the Obligations (other than unasserted contingent Obligations and Bank Product Obligations):

5.1 **Financial Statements, Reports, Certificates**. Borrowers (a) will deliver to Agent each of the financial statements, reports, and other items set forth on Annex 5.1 no later than the times specified therein, (b) agree that no Subsidiary of a Loan Party will have a fiscal year different from that of Holdings, (c) agree to maintain a system of accounting that enables Borrowers to produce financial statements in accordance with GAAP, and (d) agree that they will, and will cause each other Loan Party to, maintain their billing systems and practices substantially as in effect as of the Closing Date and shall only make material modifications thereto with notice to Agent.

5.2 **Existence**. Except as otherwise permitted under Section 6.3 or Section 6.4, each Loan Party will, and will cause each of its Subsidiaries to, at all times preserve, maintain and keep in full force and effect such Person's valid existence and good standing in its jurisdiction of organization and, except as could not reasonably be expected to result in a Material Adverse Effect, good standing with respect to all other jurisdictions in which it is qualified to do business and any rights, franchises, permits, licenses, accreditations, authorizations, or other approvals material to its business.

5.3 **Maintenance of Properties**. Each Loan Party will, and will cause each of its Subsidiaries to, maintain and preserve all of its assets that are necessary in the proper conduct of its business in good working order and condition, ordinary wear, tear, casualty, and condemnation and Permitted Dispositions excepted (and except where the failure to so maintain and preserve assets could not reasonably be expected to result in a Material Adverse Effect).

5.4 **Taxes**. Each Loan Party will, and will cause each of its Subsidiaries to, pay in full before delinquency or before the expiration of any extension period all material Taxes imposed, levied, or assessed against it, or any of its assets or in respect of any of its income, businesses, or franchises, except to the extent that the validity of such governmental assessment or tax is the subject of a Permitted Protest.

5.5 **Insurance**. Each Loan Party will, and will cause each of its Subsidiaries to, at Borrowers' expense, (a) maintain insurance respecting each of each Loan Party's and its Subsidiaries' assets wherever located, covering liabilities, losses or damages as are customarily insured against by other Persons engaged in the same or similar businesses and similarly situated and located. All such policies of insurance shall be with financially sound and reputable insurance companies and in such amounts as is carried generally in accordance with sound business practice by companies in similar businesses similarly situated and located. All property insurance policies covering the Collateral are to be made payable to Agent for the benefit of Agent and the Lenders, as their interests may appear, in case of loss, pursuant to a standard loss payable endorsement with a standard noncontributory "lender" or "secured party" clause and are to contain such other provisions as Agent may reasonably require to fully protect the Lenders' interest in the Collateral and to any payments to be made under such policies. All certificates of property and general liability insurance are to be delivered to Agent, with the loss payable (but only in respect of Collateral) and additional insured endorsements in favor of Agent and shall endeavor to provide for not less than 30 days (10 days in the case of non-payment) prior written notice to Agent of the exercise of any right of cancellation. Borrowers shall give Agent prompt notice of any loss exceeding $500,000 covered by their or their Subsidiaries' casualty or business interruption insurance. Upon the occurrence and during the continuance of an Event of Default, Agent shall have the right to file claims under any property and general liability insurance policies in respect of the Collateral, to receive, receipt and give acquittance for any payments that may be payable thereunder, and to execute any and all endorsements, receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any claims under any such insurance policies (and Loan Parties and their Subsidiaries shall not exercise any such rights to the extent that Agent has provided notice to Loan Parties that it intends to do so).

5.6 **Inspection**.

(a) Each Loan Party will, and will cause each of its Subsidiaries to, permit Agent, any Lender, and each of their respective duly authorized representatives or agents to visit any of its properties and inspect any of its assets or books and records, to examine and make copies of its books and records, and to discuss its affairs, finances, and accounts with, and to be advised as to the same by, its officers and employees (provided an authorized representative of a Borrower shall be allowed to be present) upon reasonable prior notice and at such reasonable times and intervals as Agent or any Lender, as applicable, may designate; provided, that so long as no Event of Default has occurred and is continuing, only the Agent on behalf of the Lenders may exercise such rights of the Agent and the Lenders under this Section 5.6 and the Agent shall not exercise such rights more often than two (2) times during any calendar year absent the existence of an Event of Default and only one (1) such time shall be at the Borrower's expense.

(b) At any time that an Event of Default has occurred and is continuing, each Loan Party will, and will cause each of its Subsidiaries to, permit Agent and each of its duly authorized representatives or agents to conduct appraisals and recurring revenue valuations at such reasonable times and intervals as Agent may designate; provided that the expenses required to be paid by the Loan Parties in connection therewith shall be subject to any applicable limitations set forth in Section 2.10(d). Notwithstanding anything to the contrary in this Section 5.6, no Loan Party will be required to disclose or permit the inspection or discussion of, any document, information or other matter (i) that constitutes non-financial trade secrets, (ii) in respect of which disclosure to the Agent or any Lender (or their respective representatives or contractors) is prohibited by law, or (iii) that is subject to attorney client or similar privilege or constitutes attorney work product.

5.7 **Compliance with Laws**. Each Loan Party will, and will cause each of its Subsidiaries to, comply with the requirements of all applicable laws, rules, regulations, and orders of any Governmental Authority, other than laws, rules, regulations, and orders the non-compliance with which, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

5.8 **Environmental**. Each Loan Party will, and will cause each of its Subsidiaries to,

(a) Keep any property either owned or operated by any Loan Party or its Subsidiaries free of any Environmental Liens (other than Permitted Liens) or post bonds or other financial assurances sufficient to satisfy the obligations or liability evidenced by such Environmental Liens (other than Permitted Liens) except to the extent that any such Environmental Liens, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect,

(b) Comply, in all respects, with Environmental Laws, except to the extent that any such non-compliance, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, and provide to Agent documentation of such compliance which Agent reasonably requests,

(c) Promptly notify Agent of any release of which any Loan Party has knowledge of a Hazardous Material in any reportable quantity from or onto property owned or operated by any Loan Party or its Subsidiaries, which release would reasonably be expected to have a Material Adverse Effect, and take any Remedial Actions required to abate said release or otherwise to come into compliance, in all material respects, with applicable Environmental Law, and

(d) Promptly, but in any event within five (5) Business Days of its receipt thereof, provide Agent with written notice of any of the following: (i) an Environmental Lien has been filed against any of the real or personal property of a Loan Party or its Subsidiaries, (ii) commencement of any Environmental Action or written notice that an Environmental Action will be filed against a Loan Party or its Subsidiaries, and (iii) a violation, citation, or other administrative order from a Governmental Authority, in each case of (i), (ii) and (iii) that would reasonably be expected to result in a Material Adverse Effect.

5.9 **Reserved**.

5.10 **Formation of Subsidiaries**. Each Borrower will, at the time that any Loan Party forms any direct or indirect Subsidiary or acquires any direct or indirect Subsidiary or any Subsidiary that is not a Loan Party ceases to be an Immaterial Subsidiary after the Closing Date:

(a) [Reserved];

(b) within 60 days of such formation or acquisition or within 60 days after the delivery of the financial statements reflecting that such Subsidiary ceases to be an Immaterial Subsidiary (or, if such Subsidiary ceases to be designated as an Immaterial Subsidiary, within 60 days after the earlier of the date such Subsidiary ceases to be designated as an Immaterial Subsidiary and the date of delivery of the financial statements that required such redesignation in accordance with Section 5.15) (in each case, or such later date as permitted by Agent in its discretion), (i) cause such Subsidiary (other than an Immaterial Subsidiary or an Excluded Subsidiary) to provide to Agent a joinder to the Guaranty and Security Agreement and the Intercompany Subordination Agreement, together with such other security agreements, as well as appropriate financing statements, all in form and substance reasonably satisfactory to Agent (including being sufficient to grant Agent a first priority Lien (subject to Permitted Liens) in and to the assets (other than Excluded Assets) of such newly formed or acquired Subsidiary); provided, that the joinder to the Guaranty and Security Agreement, and such other security agreements shall not be required to be provided

to Agent with respect to any Excluded Subsidiary, (ii) provide, or cause the applicable Loan Party to provide, to Agent a pledge agreement (or an addendum to the Guaranty and Security Agreement) and appropriate certificates and powers or financing statements, pledging all of the direct or beneficial ownership interest in such new Subsidiary in form and substance reasonably satisfactory to Agent, other than to the extent constituting Excluded Assets; provided, that (A) only 65% of the total outstanding Equity Interests of any first tier Subsidiary of a Loan Party that is a Domestic Foreign Subsidiary Holding Company or Foreign Subsidiary (and none of the Equity Interests of any direct or indirect Subsidiary of such Domestic Foreign Subsidiary Holding Company or Foreign Subsidiary) shall be required to be pledged, (B) nothing herein or in any other Loan Document shall obligate any Loan Party to take any actions with respect to the perfection of security interests in non-U.S. jurisdictions or otherwise with respect to non-U.S. Intellectual Property and (C) no documents shall be governed by laws of a jurisdiction other than the United States and (iii) provide to Agent all documents and instruments required to create and perfect the Agent's security interest in the Collateral, which, in its opinion, is appropriate with respect to the execution and delivery of the applicable documentation referred to above; and

(c) within 60 days of such formation or acquisition (or such later date as permitted by Agent in its discretion), (i) cause such new Subsidiary to provide to Agent mortgages with respect to any Real Property constituting Collateral owned in fee of such new Subsidiary, as well as appropriate fixture filings, all in form and substance reasonably satisfactory to Agent (including being sufficient to grant Agent a first priority Lien (subject to Permitted Liens) in and to the Real Property assets of such newly formed or acquired Subsidiary constituting Collateral); provided, that such mortgages and fixture filings shall not be required to be provided to Agent with respect to any Subsidiary that is an Immaterial Subsidiary or Excluded Subsidiary, and (ii) provide to Agent all other documentation, including one or more opinions of counsel reasonably satisfactory to Agent, which, in its opinion, is appropriate with respect to the execution and delivery of the applicable documentation referred to above (including policies of title insurance, evidence of flood insurance, as applicable, or other documentation with respect to all Real Property owned in fee and subject to a mortgage).

5.11 **Further Assurances**. Each Borrower will, and will cause each of the other Loan Parties to, at any time upon the reasonable request of Agent, execute or deliver to Agent any and all financing statements, fixture filings, security agreements, pledges, assignments, mortgages, deeds of trust, and all other documents (the "Additional Documents") that Agent may reasonably request in form and substance reasonably satisfactory to Agent, to create, perfect, and continue perfected or to better perfect Agent's Liens in the Collateral (whether now owned or hereafter arising or acquired, tangible or intangible, real or personal) and to create and perfect Liens in favor of Agent in any Real Property constituting Collateral; provided that the foregoing shall not apply to any Subsidiary of a Loan Party that is an Excluded Subsidiary or to any Excluded Asset. In furtherance of, and not in limitation of, the foregoing, each Loan Party shall take such actions as Agent may reasonably request from time to time to ensure that the Obligations are guaranteed by the Guarantors and are secured by substantially all of the assets of each Loan Party (other than the Excluded Assets), including all of the outstanding capital Equity Interests of each Borrower and its Subsidiaries (other than the Excluded Assets); provided however that (i) nothing herein or in any other Loan Document shall obligate any Loan Party to take any actions with respect to the perfection of security interests in non-U.S. jurisdictions or otherwise with respect to non-U.S. Intellectual Property and (ii) no documents shall be governed by laws of a jurisdiction other than the United States. Notwithstanding anything to the contrary contained herein (including Section 5.10 and this Section 5.11) or in any other Loan Document, Agent shall not accept delivery of any joinder to any Loan Document with respect to any Subsidiary of any Loan Party that is not a Loan Party, if such Subsidiary qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, unless such Subsidiary has delivered a Beneficial Ownership Certification in relation to such Subsidiary and Agent has completed its Patriot Act searches, OFAC/PEP searches and customary individual background checks for such Subsidiary, the results of which shall be satisfactory to Agent.

5.12 **OFAC; Sanctions; Anti-Corruption Laws; Anti-Money Laundering Laws**. Each Loan Party will, and will cause each of its Subsidiaries to comply with all applicable Sanctions, Anti-Corruption Laws and Anti-Money Laundering Laws. Each of the Loan Parties and its Subsidiaries shall implement and maintain in effect policies and procedures designed to ensure compliance by the Loan Parties and their Subsidiaries and their respective directors, officers, employees, agents and Affiliates with all Sanctions, Anti-Corruption Laws and Anti-Money Laundering Laws. Each of the Loan Parties shall and shall cause their respective Subsidiaries to comply with all Sanctions, Anti-Corruption Laws and Anti-Money Laundering Laws.

5.13 **Designation of Subsidiaries**.

(a) Subject to Section 5.13(b) below, Borrowers may at any time designate any Restricted Subsidiary as an Unrestricted Subsidiary or any Unrestricted Subsidiary as a Restricted Subsidiary. The designation of any Restricted Subsidiary as an Unrestricted Subsidiary shall constitute an Investment by the Borrowers therein at the date of designation in an amount equal to the fair market value of the Borrowers' investment therein. The designation of any Unrestricted Subsidiary as a Restricted Subsidiary shall constitute the incurrence at the time of designation of any Indebtedness or Liens of such Subsidiary existing at such time.

(b) Borrowers may not (x) designate any Restricted Subsidiary as an Unrestricted Subsidiary, or (y) designate an Unrestricted Subsidiary as a Restricted Subsidiary, in each case unless:

(i) after giving effect to any such designation or re-designation (including after the reclassification of Indebtedness of or Liens on assets of the applicable Subsidiary), no Default or Event of Default shall be continuing and the Borrowers shall be in pro forma compliance with the then applicable financial covenants in Section 7,

(ii) (A) prior to the Conversion Date, the aggregate amount of consolidated total assets and Recurring Revenue of the Unrestricted Subsidiaries shall not at any time exceed 5% of the aggregate consolidated total assets and Recurring Revenue of the Borrowers and their Subsidiaries, and (B) on and after the Conversion Date, the aggregate amount of consolidated total assets and Consolidated EBITDA of the Unrestricted Subsidiaries shall not at any time exceed 5% of the aggregate consolidated total assets and Consolidated EBITDA of the Borrowers and their Subsidiaries,

(iii) in the case of clause (x) only (A) the Subsidiary to be so designated does not (directly, or indirectly through its Subsidiaries) own any Equity Interests or Indebtedness of, or own or hold any Lien on any property of, the Borrowers or any Restricted Subsidiary (unless such Restricted Subsidiary is also designated an Unrestricted Subsidiary), (B) neither the Borrowers nor any Restricted Subsidiary shall at any time be directly or indirectly liable for any Indebtedness that provides that the holder thereof may (with the passage of time or notice or both) declare a default thereon or cause the payment thereof to be accelerated or payable prior to its stated maturity upon the occurrence of a default with respect to any Indebtedness, Lien or other obligation of any Unrestricted Subsidiary (including any right to take enforcement action against such Unrestricted Subsidiary), and (C) the Subsidiary to be so designated does not (directly, or indirectly through its Subsidiaries) own any intellectual property that is material to the operations of the business of the Loan Parties and their Subsidiaries, taken as a whole (as reasonably determined by the Borrowers).

5.14 **[Reserved]**.

5.15 **Specified Acquisition**. The Loan Parties will, within 30 days of the consummation of the Specified Acquisition, deliver to Agent evidence in form and substance reasonably satisfactory to Agent, that all right, title, and interest in and to the existing and future Intellectual Property of 7Geese has been transferred to Administrative Borrower.

5.16 **Lender Meetings**. Holdings will, within 90 days after the close of each fiscal year of Holdings, at the request of Agent or of the Required Lenders and upon reasonable prior notice, host a conference call (at a mutually agreeable time) with all Lenders who choose to attend such meeting at which meeting shall be reviewed the financial results of the previous fiscal year and the financial condition of the Loan Parties and their Subsidiaries and the projections presented for the current fiscal year of Holdings.

5.17 **Immaterial Subsidiaries**. If at any time Immaterial Subsidiaries' aggregate assets, Consolidated EBITDA or revenues, as determined by reference to the then most recent financial statements for a fiscal quarter of Borrowers delivered to Agent pursuant to Section 5.1, exceed any of the applicable Maximum Immaterial Subsidiary Thresholds, within 60 days of such determination, Borrowers shall cause Subsidiaries to cease to be Immaterial Subsidiaries such that, after giving effect to such redesignation, Immaterial Subsidiaries' assets, Consolidated EBITDA or revenues, in the aggregate, do not exceed the Maximum Immaterial Subsidiary Thresholds.

5.18 **Nature of Business**. Each Loan Party will engage only in material lines of business substantially similar to those lines of business conducted by such Loan Party on the Closing Date or any business reasonably related, complementary or ancillary thereto.

5.19 **Use of Proceeds**. Each Borrower will not, and will not permit any of its Subsidiaries or Holdings to use the proceeds of any Loan made hereunder for any purpose other than (a) on the Closing Date, (i) to repay, in full, the outstanding principal, accrued interest, and accrued fees and expenses owing under or in connection with the Existing Credit Facility, (ii) to pay a portion of the consideration payable in connection with the consummation of the Acquisition, and (iii) to pay the fees, costs, and expenses incurred in connection with this Agreement, the other Loan Documents, and the transactions contemplated hereby and thereby and (b) thereafter, consistent with the terms and conditions hereof, for their lawful and permitted purposes (including financing the ongoing working capital, capital expenditures, Permitted Acquisitions and general corporate needs of Borrowers and their Subsidiaries); provided, that (x) no part of the proceeds of the loans made to Borrowers will be used to purchase or carry any such Margin Stock or to extend credit to others for the purpose of purchasing or carrying any such Margin Stock or for any purpose that violates the provisions of Regulation T, U or X of the Board of Governors, (y) no part of the proceeds of any Loan or Letter of Credit will be used, directly or indirectly, to make any payments to a Sanctioned Entity or a Sanctioned Person, to fund any investments, loans or contributions in, or otherwise make such proceeds available to, a Sanctioned Entity or a Sanctioned Person, to fund any operations, activities or business of a Sanctioned Entity or a Sanctioned Person, or in any other manner that would result in a violation of applicable Sanctions by any Person, and (z) that no part of the proceeds of any Loan or Letter of Credit will be used, directly or indirectly, in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any applicable Sanctions, Anti-Corruption Laws or Anti-Money Laundering Laws.

6. **NEGATIVE COVENANTS.**

Each Loan Party covenants and agrees that, until termination of all of the Commitments and payment in full of the Obligations (other than unasserted contingent Obligations and Bank Product Obligations):

6.1 **Indebtedness**. Each Loan Party will not, and will not permit any of its Subsidiaries to create, incur, assume, suffer to exist, guarantee, or otherwise become or remain, directly or indirectly, liable with respect to any Indebtedness, except for Permitted Indebtedness.

6.2 **Liens**. Each Loan Party will not, and will not permit any of its Subsidiaries to create, incur, assume, or suffer to exist, directly or indirectly, any Lien on or with respect to any of its assets, of any kind, whether now owned or hereafter acquired, or any income or profits therefrom, except for Permitted Liens.

6.3 **Restrictions on Fundamental Changes**. Each Loan Party will not, and will not permit any of its Subsidiaries to,

(a) other than in order to consummate a Permitted Acquisition or the Closing Acquisition, consummate any merger, consolidation, reorganization, or recapitalization, or reclassify its Equity Interests, except for (i) any merger between Loan Parties, provided, that a Borrower must be the surviving entity of any such merger to which it is a party (and no merger may occur between Holdings and any Borrower or Subsidiary of any Borrower), (ii) any merger between a Loan Party and a Subsidiary of such Loan Party that is not a Loan Party so long as such Loan Party is the surviving entity of any such merger, and (iii) any merger between Subsidiaries of Holdings that are not Loan Parties,

(b) liquidate, wind up, or dissolve itself (or suffer any liquidation or dissolution), except for (i) the liquidation or dissolution of non-operating Subsidiaries of any Loan Party with nominal assets and nominal liabilities, (ii) the liquidation or dissolution of a Loan Party (other than Holdings or any Borrower) or any of its wholly-owned Subsidiaries so long as all of the assets (including any interest in any Equity Interests) of such liquidating or dissolving Loan Party or Subsidiary are transferred to a Loan Party that is not liquidating or dissolving, or (iii) the liquidation or dissolution of a Subsidiary of any Loan Party that is not a Loan Party (other than any such Subsidiary the Equity Interests of which (or any portion thereof) is subject to a Lien in favor of Agent) so long as all of the assets of such liquidating or dissolving Subsidiary are transferred to a Subsidiary of a Loan Party that is not liquidating or dissolving, or

(c) suspend or cease operating a substantial portion of its or their business, except as permitted pursuant to clauses (a) or (b) above or in connection with a transaction permitted under Section 6.4.

6.4 **Disposal of Assets**. Other than Permitted Dispositions or transactions expressly permitted by Sections 6.3 or 6.9, each Loan Party will not, and will not permit any of its Subsidiaries to convey, sell, lease, license, assign, transfer, or otherwise dispose of any of its or their assets.

6.5 **[Reserved]**.

6.6 **Prepayments and Amendments**. Each Loan Party will not, and will not permit any of its Subsidiaries to,

(a) except in connection with Refinancing Indebtedness permitted by Section 6.1,

(i) optionally prepay, redeem, defease, purchase, or otherwise acquire any Specified Indebtedness of any Loan Party or its Subsidiaries, other than (A) [reserved], (B) Permitted Intercompany Advances (subject to the terms of the Intercompany Subordination Agreement), (C) Indebtedness that becomes due as a result of the voluntary sale or transfer of the assets securing such Indebtedness, to the extent such sale or transfer is permitted pursuant to this Agreement, (D) with respect to subordinated Specified Indebtedness, payment with respect thereto permitted by the applicable subordination agreement, (E) prepayments of Specified Indebtedness in an aggregate amount not to exceed (i) prior to the Conversion Date, $1,000,000 in any fiscal year and (ii) on and after the Conversion Date, together with the Restricted Payments permitted to be made under Section 6.7(e), the greater of (x) $10,000,000 and (y) 25% of Consolidated EBITDA for the test period most recently ended in any fiscal year, (F) from and after the Conversion Date, prepayments of Specified Indebtedness so long as (i) no

Default or Event of Default shall have occurred or is continuing or would result therefrom and (ii) such prepayments do not to exceed the Available Amount, provided that at the time of any such Restricted Payment in reliance on clause (b) of the definition of "Available Amount", the Total Leverage Ratio as of the end of the most recently ended test period, on a pro forma basis, shall be no greater than 5.50 to 1.00, (G) prepayments, purchases or redemptions of any Indebtedness with respect to the Existing Headquarters Debt Facility or any Refinancing Indebtedness in respect thereof, (H) other prepayments, redemptions, purchases, defeasances and other payments of Specified Indebtedness prior to their scheduled maturity; provided, that at the time of such prepayments, redemptions, purchases, defeasances or other payments, (i) no Default or Event of Default has occurred and is continuing and (ii) the Total Leverage Ratio as of the end of the most recently ended test period, on a pro forma basis, would be no greater than 5.00:1.00), and (I) the repayment of Paycor's existing Indebtedness on the date of the closing of the Closing Acquisition, or

(b) directly or indirectly, amend, modify, or change any of the terms or provisions of

(i) any agreement, instrument, document, indenture, or other writing evidencing Specified Indebtedness other than (A) [reserved], (B) Permitted Intercompany Advances (subject to the terms of the Intercompany Subordination Agreement), and (C) other Permitted Indebtedness, in the case of this clause (C), if the effect thereof, either individually or in the aggregate, could not reasonably be expected to be materially adverse to the interests of the Lenders,

(ii) the Governing Documents of any Loan Party or any of its Subsidiaries if the effect thereof, either individually or in the aggregate, would reasonably be expected to be materially adverse to the interests of the Lenders,

(iii) the documents governing the Existing Headquarters Debt Facility if the effect thereof, either individually or in the aggregate, would reasonably be expected to be materially adverse to the interests of the Lenders, other than with the prior written consent of Agent,

(iv) the Preferred Shares Documents to (A) increase the cash dividend payments required to be made pursuant thereto, other than with the prior written consent of Agent or (B) if the effect thereof, either individually or in the aggregate, would reasonably be expected be expected to be materially adverse to the interests of the Lenders, other than with the prior written consent of Agent.

6.7 **Restricted Payments**. Each Loan Party will not, and will not permit any of its Subsidiaries to make any Restricted Payment; provided, that,

(a) Borrowers may make distributions to former employees, officers, consultants or directors of Borrowers or their Subsidiaries (or any spouses, ex-spouses, or estates of any of the foregoing) on account of redemptions or repurchases of Equity Interests of Borrowers or their Subsidiaries (or payments on account of stock appreciation rights or the equivalent) held by such Persons, provided, that the aggregate amount of such redemptions or repurchases made by Borrowers does not exceed $5,000,000 per fiscal year; provided that any unused portion of the basket pursuant to this clause (a) for any calendar year may be carried forward to succeeding calendar years, so long as the aggregate amount of all Restricted Payments made pursuant to this Section 6.7(a) in any calendar year (after giving effect to such carry forward) shall not exceed (i) $10,000,000, plus (ii) the net cash proceeds of any "key man" life insurance policies, plus (iii) any amounts funded substantially contemporaneously with proceeds of the issuance of Equity Interests by Borrowers or its Subsidiaries;

(b) Holdings may make distributions to former employees, officers, consultants or directors of Holdings or its Subsidiaries (or any spouses, ex-spouses, or estates of any of the foregoing), solely in the form of forgiveness of Indebtedness of such Persons owing to Holdings or its Subsidiaries on account of repurchases of the Equity Interests of Holdings held by such Persons; provided that such Indebtedness was incurred by such Persons solely to acquire Equity Interests of Holdings;

(c) From and after the Conversion Date, Borrowers may make additional Restricted Payments in an amount not to exceed the Available Amount so long as no Default or Event of Default shall have occurred or is continuing or would result therefrom; provided that at the time of any such Restricted Payment in reliance on clause (b) of the definition of "Available Amount", the Total Leverage Ratio, as of the end of the most recently ended test period, on a pro forma basis, shall be no greater than 5.50 to 1.00;

(d) Borrowers may make Tax Distributions to Holdings, which Holdings may in turn distribute to the direct or indirect parents of Holdings;

(e) Borrowers may make additional Restricted Payments in an aggregate amount not to exceed (i) prior to the Conversion Date, $1,000,000 per fiscal year and (ii) on and after the Conversion Date, together with the prepayments of Specified Indebtedness permitted to be made under Section 6.6(a), the greater of (x) $10,000,000 and (y) 25% of Consolidated EBITDA for the test period most recently ended in any fiscal year;

(f) The distribution, by dividend or otherwise, of Equity Interests or Indebtedness owed to the Borrowers or a Restricted Subsidiary of an Unrestricted Subsidiary (or a Restricted Subsidiary that owns an Unrestricted Subsidiary; provided, that such Restricted Subsidiary has no independent operations or business and owns no assets other than Equity Interests of an Unrestricted Subsidiary), in each case, so long as the primary assets of such Unrestricted Subsidiary are not cash or cash equivalents;

(g) After a Qualified IPO, so long as no Default or Event of Default has occurred and is continuing, Borrowers may make Restricted Payments not to exceed up to 6.00% per annum of the Net Cash Proceeds received by (or contributed to) the Borrowers and their Restricted Subsidiaries from such Qualified IPO;

(h) Borrowers may make additional Restricted Payments; provided, that at the time of such Restricted Payment, (i) no Default or Event of Default has occurred and is continuing and (ii) the Total Leverage Ratio, as of the end of the most recently ended test period, on a pro forma basis, would be no greater than 5.00:1.00;

(i) Borrowers may make (i) any required cash dividend payments with respect to the Preferred Shares pursuant to the Preferred Shares Documents; provided, that the Preferred Shares may only be mandatorily redeemed so long as the Obligations (other than unasserted contingent obligations and Bank Product Obligations) are paid in full prior to or substantially simultaneously with such redemption, and (ii) any optional redemption of the Preferred Shares; provided, that after an Event of Default has occurred and is continuing, the Obligations (other than unasserted contingent obligations and Bank Product Obligations) shall have been paid in full prior to or substantially simultaneously with such redemption;

(j) each Restricted Subsidiary may make Restricted Payments to (x) the Borrowers and to other Restricted Subsidiaries (and, in the case of a Restricted Payment by a non-wholly owned Restricted Subsidiary, to the Borrowers and any other Restricted Subsidiary and to each other owner of Equity Interests of such Restricted Subsidiary based on their relative ownership interests of the relevant class of Equity Interests) and (y) to Holdings (or any direct or indirect subsidiary of such entity) to the extent that the proceeds thereof are promptly contributed, loaned or advanced to a Borrower or any of its Restricted Subsidiaries; provided that any such loan or advance shall not be subject to any payments (other than principal payments upon maturity), including, without limitation, interest payments, premiums or fees, any such loan or advance shall be unsecured and contractually subordinated to the Obligations and any repayment of such loan or advance shall comply with this Section 6.7);

(k) Restricted Payments made on or after the Closing Date in connection with the Transactions, including the fees and expenses associated therewith;

(l) to the extent constituting Restricted Payments, Holdings and its Restricted Subsidiaries may enter into and consummate transactions expressly permitted by any provision of Section 6.9, Section 6.3 or Section 6.10;

(m) repurchases of Equity Interests in the ordinary course of business in the Borrowers (or any direct or indirect parent thereof) or any Restricted Subsidiary deemed to occur upon exercise of stock options or warrants if such Equity Interests represent a portion of the exercise price of such options or warrants; and

(n) Holdings and its Restricted Subsidiaries may make Restricted Payments to any direct or indirect parent of the Borrowers:

(i) the proceeds of which shall be used to pay such equity holder's operating costs and expenses incurred in the ordinary course of business, other overhead costs and expenses and fees (including (i) administrative, legal, accounting and similar expenses provided by third parties, (ii) trustee, directors, managers and general partner fees, (iii) any judgments, settlements, penalties, fines or other costs and expenses in respect of any claim, litigation or proceeding, (iv) fees and expenses (including any underwriters discounts and commissions) related to any investment or acquisition transaction (whether or not successful) and (v) payments in respect of indebtedness and equity securities of any direct or indirect holder of Equity Interests in either Borrower to the extent the proceeds are used or will be used to pay expenses or other obligations described in this Section 6.7(n)(i)) which are reasonable and customary and incurred in the ordinary course of business and attributable to the ownership or operations of Holdings and its Subsidiaries (including any reasonable and customary indemnification claims made by directors, managers or officers of any direct or indirect parent of the Borrowers attributable to the direct or indirect ownership or operations of Holdings and its Subsidiaries) and fees and expenses otherwise due and payable by Holdings or any Restricted Subsidiary and permitted to be paid by Holdings or such Restricted Subsidiary under this Agreement not to exceed $2,500,000 per fiscal year; provided that any unused portion of the basket pursuant to this subclause (i) for any calendar year may be carried forward to succeeding calendar years, so long as the aggregate amount of all Restricted Payments made pursuant to this Section 6.7(n)(i) in any calendar year (after giving effect to such carry forward) shall not exceed $5,000,000 in any fiscal year;

(ii) the proceeds of which shall be used to pay franchise and excise taxes, and other fees and expenses, required to maintain its (or any of its direct or indirect parents') existence (including any costs or expenses associated with being a public company listed on a national securities exchange); and

(iii) to finance any Investment (x) permitted to be made pursuant to Section 6.9 or (y) made by Holdings, or any direct or indirect subsidiary thereof that, if made by the Borrowers would be permitted to be made pursuant to Section 6.9; provided that (A) such Restricted Payment shall be made substantially concurrently with the closing of such Investment and (B) either Borrower or such parent shall, immediately following the closing thereof, cause (1) all property acquired (whether assets or Equity Interests) to be held by or contributed to each Borrower or a Restricted Subsidiary or (2) the merger or amalgamation (to the extent permitted in Section 6.3) of the Person formed or acquired into it or a Restricted Subsidiary in order to consummate such Permitted Acquisition, in each case, in accordance with the requirements of Section 5.13.

6.8 **[Reserved]**.

6.9 **Investments**. Each Loan Party will not, and will not permit any of its Subsidiaries to, directly or indirectly, make or acquire any Investment except for Permitted Investments. Notwithstanding anything to the contrary contained herein, in no event shall any Loan Party make any Investment transferring ownership of, or exclusive rights in, any of its intellectual property that is material to the operations of the business of the Loan Parties and their Subsidiaries, taken as a whole (as reasonably determined by the Borrowers), in any Person other than a Loan Party.

6.10 **Transactions with Affiliates**. Each Loan Party will not, and will not permit any of its Subsidiaries to enter into any transaction with any Affiliate of any Loan Party or any of its Subsidiaries except for:

(a) transactions (other than the payment of management, consulting, monitoring, or advisory fees), so long as such transactions (i) are fully disclosed to Agent prior to the consummation thereof, if they involve one or more payments by any Loan Party or its Subsidiaries in excess of $500,000 for any single transaction or series of related transactions, or (ii) are no less favorable, taken as a whole, to such Loan Party or its Subsidiaries, as applicable, than would be obtained in an arm's length transaction with a non-Affiliate,

(b) the payment of customary fees, salaries and reasonable out-of-pocket costs to, and indemnities provided on behalf of, directors, managers, officers, employees and consultants of the Borrower and its Restricted Subsidiaries or any direct or indirect parent of the Borrower in the ordinary course of business to the extent attributable to the ownership or operation of the Borrower and its Restricted Subsidiaries,

(c) so long as it has been approved by such Loan Party's or its applicable Subsidiary's board of directors (or comparable governing body) as required by and in accordance with applicable law, the payment of reasonable compensation, severance, or employee benefit arrangements to employees, officers, outside directors and consultants of such Loan Party and its Subsidiaries in the ordinary course of business,

(d) transactions among Loan Parties and their Subsidiaries (including the lease between Paycor and Paycor Headquarters with respect to the Headquarters Property),

(e) the payment to Sponsor of reasonable out-of-pocket expenses pursuant to any financial advisory, financing, underwriting, or placement agreement or in respect of other investment banking activities, including in connection with acquisitions or divestitures that are permitted by this Agreement,

(f) the Transaction and the payment of fees and expenses related to the Transaction,

(g) [reserved]; and

(h) transactions permitted by Section 6.3, Section 6.7 or Section 6.9, or any Permitted Intercompany Advance.

6.11 **[Reserved]**.

6.12 **[Reserved]**.

6.13 **Negative Pledge**. No Loan Party shall enter into any agreement, instrument, deed or lease which prohibits or limits the ability of any Loan Party to create, incur, assume or suffer to exist any Lien upon any of their respective properties or revenues, whether now owned or hereafter acquired, for the benefit of the Lender Group with respect to the Obligations or under the Loan Documents; provided that the foregoing shall not apply to:

(a) restrictions and conditions imposed by (i) law or (ii) any Loan Document;

(b) restrictions and conditions existing on the Closing Date or to any extension, renewal, amendment, modification or replacement thereof, except to the extent any such amendment, modification or replacement expands the scope of any such restriction or condition;

(c) customary restrictions and conditions arising in connection with any disposal of assets permitted by Section 6.4;

(d) customary provisions in leases, licenses and other contracts restricting the assignment thereof;

(e) restrictions imposed by any agreement relating to secured Indebtedness permitted by this Agreement to the extent such restriction applies only to the property securing such Indebtedness;

(f) any restrictions or conditions set forth in any agreement in effect at any time any Person becomes a Restricted Subsidiary (but not any modification or amendment expanding the scope of any such restriction or condition); provided, that such agreement was not entered into in contemplation of such Person becoming a Restricted Subsidiary and the restriction or condition set forth in such agreement does not apply to the Borrower or any other Restricted Subsidiary;

(g) any restrictions or conditions in any Indebtedness permitted pursuant to Section 6.1 to the extent such restrictions or conditions are no more restrictive than the restrictions and conditions in the Loan Documents, or, in the case of subordinated Indebtedness, are market terms at the time of issuance or, in the case of Indebtedness of any non-Loan Party, are imposed solely on such non-Loan Party and its Subsidiaries; provided, that any such restrictions or conditions permit compliance;

(h) any restrictions on cash or other deposits imposed by agreements entered into in the ordinary course of business;

(i) customary restrictions in leases, subleases, licenses or asset sale agreements and other similar contracts otherwise permitted hereby so long as such restrictions may relate to the assets subject thereto;

(j) customary provisions in shareholders agreements, joint venture agreements, organizational documents or similar binding agreements relating to any joint venture entity or non-wholly-owned Restricted Subsidiary and other similar agreements applicable to joint venture entities and non-wholly-owned Restricted Subsidiaries permitted under Section 6.9 and applicable solely to such joint venture entity or non-wholly-owned Restricted Subsidiary and the Equity Interests issued thereby; and

(k) customary net worth provisions contained in real property leases entered into by Subsidiaries of Holdings, so long as the Borrower has determined in good faith that such net worth provisions could not reasonably be expected to impair the ability of Holding and its Subsidiaries to meet their ongoing obligations.

6.14 **Holdings as Holding Company**. Holdings shall not:

(a) own or acquire any assets (other than Equity Interests of Administrative Borrower, cash and Cash Equivalents) or engage in any business or activity other than (i) the ownership of all the outstanding Equity Interests of Administrative Borrower and activities incidental thereto, (ii) the maintenance of its corporate existence and activities incidental thereto, including general and corporate overhead, provided that Holdings may change its form of organization, so long as (A) it is organized under the laws of any jurisdiction but the United States and (B) its Guarantee of the Obligations and the Lien on or security interest in any Collateral held by it under the Loan Documents shall remain in effect to the same extent as immediately prior to such change, (iii) activities required to comply with applicable Laws, (iv) maintenance and administration of stock option and stock ownership plans and activities incidental thereto, (v) the receipt of Restricted Payments to the extent permitted by Section 6.07 and the making of Restricted Payments and other transactions between Holdings and any Borrower or Restricted Subsidiary permitted under Section 6, (vi) concurrently with any issuance of Qualified Equity Interests, the redemption, purchase or retirement of any Equity Interests of Holdings using the proceeds of, or conversion or exchange of any Equity Interests of Holdings for, such Qualified Equity Interests, (vii) the obtainment of, and the payment of any fees and expenses for, management, consulting, investment banking and advisory services to the extent otherwise permitted by this Agreement, (viii) compliance with its obligations under the Loan Documents, (ix) in connection with, and following the completion of, a Qualified IPO, activities necessary or reasonably advisable for or incidental to the initial registration and listing of Holdings' common stock and the continued existence of Holdings as a public company, (x) providing indemnification to officers and directors and as otherwise permitted under Article VI, (xi) activities incidental to legal, tax and accounting matters in connection with any of the foregoing activities and (xii) incurring subordinated Indebtedness or unsecured Guarantee obligations in respect of any subordinated Indebtedness; provided that such Guarantee obligations shall be subordinated to the Obligations to the same extent and on the same terms as the Indebtedness so guaranteed is subordinated to the Obligations; or

(b) create, incur, assume or permit to exist any Indebtedness or other liabilities except (i) Indebtedness created under the Loan Documents or under clause (p) of the definition of "Permitted Indebtedness" (in each case, or any Refinancing Indebtedness in respect thereof) and (ii) liabilities imposed by law, including tax liabilities, and other liabilities incidental to its existence and permitted business and activities (including the guarantee of obligations any Borrower and/or any of their Restricted Subsidiaries in the ordinary course).

7. **FINANCIAL COVENANTS.**

Each Loan Party covenants and agrees that, until termination of all of the Commitments and payment in full of the Obligations (other than unasserted contingent Obligations and Bank Product Obligations), Borrowers and their Subsidiaries will:

(a) **Minimum Liquidity.** At all times maintain Liquidity of at least the Minimum Liquidity Amount; provided, that the Borrower shall only be required to report the Minimum Liquidity Amount as required by Section 5.1.

(b) **Minimum TTM Recurring Revenue.** At all times achieve TTM Recurring Revenue, measured on a quarter-end basis (for the four-quarter period ending thereon), of at least the required amount set forth in the following table for the applicable period set forth opposite thereto (the "Recurring Revenue Financial Covenant"):

Applicable Amount	Applicable Period
$200,000,000	For the fiscal quarter ending March 31, 2019 and each fiscal quarter thereafter ending before the Third Anniversary Date
$250,000,000	For each fiscal quarter ending after the Third Anniversary Date

(c) **Minimum Consolidated EBITDA**. At the end of each fiscal quarter ending after the Third Anniversary Date, achieve TTM EBITDA of at least $10,000,000, measured as of the last day of such applicable fiscal quarter (for the four quarter period ending thereon) (the "EBITDA Financial Covenant"); provided, that notwithstanding anything to the contrary herein, the EBITDA Financial Covenant shall be an applicable financial covenant at all times after the Third Anniversary Date for purposes of any provision in this Agreement which requires pro forma compliance with this Section 7.

(d) **Maximum Total Leverage Ratio.** At all times during the Total Leverage Financial Covenant Testing Period, have a Total Leverage Ratio of no greater than the greater of (i) 7.50:1.00 and (ii) the ratio that is equal to 130% of the Total Leverage Ratio as of the Conversion Date, measured on a quarter-end basis (for the four quarter period ending thereon), as of the last day of the first fiscal quarter of Borrower that occurs after the Conversion Date and the last day of each fiscal quarter occurring during the Total Leverage Financial Covenant Testing Period (the "Total Leverage Ratio Financial Covenant").

8. **EVENTS OF DEFAULT.**

Any one or more of the following events shall constitute an event of default (each, an "Event of Default") under this Agreement:

8.1 **Payments**. If Borrowers fail to pay when due and payable, or when declared due and payable, (a) all or any portion of the Obligations consisting of interest, fees, or charges due the Lender Group, reimbursement of Lender Group Expenses, or other amounts (other than any portion thereof constituting principal) constituting Obligations (including any portion thereof that accrues after the commencement of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any such Insolvency Proceeding), and such failure continues for a period of five (5) Business Days, (b) all or any portion of the principal of the Loans, or (c) any amount payable to Issuing Bank in reimbursement of any drawing under a Letter of Credit;

8.2 **Covenants**. If any Loan Party or any of its Subsidiaries:

(a) fails to perform or observe any covenant or other agreement contained in any of (i) Section 5.2 of this Agreement, (ii) Section 6 of this Agreement, or (iii) Section 7 of this Agreement;

(b) fails to perform or observe any covenant or other agreement contained in Section 5.1 of this Agreement and such failure continues for a period of 15 days after the earlier of (i) the date on which such failure shall first become known to any Senior Officer of any Borrower or (ii) the date on which written notice thereof is given to Borrowers by Agent; or

(c) fails to perform or observe any covenant or other agreement contained in this Agreement, or in any of the other Loan Documents, in each case, other than any such covenant or agreement that is the subject of another provision of this Section 8 (in which event such other provision of this Section 8 shall govern), and such failure continues for a period of 30 days after the earlier of (i) the date on which such failure shall first become known to any Senior Officer of any Borrower or (ii) the date on which written notice thereof is given to Borrowers by Agent;

8.3 **Judgments**. If one or more judgments, orders, or awards for the payment of money involving an aggregate amount of $10,000,000, or more (except to the extent fully covered (other than to the extent of customary deductibles) by insurance pursuant to which the insurer has not denied coverage) is entered or filed against a Loan Party or any of its Subsidiaries, or with respect to any of their respective assets, and either (a) there is a period of 60 consecutive days at any time after the entry of any such judgment, order, or award during which (1) the same is not discharged, satisfied, vacated, or bonded pending appeal, or (2) a stay of enforcement thereof is not in effect, or (b) enforcement proceedings are commenced upon such judgment, order, or award;

8.4 **Voluntary Bankruptcy, etc**. If an Insolvency Proceeding is commenced by Holdings or any of its Subsidiaries (other than an Immaterial Subsidiary);

8.5 **Involuntary Bankruptcy, etc**. If an Insolvency Proceeding is commenced against Holdings or any of its Subsidiaries (other than an Immaterial Subsidiary) and any of the following events occur: (a) such Loan Party or such Subsidiary consents to the institution of such Insolvency Proceeding against it, (b) the petition commencing the Insolvency Proceeding is not timely controverted, (c) the petition commencing the Insolvency Proceeding is not dismissed within 60 calendar days of the date of the filing thereof, (d) an interim trustee is appointed to take possession of all or any substantial portion of the properties or assets of, or to operate all or any substantial portion of the business of, such Loan Party or its Subsidiary (other than an Immaterial Subsidiary unless such event would be reasonably expected to have a Material Adverse Effect), or (e) an order for relief shall have been issued or entered therein;

8.6 **Default Under Other Agreements**. If there is (a) a default in one or more agreements to which a Loan Party or any of its Material Subsidiaries is a party with one or more third Persons relative to a Loan Party's or any of its Material Subsidiaries' Indebtedness (other than the Obligations) involving an aggregate amount of $10,000,000 or more, and such default (i) occurs at the final maturity of the obligations thereunder, or (ii) results in a right by such third Person, irrespective of whether exercised, to accelerate the maturity of such Loan Party's or its Subsidiary's obligations thereunder, or (b) a default in respect of or an involuntary early termination of one or more Hedge Obligations involving an aggregate amount of $10,000,000 or more; provided that this clause 8.6 shall not apply to secured Indebtedness that becomes due (or requires an offer to purchase) as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness, if such sale or transfer is permitted hereunder and under the documents providing for such Indebtedness; provided, further, that such failure or breach is unremedied and is not waived by the required holders of such Indebtedness;

8.7 **Representations, etc**. If any warranty, representation, certificate, statement, or Record made herein or in any other Loan Document or delivered in writing to Agent or any Lender in connection with this Agreement or any other Loan Document proves to be untrue in any material respect (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) as of the date of issuance or making or deemed making thereof;

8.8 **Guaranty**. If any guaranty contained in the Guaranty and Security Agreement, after its execution and delivery, provided by any Guarantor that is a Material Subsidiary, or any material provision thereof, ceases to be in full force and effect (other than pursuant to the terms hereof or thereof) or any Loan Party denies or disaffirms in writing any such Guarantor's material obligations under guaranty contained in the Guaranty and Security Agreement (other than as a result of repayment in full of the Obligations and terminations of the Commitments);

8.9 **Security Documents**. If the Guaranty and Security Agreement or any other Loan Document that purports to create a Lien, shall, for any reason, fail or cease to create a valid and perfected and, except to the extent of Permitted Liens which are non-consensual Permitted Liens, permitted purchase money Liens or the interests of lessors under Capital Leases, first priority Lien on the Collateral covered thereby, except (a) as a result of a disposition of the applicable Collateral in a transaction permitted under this Agreement, (b) with respect to Collateral the aggregate value of which, for all such Collateral, does not exceed at any time, $2,500,000, or (c) as the result of an action or failure to act on the part of Agent;

8.10 **[Reserved]**.

8.11 **Preferred Shares**. (a) Agent receives receipt of any bona fide written notification for a mandatory redemption (as described in the Preferred Shares Documents) of the Preferred Shares from the holder thereof or (b) any event of default occurs under the Preferred Shares Documents, the result of which is to cause the Preferred Shares to accrue dividends at the default rate thereunder, and such event of default has not been cured or waived by the holders thereof within 20 days from the occurrence thereof; or

8.12 **Change of Control**. A Change of Control shall occur.

9. **RIGHTS AND REMEDIES.**

9.1 **Rights and Remedies**. Upon the occurrence and during the continuation of an Event of Default, Agent may, and, at the instruction of the Required Lenders, shall (in each case under clauses (a) or (b) by written notice to Borrowers), in addition to any other rights or remedies provided for hereunder or under any other Loan Document or by applicable law, do any one or more of the following:

(a) (i) declare the principal of, and any and all accrued and unpaid interest and fees in respect of, the Loans and all other Obligations (other than unasserted contingent Obligations and the Bank Product Obligations), whether evidenced by this Agreement or by any of the other Loan Documents to be immediately due and payable, whereupon the same shall become and be immediately due and payable and Borrowers shall be obligated to repay all of such Obligations (other than unasserted contingent Obligations and the Bank Product Obligations) in full, without presentment, demand, protest, or further notice or other requirements of any kind, all of which are hereby expressly waived by each Borrower, and (ii) direct Borrowers to provide (and Borrowers agree that upon receipt of such notice Borrowers will provide) Letter of Credit Collateralization to Agent to be held as security for Borrowers' reimbursement obligations for drawings that may subsequently occur under issued and outstanding Letters of Credit;

(b) declare the Commitments terminated, whereupon the Commitments shall immediately be terminated together with (i) any obligation of any Lender to make Loans, (ii) the obligation of the Swing Lender to make Swing Loans, and (iii) the obligation of Issuing Bank to issue Letters of Credit; and

(c) exercise all other rights and remedies available to Agent or the Lenders under the Loan Documents, under applicable law, or in equity; provided, that, with respect to any Event of Default resulting solely from failure of Borrowers to comply with the financial covenants set forth in Section 7(b), Section 7(c), or Section 7(d) that may be cured pursuant to Section 9.3, neither Agent nor the Required Lenders may exercise the foregoing remedies in this Section 9.1 until the date that is the earlier of (1) 10 Business Days after the day on which financial statements are required to be delivered for the applicable fiscal quarter and (2) the date that Agent receives notice that there will not be a Curative Equity contribution made for such fiscal quarter.

The foregoing to the contrary notwithstanding, upon the occurrence of any Event of Default described in Section 8.4 or Section 8.5, in addition to the remedies set forth above, without any notice to Borrowers or any other Person or any act by the Lender Group, the Commitments shall automatically terminate and the Obligations (other than unasserted contingent Obligations and the Bank Product Obligations), inclusive of the principal of, and any and all accrued and unpaid interest and fees in respect of, the Loans and all other Obligations (other than unasserted contingent Obligations and the Bank Product Obligations), whether evidenced by this Agreement or by any of the other Loan Documents, shall automatically become and be immediately due and payable and Borrowers shall automatically be obligated to repay all of such Obligations in full (including Borrowers being obligated to provide (and Borrowers agrees that they will provide) (1) Letter of Credit Collateralization to Agent to be held as security for Borrowers' reimbursement obligations in respect of drawings that may subsequently occur under issued and outstanding Letters of Credit, and (2) Bank Product Collateralization to be held as security for Borrowers' or their Subsidiaries' obligations in respect of outstanding Bank Products), without presentment, demand, protest, or notice or other requirements of any kind, all of which are expressly waived by Holdings and Borrowers.

9.2 **Remedies Cumulative**. The rights and remedies of the Lender Group under this Agreement, the other Loan Documents, and all other agreements shall be cumulative. The Lender Group shall have all other rights and remedies not inconsistent herewith as provided under the Code, by law, or in equity. No exercise by the Lender Group of one right or remedy shall be deemed an election, and no waiver by the Lender Group of any Event of Default shall be deemed a continuing waiver. No delay by the Lender Group shall constitute a waiver, election, or acquiescence by it.

9.3 **Curative Equity**.

(a) Subject to the limitations set forth in clause (f) below, Borrowers may cure (and shall be deemed to have cured) an Event of Default arising out of a breach of any of the Specified Financial Covenants if they receive the cash proceeds of an investment of Curative Equity within 10 Business Days after the date on which the Compliance Certificate is required to be delivered to Agent pursuant to Section 5.1 in respect of the fiscal quarter with respect to which any such breach occurred; (the Curative Equity received by Borrowers to comply with the Recurring Revenue Financial Covenant, the "Recurring Revenue Equity Contribution" and the Curative Equity received by Borrowers to comply with the EBITDA Financial Covenant or the Total Leverage Financial Covenant, the "EBITDA Equity Contribution").

(b) Borrowers shall promptly notify Agent of their receipt of any proceeds of Curative Equity.

(c) Any investment of Curative Equity shall be in immediately available funds and, subject to the limitations set forth in clause (f) below, shall be in an amount that is sufficient to cause Borrowers to be in compliance with the applicable Specified Financial Covenant as at the last day of the most recently ended fiscal quarter, calculated for such purpose as if such amount of the EBITDA Equity Contribution were additional Consolidated EBITDA or such amount of the Recurring Revenue Equity Contribution were additional Recurring Revenue (as applicable) of Borrowers as at such date.

(d) In the Compliance Certificate delivered pursuant to Section 5.1 in respect of the fiscal quarter end for which Curative Equity is used, the Borrowers shall set forth a calculation of the EBITDA Equity Contribution as deemed Consolidated EBITDA or the Recurring Revenue Equity Contribution as deemed Recurring Revenue (as applicable), which shall confirm that on a pro forma basis after taking into account the receipt of the Curative Equity proceeds, Borrowers would have been in compliance with the applicable Specified Financial Covenant as of such date.

(e) Upon delivery of a Compliance Certificate pursuant to Section 5.1 conforming to the requirements of this Section and receipt by Borrower of the Curative Equity Proceeds, the Borrowers shall be deemed to have satisfied the applicable Specified Financial Covenant as of the relevant date of determination with the same effect as though there had been no failure to comply therewith at such date and the applicable breach or default of the applicable Specified Financial Covenant that had occurred shall be deemed cured for the purposes of this Agreement with no further action required by the Required Lenders. Prior to the date of the delivery of a Compliance Certificate pursuant to Section 5.1 conforming to the requirements of this Section and receipt by Borrowers of the Curative Equity Proceeds, the Lenders (including the Swing Lender and the Issuing Bank) shall have no obligation to make additional Loans or otherwise extend additional credit hereunder. In the event Borrowers do not cure any applicable Specified Financial Covenant defaults as provided in this Section 9.3, the existing Event(s) of Default shall continue unless waived in writing by the Required Lenders in accordance herewith.

(f) Notwithstanding the foregoing, Borrowers' rights under this Section 9.3 may (i) be exercised not more than (A) 5 times during the term of this Agreement with respect to the EBITDA Equity Contribution and (B) 2 times during the term of this Agreement with respect to the Recurring Revenue Equity Contribution, and (ii) only be exercised to the extent that in each four fiscal quarter period, there shall be at least two fiscal quarters in respect of which no Curative Equity is made. Any amount of Curative Equity that is in excess of the amount sufficient to cause Borrowers to be in compliance with the applicable Specified Financial Covenant as at such date shall not constitute Curative Equity and the aggregate amount of the Recurring Revenue Equity Contributions made during the term of this Agreement shall be no more than 10% of the TTM Recurring Revenue for any trailing twelve month in which the Recurring Revenue Equity Contribution is made. Curative Equity shall be disregarded for purposes of determining Consolidated EBITDA or Recurring Revenue for any pricing, financial covenant based conditions or any baskets with respect to the covenants contained in this Agreement and there shall be no pro forma reduction in Indebtedness with the proceeds of any Curative Equity for purposes of determining compliance with the Specified Financial Covenant or for determining any pricing, financial covenant based conditions or baskets with respect to the covenants contained in this Agreement, in each case in the quarter in which such Curative Equity is used.

(g) To the extent that Curative Equity is received and included in the calculation of the Specified Financial Covenant as deemed Consolidated EBITDA or deemed Recurring Revenue (as applicable) for any fiscal quarter pursuant to this Section 9.3, such Curative Equity shall be deemed to be Consolidated EBITDA or Recurring Revenue (as applicable) for purposes of determining compliance with the Specified Financial Covenant for subsequent periods that include such fiscal quarter. In addition, notwithstanding any mandatory prepayment of Obligations pursuant to Section 2.4(e)(vi), any Indebtedness so prepaid shall be deemed to remain outstanding for purposes of determining pro forma or actual compliance with the Specified Financial Covenant or for determining any pricing, financial covenant based conditions or baskets with respect to the covenants contained in this Agreement, in each case in such fiscal quarter and any subsequent periods that include such fiscal quarter.

10. **WAIVERS; INDEMNIFICATION.**

10.1 **Demand; Protest; etc**. Each Borrower waives demand, protest, notice of protest, notice of default or dishonor, notice of payment and nonpayment, nonpayment at maturity, release, compromise, settlement, extension, or renewal of documents, instruments, chattel paper, and guarantees at any time held by the Lender Group on which any Borrower may in any way be liable.

10.2 **The Lender Group's Liability for Collateral**. Each Borrower hereby agrees that: (a) so long as Agent complies with its obligations, if any, under the Code, the Lender Group shall not in any way or manner be liable or responsible for: (i) the safekeeping of the Collateral, (ii) any loss or damage thereto occurring or arising in any manner or fashion from any cause, (iii) any diminution in the value thereof, or (iv) any act or default of any carrier, warehouseman, bailee, forwarding agency, or other Person, and (b) all risk of loss, damage, or destruction of the Collateral shall be borne by Borrowers.

10.3 **Indemnification**. Each Borrower shall pay, indemnify, defend, and hold the Agent-Related Persons, the Lender-Related Persons, and each Participant (each, an "Indemnified Person") harmless (to the fullest extent permitted by law) from and against any and all claims, demands, suits, actions, investigations, proceedings, liabilities, fines, costs, penalties, and damages, and all reasonable and fees and disbursements of attorneys, experts, or consultants and all other costs and expenses actually incurred in connection therewith or in connection with the enforcement of this indemnification (as and when they are incurred and irrespective of whether suit is brought but without duplication of any losses, costs and expenses as to which a Borrower is liable to such Indemnified Person pursuant to Section 2.13 or Article 16), at any time asserted against, imposed upon, or incurred by any of them (a) in connection with or as a result of or related to the execution and delivery (provided that Borrowers shall not be liable for costs and expenses (including attorneys' fees) of any Lender (other than Wells Fargo) incurred in advising, structuring, drafting, reviewing, administering or syndicating the Loan Documents), enforcement, performance, or administration (including any restructuring or workout with respect hereto) of this Agreement, any of the other Loan Documents, or the transactions contemplated hereby or thereby or the monitoring of Holdings and its Subsidiaries' compliance with the terms of the Loan Documents (provided, that the indemnification in this clause (a) shall not extend to (i) disputes solely between or among the Lenders that do not involve any acts or omissions of any Loan Party, or (ii) disputes solely between or among the Lenders and their respective Affiliates that do not involve any acts or omissions of any Loan Party; it being understood and agreed that the indemnification in this clause (a) shall extend to Agent (but not the Lenders) relative to disputes between or among Agent on the one hand, and one or more Lenders, or one or more of their Affiliates, on the other hand, or (iii) any Taxes or any costs attributable to Taxes, which shall be governed by Section 16 except to the extent arising from a non-Tax claim), (b) with respect to any actual or prospective investigation, litigation, or proceeding related to this Agreement, any other Loan Document, the making of any Loans or issuance of any Letters of Credit hereunder, or the use of the proceeds of the Loans or the Letters of Credit provided hereunder (irrespective of whether any Indemnified Person is a party thereto), or any act, omission, event, or circumstance in any manner related thereto, and (c) in connection with or arising out of any presence or release of Hazardous Materials at, on, under, to or from any assets or properties owned, leased or operated by any Borrower or any of its Subsidiaries or any Environmental Actions, Environmental Liabilities or Remedial Actions related in any way to any such assets or properties of any Borrower or any of its Subsidiaries (each and all of the foregoing, the "Indemnified Liabilities"). The foregoing to the contrary notwithstanding, no Borrower shall have any obligation to any Indemnified Person under this Section 10.3 with respect to any Indemnified Liability that a court of competent jurisdiction finally determines to have resulted from the gross negligence, willful misconduct or bad faith of such Indemnified Person or its officers, directors, employees, attorneys, or agents. This provision shall survive the termination of this Agreement and the repayment in full of the Obligations. If any Indemnified Person makes any payment to any other Indemnified Person with respect to an Indemnified Liability as to which Borrowers were required to indemnify the Indemnified Person receiving such payment, the Indemnified Person making such payment is entitled to be indemnified and reimbursed by Borrowers with respect thereto. **WITHOUT LIMITATION, THE FOREGOING INDEMNITY SHALL APPLY TO EACH INDEMNIFIED PERSON WITH RESPECT TO INDEMNIFIED LIABILITIES WHICH IN WHOLE OR IN PART ARE CAUSED BY OR ARISE OUT OF ANY NEGLIGENT ACT OR OMISSION OF SUCH INDEMNIFIED PERSON OR OF ANY OTHER PERSON.**

11. **NOTICES.**

Unless otherwise provided in this Agreement, all notices or demands relating to this Agreement or any other Loan Document shall be in writing and (except for financial statements and other informational documents which may be sent by first-class mail, postage prepaid) shall be personally delivered or sent by registered or certified mail (postage prepaid, return receipt requested), overnight courier, electronic mail (at such email addresses as a party may designate in accordance herewith), or telefacsimile. In the case of notices or demands to Holdings, any Borrower or Agent, as the case may be, they shall be sent to the respective address set forth below:

If to Holdings or any Borrower: **c/o PRIDE GUARANTOR, INC.**
4811 Montgomery Road
Cincinnati, OH 45212
Attn: Brian Smyth
E-mail: BSmyth@paycor.com

with copies to (which shall not constitute notice):

KIRKLAND & ELLIS LLP
601 Lexington Avenue
New York, NY 10022
Attn: Nicholas Schwartz
Fax No.: 212-446-4900

KIRKLAND & ELLIS LLP
555 California Street
27th Floor
San Francisco, CA 94104
Attn: Christopher Kirkham
Fax No.: 415-439-1500

If to Agent: **WELLS FARGO BANK, NATIONAL ASSOCIATION**
2450 Colorado Avenue, Suite 3000W
Santa Monica, California 90404
Attn: Technology Finance Portfolio Manager

with copies to: **PAUL HASTINGS LLP**
200 Park Avenue
New York, New York 10166
Attn: Jennifer St. John Yount, Esq.

Any party hereto may change the address at which they are to receive notices hereunder, by notice in writing in the foregoing manner given to the other party. All notices or demands sent in accordance with this Section 11, shall be deemed received on the earlier of the date of actual receipt or three (3) Business Days after the deposit thereof in the mail; provided, that (a) notices sent by overnight courier service shall be deemed to have been given when received, (b) notices by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient) and (c) notices by electronic mail shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return email or other written acknowledgment).

12. **CHOICE OF LAW AND VENUE; JURY TRIAL WAIVER.**

(a) **THE VALIDITY OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (UNLESS EXPRESSLY PROVIDED TO THE CONTRARY IN ANOTHER LOAN DOCUMENT IN RESPECT OF SUCH OTHER LOAN DOCUMENT), THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF AND THEREOF, THE RIGHTS OF THE PARTIES HERETO AND THERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR THEREUNDER OR RELATED HERETO OR THERETO, AND ANY CLAIMS, CONTROVERSIES OR DISPUTES ARISING HEREUNDER OR THEREUNDER OR RELATED HERETO OR THERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.**

(b) **THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS LOCATED IN THE BOROUGH OF MANHATTAN, STATE OF NEW YORK; PROVIDED, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE AGENT ELECTS TO BRING SUCH ACTION OR WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. EACH LOAN PARTY AND EACH MEMBER OF THE LENDER GROUP WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 12(b).**

(c) **TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH LOAN PARTY AND EACH MEMBER OF THE LENDER GROUP HEREBY WAIVE THEIR RESPECTIVE RIGHTS, IF ANY, TO A JURY TRIAL OF ANY CLAIM, CONTROVERSY, DISPUTE OR CAUSE OF ACTION DIRECTLY OR INDIRECTLY BASED UPON OR ARISING OUT OF ANY OF THE LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS (EACH A "CLAIM"). EACH LOAN PARTY AND EACH MEMBER OF THE LENDER GROUP REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.**

(d) **EACH LOAN PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN THE BOROUGH OF MANHATTAN AND THE STATE OF NEW YORK, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED**

BY LAW. NOTHING IN THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT AGENT MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY LOAN PARTY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(e) **NO CLAIM MAY BE MADE BY ANY LOAN PARTY AGAINST THE AGENT, THE SWING LENDER, ANY OTHER LENDER, ISSUING BANK, OR ANY AFFILIATE, DIRECTOR, OFFICER, EMPLOYEE, COUNSEL, REPRESENTATIVE, AGENT, OR ATTORNEY-IN-FACT OF ANY OF THEM FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES OR LOSSES IN RESPECT OF ANY CLAIM FOR BREACH OF CONTRACT OR ANY OTHER THEORY OF LIABILITY ARISING OUT OF OR RELATED TO THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY ACT, OMISSION, OR EVENT OCCURRING IN CONNECTION THEREWITH, AND EACH LOAN PARTY HEREBY WAIVES, RELEASES, AND AGREES NOT TO SUE UPON ANY CLAIM FOR SUCH DAMAGES, WHETHER OR NOT ACCRUED AND WHETHER OR NOT KNOWN OR SUSPECTED TO EXIST IN ITS FAVOR.**

13. **ASSIGNMENTS AND PARTICIPATIONS; SUCCESSORS.**

13.1 **Assignments and Participations**.

(a) (i) Subject to the conditions set forth in clause (a)(ii) below, any Lender may assign and delegate all or any portion of its rights and duties under the Loan Documents (including the Obligations owed to it and its Commitments) to one or more assignees so long as such prospective assignee is an Eligible Transferee (each, an "Assignee"), with the prior written consent (such consent not be unreasonably withheld or delayed) of:

(A) Borrowers; provided, that no consent of Borrowers shall be required (1) if an Event of Default has occurred and is continuing under Section 8.1, 8.4 or 8.5 of the Agreement, or (2) in connection with an assignment to a Person that is a Lender or an Affiliate (other than natural persons) of a Lender; provided further, that Borrowers shall be deemed to have consented to a proposed assignment unless they object thereto by written notice to Agent within ten (10) Business Days after having received notice thereof; and

(B) Agent, Swing Lender, and Issuing Bank; provided, that no consent of Agent, Swing Lender, or Issuing Bank shall be required in connection with an assignment to a Person that is a Lender or an Affiliate (other than natural persons) of a Lender.

(ii) Assignments shall be subject to the following additional conditions:

(A) no assignment may be made to a natural person,

(B) no assignment may be made to a Loan Party, an Affiliate of a Loan Party, or any Sponsor Affiliated Entity,

(C) the amount of the Commitments, Loans and the other rights and obligations of the assigning Lender hereunder and under the other Loan Documents subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to Agent) shall be in a minimum amount (unless waived by Agent) of $5,000,000 (except such minimum amount shall not apply to (I) an assignment or delegation by any Lender to any other Lender, an Affiliate of any Lender, or a Related Fund of such Lender or (II) a group of new Lenders, each of which is an Affiliate of each other or a Related Fund of such new Lender to the extent that the aggregate amount to be assigned to all such new Lenders is at least $5,000,000),

(D) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement,

(E) the parties to each assignment shall execute and deliver to Agent an Assignment and Acceptance; provided, that Borrowers and Agent may continue to deal solely and directly with the assigning Lender in connection with the interest so assigned to an Assignee until written notice of such assignment, together with payment instructions, addresses, and related information with respect to the Assignee, have been given to Borrowers and Agent by such Lender and the Assignee,

(F) unless waived by Agent, the assigning Lender or Assignee has paid to Agent, for Agent's separate account, a processing fee in the amount of $3,500,

(G) the assignee, if it is not a Lender, shall deliver to Agent an Administrative Questionnaire in a form approved by Agent (the "Administrative Questionnaire"), and

(H) no assignment may be made to a Disqualified Lender.

(b) From and after the date that Agent receives the executed Assignment and Acceptance and, if applicable, payment of the required processing fee, (i) the Assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, shall be a "Lender" and shall have the rights and obligations of a Lender under the Loan Documents, and (ii) the assigning Lender shall, to the extent that rights and obligations hereunder and under the other Loan Documents have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights (except with respect to Section 10.3) and be released from any future obligations under this Agreement (and in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement and the other Loan Documents, such Lender shall cease to be a party hereto and thereto); provided, that nothing contained herein shall release any assigning Lender from obligations that survive the termination of this Agreement, including such assigning Lender's obligations under Section 15 and Section 17.9(a).

(c) By executing and delivering an Assignment and Acceptance, the assigning Lender thereunder and the Assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other Loan Document furnished pursuant hereto, (ii) such assigning Lender makes no representation or warranty and assumes no

responsibility with respect to the financial condition of any Borrower or the performance or observance by any Borrower of any of its obligations under this Agreement or any other Loan Document furnished pursuant hereto, (iii) such Assignee confirms that it has received a copy of this Agreement, together with such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance, (iv) such Assignee will, independently and without reliance upon Agent, such assigning Lender or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement, (v) such Assignee appoints and authorizes Agent to take such actions and to exercise such powers under this Agreement and the other Loan Documents as are delegated to Agent, by the terms hereof and thereof, together with such powers as are reasonably incidental thereto, and (vi) such Assignee agrees that it will perform all of the obligations which by the terms of this Agreement and any other Loan Document are required to be performed by it as a Lender.

(d) Immediately upon Agent's receipt of the required processing fee, if applicable, and delivery of notice to the assigning Lender pursuant to Section 13.1(b), this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to reflect the addition of the Assignee and the resulting adjustment of the Commitments arising therefrom. The Commitment allocated to each Assignee shall reduce such Commitments of the assigning Lender *pro tanto*.

(e) Any Lender may at any time sell to one or more commercial banks, financial institutions, or other Persons (a "Participant") participating interests in all or any portion of its Obligations, its Commitment, and the other rights and interests of that Lender (the "Originating Lender") hereunder and under the other Loan Documents; provided, that (i) the Originating Lender shall remain a "Lender" for all purposes of this Agreement and the other Loan Documents and the Participant receiving the participating interest in the Obligations, the Commitments, and the other rights and interests of the Originating Lender hereunder shall not constitute a "Lender" hereunder or under the other Loan Documents and the Originating Lender's obligations under this Agreement shall remain unchanged, (ii) the Originating Lender shall remain solely responsible for the performance of such obligations, (iii) Borrowers, Agent, and the Lenders shall continue to deal solely and directly with the Originating Lender in connection with the Originating Lender's rights and obligations under this Agreement and the other Loan Documents, (iv) no Lender shall transfer or grant any participating interest under which the Participant has the right to approve any amendment to, or any consent or waiver with respect to, this Agreement or any other Loan Document, except to the extent such amendment to, or consent or waiver with respect to this Agreement or of any other Loan Document would (A) extend the final maturity date of the Obligations hereunder in which such Participant is participating, (B) reduce the interest rate applicable to the Obligations hereunder in which such Participant is participating, (C) release all or substantially all of the Collateral or guaranties (except to the extent expressly provided herein or in any of the Loan Documents) supporting the Obligations hereunder in which such Participant is participating, (D) postpone the payment of, or reduce the amount of, the interest or fees payable to such Participant through such Lender (other than a waiver of default interest), or (E) decreases the amount or postpones the due dates of scheduled principal repayments or prepayments or premiums payable to such Participant through such Lender, (v) no participation shall be sold to a natural person, (vi) no participation shall be sold to a Loan Party, an Affiliate of a Loan Party, a Disqualified Lender (unless at such time an Event of Default under Section 8.1, 8.2(a)(iii), 8.4 or 8.5 of the Agreement shall have occurred and be continuing for at least 30 days), or any Sponsor Affiliated Entity, and (vii) all amounts payable by Borrowers hereunder shall be determined as if such Lender had not sold such participation, except that, if amounts outstanding under this Agreement are due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of set off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement and a Participant shall be entitled to any payment provided by Section 16 as if it were a Lender provided it complies with Section 16 as provided therein and notice is provided to the Borrowers. The

rights of any Participant only shall be derivative through the Originating Lender with whom such Participant participates and no Participant shall have any rights under this Agreement or the other Loan Documents or any direct rights as to the other Lenders, Agent, Borrowers, the Collateral, or otherwise in respect of the Obligations. No Participant shall have the right to participate directly in the making of decisions by the Lenders among themselves.

(f) In connection with any such assignment or participation or proposed assignment or participation or any grant of a security interest in, or pledge of, its rights under and interest in this Agreement, a Lender may, subject to the provisions of Section 17.9, disclose all documents and information which it now or hereafter may have relating to any Loan Party and its Subsidiaries and their respective businesses.

(g) Any other provision in this Agreement notwithstanding, any Lender may at any time create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement in favor of any Federal Reserve Bank in accordance with Regulation A of the Federal Reserve Bank or U.S. Treasury Regulation 31 CFR §203.24, and such Federal Reserve Bank may enforce such pledge or security interest in any manner permitted under applicable law.

(h) Agent (as a non-fiduciary agent on behalf of Borrowers) shall maintain, or cause to be maintained, a register (the "Register") on which it enters the name and address of each Lender as the registered owner of the Loans (and the principal amount thereof and stated interest thereon) held by such Lender (each, a "Registered Loan"). A Registered Loan (and the registered note, if any, evidencing the same) may be assigned or sold in whole or in part only by registration of such assignment or sale on the Register (and each registered note shall expressly so provide) and any assignment or sale of all or part of such Registered Loan (and the registered note, if any, evidencing the same) may be effected only by registration of such assignment or sale on the Register, together with the surrender of the registered note, if any, evidencing the same duly endorsed by (or accompanied by a written instrument of assignment or sale duly executed by) the holder of such registered note, whereupon, at the request of the designated assignee(s) or transferee(s), one or more new registered notes in the same aggregate principal amount shall be issued to the designated assignee(s) or transferee(s). Prior to the registration of assignment or sale of any Registered Loan (and the registered note, if any evidencing the same), Borrowers shall treat the Person in whose name such Registered Loan (and the registered note, if any, evidencing the same) is registered as the owner thereof for the purpose of receiving all payments thereon and for all other purposes, notwithstanding notice to the contrary. In the case of any assignment by a Lender of all or any portion of its Loans to an Affiliate of such Lender or a Related Fund of such Lender, and which assignment is not recorded in the Register, the assigning Lender, on behalf of Borrowers, shall maintain a register comparable to the Register. It is intended that the Register be maintained such that the Loans are in "registered form" for the purposes of the IRC.

(i) In the event that a Lender sells participations in the Registered Loan, the Borrower agrees that such Participant is entitled to the benefits of Section 16 to the same extent as if it were a Lender and had acquired its interest by assignment, provided that such Participant agrees to be subject to Section 16 as though it were a Lender (provided that any documentation required to be provided under Section 16.2 shall be provided solely to the participating Lender). Any Lender that sells participations shall maintain a register on which it enters the name and the address of each Participant and the principal amounts and related interest amounts of each Participant's and/or participation interest in the Loans (or other rights or obligations) held by it (the "Participant Register"). The entries in the Participant Register shall be conclusive, absent demonstrable error, and such Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation interest or granted Loan as the owner thereof for all purposes notwithstanding any notice to the contrary. In maintaining the Participant Register, such Lender shall be acting as the non-fiduciary agent of the Borrower solely for this purpose and undertakes no

duty, responsibility or obligation to the Borrower (without limitation, in no event shall such Lender be a fiduciary of the Borrower for any purpose). No Lender shall have any obligation to disclose all or any portion of a Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any commitments, Loans, or its other obligations under this Agreement) except to the extent that such disclosure is necessary to establish in connection with a Tax audit that such commitment, loan, or other obligation is in "registered form" for purposes of the IRC. A Participant shall not be entitled to receive any greater payment under Section 16 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, except to the extent such entitlement to a greater payment results from a Change in Law after the Participant became a Participant. For the avoidance of doubt, the Agent (in its capacity as Agent) shall have no responsibility for maintaining a Participant Register.

(j) Agent shall make a copy of the Register available for review by Borrowers from time to time as Borrowers may reasonably request (or any other person to the extent necessary to cause the Loans to be "registered form" for the purposes of the IRC).

13.2 **Successors**. This Agreement shall bind and inure to the benefit of the respective successors and assigns of each of the parties; provided, that no Borrower may assign this Agreement or any rights or duties hereunder without the Lenders' prior written consent and any prohibited assignment shall be absolutely void *ab initio*. No consent to assignment by the Lenders shall release any Borrower from its Obligations. A Lender may assign this Agreement and the other Loan Documents and its rights and duties hereunder and thereunder pursuant to Section 13.1 and, except as expressly required pursuant to Section 13.1, no consent or approval by any Borrower is required in connection with any such assignment.

14. **AMENDMENTS; WAIVERS.**

14.1 **Amendments and Waivers**.

(a) No amendment, waiver or other modification of any provision of this Agreement or any other Loan Document (other than Bank Product Agreements or the Fee Letter), and no consent with respect to any departure by Holdings or any Borrower therefrom, shall be effective unless the same shall be in writing and signed by the Required Lenders (or by Agent at the written request of the Required Lenders) and the Loan Parties that are party thereto and then any such waiver or consent shall be effective, but only in the specific instance and for the specific purpose for which given; provided, that no such waiver, amendment, or consent shall, unless in writing and signed by all of the Lenders directly affected thereby and all of the Loan Parties that are party thereto, do any of the following:

(i) increase the amount of or extend the expiration date of any Commitment of any Lender,

(ii) postpone or delay any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees, or other amounts due hereunder or under any other Loan Document (for the avoidance of doubt, mandatory prepayments pursuant to Section 2.4(e) may be postponed, delayed, waived or modified with the consent of Required Lenders),

(iii) reduce the principal of, or the rate of interest on, any loan or other extension of credit hereunder, or reduce any fees or other amounts payable hereunder or under any other Loan Document (except (y) in connection with the waiver of applicability of Section 2.6(c) (which waiver shall be effective with the written consent of the Required Lenders), and (z) that any amendment or modification of defined terms used in the financial covenants in this Agreement shall not constitute a reduction in the rate of interest or a reduction of fees for purposes of this clause (iii)),

(iv) amend, modify, or eliminate this Section or any provision of this Agreement providing for consent or other action by all Lenders,

(v) amend, modify, or eliminate Section 3.1 or 3.2,

(vi) amend, modify, or eliminate Section 15.11,

(vii) other than as permitted by Section 15.11, release Agent's Lien in and to any of the Collateral,

(viii) amend, modify, or eliminate the definitions of "Required Lenders" or "Pro Rata Share",

(ix) contractually subordinate any of Agent's Liens,

(x) other than as a result of a merger, liquidation, dissolution or sale of such Person expressly permitted by the terms hereof or the other Loan Documents, release any Borrower or any Guarantor from any liability for any of the Obligations or consent to the assignment or transfer by any Borrower or any Guarantor of any of its rights or duties under this Agreement or the other Loan Documents,

(xi) amend, modify, or eliminate any of the provisions of Section 2.4(b)(i) or (ii) or Section 2.4(e) or (f),

(xii) amend, modify, or eliminate any of the provisions of Section 13.1 with respect to assignments to, or participations with, Persons who are a Loan Party, an Affiliate of a Loan Party or a Sponsor Affiliated Entity;

(b) No amendment, waiver, modification, or consent shall amend, modify, waive, or eliminate,

(i) the definition of, or any of the terms or provisions of, the Fee Letter, without the written consent of Agent and Borrowers (and shall not require the written consent of any of the Lenders),

(ii) any provision of Section 15 pertaining to Agent, or any other rights or duties of Agent under this Agreement or the other Loan Documents, without the written consent of Agent, Borrowers, and the Required Lenders;

(c) No amendment, waiver, modification, elimination, or consent shall amend, modify, or waive any provision of this Agreement or the other Loan Documents pertaining to Issuing Bank, or any other rights or duties of Issuing Bank under this Agreement or the other Loan Documents, without the written consent of Issuing Bank, Agent, Borrowers, and the Required Lenders;

(d) No amendment, waiver, modification, elimination, or consent shall amend, modify, or waive any provision of this Agreement or the other Loan Documents pertaining to Swing Lender, or any other rights or duties of Swing Lender under this Agreement or the other Loan Documents, without the written consent of Swing Lender, Agent, Borrowers, and the Required Lenders; and

(e) Anything in this Section 14.1 to the contrary notwithstanding, (i) any amendment, modification, elimination, waiver, consent, termination, or release of, or with respect to, any provision of this Agreement or any other Loan Document that relates only to the relationship of the Lender Group among themselves, and that does not affect the rights or obligations of Holdings or any Borrower, shall not require consent by or the agreement of any Loan Party, and (ii) any amendment, waiver, modification, elimination, or consent of or with respect to any provision of this Agreement or any other Loan Document may be entered into without the consent of, or over the objection of, any Defaulting Lender other than any of the matters governed by Section 14.1(a)(i) through (iii) that affect such Lender.

14.2 **Replacement of Certain Lenders**.

(a) If (i) any action to be taken by the Lender Group or Agent hereunder requires the consent, authorization, or agreement of all Lenders or all Lenders affected thereby and if such action has received the consent, authorization, or agreement of the Required Lenders but not of all Lenders or all Lenders affected thereby, or (ii) any Lender makes a claim for compensation under Section 16 (or the Borrowers are required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 16), then Borrowers or Agent, upon at least five (5) Business Days prior irrevocable notice, may permanently replace any Lender that failed to give its consent, authorization, or agreement (a "Non-Consenting Lender") or any Lender that made a claim for compensation (a "Tax Lender") with one or more Replacement Lenders, and the Non-Consenting Lender or Tax Lender, as applicable, shall have no right to refuse to be replaced hereunder. Such notice to replace the Non-Consenting Lender or Tax Lender, as applicable, shall specify an effective date for such replacement, which date shall not be later than 15 Business Days after the date such notice is given.

(b) Prior to the effective date of such replacement, the Non-Consenting Lender or Tax Lender, as applicable, and each Replacement Lender shall execute and deliver an Assignment and Acceptance, subject only to the Non-Consenting Lender or Tax Lender, as applicable, being repaid in full its share of the outstanding Obligations (other than unasserted contingent Obligations and Bank Product Obligations) (without any premium or penalty of any kind whatsoever, but including (i) all interest, fees and other amounts that may be due in payable in respect thereof, and (ii) an assumption of its Pro Rata Share of participations in the Letters of Credit). If the Non-Consenting Lender or Tax Lender, as applicable, shall refuse or fail to execute and deliver any such Assignment and Acceptance prior to the effective date of such replacement, Agent may, but shall not be required to, execute and deliver such Assignment and Acceptance in the name or and on behalf of the Non-Consenting Lender or Tax Lender, as applicable, and irrespective of whether Agent executes and delivers such Assignment and Acceptance, the Non-Consenting Lender or Tax Lender, as applicable, shall be deemed to have executed and delivered such Assignment and Acceptance. The replacement of any Non-Consenting Lender or Tax Lender, as applicable, shall be made in accordance with the terms of Section 13.1. Until such time as one or more Replacement Lenders shall have acquired all of the Obligations, the Commitments, and the other rights and obligations of the Non-Consenting Lender or Tax Lender, as applicable, hereunder and under the other Loan Documents, the Non-Consenting Lender or Tax Lender, as applicable, shall remain obligated to make the Non-Consenting Lender's or Tax Lender's, as applicable, Pro Rata Share of the Loans and to purchase a participation in each Letter of Credit, in an amount equal to its Pro Rata Share of participations in such Letters of Credit.

14.3 **No Waivers; Cumulative Remedies**. No failure by Agent or any Lender to exercise any right, remedy, or option under this Agreement or any other Loan Document, or delay by Agent or any Lender in exercising the same, will operate as a waiver thereof. No waiver by Agent or any Lender will be effective unless it is in writing, and then only to the extent specifically stated. No waiver by Agent or any Lender on any occasion shall affect or diminish Agent's and each Lender's rights thereafter to require strict performance by Loan Parties of any provision of this Agreement. Agent's and each Lender's rights under this Agreement and the other Loan Documents will be cumulative and not exclusive of any other right or remedy that Agent or any Lender may have.

15. **AGENT; THE LENDER GROUP**.

15.1 **Appointment and Authorization of Agent**. Each Lender hereby designates and appoints Wells Fargo as its agent under this Agreement and the other Loan Documents and each Lender hereby irrevocably authorizes (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to designate, appoint, and authorize) Agent to execute and deliver each of the other Loan Documents on its behalf and to take such other action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to Agent by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Agent agrees to act as agent for and on behalf of the Lenders (and the Bank Product Providers) on the conditions contained in this Section 15. Any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document notwithstanding, Agent shall not have any duties or responsibilities, except those expressly set forth herein or in the other Loan Documents, nor shall Agent have or be deemed to have any fiduciary relationship with any Lender (or Bank Product Provider), and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against Agent. Without limiting the generality of the foregoing, the use of the term "agent" in this Agreement or the other Loan Documents with reference to Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only a representative relationship between independent contracting parties. Each Lender hereby further authorizes (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to authorize) Agent to act as the secured party under each of the Loan Documents that create a Lien on any item of Collateral. Except as expressly otherwise provided in this Agreement, Agent shall have and may use its sole discretion with respect to exercising or refraining from exercising any discretionary rights or taking or refraining from taking any actions that Agent expressly is entitled to take or assert under or pursuant to this Agreement and the other Loan Documents. Without limiting the generality of the foregoing, or of any other provision of the Loan Documents that provides rights or powers to Agent, Lenders agree that Agent shall have the right to exercise the following powers as long as this Agreement remains in effect: (a) maintain, in accordance with its customary business practices, ledgers and records reflecting the status of the Obligations, the Collateral, payments and proceeds of Collateral, and related matters, (b) execute or file any and all financing or similar statements or notices, amendments, renewals, supplements, documents, instruments, proofs of claim, notices and other written agreements with respect to the Loan Documents, (c) make Loans, for itself or on behalf of Lenders, as provided in the Loan Documents, (d) exclusively receive, apply, and distribute payments and proceeds of the Collateral as provided in the Loan Documents, (e) open and maintain such bank accounts and cash management arrangements as Agent deems necessary and appropriate in accordance with the Loan Documents for the foregoing purposes, (f) perform, exercise, and enforce any and all other rights and remedies of the Lender Group with respect to any Loan Party or its Subsidiaries, the Obligations, the Collateral, or otherwise related to any of same as provided in the Loan Documents, and (g) incur and pay such Lender Group Expenses as Agent may deem necessary or appropriate for the performance and fulfillment of its functions and powers pursuant to the Loan Documents.

15.2 **Delegation of Duties**. Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Agent shall not be responsible for the negligence or misconduct of any agent or attorney in fact that it selects as long as such selection was made without gross negligence or willful misconduct.

15.3 **Liability of Agent**. None of the Agent-Related Persons shall (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (b) be responsible in any manner to any of the Lenders (or Bank Product Providers) for any recital, statement, representation or warranty made by any Loan Party or any of its Subsidiaries or Affiliates, or any officer or director thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of any Loan Party or its Subsidiaries or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Lenders (or Bank Product Providers) to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the books and records or properties of any Loan Party or its Subsidiaries.

15.4 **Reliance by Agent**. Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, telefacsimile or other electronic method of transmission, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent, or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to Borrowers or counsel to any Lender), independent accountants and other experts selected by Agent. Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless Agent shall first receive such advice or concurrence of the Lenders as it deems appropriate and until such instructions are received, Agent shall act, or refrain from acting, as it deems advisable. If Agent so requests, it shall first be indemnified to its reasonable satisfaction by the Lenders (and, if it so elects, the Bank Product Providers) against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Required Lenders and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Lenders (and Bank Product Providers).

15.5 **Notice of Default or Event of Default**. Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest, fees, and expenses required to be paid to Agent for the account of the Lenders and, except with respect to Events of Default of which Agent has actual knowledge, unless Agent shall have received written notice from a Lender or Borrowers referring to this Agreement, describing such Default or Event of Default, and stating that such notice is a "notice of default." Agent promptly will notify the Lenders of its receipt of any such notice or of any Event of Default of which Agent has actual knowledge. If any Lender obtains actual knowledge of any Event of Default, such Lender promptly shall notify the other Lenders and Agent of such Event of Default. Each Lender shall be solely responsible for giving any notices to its Participants, if any. Subject to Section 15.4, Agent shall take such action with respect to such Default or Event of Default as may be requested by the Required Lenders in accordance with Section 9; provided, that unless and until Agent has received any such request, Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable.

15.6 **Credit Decision**. Each Lender (and Bank Product Provider) acknowledges that none of the Agent-Related Persons has made any representation or warranty to it, and that no act by Agent hereinafter taken, including any review of the affairs of any Loan Party and its Subsidiaries or Affiliates, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Lender (or Bank Product Provider). Each Lender represents (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to represent) to Agent that it has, independently and without reliance upon any Agent-Related Person and based on such due diligence, documents and information as it has deemed appropriate, made its own appraisal of, and investigation into the business, prospects,

operations, property, financial and other condition and creditworthiness of each Borrower or any other Person party to a Loan Document, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to Borrowers. Each Lender also represents (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to represent) that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of each Borrower or any other Person party to a Loan Document. Except for notices, reports, and other documents expressly herein required to be furnished to the Lenders by Agent, Agent shall not have any duty or responsibility to provide any Lender (or Bank Product Provider) with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of any Borrower or any other Person party to a Loan Document that may come into the possession of any of the Agent-Related Persons. Each Lender acknowledges (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to acknowledge) that Agent does not have any duty or responsibility, either initially or on a continuing basis (except to the extent, if any, that is expressly specified herein) to provide such Lender (or Bank Product Provider) with any credit or other information with respect to any Borrower, its Affiliates or any of their respective business, legal, financial or other affairs, and irrespective of whether such information came into Agent's or its Affiliates' or representatives' possession before or after the date on which such Lender became a party to this Agreement (or such Bank Product Provider entered into a Bank Product Agreement).

15.7 **Costs and Expenses; Indemnification**. Agent may incur and pay Lender Group Expenses to the extent Agent reasonably deems necessary or appropriate for the performance and fulfillment of its functions, powers, and obligations pursuant to the Loan Documents, including court costs, attorneys' fees and expenses, fees and expenses of financial accountants, advisors, consultants, and appraisers, costs of collection by outside collection agencies, auctioneer fees and expenses, and costs of security guards or insurance premiums paid to maintain the Collateral, whether or not Borrowers are obligated to reimburse Agent or Lenders for such expenses pursuant to this Agreement or otherwise. Agent is authorized and directed to deduct and retain sufficient amounts from payments or proceeds of the Collateral received by Agent to reimburse Agent for such out-of-pocket costs and expenses prior to the distribution of any amounts to Lenders (or Bank Product Providers). In the event Agent is not reimbursed for such costs and expenses by Loan Parties or their Subsidiaries, each Lender hereby agrees that it is and shall be obligated to pay to Agent such Lender's ratable thereof. Whether or not the transactions contemplated hereby are consummated, each of the Lenders, on a ratable basis, shall indemnify and defend the Agent-Related Persons (to the extent not reimbursed by or on behalf of Borrowers and without limiting the obligation of Borrowers to do so) from and against any and all Indemnified Liabilities; provided, that no Lender shall be liable for the payment to any Agent-Related Person of any portion of such Indemnified Liabilities resulting solely from such Person's gross negligence or willful misconduct nor shall any Lender be liable for the obligations of any Defaulting Lender in failing to make a Revolving Loan, a Term Loan, or other extension of credit hereunder. Without limitation of the foregoing, each Lender shall reimburse Agent upon demand for such Lender's ratable share of any costs or out of pocket expenses (including attorneys, accountants, advisors, and consultants fees and expenses) incurred by Agent in connection with the preparation, execution, delivery, administration, modification, amendment, or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement or any other Loan Document to the extent that Agent is not reimbursed for such expenses by or on behalf of Borrowers. The undertaking in this Section shall survive the payment of all Obligations hereunder and the resignation or replacement of Agent.

15.8 **Agent in Individual Capacity**. Wells Fargo and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, provide Bank Products to, acquire Equity Interests in, and generally engage in any kind of banking, trust, financial advisory, underwriting, or other business with any Loan Party and its Subsidiaries and Affiliates and any other Person party to any Loan Document as though Wells Fargo were not Agent hereunder, and, in each case, without notice to or consent of the other members of the Lender Group. The other members of the Lender Group acknowledge (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to acknowledge) that, pursuant to such activities, Wells Fargo or its Affiliates may receive information regarding a Loan Party or its Affiliates or any other Person party to any Loan Documents that is subject to confidentiality obligations in favor of such Loan Party or such other Person and that prohibit the disclosure of such information to the Lenders (or Bank Product Providers), and the Lenders acknowledge (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to acknowledge) that, in such circumstances (and in the absence of a waiver of such confidentiality obligations, which waiver Agent will use its reasonable best efforts to obtain), Agent shall not be under any obligation to provide such information to them. The terms "Lender" and "Lenders" include Wells Fargo in its individual capacity.

15.9 **Successor Agent**. Agent may resign as Agent upon 30 days prior written notice to the Lenders (unless such notice is waived by the Required Lenders) and Borrowers (unless such notice is waived by Borrowers) and without any notice to the Bank Product Providers. If Agent resigns under this Agreement, the Required Lenders shall be entitled, with (so long as no Event of Default has occurred and is continuing) the consent of Borrowers (such consent not to be unreasonably withheld, delayed, or conditioned), appoint a successor Agent for the Lenders (and the Bank Product Providers). If, at the time that Agent's resignation is effective, it is acting as Issuing Bank or the Swing Lender, such resignation shall also operate to effectuate its resignation as Issuing Bank or the Swing Lender, as applicable, and it shall automatically be relieved of any further obligation to issue Letters of Credit or to make Swing Loans. If no successor Agent is appointed prior to the effective date of the resignation of Agent, Agent may appoint, after consulting with the Lenders and Borrowers, a successor Agent. If Agent has materially breached or failed to perform any material provision of this Agreement or of applicable law, the Required Lenders may agree in writing to remove and replace Agent with a successor Agent from among the Lenders with (so long as no Event of Default has occurred and is continuing) the consent of Borrowers (such consent not to be unreasonably withheld, delayed, or conditioned). In any such event, upon the acceptance of its appointment as successor Agent hereunder, such successor Agent shall succeed to all the rights, powers, and duties of the retiring Agent and the term "Agent" shall mean such successor Agent and the retiring Agent's appointment, powers, and duties as Agent shall be terminated. After any retiring Agent's resignation hereunder as Agent, the provisions of this Section 15 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. If no successor Agent has accepted appointment as Agent by the date which is 30 days following a retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon become effective and the Lenders shall perform all of the duties of Agent hereunder until such time, if any, as the Lenders appoint a successor Agent as provided for above.

15.10 **Lender in Individual Capacity**. Any Lender and its respective Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, provide Bank Products to, acquire Equity Interests in and generally engage in any kind of banking, trust, financial advisory, underwriting, or other business with any Loan Party and its Subsidiaries and Affiliates and any other Person party to any Loan Documents as though such Lender were not a Lender hereunder without notice to or consent of the other members of the Lender Group (or the Bank Product Providers). The other members of the Lender Group acknowledge (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to acknowledge) that, pursuant to such activities, such Lender and its respective Affiliates may receive information regarding a Loan Party or its Affiliates or any other Person party to any Loan Documents that is subject to confidentiality obligations in favor of such Loan Party or such other Person and that prohibit

the disclosure of such information to the Lenders, and the Lenders acknowledge (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to acknowledge) that, in such circumstances (and in the absence of a waiver of such confidentiality obligations, which waiver such Lender will use its reasonable best efforts to obtain), such Lender shall not be under any obligation to provide such information to them.

15.11 **Collateral Matters**.

(a) The Lenders hereby irrevocably agree that the Lien on any Collateral shall be automatically released (i) upon the termination of the Commitments and payment in full by Borrowers of all of the Obligations (other than Bank Product Obligations and contingent indemnification obligations not yet due and payable), (ii) to the extent such Collateral is sold or disposed of in a transaction permitted by Section 6.4 (provided that the Agent may request that the Borrowers certify to Agent that the sale or disposition is permitted under Section 6.4 (and Agent may rely conclusively on any such certificate, without further inquiry)), (iii) to the extent such Collateral constitutes property in which no Loan Party owned any interest at the time Agent's Lien was granted nor at any time thereafter, (iv) to the extent such Collateral constitutes property leased or licensed to a Loan Party under a lease or license that has expired or is terminated in a transaction permitted under this Agreement, (v) to the extent such Collateral becomes Excluded Assets, (vi) subject to Section 14.1, if the release of such Lien is approved, authorized or ratified in writing by the Required Lenders and (vii) in connection with a credit bid or purchase authorized under this Section 15.11. If any Guarantor ceases to be a Restricted Subsidiary, or becomes an Excluded Subsidiary, in each case as a result of a transaction or designation permitted hereunder (provided that the Agent may request that the Borrowers certify in writing that such transaction or designation is permitted hereunder), (i) such Subsidiary shall be automatically released from its obligations under the Guaranty and (ii) any Liens granted by such Subsidiary or Liens on the Equity Interests of such Subsidiary (to the extent such Equity Interests have become Excluded Assets or are being transferred to a Person that is not a Loan Party) shall be automatically released. In each case as specified in this Section 15.11(a), the Agent will promptly (and each Lender irrevocably authorizes the Agent to), at the applicable Borrower's expense, execute and deliver to the applicable Loan Party such documents as such Loan Party may reasonably request to evidence the release of such item of Collateral from the Lien granted under the Guaranty and Security Agreement, or to evidence the release of such Guarantor from its obligations under the Guaranty, in each case in accordance with the terms of the Loan Documents and this Section 15.11(a).

(b) The Loan Parties and the Lenders hereby irrevocably authorize (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to authorize) Agent, based upon the instruction of the Required Lenders, to (a) consent to, credit bid or purchase (either directly or indirectly through one or more entities) all or any portion of the Collateral at any sale thereof conducted under the provisions of the Bankruptcy Code, including Section 363 of the Bankruptcy Code, (b) credit bid or purchase (either directly or indirectly through one or more entities) all or any portion of the Collateral at any sale or other disposition thereof conducted under the provisions of the Code, including pursuant to Sections 9-610 or 9-620 of the Code, or (c) credit bid or purchase (either directly or indirectly through one or more entities) all or any portion of the Collateral at any other sale or foreclosure conducted or consented to by Agent in accordance with applicable law in any judicial action or proceeding or by the exercise of any legal or equitable remedy. In connection with any such credit bid or purchase, (i) the Obligations owed to the Lenders and the Bank Product Providers shall be entitled to be, and shall be, credit bid on a ratable basis (with Obligations with respect to contingent or unliquidated claims being estimated for such purpose if the fixing or liquidation thereof would not impair or unduly delay the ability of Agent to credit bid or purchase at such sale or other disposition of the Collateral and, if such contingent or unliquidated claims cannot be estimated without impairing or unduly delaying the ability of Agent to credit bid at such sale or other disposition, then such claims shall be disregarded, not credit bid, and not entitled to any interest in the Collateral that is the subject of such credit bid or purchase) and the Lenders and the Bank Product Providers

whose Obligations are credit bid shall be entitled to receive interests (ratably based upon the proportion of their Obligations credit bid in relation to the aggregate amount of Obligations so credit bid) in the Collateral that is the subject of such credit bid or purchase (or in the Equity Interests of the any entities that are used to consummate such credit bid or purchase), and (ii) Agent, based upon the instruction of the Required Lenders, may accept non-cash consideration, including debt and equity securities issued by any entities used to consummate such credit bid or purchase and in connection therewith Agent may reduce the Obligations owed to the Lenders and the Bank Product Providers (ratably based upon the proportion of their Obligations credit bid in relation to the aggregate amount of Obligations so credit bid) based upon the value of such non-cash consideration. Except as provided above, Agent will not execute and deliver a release of any Lien on any Collateral without the prior written authorization of (y) if the release is of all or substantially all of the Collateral, all of the Lenders (without requiring the authorization of the Bank Product Providers), or (z) otherwise, the Required Lenders (without requiring the authorization of the Bank Product Providers).

(c) Upon request by Agent or Borrowers at any time, the Lenders will (and if so requested, the Bank Product Providers will) confirm in writing Agent's authority to evidence the release of any such Liens on particular types or items of Collateral pursuant to this Section 15.11; provided, that (1) anything to the contrary contained in any of the Loan Documents notwithstanding, Agent shall not be required to execute any document or take any action necessary to evidence such release on terms that, in Agent's opinion, could expose Agent to liability or create any obligation or entail any consequence other than the release of such Lien without recourse, representation, or warranty, and (2) such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those expressly released) upon (or obligations of Borrowers in respect of) any and all interests retained by any Borrower, including, the proceeds of any sale, all of which shall continue to constitute part of the Collateral. Each Lender further hereby irrevocably authorize (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to irrevocably authorize) Agent, at its option and in its sole discretion, to subordinate any Lien granted to or held by Agent under any Loan Document to the holder of any Permitted Lien on such property if such Permitted Lien secures Permitted Purchase Money Indebtedness.

(d) Agent shall have no obligation whatsoever to any of the Lenders (or the Bank Product Providers) (i) to verify or assure that the Collateral exists or is owned by Loan Parties or their Subsidiaries or is cared for, protected, or insured or has been encumbered, (ii) to verify or assure that Agent's Liens have been properly or sufficiently or lawfully created, perfected, protected, or enforced or are entitled to any particular priority, (iii) to impose, maintain, increase, reduce, implement, or eliminate any particular reserve hereunder or to determine whether the amount of any reserve is appropriate or not, or (iv) to exercise at all or in any particular manner or under any duty of care, disclosure or fidelity, or to continue exercising, any of the rights, authorities and powers granted or available to Agent pursuant to any of the Loan Documents, it being understood and agreed that in respect of the Collateral, or any act, omission, or event related thereto, subject to the terms and conditions contained herein, Agent may act in any manner it may deem appropriate, in its sole discretion given Agent's own interest in the Collateral in its capacity as one of the Lenders and that Agent shall have no other duty or liability whatsoever to any Lender (or Bank Product Provider) as to any of the foregoing, except as otherwise expressly provided herein.

15.12 **Restrictions on Actions by Lenders; Sharing of Payments**.

(a) Each of the Lenders agrees that it shall not, without the express written consent of Agent, and that it shall, to the extent it is lawfully entitled to do so, upon the written request of Agent, set off against the Obligations, any amounts owing by such Lender to any Loan Party or its Subsidiaries or any deposit accounts of any Loan Party or its Subsidiaries now or hereafter maintained with such Lender. Each of the Lenders further agrees that it shall not, unless specifically requested to do so in writing by Agent, take or cause to be taken any action, including, the commencement of any legal or equitable proceedings to enforce any Loan Document against any Borrower or any Guarantor or to foreclose any Lien on, or otherwise enforce any security interest in, any of the Collateral.

(b) If, at any time or times any Lender shall receive (i) by payment, foreclosure, setoff, or otherwise, any proceeds of Collateral or any payments with respect to the Obligations, except for any such proceeds or payments received by such Lender from Agent pursuant to the terms of this Agreement, or (ii) payments from Agent in excess of such Lender's Pro Rata Share of all such distributions by Agent, such Lender promptly shall (A) turn the same over to Agent, in kind, and with such endorsements as may be required to negotiate the same to Agent, or in immediately available funds, as applicable, for the account of all of the Lenders and for application to the Obligations in accordance with the applicable provisions of this Agreement, or (B) purchase, without recourse or warranty, an undivided interest and participation in the Obligations owed to the other Lenders so that such excess payment received shall be applied ratably as among the Lenders in accordance with their Pro Rata Shares; provided, that to the extent that such excess payment received by the purchasing party is thereafter recovered from it, those purchases of participations shall be rescinded in whole or in part, as applicable, and the applicable portion of the purchase price paid therefor shall be returned to such purchasing party, but without interest except to the extent that such purchasing party is required to pay interest in connection with the recovery of the excess payment.

15.13 **Agency for Perfection**. To the extent permitted by applicable law, Agent hereby appoints each other Lender (and each Bank Product Provider) as its agent (and each Lender hereby accepts (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to accept) such appointment) for the purpose of perfecting Agent's Liens in assets which, in accordance with Article 8 or Article 9, as applicable, of the Code can be perfected by possession or control. Should any Lender obtain possession or control of any such Collateral, such Lender shall notify Agent thereof, and, promptly upon Agent's request therefor shall deliver possession or control of such Collateral to Agent or in accordance with Agent's instructions.

15.14 **Payments by Agent to the Lenders**. All payments to be made by Agent to the Lenders (or Bank Product Providers) shall be made by bank wire transfer of immediately available funds pursuant to such wire transfer instructions as each party may designate for itself by written notice to Agent. Concurrently with each such payment, Agent shall identify whether such payment (or any portion thereof) represents principal, premium, fees, or interest of the Obligations.

15.15 **Concerning the Collateral and Related Loan Documents**. Each member of the Lender Group authorizes and directs Agent to enter into this Agreement and the other Loan Documents. Each member of the Lender Group agrees (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to agree) that any action taken by Agent in accordance with the terms of this Agreement or the other Loan Documents relating to the Collateral and the exercise by Agent of its powers set forth therein or herein, together with such other powers that are reasonably incidental thereto, shall be binding upon all of the Lenders (and such Bank Product Provider).

15.16 **Financial Examination Reports; Confidentiality; Disclaimers by Lenders; Other Reports and Information**. By becoming a party to this Agreement, each Lender:

(a) is deemed to have requested that Agent furnish such Lender, promptly after it becomes available, a copy of each financial examination report and each business valuation report respecting Holdings or its Subsidiaries (each, a "Report") prepared by or at the request of Agent, and Agent shall so furnish each Lender with such Reports,

(b) expressly agrees and acknowledges that Agent does not (i) make any representation or warranty as to the accuracy of any Report, and (ii) shall not be liable for any information contained in any Report,

(c) expressly agrees and acknowledges that the Reports are not comprehensive audits or examinations, that Agent or other party performing any financial examination will inspect only specific information regarding Holdings and its Subsidiaries and will rely significantly upon Holdings and its Subsidiaries' books and records, as well as on representations of Borrowers' personnel,

(d) agrees to keep all Reports and other material, non-public information regarding Holdings and its Subsidiaries and their operations, assets, and existing and contemplated business plans in a confidential manner in accordance with Section 17.9, and

(e) without limiting the generality of any other indemnification provision contained in this Agreement, agrees: (i) to hold Agent and any other Lender preparing a Report harmless from any action the indemnifying Lender may take or fail to take or any conclusion the indemnifying Lender may reach or draw from any Report in connection with any loans or other credit accommodations that the indemnifying Lender has made or may make to Borrowers, or the indemnifying Lender's participation in, or the indemnifying Lender's purchase of, a loan or loans of Borrowers, and (ii) to pay and protect, and indemnify, defend and hold Agent, and any such other Lender preparing a Report harmless from and against, the claims, actions, proceedings, damages, costs, expenses, and other amounts (including, attorneys' fees and costs) incurred by Agent and any such other Lender preparing a Report as the direct or indirect result of any third parties who might obtain all or part of any Report through the indemnifying Lender.

(f) In addition to the foregoing, (x) any Lender may from time to time request of Agent in writing that Agent provide to such Lender a copy of any report or document provided by any Loan Party or its Subsidiaries to Agent that has not been contemporaneously provided by such Loan Party or such Subsidiary to such Lender, and, upon receipt of such request, Agent promptly shall provide a copy of same to such Lender, (y) to the extent that Agent is entitled, under any provision of the Loan Documents, to request additional reports or information from any Loan Party or its Subsidiaries, any Lender may, from time to time, reasonably request Agent to exercise such right as specified in such Lender's notice to Agent, whereupon Agent promptly shall request of Borrowers the additional reports or information reasonably specified by such Lender, and, upon receipt thereof from such Loan Party or such Subsidiary, Agent promptly shall provide a copy of same to such Lender, and (z) any time that Agent renders to Borrowers a statement regarding the Loan Account, Agent shall send a copy of such statement to each Lender.

15.17 **Several Obligations; No Liability**. Notwithstanding that certain of the Loan Documents now or hereafter may have been or will be executed only by or in favor of Agent in its capacity as such, and not by or in favor of the Lenders, any and all obligations on the part of Agent (if any) to make any credit available hereunder shall constitute the several (and not joint) obligations of the respective Lenders on a ratable basis, according to their respective Commitments, to make an amount of such credit not to exceed, in principal amount, at any one time outstanding, the amount of their respective Commitments. Nothing contained herein shall confer upon any Lender any interest in, or subject any Lender to any liability for, or in respect of, the business, assets, profits, losses, or liabilities of any other Lender. Each Lender shall be solely responsible for notifying its Participants of any matters relating to the Loan Documents to the extent any such notice may be required, and no Lender shall have any obligation, duty, or liability to any Participant of any other Lender. Except as provided in Section 15.7, no member of the Lender Group shall have any liability for the acts of any other member of the Lender Group. No Lender shall be responsible to any Borrower or any other Person for any failure by any other Lender (or Bank Product Provider) to fulfill its obligations to make credit available hereunder, nor to advance for such Lender (or Bank Product Provider) or on its behalf, nor to take any other action on behalf of such Lender (or Bank Product Provider) hereunder or in connection with the financing contemplated herein.

15.18 **Lead Arranger**. The Lead Arranger, in such capacity, shall not have any right, power, obligation, liability, responsibility, or duty under this Agreement other than those applicable to it in its capacity as a Lender, as Agent, as Swing Lender, or as Issuing Bank. Without limiting the foregoing, the Lead Arranger, in such capacity, shall not have or be deemed to have any fiduciary relationship with any Lender or any Loan Party. Each Lender, Agent, Swing Lender, Issuing Bank, and each Loan Party acknowledges that it has not relied, and will not rely, on the Lead Arranger in deciding to enter into this Agreement or in taking or not taking action hereunder. The Lead Arranger, in such capacity, shall be entitled to resign at any time by giving notice to Agent and Borrowers.

16. **WITHHOLDING TAXES.**

16.1 **Payments; Tax Indemnity**.

(a) Any and all payments by or on account of any obligation of any Loan Party to or for the account of any Agent or any Lender under any Loan Document shall be made free and clear of and without deduction for any Taxes unless required by applicable Law. If any applicable withholding agent shall be required by any Laws to deduct any Taxes from or in respect of any sum payable under any Loan Document to any Agent or any Lender, (i) if such Taxes are Indemnified Taxes, the sum payable by the Loan Party shall be increased as necessary so that after all required deductions have been made (including deductions applicable to additional sums payable under this Section 16.1), each of such Agent and such Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) such applicable withholding agent shall make such deductions, (iii) such applicable withholding agent shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable Laws, and (iv) within thirty (30) days after the date of such payment by such applicable withholding agent (or, if receipts or evidence are not available within thirty (30) days, as soon as possible thereafter), such applicable withholding agent shall furnish to Borrower and such Agent or Lender (as the case may be) the original or a facsimile copy of a receipt evidencing payment thereof to the extent such a receipt is issued therefor, or other written proof of payment thereof that is reasonably satisfactory to the Agent.

(b) In addition, the Borrower agrees to pay all Other Taxes.

(c) Without duplication of any amounts payable pursuant to Section 16.1(a) or Section 16.1(b), the Loan Parties, jointly and severally, agree to indemnify each Agent and each Lender for (i) the full amount of Indemnified Taxes (including any Indemnified Taxes imposed or asserted by any jurisdiction in respect of amounts payable under this Section 16.1) payable by such Agent and such Lender or required to be withheld or deducted from a payment to such Agent or such Lender and (ii) any reasonable expenses arising therefrom or with respect thereto, in each case whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. Payment under this Section 16.1(c) shall be made within ten (10) days after the date such Lender or such Agent makes a written demand therefor. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Agent), or by the Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

16.2 **Exemptions**.

(a) Each Lender shall, at such times as are reasonably requested by the Borrower or the Agent, provide the Borrower and the Agent with any documentation certifying as to any entitlement of such Lender to an exemption from, or reduction in, any withholding Tax with respect to any payments to be made to such Lender under any Loan Document. Each such Lender shall, whenever a lapse in time or change in circumstances renders such documentation (including any documentation specifically referenced below) expired, obsolete or inaccurate in any material respect, deliver promptly to the Borrower and the Agent updated or other appropriate documentation (including any new documentation reasonably requested by the applicable withholding agent) or promptly notify the Borrower and the Agent in writing of its inability to do so. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in paragraphs (b), (c)(i) – (c)(iv), and (d) of this Section) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

Without limiting the generality of the foregoing:

(b) Each Lender that is a "United States person" (as defined in Section 7701(a)(30) of the IRC) shall deliver to the Borrower and the Agent on or before the date on which it becomes a party to this Agreement two properly completed and duly signed original copies of IRS Form W-9 (or any successor form) certifying that such Lender is exempt from U.S. federal backup withholding;

(c) Each Lender that is not a "United States person" (as defined in Section 7701(a)(30) of the IRC) shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Agent on or before the date on which it becomes a party to this Agreement (and from time to time thereafter when required by Law or upon the reasonable request of the Borrower or the Agent) whichever of the following is applicable:

(i) two duly completed copies of IRS Form W-8BEN or W-8BEN-E, as applicable (or any successor forms) claiming eligibility for benefits of an income tax treaty to which the United States is a party,

(ii) two duly completed copies of IRS Form W-8ECI (or any successor forms),

(iii) in the case of a Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the IRC, (x) a certificate in form approved by the Agent (any such certificate a "United States Tax Compliance Certificate"), to the effect that such Lender is not (A) a "bank" within the meaning of Section 881(c)(3)(A) of the IRC, (B) a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the IRC or (C) a "controlled foreign corporation" described in Section 881(c)(3)(C) of the IRC, and (y) two duly completed copies of IRS Form W-8BEN or W-8BEN-E, as applicable (or any successor forms),

(iv) to the extent a Lender is not the beneficial owner (for example, where the Lender is a partnership), IRS Form W-8IMY (or any successor forms) of the Lender, accompanied by a IRS Form W-8ECI, W-8BEN or W-8BEN-E, as applicable (or any successor forms), United States Tax Compliance Certificate, IRS Form W-9, Form W-8IMY (or other successor forms) or other certification documents from each beneficial owner, as applicable (provided that, if the Lender is a partnership and one or more direct or indirect partners are claiming the portfolio interest exemption, the United States Tax Compliance Certificate may be provided by such Lender on behalf of such direct or indirect partner(s)), or

(v) two duly completed copies of any other form prescribed by applicable U.S. federal income tax laws (including the Treasury regulations) as a basis for claiming a complete exemption from, or a reduction in, U.S. federal withholding tax on any payments to such Lender under the Loan Documents.

(d) If a payment made to a Lender or the Agent under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Sections 1471(b) or 1472(b) of the IRC, as applicable), such Lender or Agent shall deliver to the Borrower and the Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the IRC) and such additional documentation reasonably requested by the Borrower or the Agent as may be necessary for the Borrower and the Agent to comply with their FATCA obligations, to determine whether such Lender or Agent has or has not complied with such Lender's FATCA obligations and to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this Section 16.2(d), "FATCA" shall include any amendments made to FATCA after the date of this Agreement. Notwithstanding any other provision of this clause (d), a Lender shall not be required to deliver any form that such Lender is not legally eligible to deliver.

Each Lender hereby authorizes the Agent to deliver to the Loan Parties and to any successor Agent any documentation provided by such Lender to the Agent pursuant to this Section 16.2(d).

16.3 **Reductions**.

(a) If a Lender or a Participant is subject to an applicable withholding tax, Agent (or, in the case of a Participant, the Lender granting the participation) may withhold from any payment to such Lender or such Participant an amount equivalent to the applicable withholding tax. If the forms or other documentation required by Section 16.2 are not delivered to Agent (or, in the case of a Participant, to the Lender granting the participation), then Agent (or, in the case of a Participant, the Lender granting the participation) may withhold from any payment to such Lender or such Participant not providing such forms or other documentation an amount equivalent to the applicable withholding tax.

(b) If the IRS or any other Governmental Authority of the United States or other jurisdiction asserts a claim that Agent (or, in the case of a Participant, the Lender granting the participation) did not properly withhold tax from amounts paid to or for the account of any Lender or any Participant due to a failure on the part of the Lender or any Participant (because the appropriate form was not delivered, was not properly executed, or because such Lender failed to notify Agent (or such Participant failed to notify the Lender granting the participation) of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason) such Lender shall indemnify and hold Agent harmless (or, in the case of a Participant, such Participant shall indemnify and hold the Lender granting the participation harmless) for all amounts paid, directly or indirectly, by Agent (or, in the case of a Participant, to the Lender granting the participation), as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to Agent (or, in the case of a Participant, by the Lender granting the participation only) under this Section 16, together with all costs and expenses (including attorneys' fees and expenses). The obligation of the Lenders and the Participants under this subsection shall survive the payment of all Obligations and the resignation or replacement of Agent.

16.4 **Refunds**. If Agent or a Lender determines, in its sole discretion exercised in good faith, that it has received a refund of any Indemnified Taxes to which any Loan Party has paid additional amounts pursuant to this Section 16, so long as no Event of Default has occurred and is continuing, it shall pay over such refund to Borrowers (but only to the extent of payments made, or additional amounts paid, by any

Loan Party under this Section 16 with respect to Indemnified Taxes giving rise to such a refund), net of all out-of-pocket expenses of Agent or such Lender and without interest (other than any interest paid by the applicable Governmental Authority with respect to such a refund); provided, that Borrowers, upon the request of Agent or such Lender, agrees to repay the amount paid over to Borrowers (plus any penalties, interest or other charges, imposed by the applicable Governmental Authority, other than such penalties, interest or other charges imposed as a result of the willful misconduct or gross negligence of Agent hereunder) to Agent or such Lender in the event Agent or such Lender is required to repay such refund to such Governmental Authority. Notwithstanding anything in this Agreement to the contrary, this Section 16.4 shall not be construed to require Agent or any Lender to (i) make available its tax returns (or any other information which it deems confidential) to Borrowers or any other Person or (ii) pay any amount pursuant to this Section 16.4, the payment of which would place such Agent or Lender in a less favorable net after-Tax position than the Agent or Lender (or their Affiliates) would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid.

16.5 Each party's obligations under this Section 16 shall survive the resignation or replacement of the Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

17. **GENERAL PROVISIONS.**

17.1 **Effectiveness**. This Agreement shall be binding and deemed effective when executed by each of Holdings, each Borrower, Agent, and each Lender whose signature is provided for on the signature pages hereof.

17.2 **Section Headings**. 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.

17.3 **Interpretation**. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed against the Lender Group or any Loan Party, whether under any rule of construction or otherwise. On the contrary, this Agreement 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.

17.4 **Severability of Provisions**. 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.

17.5 **Bank Product Providers**. Each Bank Product Provider in its capacity as such shall be deemed a third party beneficiary hereof and of the provisions of the other Loan Documents for purposes of any reference in a Loan Document to the parties for whom Agent is acting. Agent hereby agrees to act as agent for such Bank Product Providers and, by virtue of entering into a Bank Product Agreement, the applicable Bank Product Provider shall be automatically deemed to have appointed Agent as its agent and to have accepted the benefits of the Loan Documents. It is understood and agreed that the rights and benefits of each Bank Product Provider under the Loan Documents consist exclusively of such Bank Product Provider's being a beneficiary of the Liens and security interests (and, if applicable, guarantees) granted to Agent and the right to share in payments and collections out of the Collateral as more fully set forth herein. In addition, each Bank Product Provider, by virtue of entering into a Bank Product Agreement, shall be automatically deemed to have agreed that Agent shall have the right, but shall have no obligation, to establish, maintain, relax, or release reserves in respect of the Bank Product Obligations and that if reserves

are established there is no obligation on the part of Agent to determine or insure whether the amount of any such reserve is appropriate or not. In connection with any such distribution of payments or proceeds of Collateral, Agent shall be entitled to assume no amounts are due or owing to any Bank Product Provider unless such Bank Product Provider has provided a written certification (setting forth a reasonably detailed calculation) to Agent as to the amounts that are due and owing to it and such written certification is received by Agent a reasonable period of time prior to the making of such distribution. Agent shall have no obligation to calculate the amount due and payable with respect to any Bank Products, but may rely upon the written certification of the amount due and payable from the applicable Bank Product Provider. In the absence of an updated certification, Agent shall be entitled to assume that the amount due and payable to the applicable Bank Product Provider is the amount last certified to Agent by such Bank Product Provider as being due and payable (less any distributions made to such Bank Product Provider on account thereof). Borrowers may obtain Bank Products from any Bank Product Provider, although Borrowers are not required to do so. Each Borrower acknowledges and agrees that no Bank Product Provider has committed to provide any Bank Products and that the providing of Bank Products by any Bank Product Provider is in the sole and absolute discretion of such Bank Product Provider. Notwithstanding anything to the contrary in this Agreement or any other Loan Document, no provider or holder of any Bank Product shall have any voting or approval rights hereunder (or be deemed a Lender) solely by virtue of its status as the provider or holder of such agreements or products or the Obligations owing thereunder, nor shall the consent of any such provider or holder be required (other than in their capacities as Lenders, to the extent applicable) for any matter hereunder or under any of the other Loan Documents, including as to any matter relating to the Collateral or the release of Collateral or Guarantors.

17.6 **Debtor-Creditor Relationship**. The relationship between the Lenders and Agent, on the one hand, and the Loan Parties, on the other hand, is solely that of creditor and debtor. No member of the Lender Group has (or shall be deemed to have) any fiduciary relationship or duty to any Loan Party arising out of or in connection with the Loan Documents or the transactions contemplated thereby, and there is no agency or joint venture relationship between the members of the Lender Group, on the one hand, and the Loan Parties, on the other hand, by virtue of any Loan Document or any transaction contemplated therein.

17.7 **Counterparts; Electronic Execution**. 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 Loan Document *mutatis mutandis*.

17.8 **Revival and Reinstatement of Obligations; Certain Waivers**. If any member of the Lender Group or any Bank Product Provider repays, refunds, restores, or returns in whole or in part, any payment or property (including any proceeds of Collateral) previously paid or transferred to such member of the Lender Group or such Bank Product Provider in full or partial satisfaction of any Obligation or on account of any other obligation of any Loan Party under any Loan Document or any Bank Product Agreement, because the payment, transfer, or the incurrence of the obligation so satisfied is asserted or declared to be void, voidable, or otherwise recoverable under any law relating to creditors' rights, including provisions of the Bankruptcy Code relating to fraudulent transfers, preferences, or other voidable or recoverable obligations or transfers (each, a "Voidable Transfer"), or because such member of the Lender Group or Bank Product Provider elects to do so on the reasonable advice of its counsel in connection with a claim that the payment, transfer, or incurrence is or may be a Voidable Transfer, then, as to any such

Voidable Transfer, or the amount thereof that such member of the Lender Group or Bank Product Provider elects to repay, restore, or return (including pursuant to a settlement of any claim in respect thereof), and as to all reasonable costs, expenses, and attorneys' fees of such member of the Lender Group or Bank Product Provider related thereto, (i) the liability of the Loan Parties with respect to the amount or property paid, refunded, restored, or returned will automatically and immediately be revived, reinstated, and restored and will exist and (ii) Agent's Liens securing such liability shall be effective, revived, and remain in full force and effect, in each case, as fully as if such Voidable Transfer had never been made. If, prior to any of the foregoing, (A) Agent's Liens shall have been released or terminated or (B) any provision of this Agreement shall have been terminated or cancelled, Agent's Liens, or such provision of this Agreement, shall be reinstated in full force and effect and such prior release, termination, cancellation or surrender shall not diminish, release, discharge, impair or otherwise affect the obligation of any Loan Party in respect of such liability or any Collateral securing such liability.

17.9 **Confidentiality**.

(a) Agent and Lenders each individually (and not jointly or jointly and severally) agree that material, non-public information regarding Loan Parties and their Subsidiaries, their operations, assets, and existing and contemplated business plans ("Confidential Information") shall be treated by Agent and the Lenders in a confidential manner, and shall not be disclosed by Agent and the Lenders to Persons who are not parties to this Agreement, except: (i) to attorneys for and other advisors, accountants, auditors, and consultants to any member of the Lender Group and to employees, directors and officers of any member of the Lender Group (the Persons in this clause (i), "Lender Group Representatives") on a "need to know" basis in connection with this Agreement and the transactions contemplated hereby and on a confidential basis, (ii) to Subsidiaries and Affiliates of any member of the Lender Group (including the Bank Product Providers), provided that any such Subsidiary or Affiliate shall have agreed to receive such information hereunder subject to the terms of this Section 17.9, (iii) as may be required by regulatory authorities so long as such authorities are informed of the confidential nature of such information, (iv) as may be required by statute, decision, or judicial or administrative order, rule, or regulation; provided that (x) prior to any disclosure under this clause (iv) other than with respect to any audit or examination conducted by bank accountants or any governmental bank regulatory authority exercising examination or regulatory authority, the disclosing party agrees to provide Borrowers with prior notice thereof, to the extent that it is practicable to do so and to the extent that the disclosing party is permitted to provide such prior notice to Borrowers pursuant to the terms of the applicable statute, decision, or judicial or administrative order, rule, or regulation and (y) any disclosure under this clause (iv) shall be limited to the portion of the Confidential Information as may be required by such statute, decision, or judicial or administrative order, rule, or regulation, (v) as may be agreed to in advance in writing by Borrowers, (vi) as requested or required by any Governmental Authority pursuant to any subpoena or other legal process, provided, that, (x) prior to any disclosure under this clause (vi) other than with respect to any audit or examination conducted by bank accountants or any governmental bank regulatory authority exercising examination or regulatory authority the disclosing party agrees to provide Borrowers with prior written notice thereof, to the extent that it is practicable to do so and to the extent that the disclosing party is permitted to provide such prior written notice to Borrowers pursuant to the terms of the subpoena or other legal process and (y) any disclosure under this clause (vi) shall be limited to the portion of the Confidential Information as may be required by such Governmental Authority pursuant to such subpoena or other legal process, (vii) as to any such information that is or becomes generally available to the public (other than as a result of prohibited disclosure by Agent or the Lenders or the Lender Group Representatives), (viii) in connection with any assignment, participation or pledge of any Lender's interest under this Agreement, provided that prior to receipt of Confidential Information any such assignee, participant, or pledgee shall have agreed in writing to receive such Confidential Information either subject to the terms of this Section 17.9 or pursuant to confidentiality requirements substantially similar to those contained in this Section 17.9 (and such Person may disclose such Confidential Information to Persons employed or engaged by them as described in clause

(i) above), (ix) in connection with any litigation or other adversary proceeding involving parties hereto which such litigation or adversary proceeding involves claims related to the rights or duties of such parties under this Agreement or the other Loan Documents; provided, that, prior to any disclosure to any Person (other than any Loan Party, Agent, any Lender, any of their respective Affiliates, or their respective counsel) under this clause (ix) with respect to litigation involving any Person (other than any Borrower, Agent, any Lender, any of their respective Affiliates, or their respective counsel), the disclosing party agrees to provide Borrowers with prior written notice thereof, and (x) in connection with, and to the extent reasonably necessary for, the exercise of any secured creditor remedy under this Agreement or under any other Loan Document.

(b) Anything in this Agreement to the contrary notwithstanding, Agent may disclose information concerning the terms and conditions of this Agreement and the other Loan Documents to loan syndication and pricing reporting services or in its marketing or promotional materials, with such information to consist of deal terms and other information customarily found in such publications or marketing or promotional materials and may otherwise use the name, logos, and other insignia of any Borrower or the other Loan Parties and the Commitments provided hereunder in any "tombstone" or other advertisements, on its website or in other marketing materials of the Agent.

(c) The Loan Parties hereby acknowledge that Agent or its Affiliates may make available to the Lenders materials or information provided by or on behalf of Borrowers hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on IntraLinks, SyndTrak or another similar electronic system (the "Platform") and certain of the Lenders may be "public-side" Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to the Loan Parties or their securities) (each, a "Public Lender"). The Loan Parties shall be deemed to have authorized Agent and its Affiliates and the Lenders to treat Borrower Materials marked "PUBLIC" or otherwise at any time filed with the SEC as not containing any material non-public information with respect to the Loan Parties or their securities for purposes of United States federal and state securities laws. All Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated as "Public Investor" (or another similar term). Agent and its Affiliates and the Lenders shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" or that are not at any time filed with the SEC as being suitable only for posting on a portion of the Platform not marked as "Public Investor" (or such other similar term).

17.10 **Survival**. All representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that Agent, Issuing Bank, 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 the principal of, or any accrued interest on, any Loan or any fee or any other amount payable under this Agreement is outstanding or unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or been terminated.

17.11 **PATRIOT Act**. Each Lender that is subject to the requirements of the PATRIOT Act hereby notifies Borrowers that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies each Borrower, which information includes the name and address of each Borrower and other information that will allow such Lender to identify each Borrower in accordance with the PATRIOT Act. In addition, if Agent is required by law or regulation or internal policies to do so, it shall have the right to periodically conduct (a) PATRIOT Act searches, OFAC/PEP searches, and customary individual background checks for the Loan Parties and (b) OFAC/PEP searches and customary individual background checks for the Loan Parties' senior management and key principals, and each Borrower agrees to cooperate in respect of the conduct of such searches and further agrees that the reasonable costs and charges for such searches shall constitute Lender Group Expenses hereunder and be for the account of Borrowers.

17.12 **Integration**. This Agreement, together with the other Loan Documents, reflects the entire understanding of the parties with respect to the transactions contemplated hereby and shall not be contradicted or qualified by any other agreement, oral or written, before the date hereof. The foregoing to the contrary notwithstanding, all Bank Product Agreements, if any, are independent agreements governed by the written provisions of such Bank Product Agreements, which will remain in full force and effect, unaffected by any repayment, prepayments, acceleration, reduction, increase, or change in the terms of any credit extended hereunder, except as otherwise expressly provided in such Bank Product Agreement.

17.13 **Paycor as Agent for Borrowers**. Each Borrower hereby irrevocably appoints Paycor as the borrowing agent and attorney-in-fact for all Borrowers (the "Administrative Borrower") which appointment shall remain in full force and effect unless and until Agent shall have received prior written notice signed by each Borrower that such appointment has been revoked and that another Borrower has been appointed Administrative Borrower. Each Borrower hereby irrevocably appoints and authorizes the Administrative Borrower (a) to provide Agent with all notices with respect to the Term Loan, Revolving Loans and Letters of Credit obtained for the benefit of any Borrower and all other notices and instructions under this Agreement and the other Loan Documents (and any notice or instruction provided by Administrative Borrower shall be deemed to be given by Borrowers hereunder and shall bind each Borrower), (b) to receive notices and instructions from members of the Lender Group (and any notice or instruction provided by any member of the Lender Group to the Administrative Borrower in accordance with the terms hereof shall be deemed to have been given to each Borrower), and (c) to take such action as the Administrative Borrower deems appropriate on its behalf to obtain the Term Loan, Revolving Loans and Letters of Credit and to exercise such other powers as are reasonably incidental thereto to carry out the purposes of this Agreement. It is understood that the handling of the Loan Account and Collateral in a combined fashion, as more fully set forth herein, is done solely as an accommodation to Borrowers in order to utilize the collective borrowing powers of Borrowers in the most efficient and economical manner and at their request, and that Lender Group shall not incur liability to any Borrower as a result hereof. Each Borrower expects to derive benefit, directly or indirectly, from the handling of the Loan Account and the Collateral in a combined fashion since the successful operation of each Borrower is dependent on the continued successful performance of the integrated group. To induce the Lender Group to do so, and in consideration thereof, each Borrower hereby jointly and severally agrees to indemnify each member of the Lender Group and hold each member of the Lender Group harmless against any and all liability, expense, loss or claim of damage or injury, made against the Lender Group by any Borrower or by any third party whosoever, arising from or incurred by reason of (i) the handling of the Loan Account and Collateral of Borrowers as herein provided, or (ii) the Lender Group's relying on any instructions of the Administrative Borrower**,** except that Borrowers will have no liability to the relevant Agent-Related Person or Lender-Related Person under this Section 17.13 with respect to any liability that has been finally determined by a court of competent jurisdiction to have resulted solely from the gross negligence or willful misconduct of such Agent-Related Person or Lender-Related Person, as the case may be.

17.14 **Acknowledgment and Consent to Bail-In of Affected Financial Institutions**. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

17.15 **Acknowledgement Regarding Any Supported QFCs**. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Hedge Agreements or any other agreement or instrument that is a QFC (such support, "QFC Credit Support" and each such QFC a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States): In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

[Signature pages to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first above written.

HOLDINGS:

[_____], a [_____]

By: _____
Name:
Title:

BORROWERS:

[_____], a [_____]

By: _____
Name:
Title:

[_____], a [_____]

By: _____
Name:
Title:

[_____], a [_____]

By: _____
Name:
Title:

WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association,
as Agent, Lead Arranger, and as a Lender

By: _____
Name:
Title: Authorized Signatory

Schedule C-1

Commitments

Lender	Revolver Commitment	Second Amendment Term Loan Commitment
Wells Fargo Bank, National Association	$50,000,000	$25,000,000
Total	$50,000,000	$25,000,000

Annex 1.1

As used in the Agreement, the following terms shall have the following definitions:

"7Geese" means Paltech Solutions Inc., a corporation governed by the laws of the Province of British Columbia.

"Accounting Change" means any change in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants (or any successor thereto or any agency with similar functions).

"Acquired Indebtedness" means Indebtedness of a Person whose assets or Equity Interests are acquired by Borrowers or any of its Subsidiaries in a Permitted Acquisition; provided, that such Indebtedness (a) [reserved], (b) was in existence prior to the date of such Permitted Acquisition, and (c) was not incurred in connection with, or in contemplation of, such Permitted Acquisition.

"Acquisition" means (a) the purchase or other acquisition by a Person or its Subsidiaries of all or substantially all of the assets of (or any division or business line of) any other Person, or (b) the purchase or other acquisition (whether by means of a merger, consolidation, or otherwise) by a Person or its Subsidiaries of all or substantially all of the Equity Interests of any other Person.

"Acquisition Agreement" means that certain Agreement and Plan of Merger, dated as of September 7, 2018, among Pride Guarantor, Inc., a Delaware corporation, Merger Sub, Paycor, Shareholder Representative Services LLC, a Colorado limited liability company, solely in its capacity as a representative of the Equityholders of Paycor, and Pride Aggregator, LP, a Delaware limited partnership.

"Additional Documents" has the meaning specified therefor in Section 5.11 of the Agreement.

"Administrative Borrower" has the meaning specified therefor in Section 17.13 of the Agreement.

"Administrative Questionnaire" has the meaning specified therefor in Section 13.1(a) of the Agreement.

"Affected Financial Institution" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"Affected Lender" has the meaning specified therefor in Section 2.13(b) of the Agreement.

"Affiliate" means, as applied to any Person, any other Person who controls, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" means the possession, directly or indirectly through one or more intermediaries, of the power to direct the management and policies of a Person, whether through the ownership of Equity Interests, by contract, or otherwise.

"Agent" has the meaning specified therefor in the preamble to the Agreement.

"Agent-Related Persons" means Agent, together with its Affiliates, officers, directors, employees, attorneys, and agents.

"Agent's Account" means the Deposit Account of Agent identified on Schedule A-1 to the Agreement (or such other Deposit Account of Agent that has been designated as such, in writing, by Agent to Borrowers and the Lenders).

"Agent's Liens" means the Liens granted by each Loan Party to Agent under the Loan Documents and securing the Obligations.

"Agreement" means the Credit Agreement to which this Annex 1.1 is attached.

"Anti-Corruption Laws" means the Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"), the U.K. Bribery Act of 2010, as amended, and all other applicable laws and regulations concerning or relating to bribery or corruption in any jurisdiction in which any Loan Party or any of its Subsidiaries is located.

"Anti-Money Laundering Laws" means the applicable laws or regulations in any jurisdiction in which any Loan Party or any of its Subsidiaries is located that relate to money laundering, or relate to any financial record keeping and reporting requirements.

"Application Event" means (a) the occurrence of a failure by Borrowers to repay all of the Obligations then due and payable in full on the Maturity Date, or (b) the occurrence and continuance of an Event of Default and the election by Agent or the Required Lenders during such continuance to require that payments and proceeds of Collateral be applied pursuant to Section 2.4(b)(ii) of the Agreement.

"Approved Sale" means the sale, conveyance, transfer or other disposition of (a) at least fifty-one percent (51%) of the Equity Interests of the Borrowers or (b) all or substantially all of the assets of the Borrowers, in each case in one, or a series of, arm's length transactions with a non-Affiliate.

"Assignee" has the meaning specified therefor in Section 13.1(a) of the Agreement.

"Assignment and Acceptance" means an Assignment and Acceptance Agreement substantially in the form of Exhibit A-1 to the Agreement.

"Authorized Person" means any one of the individuals identified on Schedule A-2 to the Agreement, as such schedule is updated from time to time by written notice from Borrowers to Agent.

"Availability" means, as of any date of determination, the amount that Borrowers are entitled to borrow as Revolving Loans under Section 2.1 of the Agreement (after giving effect to the then outstanding Revolver Usage).

"Available Amount" means, at any time (the "Available Amount Reference Time"), an amount (which shall not be less than zero) equal to the sum of:

(a) the greater of (x) $5,000,000 and (y) 12.5% of Consolidated EBITDA for the test period most recently ended; plus

(b) 50% of consolidated net income (which shall not be less than zero) of Borrowers and their Restricted Subsidiaries for the period from the first day of the of the fiscal quarter of Administrative Borrower during which the Conversion Date occurs to and including the last day of the most recently ended fiscal quarter of Administrative Borrower prior to the Available Amount Reference Time; plus

(c) the amount of any capital contributions or Net Cash Proceeds from any issuance of Qualified Equity Interests (or issuance of debt securities that have been converted into or exchanged for Qualified Equity Interests) (other than any Cure Amount or any other capital contributions or equity or debt issuances to the extent utilized in connection with other transactions permitted pursuant to Section 6.6, Section 6.7, or Section 6.9) received by or made to the Borrowers (or any direct or indirect parent thereof and contributed by such parent to the Borrowers) during the period from and including the Business Day immediately following the Conversion Date through and including the Available Amount Reference Time; plus

(d) to the extent not (i) already included in the calculation of consolidated net income of Borrowers and their Restricted Subsidiaries or (ii) already reflected as a return of capital or deemed reduction in the amount of such Investment pursuant to clause (f) below or any other provision of the definition of "Permitted Investments", the aggregate amount of all cash dividends and other cash distributions received by the Borrowers or any Restricted Subsidiary from Unrestricted Subsidiaries during the period from the Business Day immediately following the Conversion Date through and including the Available Amount Reference Time; plus

(e) to the extent not (i) already included in the calculation of consolidated net income of Borrowers and their Restricted Subsidiaries, or (ii) already reflected as a return of capital or deemed reduction in the amount of such Investment pursuant to clause (f) below or any other provision of the definition of "Permitted Investments", the aggregate amount of all Net Cash Proceeds received by the Borrowers or any Restricted Subsidiary in connection with the sale, transfer or other disposition of its ownership interest in any Unrestricted Subsidiary during the period from the Business Day immediately following the Conversion Date through and including the Available Amount Reference Time; minus

(f) the aggregate amount of (i) any Investments made pursuant to clause (s) of the definition of "Permitted Investments" (net of any return of capital in respect of such Investment or deemed reduction in the amount of such Investment, including, without limitation, upon the redesignation of any Unrestricted Subsidiary as a Restricted Subsidiary or the sale, transfer, lease or other disposition of any such Investment), (ii) any Restricted Payment made pursuant to Section 6.7(c) and (iii) any payments made pursuant to Section 6.6(a)(i)(F), in each case, during the period commencing on the Conversion Date through and including the Available Amount Reference Time (and, for purposes of this clause (f), without taking account of the intended usage of the Available Amount at such Available Amount Reference Time).

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation" means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"Bank Product" means any one or more of the following financial products or accommodations extended to Holdings or its Subsidiaries by a Bank Product Provider: (a) credit cards (including commercial cards (including so-called "purchase cards", "procurement cards" or "p-cards")), (b) credit card processing services, (c) debit cards, (d) stored value cards, (e) Cash Management Services, or (f) transactions under Hedge Agreements.

"Bank Product Agreements" means those agreements entered into from time to time by Holdings or its Subsidiaries with a Bank Product Provider in connection with the obtaining of any of the Bank Products.

"Bank Product Collateralization" means providing cash collateral (pursuant to documentation reasonably satisfactory to Agent) to be held by Agent for the benefit of the Bank Product Providers (other than the Hedge Providers) in an amount determined by Agent as sufficient to satisfy the reasonably estimated credit exposure with respect to the then existing Bank Product Obligations (other than Hedge Obligations).

"Bank Product Obligations" means (a) all obligations, liabilities, reimbursement obligations, fees, or expenses owing by Holdings and its Subsidiaries to any Bank Product Provider pursuant to or evidenced by a Bank Product Agreement and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, (b) all Hedge Obligations, and (c) all amounts that Agent or any Lender is obligated to pay to a Bank Product Provider as a result of Agent or such Lender purchasing participations from, or executing guarantees or indemnities or reimbursement obligations to, a Bank Product Provider with respect to the Bank Products provided by such Bank Product Provider to Holdings or one of its Subsidiaries.

"Bank Product Provider" means Wells Fargo, any Lender or any of their Affiliates, including each of the foregoing in its capacity, if applicable, as a Hedge Provider; provided, that no such Person (other than Wells Fargo or its Affiliates) shall constitute a Bank Product Provider with respect to a Bank Product unless and until Agent receives a Bank Product Provider Agreement from such Person (a) on or prior to the Closing Date (or such later date as Agent shall agree to in writing in its sole discretion) with respect to Bank Products provided on or prior to the Closing Date, or (b) on or prior to the date that is 10 days after the provision of such Bank Product to a Loan Party or its Subsidiaries (or such later date as Agent shall agree to in writing in its sole discretion) with respect to Bank Products provided after the Closing Date; provided further, that if, at any time, a Lender ceases to be a Lender under this Agreement (prior to the payment in full of the Obligations), then, from and after the date on which it so ceases to be a Lender thereunder, neither it nor any of its Affiliates shall constitute Bank Product Providers and the obligations with respect to Bank Products provided by such former Lender or any of its Affiliates shall no longer constitute Bank Product Obligations.

"Bank Product Reserves" means, as of any date of determination, the Dollar amount of reserves that Agent has determined are necessary or appropriate to establish (based upon the Bank Product Providers' determination of the liabilities and obligations of Holdings and its Subsidiaries in respect of Bank Product Obligations) in respect of Bank Products then provided or outstanding.

"Bankruptcy Code" means title 11 of the United States Code, as in effect from time to time.

"Base Rate" means the greatest of (a) the Federal Funds Rate plus ½%, (b) the LIBOR Rate (which rate shall be calculated based upon an Interest Period of 1 month and shall be determined on a daily basis), plus 1 percentage point, and (c) the rate of interest announced, from time to time, within Wells Fargo at its principal office in San Francisco as its "prime rate", with the understanding that the "prime rate" is one of Wells Fargo's base rates (not necessarily the lowest of such rates) and serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto and is evidenced by the recording thereof after its announcement in such internal publications as Wells Fargo may designate (and, if any such announced rate is below zero, then the rate determined pursuant to this clause (c) shall be deemed to be zero).

"Base Rate Loan" means each portion of the Revolving Loans or the Term Loan that bears interest at a rate determined by reference to the Base Rate.

"Base Rate Margin" means (a) prior to and on the Third Anniversary Date, 3.25 percentage points and (b) after the Third Anniversary Date, 3.00 percentage points.

"Benchmark Replacement" means the sum of: (a) the alternate benchmark rate (which may include Term SOFR) that has been selected by Agent and Administrative Borrower giving due consideration to (i) any selection or recommendation of a replacement rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a rate of interest as a replacement to the LIBOR Rate for United States dollar-denominated syndicated credit facilities and (b) the Benchmark Replacement Adjustment; provided that, if the Benchmark Replacement as so determined would be less than zero, the Benchmark Replacement shall be deemed to be zero for the purposes of this Agreement.

"Benchmark Replacement Adjustment" means, with respect to any replacement of the LIBOR Rate with an Unadjusted Benchmark Replacement for each applicable Interest Period, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by Agent and Administrative Borrower giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the LIBOR Rate with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the LIBOR Rate with the applicable Unadjusted Benchmark Replacement for United States dollar-denominated syndicated credit facilities at such time.

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Base Rate", the definition of "Interest Period", timing and frequency of determining rates and making payments of interest and other administrative matters) that Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by Agent in a manner substantially consistent with market practice (or, if Agent decides that adoption of any portion of such market practice is not administratively feasible or if Agent determines that no market practice for the administration of the Benchmark Replacement exists, in such other manner of administration as Agent decides is reasonably necessary in connection with the administration of this Agreement).

"Benchmark Replacement Date" means the earlier to occur of the following events with respect to the LIBOR Rate:

(a) in the case of clause (a) or (b) of the definition of "Benchmark Transition Event," the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of the LIBOR Rate permanently or indefinitely ceases to provide the LIBOR Rate; or

(b) in the case of clause (c) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the LIBOR Rate:

(a) a public statement or publication of information by or on behalf of the administrator of the LIBOR Rate announcing that such administrator has ceased or will cease to provide the LIBOR Rate, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the LIBOR Rate;

(b) a public statement or publication of information by the regulatory supervisor for the administrator of the LIBOR Rate, the Federal Reserve System of the United States (or any successor), an insolvency official with jurisdiction over the administrator for the LIBOR Rate, a resolution authority with jurisdiction over the administrator for the LIBOR Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the LIBOR Rate, which states that the administrator of the LIBOR Rate has ceased or will cease to provide the LIBOR Rate permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the LIBOR Rate; or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of the LIBOR Rate announcing that the LIBOR Rate is no longer representative.

"Benchmark Transition Start Date" means (a) in the case of a Benchmark Transition Event, the earlier of (i) the applicable Benchmark Replacement Date and (ii) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication) and (b) in the case of an Early Opt-in Election, the date specified by Agent or the Required Lenders, as applicable, by notice to Administrative Borrower, Agent (in the case of such notice by the Required Lenders) and the Lenders.

"Benchmark Unavailability Period" means, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the LIBOR Rate and solely to the extent that the LIBOR Rate has not been replaced with a Benchmark Replacement, the period (x) beginning at the time that such Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the LIBOR Rate for all purposes hereunder in accordance with Section 2.12(e)(iii) and (y) ending at the time that a Benchmark Replacement has replaced the LIBOR Rate for all purposes hereunder pursuant to Section 2.12(e)(iii).

"Benefit Plan" means a "defined benefit plan" (as defined in Section 3(35) of ERISA) subject to Title IV of ERISA for which Holdings or any of its Subsidiaries or ERISA Affiliates has been an "employer" (as defined in Section 3(5) of ERISA) within the past six years.

"BHC Act Affiliate" of a Person means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such Person.

"Board of Directors" means, as to any Person, the board of directors (or comparable managers) of such Person, or any committee thereof duly authorized to act on behalf of the board of directors (or comparable managers).

"Board of Governors" means the Board of Governors of the Federal Reserve System of the United States (or any successor).

"Borrower" and "Borrowers" have the respective meanings specified therefor in the preamble to the Agreement. It is agreed and understood that, upon the effectiveness of the Closing Acquisition, Paycor, as survivor of the merger described in the definition of Closing Acquisition, shall become party hereto as a Borrower as successor to Merger Sub.

"Borrower Materials" has the meaning specified therefor in Section 17.9(c) of the Agreement.

"Borrowing" means a borrowing consisting of Revolving Loans made by the Revolving Lenders (or Agent on behalf thereof), or by Swing Lender in the case of a Swing Loan, or by Agent in the case of a Protective Advance.

"Business Day" means any day that is not a Saturday, Sunday, or other day on which banks are authorized or required to close in the state of New York, except that, if a determination of a Business Day shall relate to a LIBOR Rate Loan, the term "Business Day" also shall exclude any day on which banks are closed for dealings in Dollar deposits in the London interbank market.

"Capitalized Lease Obligation" means that portion of the obligations under a Capital Lease that is required to be capitalized in accordance with GAAP, provided, that leases that are operating leases pursuant to GAAP as in effect on the Closing Date would not be required to be accounted for as a capital lease and shall not constitute a "Capital Lease" hereunder by virtue of any changes to GAAP taking effect after the date hereof without the express written consent of Administrative Borrower.

"Capital Lease" means a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP.

"Cash Equivalents" means (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one (1) year from the date of acquisition thereof, (b) marketable direct obligations issued or fully guaranteed by any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing within one (1) year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either Standard & Poor's Rating Group ("S&P") or Moody's Investors Service, Inc. ("Moody's"), (c) commercial paper maturing no more than 270 days from the date of creation thereof and, at the time of acquisition, having a rating of at least A-1 from S&P or at least P-1 from Moody's, (d) certificates of deposit, time deposits, overnight bank deposits or bankers' acceptances maturing within one (1) year from the date of acquisition thereof issued by Agent, any Lender or any bank organized under the laws of the United States or any state thereof or the District of Columbia or any United States branch of a foreign bank having at the date of acquisition thereof combined capital and surplus of not less than $500,000,000, (e) Deposit Accounts maintained with (i) any bank that satisfies the criteria described in clause (d) above, or (ii) any other bank organized under the laws of the United States or any state thereof so long as the full amount maintained with any such other bank is insured by the Federal Deposit Insurance Corporation, (f) repurchase obligations of any commercial bank satisfying the requirements of clause (d) of this definition or recognized securities dealer having combined capital and surplus of not less than $500,000,000, having a term of not more than seven days, with respect to securities satisfying the criteria in clauses (a) or (d) above, (g) debt securities with maturities of six months or less from the date of acquisition backed by standby letters of credit issued by any commercial bank satisfying the criteria described in clause (d) above, and (h) Investments in money market funds substantially all of whose assets are invested in the types of assets described in clauses (a) through (g) above.

"Cash Management Services" means any cash management or related services including treasury, depository, return items, overdraft, controlled disbursement, merchant store value cards, e-payables services, electronic funds transfer, interstate depository network, automatic clearing house transfer (including the Automated Clearing House processing of electronic funds transfers through the direct Federal Reserve Fedline system) and other customary cash management arrangements.

"CFC" means a controlled foreign corporation (as that term is defined in the IRC).

"Change in Law" means the occurrence after the date of the Agreement of: (a) the adoption or effectiveness of any law, rule, regulation, judicial ruling, judgment or treaty, (b) any change in any law, rule, regulation, judicial ruling, judgment or treaty or in the administration, interpretation, implementation or application by any Governmental Authority of any law, rule, regulation, guideline or treaty, or (c) the making or issuance by any Governmental Authority of any request, rule, guideline or directive, whether or not having the force of law; provided that notwithstanding anything in the Agreement to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives concerning capital adequacy promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities shall, in each case, be deemed to be a "Change in Law," regardless of the date enacted, adopted or issued.

"Change of Control" means that:

(a) (i) prior to a Qualified IPO, Permitted Holders fail to own, directly or indirectly, beneficially and of record, Equity Interests of Holdings representing at least a majority of the total voting power of the Equity Interests of Holdings, or (ii) at any time after the consummation of a Qualified IPO, any "person" or "group" (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act), other than Permitted Holders, in a single transaction or in a related series of transactions, by way of merger, consolidation or other business combination or purchase of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision), acquires, directly or indirectly, more than the greater of (x) 35% of the total voting power of the Equity Interests of Holdings or any of its direct or indirect parent entities and (y) the percentage of total voting power of the Equity Interests of Holdings or any of its direct or indirect parent entities then owned, directly or indirectly, beneficially and of record, by the Permitted Holders entitled (without regard to the occurrence of any contingency) to vote for the election of members of the Board of Directors of Holdings; or

(b) Holdings fails to own and control, directly or indirectly, 100% of the Equity Interests of Paycor and each other Loan Party, except as otherwise permitted by Section 6.4 of the Agreement.

"Closing Acquisition" means the acquisition by Holdings of 100% of the Equity Interests of Paycor pursuant to the Acquisition Agreement by virtue of the merger of Merger Sub with and into Paycor, resulting in Paycor surviving such merger and becoming a wholly-owned Subsidiary of Holdings as a result of the consummation thereof.

"Closing Date" means November 2, 2018.

"Code" means the New York Uniform Commercial Code, as in effect from time to time; 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 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 "Code" 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.

"Collateral" means all assets and interests in assets and proceeds thereof now owned or hereafter acquired by any Loan Party in or upon which a Lien is granted by such Person in favor of Agent or the Lenders under any of the Loan Documents.

"Commitment" means, with respect to each Lender, its Revolver Commitment or its Second Amendment Term Loan Commitment, as the context requires, and, with respect to all Lenders, their Revolver Commitments or their Second Amendment Term Loan Commitments, as the context requires, in each case as such Dollar amounts are set forth beside such Lender's name under the applicable heading on Schedule C-1 to the Agreement or in the Assignment and Acceptance pursuant to which such Lender became a Lender under the Agreement, as such amounts may be reduced or increased from time to time pursuant to assignments made in accordance with the provisions of Section 13.1 of the Agreement.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

"Compliance Certificate" means a certificate substantially in the form of Exhibit C-1 to the Agreement delivered by the chief financial officer, president, or chief executive officer of Administrative Borrower to Agent.

"Confidential Information" has the meaning specified therefor in Section 17.9(a) of the Agreement.

"Consolidated EBITDA" means, with respect to any fiscal period for Borrowers and their Restricted Subsidiaries (other than Paycor Headquarters):

(a) net income (loss) of Borrowers and their Restricted Subsidiaries for such period on a consolidated basis,

minus

(b) without duplication, the sum of the following amounts of Borrowers and their Restricted Subsidiaries for such period to the extent included in determining consolidated net income (calculated in accordance with GAAP) (or loss) for such period:

(i) any extraordinary, unusual, or non-recurring gains,

(ii) any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that any Borrower's equity in the net income (loss) of any such Person for such period will be included up to the aggregate amount of cash or Cash Equivalents actually distributed (or, so long as such Person is not an Unrestricted Subsidiary, that (as reasonably determined by an Authorized Person of such Borrower) could have been distributed by such Person during such period to such Borrower or a Restricted Subsidiary) as a dividend or other distribution or return on investment,

(iii) any amount included in net income for such period attributable to non-controlling interests pursuant to the application of Accounting Standards Codification Topic 810-10-45,

(iv) any realized or unrealized foreign currency translation gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies,

(v) any purchase accounting effects including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenue in component amounts required or permitted by GAAP and related authoritative pronouncements (including the effects of such adjustments pushed down to Borrowers and their Restricted Subsidiaries), as a result of any consummated acquisition, or the amortization or write-off of any amounts thereof (including any write-off of in process research and development),

(vi) interest income on unrestricted funds owned by Borrowers and their Restricted Subsidiaries (for the avoidance of doubt, interest income on funds held by Borrowers and their Restricted Subsidiaries on behalf of clients shall not be included for purposes of this clause (vi)),

(vii) federal state and local income tax credits, and

(viii) any software development costs to the extent capitalized during such period, and

plus

(c) without duplication, the sum of the following amounts of Borrowers and their Restricted Subsidiaries for such period to the extent included in determining consolidated net income (calculated in accordance with GAAP) (or loss) for such period:

(i) any extraordinary, unusual, or non-recurring losses, expenses, or charges not to exceed, with respect to any such losses, expenses, or charges paid in cash, $2,000,000 in the aggregate for such period,

(ii) Interest Charges for such period (including (x) net losses or any obligations under any Hedge Agreements or other derivative instruments entered into for the purpose of hedging interest rate, risk, (y) bank fees and (z) costs of surety bonds in connection with financing activities, to the extent the same were deducted (and not added back) in calculating net income),

(iii) tax expense based on income, profits or capital, including federal, foreign, state, franchise and similar taxes paid or accrued during such period, including any penalties and interest relating to any tax examinations, deducted (and not added back) in computing net income,

(iv) depreciation and amortization expense for such period, including the amortization of deferred financing fees or costs, capitalized expenditures, the amortization of original issue discount resulting from the issuance of Indebtedness at less than par and amortization of favorable or unfavorable lease assets or liabilities, to the extent deducted (and not added back) in computing net income,

(v) with respect to Investments (including Permitted Acquisitions), equity offerings, acquisitions, dispositions, recapitalizations and incurrences of Indebtedness (including Refinancing Indebtedness thereof) (whether consummated or unconsummated), any costs, fees, charges, or expenses including (x) such costs, fees, charges or expenses related to this Agreement and any other credit facilities or debt securities (including costs, fees, charges or expenses of any consultants and advisors incurred in connection with the Transaction) and (y) any amendment or other modification of this Agreement and any other credit facilities or debt securities, in each case, deducted (and not added back) in computing net income,

(vi) the amount of "run-rate" cost savings, operating expense reductions and synergies projected by the Borrower in good faith to result from actions taken prior to or during, or expected to be taken following such period (which cost savings or synergies shall be subject only to certification by an Authorized Person of the Borrower and shall be calculated on a pro forma basis as though such cost savings or synergies had been realized on the first day of such period), net of the amount of actual benefits realized prior to or during such period from such actions; provided that an Authorized Person of the Borrower shall have certified to the Agent that (x) such cost savings or synergies are reasonably identifiable, factually supportable, reasonably attributable to the actions specified and reasonably anticipated to result from such actions, (y) such actions have been taken or are to be taken within eighteen (18) months of the event giving rise thereto; provided, further that the aggregate amount added back pursuant to this clause (vi) (together with amounts added back pursuant to clause (b) of "Pro Forma Adjustment") shall not exceed twenty percent (20%) of Consolidated EBITDA (calculated prior to giving effect to such addback),

(vii) any non-cash charges, write-downs, expenses, losses or items reducing net income for such period, including (x) purchase accounting adjustments and (y) non-cash adjustments in accordance with GAAP purchase accounting rules under FASB Statement No. 141 and EITF Issue No. 01-3 (provided that if any such non-cash charges represent an accrual or reserve for potential cash items in any future period, (A) the Borrower may elect not to add back such non-cash charge in the current period and (B) to the extent the Borrower elects to add back such non-cash charge, the cash payment in respect thereof in such future period shall be subtracted from Consolidated EBITDA to such extent) or other items classified by the Borrower as special items less other non-cash items of income increasing net income (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period),

(viii) the amount of Earn-Outs incurred in connection with any Permitted Acquisition to the extent permitted to be incurred under the Agreement, in each case that are required by the application of ASC 805 to be and are expensed by Borrowers and their Restricted Subsidiaries,

(ix) (x) non-cash compensation expense (including deferred non-cash compensation expense), or other non-cash expenses or charges, arising from the sale or issuance of Equity Interests, the granting of stock options, and the granting of stock appreciation rights and similar arrangements (including any repricing, amendment, modification, substitution, or change of any such Equity Interests, stock option, stock appreciation rights, or similar arrangements) minus the amount of any such expenses or charges when paid in cash to the extent not deducted in the computation of net earnings (or loss) and (y) any costs or expense incurred pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent that such cost or expenses are funded with cash proceeds contributed to the capital of Administrative Borrower or Net Cash Proceeds of an issuance of Equity Interests of Administrative Borrower,

(x) any restructuring charge, cost or expense or reserve, integration cost or other business optimization expense or cost, including in connection with the establishment of new facilities, that is deducted (and not added back) in computing net income, including any one-time costs incurred in connection with acquisitions or divestitures and costs related to the closure and/or consolidation of facilities and to exiting lines of business; provided, that the aggregate amount added back pursuant to this subclause (c)(x) for cash charges, costs or expenses shall not exceed $2,000,000 in any twelve-month period,

(xi) realized foreign exchange losses relating to translation of assets and liabilities denominated in foreign currencies,

(xii) non-cash losses on sales of fixed assets or write-downs of fixed or intangible assets,

(xiii) [reserved],

(xiv) the amount of board, management, advisory, consulting, refinancing, subsequent transaction and exit fees (including termination fees) and related indemnities and expenses paid or accrued in such period to the Sponsor (or, in the case of board fees, to any director) to the extent permitted hereunder,

(xv) with respect to and in connection with the Transactions, fees, costs, charges, or expenses incurred in connection therewith,

(xvi) (x) business interruption insurance proceeds and (y) to the extent covered by insurance proceeds, losses in connection with casualty events, in each case to the extent such insurance proceeds are actually received in cash,

(xvii) [reserved],

(xviii) [reserved],

(xix) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not representing Consolidated EBITDA or net income in any period to the extent non-cash gains relating to such income were deducted in the calculation of Consolidated EBITDA for any previous period and not added back,

(xx) other charges, costs and expenses paid in cash during such period to the extent such charges, costs and expenses are reimbursed within the same period of add-back by third-party that is not a Borrower or a Subsidiary,

(xxi) [reserved],

(xxii) any costs, payment, loss, settlement, charges and expenses arising from litigation to the extent such are (A) covered by liability insurance for which the carrier has not denied coverage, (B) funded with proceeds of an issuance of Equity Interests, or (C) other than amounts covered by clauses (A) and (B), not in excess of $1,000,000 in the aggregate in any twelve month period, and

(xxiii) any other adjustments or add-backs of the nature reflected in (a) the quality of earnings report delivered to the Agent on August 13, 2018 and (b) the financial model prepared by the Sponsor and delivered to the Agent on September 18, 2018,

in each case, determined on a consolidated basis in accordance with GAAP, and

(d) increased or decreased (to the extent not already included in determining Consolidated EBITDA) by any Pro Forma Adjustment.

For the purposes of calculating Consolidated EBITDA for any period of four (4) consecutive fiscal quarters or twelve (12) consecutive months (each, a "Reference Period"), if at any time during such Reference Period (and after the Closing Date) (x) Borrowers or any of their Subsidiaries shall have acquired any Person, property, business or asset (each such Person, property, business or asset acquired and not subsequently so disposed of, an "Acquired Entity or Business") or (y) any Unrestricted Subsidiary shall have been converted

into a Restricted Subsidiary (a "Converted Restricted Subsidiary"), (a) the Consolidated EBITDA of such Acquired Entity or Business and Converted Restricted Subsidiary for such Reference Period shall be included and (b) an adjustment in respect of each Acquired Entity or Business equal to the amount of the Pro Forma Adjustment with respect to such Acquired Entity or Business for such period (including the portion thereof occurring prior to such acquisition) shall be included. For purposes of calculating Consolidated EBITDA for any Reference Period, the Consolidated EBITDA of any Person, property, business or asset (other than an Unrestricted Subsidiary) sold, transferred or otherwise disposed of, closed or classified as discontinued operations by any Borrower or any Restricted Subsidiary during such period (each such Person, property, business or asset so sold or disposed of, a "Sold Entity or Business") shall be excluded and the Consolidated EBITDA of any Restricted Subsidiary that is converted into an Unrestricted Subsidiary during such period (each, a "Converted Unrestricted Subsidiary") shall be excluded, based on the actual Consolidated EBITDA of such Sold Entity or Business or Converted Unrestricted Subsidiary for such period (including the portion thereof occurring prior to such sale, transfer or disposition). Notwithstanding the foregoing, but subject to any adjustment set forth above with respect to any transactions occurring after the Closing Date, Consolidated EBITDA shall be ($2,661,000), $5,180,000, ($1,617,000), and ($2,104,000) for the fiscal quarters ended June 30, 2018, March 31, 2018, December 31, 2017 and September 30, 2017, respectively.

"Consolidated Total Debt" means, as of any date of determination, the aggregate principal amount of all Indebtedness of Borrowers and their Restricted Subsidiaries outstanding on such date, determined on a consolidated basis in accordance with GAAP, consisting of (i) Indebtedness for borrowed money, (ii) the Revolver Usage, (iii) the amount of their Capitalized Lease Obligations, (iv) unreimbursed obligations in respect of drawn letters of credit, and (v) other debt obligations evidenced by promissory notes or similar instruments; provided, that the calculation of Consolidated Total Debt shall not include Indebtedness in respect of the Existing Headquarters Debt Facility and to the extent constituting Indebtedness, the Preferred Shares.

"Control Agreement" means a control agreement, in form and substance reasonably satisfactory to Agent, executed and delivered by a Loan Party, Agent, and the applicable securities intermediary (with respect to a Securities Account) or bank (with respect to a Deposit Account).

"Conversion Date" means the date, which shall not occur earlier than the date that is the second anniversary of the Closing Date, on which (i) the Total Leverage Ratio, as of the end of the most recently ended test period, on a pro forma basis, is less than or equal to 6.50 to 1.00, (ii) no Event of Default shall have occurred and be continuing, and (iii) the Borrower, in its sole discretion, provides written notice to Agent of its election to trigger the Total Leverage Financial Covenant Testing Period.

"Copyright Security Agreement" has the meaning specified therefor in the Guaranty and Security Agreement.

"Covered Entity" means any of the following:

(a) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(b) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(c) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Covered Party" has the meaning specified therefor in Section 17.15 of this Agreement.

"Curative Equity" means common equity contributions made to Holdings in immediately available funds that are concurrently contributed by Holdings to Paycor and which is designated "Curative Equity" by Borrowers under Section 9.3 of the Agreement at the time it is contributed. For the avoidance of doubt, the forgiveness of antecedent debt (whether Indebtedness, trade payables, or otherwise) shall not constitute Curative Equity.

"Default" means an event, condition, or default that, with the giving of notice, the passage of time, or both, would be an Event of Default.

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"Defaulting Lender" means any Lender that (a) has failed to fund any amounts required to be funded by it under the Agreement on the date that it is required to do so under the Agreement (including the failure to make available to Agent amounts required pursuant to a Settlement or to make a required payment in connection with a Letter of Credit Disbursement), (b) has notified Borrowers, Agent, or any Lender in writing that it does not intend to comply with all or any portion of its funding obligations under the Agreement, (c) has made a public statement to the effect that it does not intend to comply with its funding obligations under the Agreement or under other agreements generally (as reasonably determined by Agent) under which it has committed to extend credit, (d) has failed, within one (1) Business Day after written request by Agent, to confirm that it will comply with the terms of the Agreement relating to its obligations to fund any amounts required to be funded by it under the Agreement, (e) has otherwise failed to pay over to Agent or any other Lender any other amount required to be paid by it under the Agreement on the date that it is required to do so under the Agreement, unless the subject of a good faith dispute, or (f) (i) becomes or is insolvent or has a parent company that has become or is insolvent, (ii) becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment or has a parent company that has become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment or (iii) becomes the subject of a Bail-in Action.

"Defaulting Lender Rate" means (a) for the first three (3) days from and after the date the relevant payment is due, the Base Rate, and (b) thereafter, the interest rate then applicable to the applicable Loans that are Base Rate Loans (inclusive of the Base Rate Margin applicable thereto).

"Deposit Account" means any deposit account (as that term is defined in the Code).

"Designated Account" means the Deposit Account of Administrative Borrower identified on Schedule D-1 to the Agreement (or such other Deposit Account of Administrative Borrower located at Designated Account Bank that has been designated as such, in writing, by Administrative Borrower to Agent).

"Designated Account Bank" has the meaning specified therefor in Schedule D-1 to the Agreement (or such other bank that is located within the United States that has been designated as such, in writing, by Administrative Borrower to Agent).

"Disqualified Equity Interests" means any Equity Interest that, by its terms (or by the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Qualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a

change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations that are accrued and payable and the termination of the Commitments), (b) is redeemable at the option of the holder thereof (other than solely for Qualified Equity Interests), in whole or in part, (c) provides for the scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is 91 days after the Maturity Date.

"Disqualified Lender" means (i) each of the Persons identified to the Lead Arranger prior to the Closing Date, (ii) any other Person identified by name in writing to the Agent after the Closing Date to the extent such person is or becomes a competitor of the Borrower or their subsidiaries, and (iii) in the case of clauses (i) and (ii), any of their affiliates (other than, in the case of clause (ii), affiliates that are bona fide debt funds) that are (A) identified by the Borrower or the Sponsor in writing to the Agent or (B) clearly identifiable on the basis of such affiliates' name, which designations shall not apply retroactively to disqualify any persons that have previously acquired an assignment or participation interest in the Loans.

"Dollars" or "$" means United States dollars.

"Domestic Foreign Subsidiary Holding Company" means a Domestic Subsidiary that owns no material assets other than Equity Interests (or Equity Interests and Indebtedness) of one or more CFCs and/or Domestic Foreign Subsidiary Holding Companies.

"Drawing Document" means any Letter of Credit or other document presented for purposes of drawing under any Letter of Credit.

"Early Opt-in Election" means the occurrence of:

(a) (i) a determination by Agent or (ii) a notification by the Required Lenders to Agent (with a copy to Administrative Borrower) that the Required Lenders have determined that United States dollar-denominated syndicated credit facilities being executed at such time, or that include language similar to that contained in Section 2.12(e)(iii) are being executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace the LIBOR Rate, and

(b) (i) the election by Agent or (ii) the election by the Required Lenders to declare that an Early Opt-in Election has occurred and the provision, as applicable, by Agent of written notice of such election to Administrative Borrower and the Lenders or by the Required Lenders of written notice of such election to Agent.

"Earn-Outs" means unsecured liabilities of a Loan Party arising under an agreement to make any deferred payment as a part of the Purchase Price for a Permitted Acquisition, including performance bonuses or consulting payments in any related services, employment or similar agreement, in an amount that is subject to or contingent upon the revenues, income, cash flow or profits (or the like) of the target of such Permitted Acquisition.

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Eligible Transferee" means (a) any Lender (other than a Defaulting Lender), any Affiliate of any Lender and any Related Fund of any Lender; (b) (i) a commercial bank organized under the laws of the United States or any state thereof, and having total assets in excess of $1,000,000,000; (ii) a savings and loan association or savings bank organized under the laws of the United States or any state thereof, and having total assets in excess of $1,000,000,000; (iii) a commercial bank organized under the laws of any other country or a political subdivision thereof; provided that (A) (x) such bank is acting through a branch or agency located in the United States or (y) such bank is organized under the laws of a country that is a member of the Organization for Economic Cooperation and Development or a political subdivision of such country, and (B) such bank has total assets in excess of $1,000,000,000; (c) any other entity (other than a natural person) that is an "accredited investor" (as defined in Regulation D under the Securities Act) that extends credit or buys loans as one of its businesses including insurance companies, investment or mutual funds and lease financing companies, and having total assets in excess of $1,000,000,000; and (d) during the continuation of an Event of Default, any other Person approved by Agent; provided, that no Loan Party or Affiliate of a Loan Party or Sponsor Affiliated Entity shall qualify as an Eligible Transferee.

"Environmental Action" means any written complaint, summons, citation, notice, directive, order, claim, litigation, investigation, judicial or administrative proceeding, judgment, letter, or other written communication from any Governmental Authority, or any third party involving violations of Environmental Laws or releases of Hazardous Materials (a) from any assets, properties, or businesses of any Borrower, any Subsidiary of any Borrower, or any of their predecessors in interest, (b) from adjoining properties or businesses, or (c) from or onto any facilities which received Hazardous Materials generated by any Borrower, any Subsidiary of any Borrower, or any of their predecessors in interest.

"Environmental Law" means any applicable federal, state, provincial, foreign or local statute, law, rule, regulation, ordinance, code, binding and enforceable guideline, binding and enforceable written policy, or rule of common law now or hereafter in effect and in each case as amended, or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, in each case, to the extent binding on Holdings or its Subsidiaries, relating to the environment, the effect of the environment on employee health, or Hazardous Materials, in each case as amended from time to time.

"Environmental Liabilities" means all liabilities, monetary obligations, losses, damages, costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts, or consultants, and costs of investigation and feasibility studies), fines, penalties, sanctions, and interest incurred as a result of any claim or demand, or Remedial Action required, by any Governmental Authority or any third party, and which relate to any Environmental Action.

"Environmental Lien" means any Lien in favor of any Governmental Authority for Environmental Liabilities.

"Equipment" means equipment (as that term is defined in the Code).

"Equity Interest" means, with respect to a Person, all of the shares, options, warrants, interests, participations, or other equivalents (regardless of how designated, whether voting or non-voting)

of equity of such Person, whether voting or nonvoting, including capital stock (or other ownership or profit interests or units), preferred stock, any other "equity security" (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the SEC under the Exchange Act) or, if such Person is a partnership, partnership interests (whether general or limited) or any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, such partnership.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute thereto.

"ERISA Affiliate" means (a) any Person subject to ERISA whose employees are treated as employed by the same employer as the employees of Holdings or its Subsidiaries under IRC Section 414(b), (b) any trade or business subject to ERISA whose employees are treated as employed by the same employer as the employees of Holdings or its Subsidiaries under IRC Section 414(c), (c) solely for purposes of Section 302 of ERISA and Section 412 of the IRC, any organization subject to ERISA that is a member of an affiliated service group of which Holdings or any of its Subsidiaries is a member under IRC Section 414(m), or (d) solely for purposes of Section 302 of ERISA and Section 412 of the IRC, any Person subject to ERISA that is a party to an arrangement with Holdings or any of its Subsidiaries and whose employees are aggregated with the employees of Holdings or its Subsidiaries under IRC Section 414(o).

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"Event of Default" has the meaning specified therefor in Section 8 of the Agreement.

"Exchange Act" means the Securities Exchange Act of 1934, as in effect from time to time.

"Excluded Assets" means (i) any fee-owned real property that is not Real Property Collateral (unless a Lien thereon can be perfected by the filing of a UCC financing statement (or analogous procedures under applicable laws of any jurisdiction of a Restricted Subsidiary that becomes a Guarantor pursuant to Section 5.11)) and any leasehold interests in real property (it being understood that no action shall be required with respect to creation or perfection of security interests with respect to such leases, including to obtain landlord waivers, estoppels or collateral access letters), (ii) (A) motor vehicles and other assets subject to certificates of title, to the extent a Lien thereon cannot be perfected by the filing of a UCC financing statement (or analogous procedures under applicable Laws of any jurisdiction of a Restricted Subsidiary that becomes a Guarantor pursuant Section 5.11), (B) letter of credit rights with a value in excess of $2,000,000 to the extent a Lien thereon cannot be perfected by the filing of a UCC financing statement (or analogous procedures under applicable Laws of any jurisdiction of a Restricted Subsidiary that becomes a Guarantor pursuant to Section 5.11) and (C) commercial tort claims with a value in excess of $2,000,000, (iii) assets for which a pledge thereof or a security interest therein is prohibited by applicable Laws after giving effect to the applicable anti-assignment clauses of the Uniform Commercial Code and applicable Laws, other than the proceeds and receivables thereof the assignment of which is expressly deemed effective under applicable Laws notwithstanding such prohibition, (iv) margin stock and equity interests in any person other than wholly-owned material restricted subsidiaries (including, without limitation, equity interests of Paycor Headquarters), (v) Excluded Accounts (as defined in the Security Agreement), (vi) [reserved], (vii) any lease, license or other agreements, or any property subject to a purchase money security interest, Capitalized Lease Obligation or similar arrangements, in each case to the extent permitted under the Loan Documents, to the extent that a pledge thereof or a security interest therein would violate or invalidate such lease, license or agreement, purchase money, Capitalized Lease or similar arrangement, or create a right of termination in favor of any other party thereto (other than the Borrowers or a Guarantor) after giving effect to the applicable anti-assignment clauses of the Uniform Commercial Code and

applicable Laws, other than the proceeds and receivables thereof the assignment of which is expressly deemed effective under applicable Laws notwithstanding such prohibition; provided, that any proceeds of assets described in this clause (vii) shall be included in Collateral, (viii) assets for which a pledge thereof or security interest therein would result in a material adverse tax consequence as reasonably determined by the Borrower in writing (in consultation with (but without the consent of) the Agent); provided that nothing in this clause (vii) shall limit the pledge of assets by any Foreign Subsidiary that is a Guarantor without the Agent's consent, (ix) assets for which the Agent and the Borrower have determined in their reasonable judgment and agree in writing that the cost of creating or perfecting such pledges or security interests therein would be excessive in view of the benefits to be obtained by the Lenders therefrom, (x) any intent-to-use trademark application in the United States prior to the filing of a "Statement of Use" or "Amendment to Allege Use" with respect thereto, to the extent, if any, that, and solely during the period, if any, in which, the grant, attachment, or enforcement of a security interest therein would impair the validity or enforceability of such intent-to-use trademark application under applicable Federal law, (xi) Excluded Equity and (xii) any asset of any Excluded Subsidiary (including any Subsidiary of the Borrower that is a Foreign Subsidiary or Domestic Foreign Holding Company).

"Excluded Equity" means Equity Interests (i) of any Unrestricted Subsidiary, (ii) of any Subsidiary acquired pursuant to a Permitted Acquisition subject to assumed Indebtedness permitted pursuant to clause (r) of the definition of "Permitted Indebtedness" if such Equity Interests are pledged and/or mortgaged as security for such Indebtedness and if and for so long as the terms of such Indebtedness prohibit the creation of any other Lien on such Equity Interests, (iii) of a Foreign Subsidiary of the Borrower that is a Foreign Subsidiary or a Domestic Foreign Subsidiary Holding Company, in excess of 65% of the issued and outstanding Equity Interests of such Foreign Subsidiary or Domestic Foreign Subsidiary Holding Company, (iv) of any Subsidiary with respect to which the Agent and the Borrower have determined in their reasonable judgment and agreed in writing that the costs of providing a pledge of such Equity Interests or perfection thereof is excessive in view of the benefits to be obtained by the Secured Parties therefrom, (v) of any captive insurance companies, not-for-profit Subsidiaries, special purpose entities (for the avoidance of doubt, including Paycor Headquarters) and (vi) of any Subsidiary the pledge of which is prohibited by applicable Laws or which would reasonably be expected to result in a violation or breach of, or conflict with, fiduciary duties of such Subsidiary's officers, directors or managers.

"Excluded Subsidiary" means (a) each Subsidiary listed on Schedule E-1 hereto, (b) any Subsidiary that is prohibited by applicable law or by any contractual obligation existing on the Closing Date or at the time such Subsidiary is acquired and not incurred in contemplation of such acquisition, as applicable, from guaranteeing the Obligations or which would require governmental (including regulatory) consent, approval, license or authorization to provide a Guarantee unless such consent, approval, license or authorization has been received, (c) any Subsidiary organized in a jurisdiction other than the United States, (d) any Foreign Subsidiary to the extent the provision of a Guarantee by such Subsidiary would expose the officers, directors or shareholders of such Subsidiary to individual liability or would result in corporate benefit, financial assistance or similar issues, in each case as reasonably determined the Borrower in consultation with the Agent, (e) any Restricted Subsidiary acquired pursuant to a Permitted Acquisition or other Investment permitted hereunder that, at the time of such Permitted Acquisition or other Investment, has assumed secured Indebtedness not incurred in contemplation of such Permitted Acquisition or other Investment and each Restricted Subsidiary that is a Subsidiary thereof that guarantees such Indebtedness, in each case, to the extent such secured Indebtedness prohibits such Subsidiary from becoming a Guarantor (provided that each such Restricted Subsidiary shall cease to be an Excluded Subsidiary under this clause (e) if such secured Indebtedness is repaid or becomes unsecured, if such Restricted Subsidiary ceases to be an obligor with respect to such se-cured Indebtedness or such prohibition no longer exists, as applicable), (f) any Immaterial Subsidiary, (g) captive insurance companies, (h) not-for-profit Subsidiaries, (i) special purpose entities (for the avoidance of doubt, including Paycor Headquarters), (j) any Unrestricted Subsidiary, (k) any non-wholly owned Subsidiary, (l) any Subsidiary of a Loan Party that is a Foreign

Subsidiary or a Domestic Foreign Subsidiary Holding Company (or would be a Domestic Foreign Subsidiary Holding Company but for the fact that it is a Foreign Subsidiary), and (m) any other Subsidiary with respect to which, the Borrower and the Agent reasonably agree in writing, the cost of providing a Guarantee shall be excessive in view of the benefits to be obtained by the Lenders therefrom; provided, that none of the Subsidiaries or entities described in clauses (a) through (m) hereof may own any Material Intellectual Property.

"Excluded Swap Obligation" means, with respect to any Borrower or any other Loan Party, any Swap Obligation if, and to the extent that, all or a portion of the agreement of such Loan Party to be jointly and severally liable for such Swap Obligation of another Loan Party or any guaranty of such Loan Party of, or the grant by such Loan Party of a security interest to secure, such Swap Obligation (or any guaranty thereof) is or becomes illegal or unlawful under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Loan Party's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the agreement of such Loan Party to be jointly and severally liable for such Swap Obligation or guaranty of such Swap Obligation or the grant of such security interest becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such joint and several liability or guaranty or security interest is or becomes illegal.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to any Lender or the Agent or required to be withheld or deducted from a payment to any Lender or the Agent made by or on account of any obligation of any Loan Party under any Loan Document: (i) any Tax imposed on or measured by the net income or net profits of such Lender or Agent (including any franchise or branch profits Taxes), in each case imposed (a) by the jurisdiction (or by any political subdivision or taxing authority thereof) in which such Lender or the Agent is organized or the jurisdiction (or by any political subdivision or taxing authority thereof) in which such Lender's principal office is located or (b) as a result of a present or former connection between such Lender and the jurisdiction or taxing authority imposing the Tax (other than any such connection arising solely from such Lender having executed, delivered, become a party to, performed its obligations or received payment under, received or perfected a security interest under, enforced its rights or remedies under the Agreement or any other Loan Document, or sold or assigned an interest or participation in any Loan or Loan Document); (ii) Taxes resulting from a Lender's failure to comply with the requirements of Section 16.2 of the Agreement; (iii) any United States federal withholding Taxes that would be imposed on amounts payable to a Foreign Lender based upon the applicable withholding rate in effect at the time such Foreign Lender becomes a party to the Agreement (or designates a new lending office) (in each case other than pursuant to an assignment or designation made at Borrower's request), except that Excluded Taxes shall not include any amount that such Foreign Lender (or its assignor, if any) was previously entitled to receive pursuant to Section 16.1 of the Agreement, if any, with respect to such withholding tax at the time such Foreign Lender becomes a party to the Agreement (or designates a new lending office); and (iv) any withholding Taxes imposed under FATCA.

"Existing Credit Facility" means that certain Credit Agreement, dated as of June 30, 2017, by and among Paycor, the lenders party thereto, and Silicon Valley Bank, as amended, supplemented or otherwise modified from time to time.

"Existing Headquarters Debt Facility" means that certain qualified low income investment facility related to the Headquarters, including but not limited to (i) Term Note (Libor Only – Designated Rate Reset), dated December 20, 2012, given by Paycor Headquarters, LLC in favor of PNC Bank, National Association, in the amount of $4,240,000, (ii) Promissory Note A (PNC) – (Paycor Headquarters, LLC), dated December 20, 2012, given by Paycor Headquarters, LLC in favor of PNC CDE 21, LP, in the amount

of $3,440,000, (iii) Promissory Note A (Stonehenge) – (Paycor Headquarters, LLC), dated December 20, 2012, given by Paycor Headquarters, LLC in favor of Stonehenge Community Development LXXXII, LLC, in the amount of $10,320,000, (iv) Promissory Note B (PNC) – (Paycor Headquarters, LLC), dated December 20, 2012, given by Paycor Headquarters, LLC in favor of PNC CDE 21, LP, in the amount of $1,560,000, (v) Promissory Note B (Stonehenge) – (Paycor Headquarters, LLC), dated December 20, 2012, given by Paycor Headquarters, LLC in favor of Stonehenge Community Development LXXXII, LLC, in the amount of $4,680,000, (vi) Guaranty Agreement (Payment and Completion), dated December 20, 2012, between Paycor, Inc., Paycor Headquarters, LLC, and PNC Bank, National Association, as amended, (vii) Operating Agreement of Paycor Headquarters, LLC dated December 11, 2012 Section 7.3 in the event of an operating deficit, allows for a Capital Call from the Manager (Paycor, Inc.) of up to $8 million, (viii) Pledge and Security Agreement [Manager's Rights], dated December 20, 2012, between Borrower (as defined therein), PNC CDE 21, LP, and Stonehenge Community Development LXXXII, LLC, as amended, (ix) Open-End Mortgage and Security Agreement, dated December 20, 2012, between Paycor Headquarters, LLC, and PNC Bank, National Association (Document No. 12-0165005 as recorded in the Hamilton County Recorders Office on December 21, 2012), including a mortgage on property, buildings, mineral rights, furniture, fixtures and equipment, as well as a security interest in the personal property of the mortgagee, (x) Open-End Mortgage and Security Agreement, dated December 20, 2012, between Paycor Headquarters, LLC, PNC CDE 21, LP, Stonehenge Community Development LXXXII, LLC, and PNC Bank, National Association (Document No. 12-0165008 as recorded in the Hamilton County Recorders Office pm December 21, 2012), including a mortgage on property, buildings, mineral rights, furniture, fixtures and equipment, as well as a security interest in the personal property of the mortgagee, (xi) Unconditional Guaranty (QALICB Indemnity) – (Paycor Headquarters, LLC), dated December 20, 2012, between Paycor Headquarters, LLC, Borrower, and PNC New Markets Investment Partners, LLC, and (xii) the New Markets Tax Credit Compliance Agreement, dated December 20, 2012, by Paycor and Paycor Headquarters, LLC for the benefit of PNC CDE 21, LP, Stonehenge Community Development LXXXII, LLC, and Paycor Investment Fund, LLC.

"Extraordinary Receipts" means any payments received by any Loan Party or any of its Subsidiaries not in the ordinary course of business (and not consisting of proceeds described in Section 2.4(e)(ii) of this Agreement) consisting of (a) proceeds of judgments, proceeds of settlements, or other consideration of any kind received in connection with any cause of action or claim (and not consisting of proceeds described in Section 2.4(e)(ii) of this Agreement, but including proceeds of business interruption insurance), (b) indemnity payments (other than to the extent such indemnity payments are immediately payable to a Person that is not an Affiliate of any Loan Party or any of its Subsidiaries), and (c) any purchase price adjustment received in connection with any purchase agreement.

"FATCA" means Sections 1471 through 1474 of the IRC, as of the date of the Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the IRC (or any amended or successor version described above) and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention of which the United States is a party and implementing such Sections of the IRC.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal to, for each day during such period, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by Agent from three Federal funds brokers of recognized standing selected by it (and, if any such rate is below zero, then the rate determined pursuant to this definition shall be deemed to be zero).

"Federal Reserve Bank of New York's Website" means the website of the Federal Reserve Bank of New York at http://www.newyorkfed.org, or any successor source.

"Fee Letter" means that certain fee letter, dated as of October 9, 2018, among Merger Sub and Agent.

"Foreign Lender" means any Lender or Participant that is not a United States person within the meaning of Section 7701(a)(30) of the IRC.

"Foreign Subsidiary" means a Subsidiary that is not organized under the laws of the United States, any state thereof or the District of Columbia.

"Funding Date" means the date on which a Borrowing occurs.

"Funding Losses" has the meaning specified therefor in Section 2.12(c)(ii) of the Agreement.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States, consistently applied.

"Governing Documents" means, with respect to any Person, the certificate or articles of incorporation, by-laws, any stockholders or shareholders agreement of such Person, or other organizational documents of such Person.

"Governmental Authority" means the government of any nation or any political subdivision thereof, whether at the national, state, territorial, provincial, municipal or any other level, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of, or pertaining to, government (including any supra-national bodies such as the European Union or the European Central Bank).

"Guarantor" means (a) each Subsidiary of Holdings (other than Borrowers and any Subsidiary that is not required to become a Guarantor pursuant to Section 5.10), (b) Holdings and (c) each other Person that becomes a guarantor after the Closing Date pursuant to Section 5.10 of the Agreement.

"Guaranty and Security Agreement" means a guaranty and security agreement, dated as of the Closing Date, in form and substance reasonably satisfactory to Agent, executed and delivered by each of the Borrowers and each of the Guarantors to Agent.

"Hazardous Materials" means (a) substances that are defined or listed in, or otherwise classified pursuant to, any applicable laws or regulations as "hazardous substances," "hazardous materials," "hazardous wastes," "toxic substances," or any other formulation intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, reproductive toxicity, or "EP toxicity", (b) oil, petroleum, or petroleum derived substances, natural gas, natural gas liquids, synthetic gas, drilling fluids, produced waters, and other wastes associated with the exploration, development, or production of crude oil, natural gas, or geothermal resources, (c) any flammable substances or explosives or any radioactive materials, and (d) asbestos in any form or electrical equipment that contains any oil or dielectric fluid containing levels of polychlorinated biphenyls in excess of 50 parts per million.

"Headquarters" means the Loan Parties' headquarters facility located at 4801 Montgomery Road, Norwood, Ohio 45212.

"Hedge Agreement" means a "swap agreement" as that term is defined in Section 101(53B)(A) of the Bankruptcy Code.

"Hedge Obligations" means any and all obligations or liabilities, whether absolute or contingent, due or to become due, now existing or hereafter arising, of Holdings and its Subsidiaries arising under, owing pursuant to, or existing in respect of Hedge Agreements entered into with one or more of the Hedge Providers.

"Hedge Provider" means any Bank Product Provider that is a party to a Hedge Agreement with a Loan Party or its Subsidiaries or otherwise provides Bank Products under clause (f) of the definition thereof; provided, that if, at any time, a Lender ceases to be a Lender under this Agreement (prior to the payment in full of the Obligations), then, from and after the date on which it ceases to be a Lender thereunder, neither it nor any of its Affiliates shall constitute Hedge Providers and the obligations with respect to Hedge Agreements entered into with such former Lender or any of its Affiliates shall no longer constitute Hedge Obligations.

"Holder" means with respect to any Person, a holder of such Person's Equity Interest.

"Holdings" has the meaning specified therefor in the preamble to the Agreement.

"Immaterial Subsidiary" means a Subsidiary of Holdings that is not a Material Subsidiary, as determined by reference to the then most recent financial statements for a fiscal quarter of Administrative Borrower delivered to Agent pursuant to Section 5.1, and is designated by the Borrowers as an Immaterial Subsidiary; provided, that, in no event shall Borrowers designate any Subsidiary to be an Immaterial Subsidiary to the extent such designation would result in Immaterial Subsidiaries' assets, Consolidated EBITDA or revenues exceeding any of the applicable Maximum Immaterial Subsidiary Thresholds. Notwithstanding the foregoing, no Subsidiary who owns, or holds exclusive rights in, any Material Intellectual Property may be designated as an Immaterial Subsidiary.

"Indebtedness" as to any Person means (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes, or other similar instruments and all reimbursement or other obligations in respect of letters of credit, bankers acceptances, or other financial products, (c) all Capital Lease Obligations, (d) all obligations or liabilities of others secured by a Lien on any asset of such Person, irrespective of whether such obligation or liability is assumed, (e) all obligations of such Person to pay the deferred purchase price of assets (other than trade payables incurred in the ordinary course of business and repayable in accordance with customary practices and, for the avoidance of doubt, other than royalty payments payable in the ordinary course of business in respect of non-exclusive licenses), (f) all monetary obligations of such Person owing under Hedge Agreements (which amount shall be calculated based on the amount that would be payable by such Person if the Hedge Agreement were terminated on the date of determination), (g) any Disqualified Equity Interests of such Person, and (h) any obligation of such Person guaranteeing or intended to guarantee (whether directly or indirectly guaranteed, endorsed, co-made, discounted, or sold with recourse) any obligation of any other Person that constitutes Indebtedness under any of clauses (a) through (g) above. Solely for purposes of this definition, (i) (A) the amount of any Indebtedness represented by a guaranty or other similar instrument shall be the lesser of the principal amount of the obligations guaranteed and still outstanding and the maximum amount for which the guaranteeing Person may be liable pursuant to the terms of the instrument embodying such Indebtedness, and (B) the amount of any Indebtedness which is limited or is non-recourse to a Person or for which recourse is limited to an identified asset shall be valued at the lesser

of (1) if applicable, the limited amount of such obligations, and (2) if applicable, the fair market value of such assets securing such obligation, and (ii) Earn-Outs of such Person shall not constitute Indebtedness until such Earn-Outs are classified as indebtedness on such person's balance sheet prepared in accordance with GAAP.

"Indemnified Liabilities" has the meaning specified therefor in Section 10.3 of the Agreement.

"Indemnified Person" has the meaning specified therefor in Section 10.3 of the Agreement.

"Indemnified Taxes" means (a) all Taxes, other than Excluded Taxes, imposed on or in respect of any payment made by or on account of any Loan Party under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

"Insolvency Proceeding" means any proceeding commenced by or against any Person under any provision of the Bankruptcy Code or under any other state or federal bankruptcy or insolvency law, assignments for the benefit of creditors, formal or informal moratoria, compositions, extensions generally with creditors, or proceedings seeking reorganization, arrangement, or other similar relief.

"Intercompany Subordination Agreement" means an intercompany subordination agreement, dated as of the Closing Date, executed and delivered by Holdings, each of its Subsidiaries and Agent, the form and substance of which is reasonably satisfactory to Agent.

"Interest Period" means, with respect to each LIBOR Rate Loan, a period commencing on the date of the making of such LIBOR Rate Loan (or the continuation of a LIBOR Rate Loan or the conversion of a Base Rate Loan to a LIBOR Rate Loan) and ending 1, 2, 3 or 6 months thereafter or, if agreed to by all Lenders, 12 months thereafter; provided, that (a) interest shall accrue at the applicable rate based upon the LIBOR Rate from and including the first day of each Interest Period to, but excluding, the day on which any Interest Period expires, (b) any Interest Period that would end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day, (c) with respect to an Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period), the Interest Period shall end on the last Business Day of the calendar month that is 1, 2, 3, 6, or 12 months after the date on which the Interest Period began, as applicable, and (d) Borrowers may not elect an Interest Period which will end after the Maturity Date.

"Investment" means, with respect to any Person, any investment by such Person in any other Person (including Affiliates) in the form of loans, guarantees, advances, capital contributions (excluding (a) commission, travel, and similar advances to officers and employees of such Person made in the ordinary course of business, and (b) bona fide accounts receivable arising in the ordinary course of business), or acquisitions of Indebtedness, Equity Interests, or all or substantially all of the assets of such other Person (or of any division or business line of such other Person), and any other items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. The amount of any Investment shall be the original cost of such Investment plus the cost of all additions thereto, net of all Returns on such Investment, without any adjustment for increases or decreases in value, or write-ups, write-downs, or write-offs with respect to such Investment.

"IRC" means the Internal Revenue Code of 1986, as in effect from time to time.

"IRS" means the United States Internal Revenue Service.

"ISP" means, with respect to any Letter of Credit, the International Standby Practices 1998 (International Chamber of Commerce Publication No. 590) and any subsequent revision thereof adopted by the International Chamber of Commerce on the date such Letter of Credit is issued.

"Issuer Document" means, with respect to any Letter of Credit, a letter of credit application, a letter of credit agreement, or any other document, agreement or instrument entered into (or to be entered into) by a Borrower in favor of Issuing Bank and relating to such Letter of Credit.

"Issuing Bank" means Wells Fargo or any other Lender that, at the request of Borrowers and with the consent of Agent (not to be unreasonably withheld or delayed), agrees, in such Lender's sole discretion, to become an Issuing Bank for the purpose of issuing Letters of Credit pursuant to Section 2.11 of the Agreement, and Issuing Bank shall be a Lender.

"Lender" has the meaning set forth in the preamble to the Agreement, shall include Issuing Bank and the Swing Lender, and shall also include any other Person made a party to the Agreement pursuant to the provisions of Section 13.1 of the Agreement and "Lenders" means each of the Lenders or any one or more of them.

"Lender Group" means each of the Lenders (including Issuing Bank and the Swing Lender) and Agent, or any one or more of them.

"Lender Group Expenses" means all (a) costs or expenses (including taxes and insurance premiums) required to be paid by any Loan Party under any of the Loan Documents that are paid, advanced, or incurred by the Lender Group, (b) reasonable and documented out-of-pocket fees or charges paid or incurred by Agent in connection with the Lender Group's transactions with Holdings and its Subsidiaries under any of the Loan Documents, including, photocopying, notarization, couriers and messengers, telecommunication, public record searches, filing fees, recording fees, publication, real estate surveys, and real estate title policies and endorsements, (c) Agent's reasonable, customary and documented fees and charges imposed or incurred in connection with any background checks or OFAC/PEP searches related to Holdings or its Subsidiaries, (d) Agent's reasonable and customary fees and charges (as adjusted from time to time) with respect to the disbursement of funds (or the receipt of funds) to or for the account of any Borrower (whether by wire transfer or otherwise), together with any reasonable and documented out-of-pocket costs and expenses incurred in connection therewith, (e) reasonable and customary charges imposed or incurred by Agent resulting from the dishonor of checks payable by or to any Loan Party, (f) reasonable documented out-of-pocket costs and expenses paid or incurred by the Lender Group to correct any Default or enforce any provision of the Loan Documents, or by the Agent during the continuance of an Event of Default, in gaining possession of, maintaining, handling, preserving, storing, shipping, selling, preparing for sale, or advertising to sell the Collateral, or any portion thereof, irrespective of whether a sale is consummated, (g) reasonable and documented financial examination, appraisal, and valuation fees and expenses of Agent related to any financial examinations, appraisals, or valuation to the extent of the fees and charges (and up to the amount of any limitation) provided in Section 2.10 of the Agreement, (h) Agent's reasonable and documented costs and expenses (including reasonable documented attorneys' fees and expenses) relative to third party claims or any other lawsuit or adverse proceeding paid or incurred, whether in enforcing or defending the Loan Documents or otherwise in connection with the transactions contemplated by the Loan Documents, Agent's Liens in and to the Collateral, or the Lender Group's relationship with any Loan Party or any of its Subsidiaries, (i) Agent's reasonable documented costs and expenses (including reasonable documented attorneys' fees and due diligence expenses) incurred in advising, structuring, drafting, reviewing, administering (including reasonable and documented out-of-pocket expenses for travel, meals, and lodging), syndicating (including reasonable and documented out-of-pocket costs and expenses relative to the rating of the Loans, CUSIP, DXSyndicate™, SyndTrak or other communication costs incurred in connection with a syndication of the loan facilities), or amending, waiving,

or modifying the Loan Documents, and (j) Agent's and each Lender's reasonable documented costs and expenses (including reasonable documented attorneys, accountants, consultants, and other advisors fees and expenses (limited in the case of attorneys to one law firm for Agent (and such other specialty counsel or local counsel as Agent reasonably elects to employ) and (absent any additional counsel as may be needed based on conflicts of interest) one law firm for the Lenders (in the aggregate) other than the Agent)) incurred in terminating, enforcing (including attorneys, accountants, consultants, and other advisors fees and expenses (limited in the case of attorneys to one law firm for Agent (and such other specialty counsel or local counsel as Agent reasonably elects to employ) and (absent any additional counsel as may be needed based on conflicts of interest) one law firm for the Lenders (in the aggregate) other than the Agent) incurred in connection with a "workout," a "restructuring," or an Insolvency Proceeding concerning any Loan Party or any of its Subsidiaries or in exercising rights or remedies under the Loan Documents), or defending the Loan Documents, irrespective of whether a lawsuit or other adverse proceeding is brought, or in taking any enforcement action or any Remedial Action with respect to the Collateral.

"Lender Group Representatives" has the meaning specified therefor in Section 17.9 of the Agreement.

"Lender-Related Person" means, with respect to any Lender, such Lender, together with such Lender's Affiliates, officers, directors, employees, attorneys, and agents.

"Letter of Credit" means a letter of credit (as that term is defined in the Code) issued by Issuing Bank.

"Letter of Credit Collateralization" means either (a) providing cash collateral (pursuant to documentation reasonably satisfactory to Agent, including provisions that specify that the Letter of Credit Fees and all commissions, fees, charges and expenses provided for in Section 2.11(k) of the Agreement (including any fronting fees) will continue to accrue while the Letters of Credit are outstanding) to be held by Agent for the benefit of the Revolving Lenders in an amount equal to (x) 105% of the then outstanding Letter of Credit Usage denominated in Dollars and (y) 115% of the then outstanding Letter of Credit Usage in a currency other than Dollars (in each case, or such other amount as is acceptable to the applicable Issuing Bank) of the then existing Letter of Credit Usage, (b) delivering to Agent documentation executed by all beneficiaries under the Letters of Credit, in form and substance reasonably satisfactory to Agent and Issuing Bank, terminating all of such beneficiaries' rights under the Letters of Credit, or (c) providing Agent with a standby letter of credit, in form and substance reasonably satisfactory to Agent, from a commercial bank acceptable to Agent (in its sole discretion) in an amount equal to (x) 105% of the then outstanding Letter of Credit Usage denominated in Dollars and (y) 115% of the then outstanding Letter of Credit Usage in a currency other than Dollars (in each case, or such other amount as is acceptable to the applicable Issuing Bank) of the then existing Letter of Credit Usage (it being understood that the Letter of Credit Fee and all fronting fees set forth in the Agreement will continue to accrue while the Letters of Credit are outstanding and that any such fees that accrue must be an amount that can be drawn under any such standby letter of credit).

"Letter of Credit Disbursement" means a payment made by Issuing Bank pursuant to a Letter of Credit.

"Letter of Credit Exposure" means, as of any date of determination with respect to any Lender, such Lender's Pro Rata Share of the Letter of Credit Usage on such date.

"Letter of Credit Fee" has the meaning specified therefor in Section 2.6(b) of the Agreement.

"Letter of Credit Indemnified Costs" has the meaning specified therefor in Section 2.11(f) of the Agreement.

"Letter of Credit Related Person" has the meaning specified therefor in Section 2.11(f) of the Agreement.

"Letter of Credit Usage" means, as of any date of determination, the aggregate undrawn amount of all outstanding Letters of Credit.

"LIBOR Deadline" has the meaning specified therefor in Section 2.12(c)(i) of the Agreement.

"LIBOR Notice" means a written notice in the form of Exhibit L-1 to the Agreement.

"LIBOR Option" has the meaning specified therefor in Section 2.12(a) of the Agreement.

"LIBOR Rate" means the greater of (a) 1.00 percent per annum, and (b) the rate per annum as published by ICE Benchmark Administration Limited (or any successor page or other commercially available source as the Agent may designate from time to time) as of 11:00 a.m., London time, two Business Days prior to the commencement of the requested Interest Period, for a term, and in an amount, comparable to the Interest Period and the amount of the LIBOR Rate Loan requested (whether as an initial LIBOR Rate Loan or as a continuation of a LIBOR Rate Loan or as a conversion of a Base Rate Loan to a LIBOR Rate Loan) by Borrowers in accordance with this Agreement (and, if any such published rate is below zero, then the rate determined pursuant to this clause (b) shall be deemed to be zero). Each determination of the LIBOR Rate shall be made by the Agent and shall be conclusive in the absence of manifest error.

"LIBOR Rate Loan" means each portion of a Revolving Loan or the Term Loan that bears interest at a rate determined by reference to the LIBOR Rate.

"LIBOR Rate Margin" means (a) prior to and on the Third Anniversary Date, 4.25 percentage points and (b) after the Third Anniversary Date, 4.00 percentage points.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment, charge, deposit arrangement, encumbrance, easement, lien (statutory or other), security interest, or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever, including any conditional sale contract or other title retention agreement, the interest of a lessor under a Capital Lease and any synthetic or other financing lease having substantially the same economic effect as any of the foregoing.

"Limited Condition Transaction" means any acquisition or other investment, including by way of merger, by the Borrower or one or more of its Restricted Subsidiaries, permitted pursuant to this Agreement whose consummation is not conditioned upon the availability of, or on obtaining, third party financing, and that is consummated within 120 days of signing the applicable acquisition agreement.

"Liquidity" means, as of any date of determination, the sum of (a) Availability plus (b) Qualified Cash.

"Loan" means any Revolving Loan (including any Swing Loan or Protective Advance) or Term Loan made (or to be made) hereunder.

"Loan Account" has the meaning specified therefor in Section 2.9 of the Agreement.

"Loan Documents" means the Agreement, the Control Agreements, the Fee Letter, the Guaranty and Security Agreement, the Intercompany Subordination Agreement, any Issuer Documents, the Letters of Credit, the Mortgages, the Copyright Security Agreement, the Patent Security Agreement, the Trademark Security Agreement, in each case, if any, any note or notes executed by Borrowers in connection with the Agreement and payable to any member of the Lender Group, and any other instrument or agreement entered into, now or in the future, by Holdings or any of its Subsidiaries, on the one hand, and any member of the Lender Group, on the other hand, in connection with the Agreement.

"Loan Party" means any Borrower or any Guarantor.

"Margin Stock" has the meaning specified therefor in Regulation U of the Board of Governors as in effect from time to time.

"Material Adverse Effect" means (a) a material adverse effect in the business, operations, assets, liabilities or financial condition of Holdings and its Subsidiaries, taken as a whole, (b) a material impairment of Holdings and its Subsidiaries' ability to perform their payment or other material obligations under the Loan Documents to which they are parties or of the Lender Group's ability to enforce the Obligations or realize upon a material portion of the Collateral (other than as a result of an action taken or not taken that is solely in the control of Agent), or (c) a material impairment of the enforceability or priority of Agent's Liens with respect to all or a material portion of the Collateral.

"Material Intellectual Property" means all material intellectual property (which shall be deemed to include all intellectual property incorporated or otherwise necessary for software of the Loan Parties and their Subsidiaries that generates revenue) of the Loan Parties and their Subsidiaries, taken as a whole (as reasonably determined by the Borrowers).

"Material Subsidiary" means each Subsidiary of Holdings that:

(a) accounted for at least 2.5% of consolidated revenues of the Holdings and its Subsidiaries or 2.5% of Consolidated EBITDA, in each case for the four fiscal quarters of Borrowers ending on the last day of the last fiscal quarter of the Borrowers immediately preceding the date as of which any such determination is made;

(b) has assets which represented at least 2.5% of the consolidated assets of Holdings and its Subsidiaries as at the last day of the last fiscal quarter of Holdings immediately preceding the date as of which any such determination is made, or

(c) owns any Material Intellectual Property.

"Maturity Date" means November 2, 2023.

"Maximum Immaterial Subsidiary Thresholds" means, with respect to all Immaterial Subsidiaries, each of the following thresholds: (a) 5.00% in the aggregate of consolidated total assets of the Borrowers and their Restricted Subsidiaries, (b) 5.00% in the aggregate of Consolidated EBITDA for the four fiscal quarters of Borrowers ending on the last day of any fiscal quarter of Borrowers; and (c) 5.00% in the aggregate of Recurring Revenue of the Borrowers and their Restricted Subsidiaries for the four fiscal quarters of Borrowers ending on the last day of any fiscal quarter of Borrowers, in each case, as determined based on the then most recent financial statements delivered to Agent pursuant to Section 5.1.

"Maximum Revolver Amount" means $50,000,000, as the same may be decreased by the amount of reductions in the Revolver Commitments made in accordance with Section 2.4(c).

"Merger Sub" means Pride Merger Subsidiary, Inc., a Delaware corporation.

"Minimum Liquidity Amount" means at all times (a) prior to and on the Third Anniversary Date, $22,500,000 and (b) after the Third Anniversary Date, $17,500,000.

"Moody's" has the meaning specified therefor in the definition of Cash Equivalents.

"Mortgages" means, individually and collectively, one or more mortgages, deeds of trust, or deeds to secure debt, executed and delivered by a Borrower or one of its Subsidiaries in favor of Agent, in form and substance reasonably satisfactory to Agent, that encumber the Real Property Collateral.

"Net Cash Proceeds" means:

(a) with respect to any sale or disposition by Holdings or any of its Subsidiaries of assets, the amount of cash proceeds received (directly or indirectly) from time to time (whether as initial consideration or through the payment of deferred consideration) by or on behalf of Holdings or such Subsidiary, in connection therewith after deducting therefrom only (i) the amount of any Indebtedness secured by any Permitted Lien on any asset (other than (A) Indebtedness owing to Agent or any Lender under the Agreement or the other Loan Documents and (B) Indebtedness assumed by the purchaser of such asset) which is required to be, and is, repaid in connection with such sale or disposition, (ii) reasonable fees, commissions, and expenses related thereto and required to be paid by Holdings or such Subsidiary in connection with such sale or disposition, (iii) Taxes paid or payable to any taxing authorities by Holdings or such Subsidiary and any Tax Distributions made in connection with such sale or disposition, in each case to the extent, but only to the extent, that the amounts so deducted are, at the time of receipt of such cash, actually paid or payable to a Person that is not an Affiliate of Holdings or any of its Subsidiaries, and are properly attributable to such transaction; and (iv) all amounts that are set aside as a reserve (A) for adjustments in respect of the purchase price of such assets, (B) for any liabilities associated with such sale or casualty, to the extent such reserve is required by GAAP, and (C) for the payment of unassumed liabilities relating to the assets sold or otherwise disposed of at the time of, or within 30 days after, the date of such sale or other disposition, to the extent that in each case the funds described above in this clause (iv) are (x) deposited into escrow with a third party escrow agent or set aside in a separate Deposit Account that is subject to a Control Agreement in favor of Agent and (y) paid to Agent as a prepayment of the applicable Obligations in accordance with Section 2.4(e) of the Agreement at such time when such amounts are no longer required to be set aside as such a reserve;

(b) with respect to the incurrence or issuance of any Indebtedness or Equity Interests by Holdings or any of its Subsidiaries, the aggregate amount of cash received (directly or indirectly) from time to time (whether as initial consideration or through the payment or disposition of deferred consideration) by or on behalf of Holdings or such Subsidiary in connection with such issuance or incurrence, after deducting therefrom only (i) reasonable fees, commissions, underwriting discounts, and expenses related thereto and required to be paid by Holdings or such Subsidiary in connection with such issuance or incurrence, and (ii) taxes paid or reasonably estimated to be payable to any taxing authorities by Holdings or such Subsidiary in connection with such issuance or incurrence, in each case to the extent, but only to the extent, that the amounts so deducted are, at the time of receipt of such cash, actually paid or payable to a Person that is not an Affiliate of Holdings or any of its Subsidiaries; and

(c) with respect to any Extraordinary Receipts by Holdings or any of its Subsidiaries, the aggregate amount of such Extraordinary Receipts, after deducting therefrom only (i) reasonable fees and expenses related thereto and required to be paid by Holdings or such Subsidiary in connection with such receipt, and (ii) taxes paid or reasonably estimated to be payable to any taxing authorities by Holdings or such Subsidiary in connection with such receipt, in each case to the extent, but only to the extent, that the amounts so deducted are, at the time of receipt of such cash, actually paid or payable to a Person that is not an Affiliate of Holdings or any of its Subsidiaries.

"Non-Consenting Lender" has the meaning specified therefor in Section 14.2(a) of the Agreement.

"Non-Defaulting Lender" means each Lender other than a Defaulting Lender.

"Obligations" means (a) all loans (including the Term Loan and the Revolving Loans (inclusive of Protective Advances and Swing Loans)), debts, principal, interest (including any interest that accrues after the commencement of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any such Insolvency Proceeding), reimbursement or indemnification obligations with respect to Letters of Credit (irrespective of whether contingent), premiums, liabilities (including all amounts charged to the Loan Account pursuant to the Agreement), obligations (including indemnification obligations), fees (including the fees provided for in the Fee Letter), Lender Group Expenses (including any fees or expenses that accrue after the commencement of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any such Insolvency Proceeding), guaranties, and all covenants and duties of any other kind and description owing by any Loan Party pursuant to or evidenced by the Agreement or any of the other Loan Documents and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, and including all interest not paid when due and all other expenses or other amounts that Borrowers are required to pay or reimburse by the Loan Documents or by law or otherwise in connection with the Loan Documents, and (b) all Bank Product Obligations; provided that, anything to the contrary contained in the foregoing notwithstanding, the Obligations shall exclude any Excluded Swap Obligation. Without limiting the generality of the foregoing, the Obligations of Borrowers under the Loan Documents include the obligation to pay (i) the principal of the Term Loan and the Revolving Loans, (ii) interest accrued on the Term Loan and the Revolving Loans, (iii) the amount necessary to reimburse Issuing Bank for amounts paid or payable pursuant to Letters of Credit, (iv) Letter of Credit commissions, fees (including fronting fees) and charges, (v) Lender Group Expenses, (vi) fees payable under the Agreement or any of the other Loan Documents, and (vii) indemnities and other amounts payable by any Loan Party under any Loan Document. Any reference in the Agreement or in the Loan Documents to the Obligations shall include all or any portion thereof and any extensions, modifications, renewals, or alterations thereof, both prior and subsequent to any Insolvency Proceeding.

"OFAC" means The Office of Foreign Assets Control of the U.S. Department of the Treasury.

"Originating Lender" has the meaning specified therefor in Section 13.1(e) of the Agreement.

"Other Taxes" means all present or future stamp, court or documentary Taxes and any other property, intangible, mortgage recording or similar Taxes which arise from any payment made under any Loan Document or from the execution, delivery, performance, enforcement or registration of, or otherwise with respect to, any Loan Document, excluding, in each case, any such Tax resulting from an assignment and assumption or transfer or assignment to or designation of a new applicable lending office or other office for receiving payments under any Loan Document, or the sale of any participation (an "Assignment Tax") but only if (a) such Assignment Tax is imposed as a result of a present or former connection of the assignor or assignee with the jurisdiction imposing such Assignment Tax (other than any connection arising solely from any Loan Documents or any transactions contemplated thereby) and (b) such Assignment Tax does not arise as a result of an assignment (or designation of a new applicable lending office) pursuant to a request by Borrower under Section 14.2.

"Participant" has the meaning specified therefor in Section 13.1(e) of the Agreement.

"Participant Register" has the meaning set forth in Section 13.1(i) of the Agreement.

"Patent Security Agreement" has the meaning specified therefor in the Guaranty and Security Agreement.

"PATRIOT Act" has the meaning specified therefor in Section 4.13 of the Agreement.

"Paycor Headquarters" means Paycor Headquarters, LLC, an Ohio limited liability company.

"Perfection Certificate" means a certificate in the form of Exhibit P-1 to the Agreement.

"Permitted Acquisition" means any Acquisition so long as:

(a) except with respect to any Limited Condition Transaction, no Default or Event of Default shall have occurred and be continuing or would result from the consummation of the proposed Acquisition and the proposed Acquisition is consensual,

(b) no Indebtedness will be incurred, assumed, or would exist with respect to Holdings or its Restricted Subsidiaries as a result of such Acquisition other than Permitted Indebtedness, and no Liens will be incurred, assumed, or would exist with respect to the assets of Holdings or its Subsidiaries as a result of such Acquisition other than Permitted Liens,

(c) Administrative Borrower has provided Agent with written confirmation, supported by reasonably detailed calculations, that on a pro forma basis, Borrowers and their Subsidiaries would have been in compliance with the then applicable financial covenants set forth in Section 7 of the Agreement as of the end of the most recent fiscal quarter ended immediately prior to the consummation of the proposed Acquisition,

(d) in the case of any such Acquisition with total Purchase Price in excess of $30,000,000, Administrative Borrower has provided Agent with its due diligence package relative to the proposed Acquisition, including (in each case to the extent obtained or otherwise created by Borrowers, but in no event requiring Borrowers to prepare solely for the benefit of the Lenders) forecasted balance sheets, profit and loss statements, quality of earnings reports, and cash flow statements of the Person or assets to be acquired, as may be reasonably requested by Agent,

(e) [reserved],

(f) [reserved],

(g) Administrative Borrower has provided Agent with written notice of the proposed Acquisition at least five (5) Business Days prior to the anticipated closing date of the proposed Acquisition (or such shorter time period as agreed to by Agent) and, not later than five (5) Business Days (or with respect to the Specified Acquisition, two (2) Business Days) prior to the anticipated closing date of the proposed Acquisition (or such shorter time period as agreed to by Agent), copies of the acquisition agreement and other material documents relative to the proposed Acquisition,

(h) after giving effect to any such purchase or other acquisition, Holdings shall be in compliance with the covenant in Section 5.18,

(i) [reserved], and

(j) Section 5.10 or 5.11 of the Agreement, as applicable, shall be complied with; provided, that, other than the Specified Acquisition, the acquisition of Subsidiaries that do not become a Loan Party and the acquisition of assets by Subsidiaries that are not Loan Parties shall not exceed (x) prior to the Conversion Date, $5,000,000 in the aggregate and (y) on and after the Conversion Date, the greater of (i) $10,000,000 and (ii) 25% of Consolidated EBITDA for the most recently ended test period in the aggregate.

"Permitted Discretion" means a determination made in the exercise of reasonable (from the perspective of a secured commercial lender) business judgment.

"Permitted Dispositions" means:

(a) sales, abandonment, or other dispositions of any property or assets (other than accounts (as that term is defined in the Code), intellectual property, Equity Interests of the Holdings or its Subsidiaries, or material contracts or agreements) that, in the reasonable judgment of Administrative Borrower, has become worn, damaged or obsolete or is no longer used or useful in the ordinary course of business, and leases or subleases of Real Property not useful in the conduct of the business of Holdings and its Subsidiaries,

(b) sales of inventory to buyers in the ordinary course of business,

(c) the use or transfer of money or Cash Equivalents in a manner that is not prohibited by the terms of the Agreement or the other Loan Documents,

(d) the licensing, on a non-exclusive basis, of patents, trademarks, copyrights, and other intellectual property rights in the ordinary course of business,

(e) the granting of Permitted Liens,

(f) the sale or discount, in each case without recourse, of accounts receivable arising in the ordinary course of business, but only in connection with the compromise or collection thereof,

(g) any involuntary loss, damage or destruction of property,

(h) any involuntary condemnation, seizure or taking, by exercise of the power of eminent domain or otherwise, or confiscation or requisition of use of property,

(i) the leasing or subleasing of assets of any Borrower or its Restricted Subsidiaries in the ordinary course of business,

(j) the sale or issuance of Equity Interests (other than Disqualified Equity Interests) of any other Loan Party to another Loan Party, the sale or issuance of Equity Interests (other than Disqualified Equity Interests) of any Subsidiary of a Loan Party that is not a Loan Party to a Loan Party (other than Holdings) or any other Subsidiary of a Loan Party and the sale or issuance of Equity Interests of any Person that is neither a Loan Party nor a Subsidiary of a Loan Party, in each case subject to the terms set forth herein,

(k) (i) the lapse of registered patents, trademarks, copyrights and other intellectual property of Holdings or any of its Subsidiaries that are, in the reasonable business judgment of Holdings or such Subsidiary, no longer material to, or no longer used in, the business of Holdings or such Subsidiary, or (ii) the abandonment of patents, trademarks, copyrights, or other intellectual property rights in the ordinary course of business, so long as (in each case under clauses (i) and (ii)), (A) with respect to copyrights, such copyrights are not material revenue generating copyrights and (B) such lapse or abandonment is not materially adverse to the interests of the Lender Group,

(l) the making of Restricted Payments that are expressly permitted to be made pursuant to the Agreement,

(m) the making of Permitted Investments,

(n) transfers of assets (i) from Borrowers or any of its Subsidiaries to a Loan Party (other than Holdings), (ii) from any Subsidiary of Holdings that is not a Loan Party to any other Subsidiary of Holdings that is a Loan Party, and (iii) from any Subsidiary of Holdings that is not a Loan Party to any other Subsidiary of Holdings that is not a Loan Party,

(o) dispositions of assets acquired by Borrowers or any of its Restricted Subsidiaries pursuant to a Permitted Acquisition consummated within 12 months of the date of the proposed disposition (the "Subject Permitted Acquisition") so long as (i) the consideration received for the assets to be so disposed is at least equal to the fair market value thereof, (ii) the assets to be so disposed are not necessary in connection with the business of such Borrower or Restricted Subsidiary, and (iii) the assets to be so disposed are readily identifiable as assets acquired pursuant to the Subject Permitted Acquisition,

(p) dispositions of property to the extent (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such disposition are promptly applied to the purchase price of such replacement property,

(q) cancellations, terminations or surrenders of any lease,

(r) the termination or unwinding of any Hedge Agreement in accordance with its terms,

(s) dispositions by any Subsidiary of its own Equity Interests to qualify directors where required by applicable law,

(t) dispositions permitted by Section 6.3,

(u) the consummation of a sale-leaseback transaction with respect to the Headquarters Property, and

(v) sales or dispositions of assets (other than Equity Interests or intellectual property of Holdings or any Subsidiary) not otherwise permitted in clauses (a) through (t) above; provided, that (i) such sale or disposition shall be for fair market value as reasonably determined by the Borrowers or the Restricted Subsidiary in good faith, (ii) with respect to any disposition or sale pursuant to this clause (v) for a purchase price in excess of $5,000,000, the Borrower or any of its Restricted Subsidiaries shall receive not less than 75.0% of such consideration in the form of cash or Cash Equivalents, and (iii) the aggregate consideration received by the Borrowers and their Restricted Subsidiaries for all dispositions and sales under this clause (v) shall not exceed (x) prior to the Conversion Date, $10,000,000 in the aggregate per fiscal year and (y) on and after the Conversion Date, the greater of (A) $50,000,000 and (B) 40% of Consolidated EBITDA for the most recently ended test period in the aggregate per fiscal year.

"Permitted Holder" means Sponsor.

"Permitted Indebtedness" means:

(a) Indebtedness evidenced by the Agreement or the other Loan Documents,

(b) Indebtedness set forth on Schedule P-3 to the Agreement and any Refinancing Indebtedness in respect of such Indebtedness,

(c) Permitted Purchase Money Indebtedness and any Refinancing Indebtedness in respect of such Indebtedness,

(d) endorsement of instruments or other payment items for deposit,

(e) Indebtedness consisting of (i) unsecured guarantees incurred in the ordinary course of business with respect to surety and appeal bonds, performance bonds, bid bonds, appeal bonds, completion guarantee and similar obligations; (ii) unsecured guarantees arising with respect to customary indemnification obligations to purchasers in connection with Permitted Dispositions; and (iii) unsecured guarantees with respect to Indebtedness of any Borrower or one of its Subsidiaries, to the extent that the Person that is obligated under such guaranty could have incurred such underlying Indebtedness,

(f) Indebtedness incurred in the ordinary course of business under performance, surety, statutory, or appeal bonds,

(g) Indebtedness owed to any Person providing property, casualty, liability, or other insurance to Borrower or any of its Subsidiaries, so long as the amount of such Indebtedness is not in excess of the amount of the unpaid cost of, and shall be incurred only to defer the cost of, such insurance for the year in which such Indebtedness is incurred and such Indebtedness is outstanding only during such year,

(h) the incurrence by Borrowers or their Restricted Subsidiaries of Indebtedness under Hedge Agreements that are incurred for the bona fide purpose of hedging the interest rate, commodity, or foreign currency risks associated with Borrowers' and their Restricted Subsidiaries' operations and not for speculative purposes,

(i) Indebtedness incurred in the ordinary course of business in respect of credit cards, credit card processing services, debit cards, stored value cards, commercial cards (including so-called "purchase cards", "procurement cards" or "p-cards"), or Cash Management Services,

(j) (i) Indebtedness under the Existing Headquarters Debt Facility and Refinancing Indebtedness thereof; provided, that the terms of any such refinancing shall not be materially adverse to the Agent and Lenders; provided further, that it is agreed that an increase of the aggregate obligations of the Loan Parties under the Existing Headquarters Debt Facility greater than $8,000,000 shall be materially adverse to the Agent and Lenders, and (ii) any additional Indebtedness resulting from the sale-leaseback of the Headquarters Property; provided, that the Indebtedness permitted pursuant to subclause (i) hereof has been or simultaneously will be repaid in full in connection with such sale leaseback,

(k) Indebtedness composing Permitted Investments,

(l) unsecured (other than any right of setoff in the applicable deposit account) Indebtedness incurred in respect of netting services, overdraft protection, and other like services, in each case, incurred in the ordinary course of business,

(m) accrual of interest, accretion or amortization of original issue discount, or the payment of interest in kind, in each case, on Indebtedness that otherwise constitutes Permitted Indebtedness,

(n) to the extent constituting Indebtedness, unsecured deferred compensation to employees of Borrowers and their Restricted Subsidiaries incurred in the ordinary course of business;

(o) [reserved],

(p) (i) other Indebtedness of the Borrowers or any Restricted Subsidiary, (A) prior to the Conversion Date, in an aggregate amount not to exceed (1) an amount equal to (x) 30.0% of TTM Recurring Revenue minus (y) the aggregate principal amount of the Second Amendment Term Loan outstanding, in each case determined at the time of incurrence of such Indebtedness, and (B) on and after the Conversion Date, so long as (1) if such Indebtedness a term loan facility and is secured by Liens that are pari passu to the Liens on the Collateral securing the Obligations, the Senior Secured Leverage Ratio (calculated on a pro forma basis but excluding the cash proceeds therefrom) as of the last day of the most recently ended test period is not greater than 5.50:1.00 and the Total Leverage Ratio (calculated on a pro forma basis but excluding the cash proceeds therefrom) as of the last day of the most recently ended test period is not greater than 6.50:1.00, (2) if such Indebtedness is secured by a Lien on the Collateral that is junior to the Liens securing the Obligations, the Senior Secured Leverage Ratio (calculated on a pro forma basis but excluding the cash proceeds therefrom) as of the last day of the most recently ended test period is not greater than 5.50:1.00 and the Total Leverage Ratio (calculated on a pro forma basis but excluding the cash proceeds therefrom) as of the last day of the most recently ended test period is not greater than 6.50:1.00, and (3) if such Indebtedness is unsecured or secured solely by assets that do not constitute Collateral, the Total Leverage Ratio (calculated on a pro forma basis but excluding the cash proceeds therefrom) as of the last day of the most recently ended test period is not greater than 6.50:1.00 (any such Indebtedness incurred pursuant to the foregoing clauses (A) and (B), "Permitted Ratio Debt"); provided, that (w) any such Indebtedness shall not mature prior to the date that is ninety one (91) days after the Maturity Date (other than any such Indebtedness consisting of term loans under customary bridge facilities), (x) the other terms and conditions of such Indebtedness (excluding pricing and optional prepayment or redemption terms) shall be (I) reasonably satisfactory to Agent or (II) no more favorable to the Lenders providing such Permitted Ratio Debt than the terms and conditions applicable to the Loans (taken as a whole) (it being understood that no consent shall be required from Agent for terms and conditions (A) that are more restrictive than this Agreement if the Lenders receive the benefit of such terms and conditions through their addition to this Agreement or (B) to the extent that they apply solely to periods following the 91st day after the Maturity Date) and (y) the maximum aggregate principal amount of Indebtedness that may be incurred pursuant to this clause (p) by Non-Loan Parties shall not exceed at any one time (A) prior to the Conversion Date, $2,500,000 and (B) on and after the Conversion Date, the greater of (1) $5,000,000 and (2) 12.5% of Consolidated EBITDA for the most recently ended test period; and (ii) any permitted Refinancing Indebtedness in respect of Indebtedness incurred under the foregoing clause (p)(i),

(q) contingent liabilities in respect of any indemnification obligation, adjustment of purchase price, non-compete, or similar obligation of Borrowers or the applicable Loan Party incurred in connection with the consummation of one or more Permitted Acquisitions,

(r) Acquired Indebtedness, so long as either (i) such Indebtedness would have been permitted to have been incurred under clause (p) hereof or (ii) at any one time, the aggregate principal amount of such Indebtedness does not exceed the greater of (A) prior to the Conversion Date, $5,000,000 and (B) on and after the Conversion Date, the greater of (x) $10,000,000 and (y) 25% of Consolidated EBITDA for the most recently ended test period,

(s) Indebtedness in respect of deferred purchase price obligations in connection with the Specified Acquisition in an amount not to exceed $3 million at any time outstanding; provided, that at the time of making of such payments with respect thereto (i) no Event of Default has occurred and is continuing or would result therefrom and (ii) the Borrowers shall be in pro forma compliance with the then applicable financial covenants in Section 7,

(t) any other Indebtedness incurred by Borrowers or any of their Restricted Subsidiaries in an aggregate outstanding amount at any one time not to exceed (i) prior to the Conversion Date, $1,000,000 and (ii) on and after the Conversion Date, the greater of (x) $2,000,000 and (y) 5% of Consolidated EBITDA for the most recently ended test period, which such Indebtedness may be secured to the extent permitted by Section 6.2,

(u) Indebtedness that is non-recourse to the Borrowers and their Restricted Subsidiaries (other than Paycor Headquarters), in an aggregate outstanding amount at any one time not to exceed (i) prior to the Conversion Date, $5,000,000 and (ii) on or after the Conversion Date, the greater of (x) $10,000,000 and (y) 20% of Consolidated EBITDA for the most recently ended test period, and

(v) certain guarantee obligations with respect to increment financing with the City of Norwood, Ohio as described on Schedule 6.1(v) in an amount not to exceed $500,000.

For purposes of determining compliance with Section 6.1, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Indebtedness described in clauses (a) through (v) above, the Borrowers shall classify and reclassify or later divide, classify or reclassify such item of Indebtedness (or any portion thereof) and will only be required to include the amount and type of such Indebtedness in one or more of the above clauses; provided that all Indebtedness outstanding under the Loan Documents will be deemed to have been incurred in reliance only on clause (a) hereof.

"Permitted Intercompany Advances" means Investments made by (a) a Loan Party to another Loan Party other than Holdings, (b) a Subsidiary of Holdings that is not a Loan Party to another Subsidiary of Holdings that is not a Loan Party, (c) a Subsidiary of Holdings that is not a Loan Party to a Loan Party, so long as the parties thereto are party to the Intercompany Subordination Agreement, and (d) a Loan Party to a Subsidiary of a Borrower that is not a Loan Party (x) in the ordinary course of business or (y) otherwise so long as, solely in the case of clause (d)(y), (i) the aggregate amount of all such Investments (by type, not by the recipient) does not exceed (A) prior to the Conversion Date, $1,000,000 at any one time and (B) on and after the Conversion Date, the greater of (x) $2,000,000 and (y) 5% of Consolidated EBITDA for the test period most recently ended at any one time, and (ii) at the time of the making of such loan, no Event of Default has occurred and is continuing or would result therefrom.

"Permitted Investments" means:

(a) Investments in cash and Cash Equivalents,

(b) Investments in negotiable instruments deposited or to be deposited for collection in the ordinary course of business,

(c) advances made in connection with purchases of goods or services in the ordinary course of business,

(d) Investments received in settlement of amounts due to any Loan Party or any of its Subsidiaries effected in the ordinary course of business or owing to any Loan Party or any of its Subsidiaries as a result of Insolvency Proceedings involving an account debtor or upon the foreclosure or enforcement of any Lien in favor of a Loan Party or its Subsidiaries,

(e) Investments owned by any Loan Party or any of its Subsidiaries on the Closing Date and set forth on Schedule P-1 to the Agreement,

(f) guarantees permitted under the definition of Permitted Indebtedness,

(g) Permitted Intercompany Advances,

(h) Equity Interests or other securities acquired in connection with the satisfaction or enforcement of Indebtedness or claims due or owing to a Loan Party or its Subsidiaries (in bankruptcy of customers or suppliers or otherwise outside the ordinary course of business) or as security for any such Indebtedness or claims,

(i) deposits of cash made in the ordinary course of business to secure performance of operating leases,

(j) loans and advances to employees, officers and directors of Holdings or any of its Subsidiaries in the ordinary course of business for any other business purpose (including, but not limited to, moving, relocation, travel and similar expenses) and in an aggregate amount not to exceed (i) prior to the Conversion Date, $1,000,000 outstanding at any one time and (ii) on and after the Conversion Date, the greater of (x) $2,000,000 and (y) 5% of Consolidated EBITDA for the test period most recently ended outstanding at any one time,

(k) Investments in the form of capital contributions and the acquisition of Equity Interests made by any Loan Party in any other Loan Party (other than capital contributions to or for the acquisition of Equity Interests of Holdings),

(l) Investments resulting from entering into (i) Bank Product Agreements or (ii) agreements relative to Indebtedness that is permitted under clause (h) of the definition of Permitted Indebtedness,

(m) equity Investments by any Loan Party in any Subsidiary of such Loan Party which is required by law to maintain a minimum net capital requirement or as may be otherwise required by applicable law,

(n) Permitted Acquisitions and, subject to the prior or concurrent satisfaction of the requirements set forth on Annex 3.1 in respect thereof, the consummation of the Closing Acquisition,

(o) Investments held by a Person acquired in a Permitted Acquisition to the extent that such Investments were not made in contemplation of or in connection with such Permitted Acquisition and were in existence on the date of such Permitted Acquisition,

(p) Investments in the form of promissory notes and other non-cash consideration received in connection with Permitted Dispositions,

(q) Investments in Paycor Headquarters in respect of the capital expenditure build-out of the Headquarters Property in an aggregate amount not to exceed $30,000,000 during the term of the Agreement,

(r) endorsements for collection or deposit in the ordinary course of business consistent with past practice,

(s) from and after the Conversion Date, Investments as valued at cost at the time each such Investment is made and including all related commitments for future Investments, in an amount not exceeding the Available Amount so long as no Default or Event of Default shall have occurred or is continuing or would result therefrom; provided that at the time of any such Investment in reliance on clause (b) of the definition of "Available Amount", the Total Leverage Ratio as of the end of the most recently ended test period on a pro forma basis shall be no greater than 6.50 to 1.00;

(t) so long as no Event of Default has occurred and is continuing at the time of such Investment or would result therefrom, any other Investments in an aggregate amount not to exceed (i) prior to the Conversion Date, $1,000,000 at any one time and (ii) on and after the Conversion Date, the greater of (x) $2,000,000 and (y) 5% of Consolidated EBITDA for the test period most recently ended outstanding at any one time (in each case, net of all returns of profit and capital on such Investments, including dividends and other distributions, up to the amount of Investments then made in reliance of this clause (t)) during the term of the Agreement;

(u) other Investments; provided that, at the time of such Investment, (i) no Default or Event of Default has occurred and is continuing and (ii) the Total Leverage Ratio as of the end of the most recently ended Test Period, on a pro forma basis, would be no greater than 6.00:1.00; and

(v) Investments in connection with the formation of [____][1] for the sole purpose of consummating the Specified Acquisition.

Notwithstanding anything to the contrary contained herein, in no event shall any Loan Party make any Investment transferring ownership of, or exclusive rights in, any Material Intellectual Property in or to any Person other than a Loan Party.

"Permitted Liens" means

(a) Liens granted to, or for the benefit of, Agent to secure the Obligations,

(b) Liens for unpaid taxes, assessments, or other governmental charges or levies that (i) are not yet delinquent, (ii) are the underlying taxes, assessments, or charges or levies, subject of Permitted Protests, or (iii) the nonpayment of which would not result in a breach of Section 5.4,

(c) judgment Liens arising solely as a result of the existence of judgments, orders, or awards that do not constitute an Event of Default under Section 8.3 of the Agreement,

(d) Liens set forth on Schedule P-2 to the Agreement; provided, that to qualify as a Permitted Lien, any such Lien described on Schedule P-2 to the Agreement shall only secure the Indebtedness that it secures on the Closing Date and any Refinancing Indebtedness in respect thereof,

(e) the interests of lessors and sublessors under operating leases and non-exclusive licensors under license agreements,

(f) purchase money Liens or the interests of lessors under Capital Leases to the extent that such Liens or interests secure Permitted Purchase Money Indebtedness and so long as (i) such Lien attaches only to the asset purchased or acquired and the proceeds thereof, and (ii) such Lien only secures the Indebtedness that was incurred to acquire the asset purchased or acquired or any Refinancing Indebtedness in respect thereof,

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1 NTD: Legal name for acquiring entity for 7Geese acquisition.

(g) Liens arising by operation of law in favor of warehousemen, landlords, carriers, mechanics, materialmen, laborers, or suppliers, incurred in the ordinary course of business and not in connection with the borrowing of money, and which Liens either (i) are for sums not yet delinquent, or (ii) are the subject of Permitted Protests,

(h) Liens on amounts deposited to secure Borrowers' and their Restricted Subsidiaries' obligations in connection with worker's compensation or other unemployment insurance,

(i) Liens on amounts deposited to secure Borrowers' and their Restricted Subsidiaries' obligations in connection with the making or entering into of bids, tenders, or leases in the ordinary course of business and not in connection with the borrowing of money,

(j) Liens on amounts deposited to secure Borrowers' and their Restricted Subsidiaries' reimbursement obligations with respect to surety or appeal bonds obtained in the ordinary course of business,

(k) with respect to any Real Property, easements, rights of way, and zoning restrictions that do not materially interfere with or impair the use or operation thereof,

(l) non-exclusive licenses of patents, trademarks, copyrights, and other intellectual property rights in the ordinary course of business,

(m) Liens that are replacements of Permitted Liens to the extent that the original Indebtedness is the subject of permitted Refinancing Indebtedness and so long as the replacement Liens only encumber those assets that secured the original Indebtedness,

(n) rights of setoff or bankers' liens upon deposits of funds in favor of banks or other depository institutions and securities intermediaries, solely to the extent incurred in connection with the maintenance of such Deposit Accounts or Securities Accounts in the ordinary course of business,

(o) Liens granted in the ordinary course of business on the unearned portion of insurance premiums securing the financing of insurance premiums to the extent the financing is permitted under the definition of Permitted Indebtedness,

(p) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods,

(q) Liens solely on any cash earnest money deposits made by Borrowers or any of their Subsidiaries in connection with any letter of intent or purchase agreement with respect to a Permitted Acquisition,

(r) Liens assumed by Borrowers or their Restricted Subsidiaries in connection with a Permitted Acquisition that secure Acquired Indebtedness,

(s) Liens arising from precautionary UCC financing statements or similar filings made in respect of operating leases entered into by any of Holdings and its Subsidiaries,

(t) Leases or subleases granted to others not interfering in any material respect with the business of Holdings and its Subsidiaries, taken as a whole,

(u) security deposits to public utilities or to any municipalities or Governmental Authorities or other public authorities when required by the utilities, municipalities or Governmental Authorities or other public authorities in connection with the supply of services or utilities,

(v) [reserved],

(w) Liens of a collecting bank arising in the ordinary course of business under Section 4-210 of the Uniform Commercial Code in effect in the relevant jurisdiction, or, with respect to collecting banks located in the State of New York, under Section 4-208 of the Uniform Commercial Code, on items in the course of collect,

(x) Liens to secure Indebtedness permitted to be secured and incurred pursuant to clause (p) of the definition of Permitted Indebtedness, subject to a customary intercreditor agreement, in form and substance satisfactory to Agent and the Administrative Borrower,

(y) Liens resulting from the sale leaseback transaction of Headquarters,

(z) Liens securing Indebtedness pursuant to clause (j) of "Permitted Indebtedness",

(aa) other Liens as to which the aggregate amount of the obligations secured thereby does not exceed at any one time (i) prior to the Conversion Date, $1,000,000 and (ii) on and after the Conversion Date, the greater of (x) $2,000,000 and (y) 5% of Consolidated EBITDA for the most recently ended test period, and

(bb) Liens to cash collateralize letters of credit in an aggregate amount that does not exceed $2,000,000 at any one time.

"Permitted Protest" means the right of Holdings or any of its Subsidiaries to protest any Lien (other than any Lien that secures the Obligations), taxes (other than payroll taxes or taxes that are the subject of a United States federal tax lien), or rental payment, provided that (a) a reserve with respect to such obligation is established on Holdings' or its Subsidiaries' books and records in such amount as is required under GAAP, (b) any such protest is instituted promptly and prosecuted diligently by Holdings or its Subsidiary, as applicable, in good faith, and (c) Agent is satisfied in its Permitted Discretion that, while any such protest is pending, there will be no impairment of the enforceability, validity, or priority of any of Agent's Liens.

"Permitted Purchase Money Indebtedness" means, as of any date of determination, Indebtedness (other than the Obligations, but including Capitalized Lease Obligations), incurred after the Closing Date and at the time of, or within 90 days after, the acquisition of any fixed assets for the purpose of financing all or any part of the acquisition cost thereof, in an aggregate principal amount outstanding at any one time not in excess of $6,000,000.

"Person" means natural persons, corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, joint ventures, trusts, land trusts, business trusts, or other organizations, irrespective of whether they are legal entities, and governments and agencies and political subdivisions thereof.

"Platform" has the meaning specified therefor in Section 17.9(c) of the Agreement.

"Post-Acquisition Period" means, with respect to any Permitted Acquisition or the conversion of any Unrestricted Subsidiary into a Restricted Subsidiary, the period beginning on the date such Permitted Acquisition or conversion is consummated and ending on the last day of the fourth full consecutive fiscal quarter immediately following the date on which such Permitted Acquisition or conversion is consummated.

"Preferred Shares Documents" means the Investment Agreement, dated as of November 2, 2018 (the "Investment Agreement"), by and between Pride Midco, Inc. and the purchasers party thereto, the Certificate of Designations of Series A Redeemable Preferred Stock, Par Value $0.0001 Per Share, of Pride Midco, Inc., dated November 2, 2018 (the "Certificate of Designations") and all other documents, certificates or agreements executed in connection with the transactions contemplated by the Investment Agreement and the Certificate of Designations.

"Pro Forma Adjustment" means, for any Reference Period that includes all or any part of a fiscal quarter included in any Post-Acquisition Period, with respect to the Consolidated EBITDA of the applicable Acquired Entity or Business or Converted Restricted Subsidiary or Borrowers' and their Restricted Subsidiaries, (a) the pro forma increase or decrease in such Consolidated EBITDA, as the case may be, that is factually supportable and is expected to have a continuing impact, in each case as determined on a basis consistent with Article 11 of Regulation S-X of the Securities Act, as interpreted by the Securities and Exchange Commission and (b) additional good faith pro forma adjustments arising out of cost savings initiatives attributable to such transaction and additional costs associated with the combination of the operations of such Acquired Entity or Business or Converted Restricted Subsidiary with the operations of Borrowers' and their Restricted Subsidiaries, in each case being given pro forma effect, that (i) have been realized or (ii) will be implemented following such transaction are reasonably identifiable, factually supportable and quantifiable, reasonably attributable to the actions specified and reasonably anticipated to result from such actions and expected to be realized within the succeeding eighteen (18) months and, in each case, including, but not limited to, (w) reduction in personnel expenses, (x) reduction of costs related to administrative functions, (y) reductions of costs related to leased or owned properties and (z) reductions from the consolidation of operations and streamlining of corporate overhead taking into account, for purposes of determining such compliance, the historical financial statements of the Acquired Entity or Business or Converted Restricted Subsidiary and the consolidated financial statements of Borrowers' and their Restricted Subsidiaries, assuming such Permitted Acquisition or conversion, and all other Permitted Acquisitions or conversions that have been consummated during the period, and any Indebtedness or other liabilities repaid in connection therewith had been consummated and incurred or repaid at the beginning of such period (and assuming that such Indebtedness to be incurred bears interest during any portion of the applicable measurement period prior to the relevant acquisition at the interest rate which is or would be in effect with respect to such Indebtedness as at the relevant date of determination); provided, that the aggregate amount added back pursuant to this clause (b) (together with amounts added back pursuant to clause (vi) of "Consolidated EBITDA") shall not exceed twenty percent (20%) of Consolidated EBITDA (calculated prior to giving effect to such addback); provided, further that, so long as such actions are initiated during such Post-Acquisition Period or such costs are incurred during such Post-Acquisition Period, as applicable, for purposes of projecting such pro forma increase or decrease to such Consolidated EBITDA, as the case may be, it may be assumed that such cost savings will be realizable during the entirety of such Reference Period, or such additional costs, as applicable, will be incurred during the entirety of such Reference Period.

"Pro Rata Share" means, as of any date of determination:

(a) with respect to a Lender's obligation to make all or a portion of the Revolving Loans, with respect to such Lender's right to receive payments of interest, fees, and principal with respect to the Revolving Loans, and with respect to all other computations and other matters related to the Revolver Commitments or the Revolving Loans, the percentage obtained by dividing (i) the Revolving Loan Exposure of such Lender by (ii) the aggregate Revolving Loan Exposure of all Lenders,

(b) with respect to a Lender's obligation to participate in the Letters of Credit, with respect to such Lender's obligation to reimburse Issuing Bank, and with respect to such Lender's right to receive payments of Letter of Credit Fees, and with respect to all other computations and other matters related to the Letters of Credit, the percentage obtained by dividing (i) the Revolving Loan Exposure of such Lender by (ii) the aggregate Revolving Loan Exposure of all Lenders; provided, that if all of the Revolving Loans have been repaid in full and all Revolver Commitments have been terminated, but Letters of Credit remain outstanding, Pro Rata Share under this clause shall be determined as if the Revolver Commitments had not been terminated and based upon the Revolver Commitments as they existed immediately prior to their termination,

(c) with respect to a Lender's obligation to make all or a portion of the Second Amendment Term Loan, with respect to such Lender's right to receive payments of interest, fees, and principal with respect to the Second Amendment Term Loan, and with respect to all other computations and other matters related to the Second Amendment Term Loan Commitments or the Second Amendment Term Loan, the percentage obtained by dividing (i) the Second Amendment Term Loan Exposure of such Lender by (ii) the aggregate Second Amendment Term Loan Exposure of all Lenders, and

(d) with respect to all other matters and for all other matters as to a particular Lender (including the indemnification obligations arising under Section 15.7 of the Agreement), the percentage obtained by dividing (i) the sum of the Second Amendment Term Loan Exposure of such Lender plus the Revolving Loan Exposure of such Lender by (ii) the sum of the aggregate Second Amendment Term Loan Exposure of all Lenders plus the aggregate Revolving Loan Exposure of all Lenders, in any such case as the applicable percentage may be adjusted by assignments permitted pursuant to Section 13.1; provided, that if all of the Loans have been repaid in full, all Letters of Credit have been made the subject of Letter of Credit Collateralization, and all Commitments have been terminated, Pro Rata Share under this clause shall be determined as if the Second Amendment Term Loan Exposures and the Revolving Loan Exposures had not been repaid, collateralized, or terminated and shall be based upon the Second Amendment Term Loan Exposures and the Revolving Loan Exposures as they existed immediately prior to their repayment, collateralization, or termination.

"Protective Advances" has the meaning specified therefor in Section 2.3(d)(i) of the Agreement.

"Public Lender" has the meaning specified therefor in Section 17.9(c) of the Agreement.

"Purchase Price" means, with respect to any Acquisition, an amount equal to the aggregate consideration, whether cash, property or securities (including the fair market value of any Equity Interests of Holdings issued in connection with such Acquisition and including the maximum amount of Earn-Outs), paid or delivered by Holdings or one of its Subsidiaries in connection with such Acquisition (whether paid at the closing thereof or payable thereafter and whether fixed or contingent), but excluding therefrom (a) any cash of the seller and its Affiliates used to fund any portion of such consideration and (b) any cash or Cash Equivalents acquired in connection with such Acquisition.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. § 5390(c)(8)(D).

"QFC Credit Support" has the meaning specified therefor in Section 17.15 of this Agreement.

"Qualified Cash" means, as of any date of determination, the amount of unrestricted cash and Cash Equivalents of the Loan Parties that is in Deposit Accounts or in Securities Accounts, or any combination thereof, and which such Deposit Account or Securities Account is the subject of a Control Agreement and is maintained by a branch office of the bank or securities intermediary located within the United States; provided that notwithstanding the foregoing, prior to the date that is 90 days after the Closing Date (or such longer period agreed to in writing by Agent in its sole discretion), such Deposit Accounts or Securities Accounts holding unrestricted cash and Cash Equivalents of the Loan Parties need not be subject to a Control Agreement as a condition to such unrestricted cash and Cash Equivalents constituting Qualified Cash.

"Qualified ECP Guarantor" means, in respect of any Swap Obligation, each Loan Party that has total assets exceeding $10,000,000 at the time the relevant guaranty, keepwell, or grant of the relevant security interest becomes effective with respect to such Swap Obligation or such other person as constitutes an "eligible contract participant" under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an "eligible contract participant" at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

"Qualified Equity Interest" means and refers to any Equity Interests issued by Holdings (and not by one or more of its Subsidiaries) that is not a Disqualified Equity Interest.

"Qualified IPO" means a bona fide underwritten sale to the public of common Equity Interests of Holdings pursuant to a registration statement (other than on Form S-8 or any other form relating to securities issuable under any benefit plan of Holdings) that is declared effective by the SEC and results in net cash proceeds of not less than $50,000,000.

"Real Property" means any estates or interests in real property now owned or hereafter acquired by a Loan Party and the improvements thereto.

"Real Property Collateral" means any owned Real Property hereafter acquired by a Loan Party with a fair market value in excess of $2,000,000.

"Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

"Recurring Revenue" means, with respect to any period, all recurring maintenance support, subscription, hosting and transactional revenues attributable to software licensed or sold by Borrowers or any of their Subsidiaries, which recurring revenues are earned during such period, and all other recurring fees, extra payroll runs, year-end ACA fees and courier fees, calculated on a basis consistent with the financial statements delivered to Agent prior to the Closing Date; provided, that interest income shall not constitute recurring revenue; provided further, that with respect to the Transactions and any Permitted Acquisitions after the Closing Date, the following adjustments may be included in determining "Recurring Revenue": (x) purchase accounting adjustments, including, without limitation, a dollar for dollar adjustment for that portion of revenue that would have been recorded in the relevant period had the balance of deferred revenue (unearned income) recorded on the closing balance sheet and before application of purchase accounting not been adjusted downward to fair value to be recorded on the opening balance sheet in accordance with GAAP purchase accounting rules; and (y) non-cash adjustments in accordance with GAAP purchase accounting rules under FASB Statement No. 141 and 141R and EITF Issue No. 01-3 (including deferred revenue), in the event that such an adjustment is required by Administrative Borrower's independent auditors.

"Reference Period" has the meaning set forth in the definition of Consolidated EBITDA.

"Refinancing Indebtedness" means refinancings, renewals, or extensions of Indebtedness so long as:

(a) such refinancings, renewals, or extensions do not result in an increase in the principal amount of the Indebtedness so refinanced, renewed, or extended, other than by the amount of premiums paid thereon and the fees and expenses incurred in connection therewith and by the amount of unfunded commitments with respect thereto,

(b) such refinancings, renewals, or extensions do not result in a shortening of the average weighted maturity (measured as of the refinancing, renewal, or extension) of the Indebtedness so refinanced, renewed, or extended, nor are they on terms or conditions that, taken as a whole, are or would reasonably be expected to be materially adverse to the interests of the Lenders,

(c) if the Indebtedness that is refinanced, renewed, or extended was subordinated in right of payment to the Obligations, then the terms and conditions of the refinancing, renewal, or extension must include subordination terms and conditions that are at least as favorable to the Lender Group as those that were applicable to the refinanced, renewed, or extended Indebtedness, and

(d) the Indebtedness that is refinanced, renewed, or extended is not recourse to any Person that is liable on account of the Obligations other than those Persons which were obligated with respect to the Indebtedness that was refinanced, renewed, or extended.

"Register" has the meaning set forth in Section 13.1(h) of the Agreement.

"Registered Loan" has the meaning set forth in Section 13.1(h) of the Agreement.

"Related Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course and that is administered, advised or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers, advises or manages a Lender.

"Relevant Governmental Body" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

"Remedial Action" means all actions taken to (a) clean up, remove, remediate, contain, treat, monitor, assess, evaluate, or in any way address Hazardous Materials in the indoor or outdoor environment, (b) prevent or minimize a release or threatened release of Hazardous Materials so they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment, (c) restore or reclaim natural resources or the environment, (d) perform any pre-remedial studies, investigations, or post-remedial operation and maintenance activities, or (e) conduct any other actions with respect to Hazardous Materials required by Environmental Laws.

"Replacement Financing" means the incurrence of Indebtedness by any Loan Party, the proceeds of which Indebtedness are sufficient, and are or will be applied, to effect the satisfaction, repayment or payment in full of the Obligations (other than unasserted contingent Obligations and Bank Product Obligations) as described in Section 1.4 of the Agreement.

"Replacement Lender" has the meaning specified therefor in Section 2.13(b) of the Agreement.

"Report" has the meaning specified therefor in Section 15.16 of the Agreement.

"Required Lenders" means, at any time, Lenders having or holding more than 50% of the sum of (a) the aggregate Revolving Loan Exposure of all Lenders, plus (b) the aggregate Second Amendment Term Loan Exposure of all Lenders; provided, that (i) the Revolving Loan Exposure and Second Amendment Term Loan Exposure of any Defaulting Lender shall be disregarded in the determination of the Required Lenders and (ii) at any time there are 2 or more Lenders, "Required Lenders" must include at least 2 Lenders (who are not Affiliates of one another).

"Resolution Authority" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"Restricted Payment" means to (a) declare or pay any dividend or make any other payment or distribution, directly or indirectly, on account of Equity Interests issued by Holdings (including any payment in connection with any merger or consolidation involving Holdings) or to the direct or indirect holders of Equity Interests issued by Holdings or Holdings in their capacity as such (other than dividends or distributions payable in Qualified Equity Interests issued by Holdings), or (b) purchase, redeem, make any sinking fund or similar payment, or otherwise acquire or retire for value (including in connection with any merger or consolidation involving Holdings) any Equity Interests issued by Holdings, and (c) make any payment to retire, or to obtain the surrender of, any outstanding warrants, options, or other rights to acquire Equity Interests of Holdings now or hereafter outstanding.

"Restricted Subsidiary" means any Subsidiary of the Borrowers other than an Unrestricted Subsidiary.

"Returns" means (a) with respect to any Investment in the form of a loan or advance, the return of principal thereof and a termination of any commitment to relend such principal, and (b) with respect to any other Investment, any dividends, distributions, return of capital and other amounts received or realized in respect of such Investment, but only to the extent the aggregate amount thereof does not exceed the original amount of such Investment.

"Revolver Commitment" means, with respect to each Lender, its Revolver Commitment, and, with respect to all Lenders, their Revolver Commitments, in each case as such Dollar amounts are set forth beside such Revolving Lender's name under the applicable heading on Schedule C-1 to the Agreement or in the Assignment and Acceptance pursuant to which such Lender became a Lender under the Agreement, as such amounts may be reduced or increased from time to time pursuant to assignments made in accordance with the provisions of Section 13.1 of the Agreement and reductions in the Revolver Commitments pursuant to Section 2.4(c) of the Agreement. Notwithstanding the foregoing, the aggregate amount of the Revolver Loans to be funded on the Closing Date shall not exceed $10,000,000.

"Revolver Usage" means, as of any date of determination, the sum of (a) the amount of outstanding Revolving Loans (inclusive of Swing Loans and Protective Advances), plus (b) the amount of the Letter of Credit Usage.

"Revolving Lender" means a Lender that has a Revolving Loan Commitment or that has an outstanding Revolving Loan.

"Revolving Loan Exposure" means, with respect to any Revolving Lender, as of any date of determination (a) prior to the termination of the Revolver Commitments, the amount of such Lender's Revolver Commitment, and (b) after the termination of the Revolver Commitments, the aggregate outstanding principal amount of the Revolving Loans of such Lender.

"Revolving Loans" has the meaning specified therefor in Section 2.1(a) of the Agreement.

"S&P" has the meaning specified therefor in the definition of Cash Equivalents.

"Sanctioned Entity" means (a) a country or a government of a country, (b) an agency of the government of a country, (c) an organization directly or indirectly controlled or 50% or more owned by a country or its government, or (d) a Person resident in or determined to be resident in a country, in each case of clauses (a) through (d) that is a target of Sanctions, including a target of any U.S. comprehensive country sanctions program.

"Sanctioned Person" means, at any time (a) any Person named on the list of Specially Designated Nationals and Blocked Persons maintained by OFAC, OFAC's consolidated Non-SDN list or any other Sanctions-related list maintained by any relevant Sanctions authority, (b) a Person or legal entity that is a target of Sanctions, (c) any Person operating, organized or resident in a Sanctioned Country, or (d) any Person directly or indirectly controlled or 50% or more owned (individually or in the aggregate) by any such Person or Persons described in clauses (a) through (c) above.

"Sanctions" means individually and collectively, respectively, any and all economic sanctions, trade sanctions, financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes anti-terrorism laws and other sanctions laws, regulations or embargoes, including those imposed, administered or enforced from time to time by: (a) the United States of America, including those administered by the Office of Foreign Assets Control (OFAC) of the U.S. Department of Treasury, the U.S. Department of State, the U.S. Department of Commerce, or through any executive order, (b) the United Nations Security Council, (c) the European Union or any European Union member state, (d) Her Majesty's Treasury of the United Kingdom, or (e) any other Governmental Authority with jurisdiction over any member of Lender Group or any Loan Party or any of their respective Subsidiaries.

"SEC" means the United States Securities and Exchange Commission and any successor thereto.

"Second Amendment" means that certain Amendment No. 2 to Credit Agreement, dated as of August [__], 2020, by and among Holdings, Borrower, Agent and the Lenders identified on the signature pages thereof.

"Second Amendment Effective Date" has the meaning specified therefor in the Second Amendment.

"Second Amendment Term Loan" has the meaning specified therefor in Section 2.2(a) of the Agreement.

"Second Amendment Term Loan Amount" means $25,000,000.

"Second Amendment Term Loan Commitment" means, with respect to each Lender, its Second Amendment Term Loan Commitment, and, with respect to all Lenders, their Second Amendment Term Loan Commitments, in each case as such Dollar amounts are set forth beside such Lender's name under the applicable heading on Schedule C-1 to the Agreement or in the Assignment and Acceptance pursuant to which such Lender became a Lender under the Agreement, as such amounts may be reduced or increased from time to time pursuant to assignments made in accordance with the provisions of Section 13.1 of the Agreement.

"Second Amendment Term Loan Exposure" means, with respect to any Term Loan Lender, as of any date of determination (a) prior to the funding of the Second Amendment Term Loan, the amount of such Lender's Second Amendment Term Loan Commitment, and (b) after the funding of the Second Amendment Term Loan, the outstanding principal amount of the Second Amendment Term Loan held by such Lender.

"Securities Account" means a securities account (as that term is defined in the Code).

"Securities Act" means the Securities Act of 1933, as amended from time to time, and any successor statute.

"Senior Officer" means any chief executive officer, president, chief financial officer, treasurer, controller, VP of Finance, or secretary.

"Senior Secured Leverage Ratio" means with respect to any test period, the ratio of (a) the sum of (i) Consolidated Total Debt of Borrowers and their Subsidiaries secured by Liens on any asset of any Borrower or any of its Subsidiaries, minus (ii) Qualified Cash of Borrowers and their Subsidiaries as of the last day of such test period to (b) Consolidated EBITDA for such test period.

"Settlement" has the meaning specified therefor in Section 2.3(e)(i) of the Agreement.

"Settlement Date" has the meaning specified therefor in Section 2.3(e)(i) of the Agreement.

"SOFR" with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York's Website.

"Solvent" means, with respect to any Person on any date of determination, that on such date (i) have property with fair value greater than the total amount of their debts and liabilities, contingent (it being understood that the amount of contingent liabilities at any time shall be computed as the amount that, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability), subordinated or otherwise, (ii) have assets with present fair salable value not less than the amount that will be required to pay their liability on their debts as they become absolute and matured, (iii) will be able to pay their debts and liabilities, subordinated, contingent or otherwise, as they become absolute and matured and (iv) are not engaged in business or a transaction, and are not about to engage in business or a transaction, for which their property would constitute an un-reasonably small capital.

"Specified Acquisition" means the potential acquisition by the Borrower or one of its Subsidiaries of 7Geese for an aggregate Purchase Price not to exceed $24,000,000.

"Specified Acquisition Agreement Representations" means the representations made by Paycor in the Acquisition Agreement that are material to the interests of the Lenders, but only to the extent that Holdings or Merger Sub (or any of their respective Affiliates) has the right (i) to terminate its obligations under the Acquisition Agreement as a result of a breach of such representations in the Acquisition Agreement or (ii) to decline to consummate the Acquisition as a result of a breach of such representations in the Acquisition Agreement.

"Specified Financial Covenants" means individually and collectively, the Recurring Revenue Financial Covenant, the EBITDA Financial Covenant and the Total Leverage Financial Covenant.

"Specified Indebtedness" means Indebtedness incurred by a Loan Party that is subordinated, unsecured or secured on a junior basis to the Liens securing the Obligations of such Loan Party under the Loan Documents.

"Specified Representations" means the representations and warranties of the Borrowers and the Guarantors set forth in Sections 4.1(a) (solely as it relates to Holdings and the Borrowers), 4.2, 4.4, 4.9, 4.13, 4.16, 4.17.

"Specified Transaction" means any Investment, Disposition, incurrence or repayment of Indebtedness that by the terms of this Agreement requires such test to be calculated on a "pro forma basis" or after giving "pro forma effect".

"Sponsor" means Apax Partners LLP (and its successors) and its Affiliates that are under common control and management, and funds managed by any of the foregoing.

"Sponsor Affiliated Entity" means Sponsor or any of its Affiliates (other than Loan Parties or their Subsidiaries and other than operating portfolio companies of Sponsor and its Affiliates).

"Standard Letter of Credit Practice" means, for Issuing Bank, any domestic or foreign law or letter of credit practices applicable in the city in which Issuing Bank issued the applicable Letter of Credit or, for its branch or correspondent, such laws and practices applicable in the city in which it has advised, confirmed or negotiated such Letter of Credit, as the case may be, in each case, (a) which letter of credit practices are of banks that regularly issue letters of credit in the particular city, and (b) which laws or letter of credit practices are required or permitted under ISP or UCP, as chosen in the applicable Letter of Credit.

"Subject Permitted Acquisition" has the meaning specified therefor in the definition of Permitted Dispositions.

"Subsidiary" of a Person means a corporation, partnership, limited liability company, or other entity in which that Person directly or indirectly owns or controls the Equity Interests having ordinary voting power to elect a majority of the Board of Directors of such corporation, partnership, limited liability company, or other entity.

"Supported QFC" has the meaning specified therefor in Section 17.15 of this Agreement.

"Swap Obligation" means, with respect to any Loan Party, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of section1a(47) of the Commodity Exchange Act.

"Swing Lender" means Wells Fargo or any other Lender that, at the request of Borrowers and with the consent of Agent (not to be unreasonably withheld or delayed) agrees, in such Lender's sole discretion, to become the Swing Lender under Section 2.3(b) of the Agreement.

"Swing Loan" has the meaning specified therefor in Section 2.3(b) of the Agreement.

"Swing Loan Exposure" means, as of any date of determination with respect to any Lender, such Lender's Pro Rata Share of the Swing Loans on such date.

"Tax Distribution" means any distribution to pay (a) the consolidated, affiliated, unitary or similar type of income or similar Tax liabilities of any direct or indirect parent of the Borrower (or if the Borrower is a disregarded entity for U.S. federal income tax purposes, the Borrower's regarded owner), calculated at the highest applicable marginal corporate Tax rate with respect to each applicable jurisdiction and only to the extent such payments cover taxes that are attributable to the taxable income of the Borrower and its Subsidiaries (determined as if the Borrower and its Subsidiaries filed a consolidated, combined or unitary or a similar type of tax return, as applicable, with the Borrower as the common parent and taking into account any deductions, losses or credits available to the Borrower or its subsidiaries and, in the case of Unrestricted Subsidiaries, solely with respect to amounts actually distributed or paid to the Borrower for such purpose) and (b) franchise and excise taxes, and other fees and expenses, required to maintain the Borrower's (or any of its direct or indirect parents') existence (including any costs or expenses associated with being a public company listed on a national securities exchange).

"Tax Lender" has the meaning specified therefor in Section 14.2(a) of the Agreement.

"Taxes" means any taxes, levies, imposts, duties, fees, assessments, deductions, withholding (including backup withholding) or other charges in the nature of a Tax now or hereafter imposed by any Governmental Authority, and all interest, penalties or similar liabilities with respect thereto.

"Term Loan" means the Second Amendment Term Loan.

"Term Loan Lender" means a Lender that has a Second Amendment Term Loan Commitment or that has a portion of the Second Amendment Term Loan.

"Term SOFR" means the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

"Third Anniversary Date" means November 2, 2021.

"Total Leverage Financial Covenant Testing Period" means the period commencing on the Conversion Date and continuing through and including the Maturity Date.

"Total Leverage Ratio" means with respect to any test period, the ratio of (a) the sum of (i) Consolidated Total Debt minus (ii) Qualified Cash as of the last day of such test period to (b) Consolidated EBITDA for such test period.

"Trademark Security Agreement" has the meaning specified therefor in the Guaranty and Security Agreement.

"Transactions" means, collectively, (a) the Equity Contribution, (b) the Closing Acquisition, (c) if applicable, the funding of the initial Revolving Loan hereunder, (d) the execution and delivery of the Loan Documents, (e) the refinancing of the Existing Credit Facility, and (f) the payment of any fees or expenses incurred or paid by Holdings, the Borrowers, or any Restricted Subsidiary in connection with the transactions contemplated in connection therewith.

"TTM EBITDA" means, as of any date of determination, Consolidated EBITDA of Borrowers and their Subsidiaries determined on a consolidated basis in accordance with the definition of "Consolidated EBITDA" set forth in this Agreement, for the four quarter period most recently ended for which financial statements have been delivered to Agent pursuant to the terms of this Agreement.

"TTM Recurring Revenue" means, as of any date of determination, Recurring Revenue of Borrowers and their Subsidiaries determined on a consolidated basis in accordance with GAAP, for the 12 month period most recently ended for which financial statements have been delivered to Agent pursuant to the terms of this Agreement. For the purposes of calculating TTM Recurring Revenue for any period, if

at any time during such period (and after the Closing Date), any Borrower or any of its Subsidiaries shall have made a Permitted Acquisition, or shall have consummated a Permitted Disposition described in clause (u) of the definition thereof TTM Recurring Revenue for such period shall be calculated after giving *pro forma* effect thereto.

"U.S. Special Resolution Regimes" has the meaning specified therefor in Section 17.15 of this Agreement.

"UCP" means, with respect to any Letter of Credit, the Uniform Customs and Practice for Documentary Credits 2007 Revision, International Chamber of Commerce Publication No. 600 and any subsequent revision thereof adopted by the International Chamber of Commerce on the date such Letter of Credit is issued.

"UK Financial Institutions" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended form time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"UK Resolution Authority" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"Unadjusted Benchmark Replacement" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

"United States" means the United States of America.

"Unrestricted Subsidiary" means (i) each Subsidiary of the Borrowers listed on Schedule U, (ii) any Subsidiary of an Unrestricted Subsidiary, and (iii) any Subsidiary of Holdings designated by Holdings as an Unrestricted Subsidiary pursuant to Section 5.13.

"Unused Line Fee" has the meaning specified therefor in Section 2.10(b) of the Agreement.

"Voidable Transfer" has the meaning specified therefor in Section 17.8 of the Agreement.

"Wells Fargo" means Wells Fargo Bank, National Association, a national banking association.

"Write-Down and Conversion Powers" means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

PAYCOR HCM, INC.
2021 OMNIBUS INCENTIVE PLAN

ARTICLE I
PURPOSE

The purpose of this Paycor HCM, Inc. 2021 Omnibus Incentive Plan is to enhance the profitability and value of the Company for the benefit of its stockholders by enabling the Company to offer Eligible Individuals cash and stock-based incentives in order to attract, retain and reward such individuals and strengthen the mutuality of interests between such individuals and the Company's stockholders. The Plan is effective as of the date set forth in Article XVI.

ARTICLE II
DEFINITIONS

For purposes of the Plan, the following terms shall have the following meanings:

2.1 "Affiliate" means each of the following: (a) any Subsidiary; (b) any Parent; (c) any corporation, trade or business (including, without limitation, a partnership or limited liability company) which is directly or indirectly controlled 50% or more (whether by ownership of stock, assets or an equivalent ownership interest or voting interest) by the Company or one of its Affiliates; (d) any trade or business (including, without limitation, a partnership or limited liability company) which directly or indirectly controls 50% or more (whether by ownership of stock, assets or an equivalent ownership interest or voting interest) of the Company; and (e) any other entity in which the Company or any of its Affiliates has a material equity interest and which is designated as an "Affiliate" by resolution of the Committee; provided that, unless otherwise determined by the Committee, the Common Stock subject to any Award constitutes "service recipient stock" for purposes of Section 409A of the Code or otherwise does not subject the Award to Section 409A of the Code.

2.2 "Award" means any award under the Plan of any Stock Option, Stock Appreciation Right, Restricted Stock Award, Performance Award, Other Stock-Based Award, Other Cash-Based Award or LTIP Units. All Awards shall be granted by, confirmed by, and subject to the terms of, a written agreement executed by the Company and the Participant.

2.3 "Award Agreement" means the written or electronic agreement setting forth the terms and conditions applicable to an Award.

2.4 "Board" means the Board of Directors of the Company.

2.5 "Cause" means, unless otherwise determined by the Committee in the applicable Award Agreement, with respect to a Participant's Termination of Employment or Termination of Consultancy, the following: (a) in the case where there is no employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant at the time of the grant of the Award (or where there is such an agreement but it does not define "cause" (or words of like import)), termination due to a Participant's insubordination, dishonesty, fraud, incompetence, moral turpitude, willful misconduct, failure to adhere to written policies of the Company or any Affiliate, refusal to perform the Participant's duties or responsibilities for any reason other than illness or incapacity or materially unsatisfactory performance of the Participant's duties for the Company or an Affiliate or indictment for, or conviction of (including a guilty plea or plea of *nolo contendere*), a felony or misdemeanor involving moral turpitude, as determined by the Committee in its good faith discretion; or (b) in the case where there is an employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant at the time of the

grant of the Award that defines "cause" (or words of like import), "cause" as defined under such agreement; provided, however, that with regard to any agreement under which the definition of "cause" only applies on occurrence of a change in control, such definition of "cause" shall not apply until a change in control actually takes place and then only with regard to a termination thereafter. With respect to a Participant's Termination of Directorship, "cause" means an act or failure to act that constitutes cause for removal of a director under applicable Delaware law.

2.6 "Change in Control" has the meaning set forth in Section 12.2.

2.7 "Change in Control Price" has the meaning set forth in Section 12.1.

2.8 "Code" means the Internal Revenue Code of 1986, as amended. Any reference to any section of the Code shall also be a reference to any successor provision and any regulation of U.S. Department of Treasury promulgated thereunder (the "Treasury Regulation").

2.9 "Committee" means any committee of the Board duly authorized by the Board to administer the Plan. If no committee is duly authorized by the Board to administer the Plan, the term "Committee" shall be deemed to refer to the Board for all purposes under the Plan.

2.10 "Common Stock" means the common stock, $0.001 par value per share, of the Company.

2.11 "Company" means Paycor HCM, Inc., a Delaware corporation, and its successors by operation of law.

2.12 "Consultant" means any Person who is an advisor or consultant to the Company or its Affiliates.

2.13 "Disability" means, unless otherwise determined by the Committee in the applicable Award Agreement, with respect to a Participant's Termination, a permanent and total disability as defined in Section 22(e)(3) of the Code. A Disability shall only be deemed to occur at the time of the determination by the Committee of the Disability. Notwithstanding the foregoing, for Awards that are subject to Section 409A of the Code, Disability shall mean that a Participant is disabled under Section 409A(a)(2)(C)(i) or (ii) of the Code.

2.14 "Effective Date" means the effective date of the Plan as defined in Article XVI.

2.15 "Eligible Employees" means each employee of the Company or an Affiliate.

2.16 "Eligible Individual" means an Eligible Employee, Non-Employee Director or Consultant who is designated by the Committee in its discretion as eligible to receive Awards subject to the conditions set forth herein.

2.17 "Exchange Act" means the Securities Exchange Act of 1934, as amended. Reference to a specific section of the Exchange Act or regulation thereunder shall include such section or regulation, any valid regulation or interpretation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

2.18 "Fair Market Value" means, for purposes of the Plan, unless otherwise required by any applicable provision of the Code or any regulations issued thereunder, as of any date and except as provided below, closing sales price reported for the Common Stock on the applicable date: (a) as reported on the principal national securities exchange in the United States on which it is then traded or (b) if the Common Stock is not traded, listed or otherwise reported or quoted, the Committee shall determine in good faith the

Fair Market Value in whatever manner it considers appropriate taking into account the requirements of Section 409A of the Code. For purposes of the grant of any Award, the applicable date shall be the trading day immediately prior to the date on which the Award is granted. For purposes of the exercise of any Award, the applicable date shall be the date a notice of exercise is received by the Committee or, if not a day on which the applicable market is open, the next day that it is open.

2.19 "Family Member" means "family member" as defined in Section A.1.(a)(5) of the general instructions of Form S-8.

2.20 "Holdings" means Pride Aggregator, LP, a Delaware limited partnership.

2.21 "Incentive Stock Option" means any Stock Option awarded to an Eligible Employee of the Company, its Subsidiaries and its Parents (if any) under the Plan intended to be and designated as an "Incentive Stock Option" within the meaning of Section 422 of the Code.

2.22 "Incumbent Director" has the meaning set forth in Section 12.2(c).

2.23 "LP Agreement" means the Second Amended and Restated Agreement of Limited Partnership of Holdings, as may be amended and/or restated from time to time.

2.24 "Lead Underwriter" has the meaning set forth in Section 15.19.

2.25 "Lock-Up Period" has the meaning set forth in Section 15.19.

2.26 "LTIP Units" shall mean common units in Holdings issued under the LP Agreement.

2.27 "Non-Employee Director" means a director or a member of the Board of the Company or any Affiliate who is not an active employee of the Company or any Affiliate.

2.28 "Non-Qualified Stock Option" means any Stock Option awarded under the Plan that is not an Incentive Stock Option.

2.29 "Non-Tandem Stock Appreciation Right" shall mean the right to receive an amount in cash and/or stock equal to the difference between (x) the Fair Market Value of a share of Common Stock on the date such right is exercised, and (y) the aggregate exercise price of such right, otherwise than on surrender of a Stock Option.

2.30 "Other Cash-Based Award" means an Award granted pursuant to Section 11.3 and payable in cash at such time or times and subject to such terms and conditions as determined by the Committee in its sole discretion.

2.31 "Other Stock-Based Award" means an Award under Article XI of the Plan that is valued in whole or in part by reference to, or is payable in or otherwise based on, Common Stock, including, without limitation, an Award valued by reference to an Affiliate.

2.32 "Parent" means any parent corporation of the Company within the meaning of Section 424(e) of the Code.

2.33 "Participant" means an Eligible Individual to whom an Award has been granted pursuant to the Plan.

2.34 "Performance Award" means an Award granted to a Participant pursuant to Article IX hereof contingent upon achieving certain Performance Goals.

2.35 “Performance Goals” means goals established by the Committee in its sole discretion as contingencies for Awards to vest and/or become exercisable or distributable.

2.36 “Performance Period” means the designated period during which the Performance Goals must be satisfied with respect to the Award to which the Performance Goals relate.

2.37 “Person” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a government or any branch, department, agency, political subdivision or official thereof.

2.38 “Plan” means this Paycor HCM, Inc. 2021 Omnibus Incentive Plan, as amended from time to time.

2.39 “Proceeding” has the meaning set forth in Section 15.8.

2.40 “Reference Stock Option” has the meaning set forth in Section 7.1.

2.41 “Registration Date” means the date on which the Company sells its Common Stock in a bona fide, firm commitment underwriting pursuant to a registration statement under the Securities Act.

2.42 “Reorganization” has the meaning set forth in Section 4.2(b)(ii).

2.43 “Restricted Stock” means an Award of shares of Common Stock under the Plan that is subject to restrictions under Article VIII.

2.44 “Restriction Period” has the meaning set forth in Section 8.3(a) with respect to Restricted Stock.

2.45 “Rule 16b-3” means Rule 16b-3 under Section 16(b) of the Exchange Act as then in effect or any successor provision.

2.46 “Section 409A of the Code” means the nonqualified deferred compensation rules under Section 409A of the Code and any applicable Treasury Regulations and other official guidance thereunder.

2.47 “Securities Act” means the Securities Act of 1933, as amended and all rules and regulations promulgated thereunder. Reference to a specific section of the Securities Act or regulation thereunder shall include such section or regulation, any valid regulation or interpretation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

2.48 “Stock Appreciation Right” shall mean the right pursuant to an Award granted under Article VII.

2.49 “Stock Option” or “Option” means any option to purchase shares of Common Stock granted to Eligible Individuals granted pursuant to Article VI.

2.50 “Subsidiary” means any subsidiary corporation of the Company within the meaning of Section 424(f) of the Code.

2.51 “Substitute Award” shall mean an Award granted under the Plan in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock, in any case, upon the assumption of, or in substitution for, outstanding equity awards previously granted by a company or other entity; provided, however, that in no event shall the term “Substitute Award” be construed to refer to an award made in connection with the cancellation and repricing of an Stock Option or Stock Appreciation Right.

2.52 “Tandem Stock Appreciation Right” shall mean the right to surrender to the Company all (or a portion) of a Stock Option in exchange for an amount in cash and/or stock equal to the difference between (a) the Fair Market Value on the date such Stock Option (or such portion thereof) is surrendered, of the Common Stock covered by such Stock Option (or such portion thereof), and (b) the aggregate exercise price of such Stock Option (or such portion thereof).

2.53 “Ten Percent Stockholder” means a Person owning stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company, its Subsidiaries or its Parent.

2.54 “Termination” means a Termination of Consultancy, Termination of Directorship or Termination of Employment, as applicable.

2.55 “Termination of Consultancy” means: (a) that the Consultant is no longer acting as a consultant to the Company or an Affiliate; or (b) when an entity which is retaining a Participant as a Consultant ceases to be an Affiliate unless the Participant otherwise is, or thereupon becomes, a Consultant to the Company or another Affiliate at the time the entity ceases to be an Affiliate. In the event that a Consultant becomes an Eligible Employee or a Non-Employee Director upon the termination of such Consultant’s consultancy, unless otherwise determined by the Committee, in its sole discretion, no Termination of Consultancy shall be deemed to occur until such time as such Consultant is no longer a Consultant, an Eligible Employee or a Non-Employee Director. Notwithstanding the foregoing, the Committee may otherwise define Termination of Consultancy in the Award Agreement or, if no rights of a Participant are reduced, may otherwise define Termination of Consultancy thereafter; provided that, any such change to the definition of the term “Termination of Consultancy” does not subject the applicable Award to Section 409A of the Code.

2.56 “Termination of Directorship” means that the Non-Employee Director has ceased to be a director of the Company; except that if a Non-Employee Director becomes an Eligible Employee or a Consultant upon the termination of such Non-Employee Director’s directorship, such Non-Employee Director’s ceasing to be a director of the Company shall not be treated as a Termination of Directorship unless and until the Participant has a Termination of Employment or Termination of Consultancy, as the case may be.

2.57 “Termination of Employment” means: (a) a termination of employment (for reasons other than a military or personal leave of absence granted by the Company) of a Participant from the Company and its Affiliates; or (b) when an entity which is employing a Participant ceases to be an Affiliate, unless the Participant otherwise is, or thereupon becomes, employed by the Company or another Affiliate at the time the entity ceases to be an Affiliate. In the event that an Eligible Employee becomes a Consultant or a Non-Employee Director upon the termination of such Eligible Employee’s employment, unless otherwise determined by the Committee at the time of such transition, in its sole discretion, no Termination of Employment shall be deemed to occur until such time as such Eligible Employee is no longer an Eligible Employee, a Consultant or a Non-Employee Director. Notwithstanding the foregoing, the Committee may otherwise define Termination of Employment in the Award Agreement or, if no rights of a Participant are reduced, may otherwise define Termination of Employment thereafter; provided that, any such change to the definition of the term “Termination of Employment” does not subject the applicable Award to Section 409A of the Code.

2.58 "Transfer" means: (a) when used as a noun, any direct or indirect transfer, sale, assignment, pledge, hypothecation, encumbrance or other disposition (including the issuance of equity in any entity), whether for value or no value and whether voluntary or involuntary (including by operation of law), and (b) when used as a verb, to directly or indirectly transfer, sell, assign, pledge, encumber, charge, hypothecate or otherwise dispose of (including the issuance of equity in any entity) whether for value or for no value and whether voluntarily or involuntarily (including by operation of law). "Transferred" and "Transferable" shall have a correlative meaning.

ARTICLE III ADMINISTRATION

3.1 The Committee. The Plan shall be administered and interpreted by the Committee. To the extent required by applicable law, rule or regulation, it is intended that each member of the Committee shall qualify as (a) a "non-employee director" under Rule 16b-3, and (b) an "independent director" under the rules of any securities exchange or automated quotation system on which shares of Common Stock are listed, quoted or traded. If it is later determined that one or more members of the Committee do not so qualify, actions taken by the Committee prior to such determination shall be valid despite such failure to qualify.

3.2 Grants of Awards. The Committee shall have full authority to grant, pursuant to the terms of the Plan, to Eligible Individuals: (i) Stock Options, (ii) Stock Appreciation Rights, (iii) Restricted Stock Awards, (iv) Performance Awards; (v) Other Stock-Based Awards; (vi) Other Cash-Based Awards; and (vii) LTIP Units. In particular, the Committee shall have the authority:

(a) to select the Eligible Individuals to whom Awards may from time to time be granted hereunder;

(b) to determine whether and to what extent Awards, or any combination thereof, are to be granted hereunder to one or more Eligible Individuals;

(c) to determine the number of shares of Common Stock to be covered by each Award granted hereunder;

(d) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder (including, but not limited to, the exercise or purchase price (if any), any restriction or limitation, any vesting schedule or acceleration thereof, or any forfeiture restrictions or waiver thereof, regarding any Award and the shares of Common Stock relating thereto, based on such factors, if any, as the Committee shall determine, in its sole discretion);

(e) to determine the amount of cash to be covered by each Award granted hereunder;

(f) to determine whether, to what extent and under what circumstances grants of Options and other Awards under the Plan are to operate on a tandem basis and/or in conjunction with or apart from other awards made by the Company outside of the Plan;

(g) to determine whether and under what circumstances a Stock Option may be settled in cash, Common Stock and/or Restricted Stock under Section 6.4(d);

(h) to impose "blackout periods" during which an Award may not be exercised or settled;

(i) to determine whether a Stock Option is an Incentive Stock Option or Non-Qualified Stock Option;

(j) to determine whether to require a Participant, as a condition of the granting of any Award, to not sell or otherwise dispose of shares acquired pursuant to the exercise of an Award for a period of time as determined by the Committee, in its sole discretion, following the date of the acquisition of such Award;

(k) to modify, extend or renew an Award, subject to Article XIII and Section 6.4(l); provided, however, that such action does not subject the Award to Section 409A of the Code without the consent of the Participant; and

(l) solely to the extent permitted by applicable law, to determine whether, to what extent and under what circumstances to provide loans (which may be on a recourse basis and shall bear interest at the rate the Committee shall provide) to Participants in order to exercise Options under the Plan.

3.3 Guidelines. Subject to Article XIII hereof, the Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan and perform all acts, including the delegation of its responsibilities (to the extent permitted by applicable law and applicable stock exchange rules), as it shall, from time to time, deem advisable; to construe and interpret the terms and provisions of the Plan and any Award issued under the Plan (and any agreements relating thereto); and to otherwise supervise the administration of the Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any agreement relating thereto in the manner and to the extent it shall deem necessary to effectuate the purpose and intent of the Plan. The Committee may adopt special guidelines and provisions for Persons who are residing in or employed in, or subject to, the taxes of, any domestic or foreign jurisdictions to comply with applicable tax and securities laws of such domestic or foreign jurisdictions. Notwithstanding the foregoing, no action of the Committee under this Section 3.3 shall impair the rights of any Participant without the Participant's consent. To the extent applicable, the Plan is intended to comply with the applicable requirements of Rule 16b-3, and the Plan shall be limited, construed and interpreted in a manner so as to comply therewith.

3.4 Decisions Final. Any decision, interpretation or other action made or taken in good faith by or at the direction of the Company, the Board or the Committee (or any of its members) arising out of or in connection with the Plan shall be within the absolute discretion of all and each of them, as the case may be, and shall be final, binding and conclusive on the Company and all employees and Participants and their respective heirs, executors, administrators, successors and assigns.

3.5 Procedures. If the Committee is appointed, the Board shall designate one of the members of the Committee as chairman and the Committee shall hold meetings, subject to the By-Laws of the Company, at such times and places as it shall deem advisable, including, without limitation, by telephone conference or by written consent to the extent permitted by applicable law. A majority of the Committee members shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members. Any decision or determination reduced to writing and signed by all of the Committee members in accordance with the By-Laws of the Company, shall be fully effective as if it had been made by a vote at a meeting duly called and held. The Committee shall keep minutes of its meetings and shall make such rules and regulations for the conduct of its business as it shall deem advisable.

3.6 Designation of Consultants/Liability.

(a) The Committee may designate employees of the Company and professional advisors to assist the Committee in the administration of the Plan and (to the extent permitted by applicable law and applicable exchange rules) may grant authority to officers to grant Awards and/or execute agreements or other documents on behalf of the Committee. In the event of any designation of authority hereunder, subject to applicable law, applicable stock exchange rules and any limitations imposed by the Committee in connection with such designation, such designee or designees shall have the power and authority to take such actions, exercise such powers and make such determinations that are otherwise specifically designated to the Committee hereunder.

(b) The Committee may employ such legal counsel, consultants and agents as it may deem desirable for the administration of the Plan and may rely upon any opinion received from any such counsel or consultant and any computation received from any such consultant or agent. Expenses incurred by the Committee or the Board in the engagement of any such counsel, consultant or agent shall be paid by the Company. The Committee, its members and any Person designated pursuant to sub-section (a) above shall not be liable for any action or determination made in good faith with respect to the Plan. To the maximum extent permitted by applicable law, no officer of the Company or member or former member of the Committee or of the Board shall be liable for any action or determination made in good faith with respect to the Plan or any Award granted under it.

3.7 Indemnification. To the maximum extent permitted by applicable law and the Certificate of Incorporation and By-Laws of the Company and to the extent not covered by insurance directly insuring such Person, each officer or employee of the Company or any Affiliate and member or former member of the Committee or the Board shall be indemnified and held harmless by the Company against any cost or expense (including reasonable fees of counsel reasonably acceptable to the Committee) or liability (including any sum paid in settlement of a claim with the approval of the Committee), and advanced amounts necessary to pay the foregoing at the earliest time and to the fullest extent permitted, arising out of any act or omission to act in connection with the administration of the Plan, except to the extent arising out of such officer's, employee's, member's or former member's own fraud or bad faith. Such indemnification shall be in addition to any right of indemnification the employees, officers, directors or members or former officers, directors or members may have under applicable law or under the Certificate of Incorporation or By-Laws of the Company or any Affiliate. Notwithstanding anything else herein, this indemnification will not apply to the actions or determinations made by an individual with regard to Awards granted to such individual under the Plan.

ARTICLE IV
SHARE LIMITATION

4.1 Shares.

(a) The aggregate number of shares of Common Stock with respect to which Awards may be granted under the Plan shall initially be equal to [•] shares (subject to any increase or decrease pursuant to Section 4.2), which amount shall be increased on the first day of each fiscal year during the term of the Plan commencing with the 2022 fiscal year by (i) [•]% of the total number of shares of Common Stock outstanding on the last day of the immediately preceding fiscal year, or (ii) a lesser amount determined by the Board. The shares of Common Stock with respect to which awards may be granted under the Plan may be either authorized and unissued Common Stock or Common Stock held in or acquired for the treasury of the Company or both. The maximum number of shares of Common Stock with respect to which Incentive Stock Options may be granted under the Plan shall be [•] shares. With respect to Stock Appreciation Rights and Options settled in Common Stock, upon settlement, only the number of shares of Common Stock delivered to a Participant shall count against the aggregate and individual share limitations set forth under Sections 4.1(a) and 4.1(b). If any Option, Stock Appreciation Right or Other Stock-Based Awards granted under the Plan expires, terminates or is canceled for any reason without having been exercised in full, the number of shares of Common Stock underlying any unexercised Award shall again be available for the purpose of Awards under the Plan. If any shares of Restricted Stock, Performance Awards or Other Stock-Based Awards denominated in shares of Common Stock awarded under the Plan to a Participant are forfeited for any reason, the number of forfeited shares of Restricted Stock, Performance Awards or Other Stock-Based Awards denominated in shares of

Common Stock shall again be available for purposes of Awards under the Plan. If any shares of Common Stock are withheld to satisfy tax withholding obligations on an Award issued under the Plan, the number of shares of Common Stock withheld shall again be available for purposes of Awards under the Plan. If a Tandem Stock Appreciation Right or a Limited Stock Appreciation Right is granted in tandem with an Option, such grant shall only apply once against the maximum number of shares of Common Stock which may be issued under the Plan. Any Award under the Plan settled in cash shall not be counted against the foregoing maximum share limitations.

(b) The aggregate grant date fair value (computed as of the date of grant in accordance with applicable financial accounting rules) of all Awards granted under the Plan to any individual Non-Employee Director in any fiscal year of the Company (excluding any stock dividends payable in respect of outstanding Awards), when combined with other compensation received for such year in connection with service as a director, shall not exceed $750,000 increased to $1,500,000 in the fiscal year of his or her initial service as a Non-Employee Director.

(c) In connection with an entity's merger or consolidation with the Company or the Company's acquisition of an entity's property or stock, the Committee may grant Substitute Awards. Substitute awards may be granted on such terms as the Committee deems appropriate, notwithstanding limitations on Awards in the Plan. Substitute Awards shall not reduce the shares of Common Stock authorized for grant under the Plan, except as may be required by reason of Section 422 of the Code. Additionally, in the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by its stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the shares of Common Stock authorized for grant under the Plan; provided that, Awards using such available shares of Common Stock shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not employed by or providing services to the Company or its Subsidiaries immediately prior to such acquisition or combination.

4.2 Changes.

(a) The existence of the Plan and the Awards granted hereunder shall not affect in any way the right or power of the Board, the Committee or the stockholders of the Company to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any merger or consolidation of the Company or any Affiliate, (iii) any issuance of bonds, debentures, preferred or prior preference stock ahead of or affecting the Common Stock, (iv) the dissolution or liquidation of the Company or any Affiliate, (v) any sale or transfer of all or part of the assets or business of the Company or any Affiliate or (vi) any other corporate act or proceeding.

(b) Subject to the provisions of Section 12.1:

(i) If the Company at any time subdivides (by any split, recapitalization or otherwise) the outstanding Common Stock into a greater number of shares of Common Stock, or combines (by reverse split, combination or otherwise) its outstanding Common Stock into a lesser number of shares of Common Stock, then the respective exercise prices for outstanding Awards that provide for a Participant elected exercise and the number of shares of Common Stock covered by outstanding Awards shall be appropriately adjusted by the Committee (as the Committee determines in its sole discretion) to prevent dilution or enlargement of the rights granted to, or available for, Participants under the Plan.

(ii) Excepting transactions covered by Section 4.2(b)(i), if the Company effects any merger, consolidation, statutory exchange, spin-off, reorganization, sale or transfer of all or substantially all the Company's assets or business, or other corporate transaction or event in such a manner that the Company's outstanding shares of Common Stock are converted into the right to receive (or the holders of Common Stock are entitled to receive in exchange therefor), either immediately or upon liquidation of the Company, securities or other property of the Company or other entity (each, a "Reorganization"), then, subject to the provisions of Section 12.1, (A) the aggregate number or kind of securities that thereafter may be issued under the Plan, (B) the number or kind of securities or other property (including cash) to be issued pursuant to Awards granted under the Plan (including as a result of the assumption of the Plan and the obligations hereunder by a successor entity, as applicable), or (C) the purchase price thereof, shall be appropriately adjusted by the Committee (as the Committee determines in its sole discretion) to prevent dilution or enlargement of the rights granted to, or available for, Participants under the Plan.

(iii) If there shall occur any change in the capital structure of the Company other than those covered by Section 4.2(b)(i) or 4.2(b)(ii), including by reason of any extraordinary dividend (whether cash or equity), any conversion, any adjustment, any issuance of any class of securities convertible or exercisable into, or exercisable for, any class of equity securities of the Company, then the Committee shall appropriately adjust any Award and/or make such other adjustments to the Plan to prevent dilution or enlargement of the rights granted to, or available for, Participants under the Plan, as the Committee determines in its sole discretion.

(iv) Any such adjustment determined by the Committee pursuant to this Section 4.2(b) shall be final, binding and conclusive on the Company and all Participants and their respective heirs, executors, administrators, successors and permitted assigns. Any adjustment to, or assumption or substitution of, an Award under this Section 4.2(b) shall be intended to comply with the requirements of Section 409A of the Code and Treasury Regulation §1.424-1 (and any amendments thereto), to the extent applicable. Except as expressly provided in this Section 4.2 or in the applicable Award Agreement, a Participant shall have no additional rights under the Plan by reason of any transaction or event described in this Section 4.2.

(v) Fractional shares of Common Stock resulting from any adjustment in Awards pursuant to Section 4.2(a) or this Section 4.2(b) shall be aggregated until, and eliminated at, the time of exercise or payment by rounding-down for fractions less than one-half and rounding-up for fractions equal to or greater than one-half; provided, that, any shares of Common Stock underlying Stock Options or Stock Appreciation Rights shall be rounded down. No cash settlements shall be required with respect to fractional shares eliminated by rounding. Notice of any adjustment shall be given by the Committee to each Participant whose Award has been adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes of the Plan.

4.3 Minimum Purchase Price. Notwithstanding any provision of the Plan to the contrary, if authorized but previously unissued shares of Common Stock are issued under the Plan, such shares shall not be issued for a consideration that is less than as permitted under applicable law.

ARTICLE V
ELIGIBILITY AND GRANTING OF AWARDS

5.1 General Eligibility. All current and prospective Eligible Individuals are eligible to be granted Awards. Eligibility for the grant of Awards and actual participation in the Plan shall be determined by the Committee in its sole discretion.

5.2 Incentive Stock Options. Notwithstanding the foregoing, only Eligible Employees of the Company, its Subsidiaries and its Parent (if any) are eligible to be granted Incentive Stock Options under the Plan. Eligibility for the grant of an Incentive Stock Option and actual participation in the Plan shall be determined by the Committee in its sole discretion.

5.3 General Requirement. The vesting and exercise of Awards granted to a prospective Eligible Individual are conditioned upon such individual actually becoming an Eligible Employee, Consultant or Non-Employee Director, respectively.

5.4 Award Agreement. Each Award shall be evidenced by an Award Agreement that sets forth the terms, conditions and limitations for such Award as determined by the Committee in its sole discretion (consistent with the requirements of the Plan and any applicable Program). Award Agreements evidencing Incentive Stock Options shall contain such terms and conditions as may be necessary to meet the applicable provisions of Section 422 of the Code.

5.5 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan, the Plan, and any Award granted or awarded to any individual who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including Rule 16b3 of the Exchange Act and any amendments thereto) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

5.6 Foreign Holders. Notwithstanding any provision of the Plan or applicable Program to the contrary, in order to comply with the laws in countries other than the United States in which the Company and its Subsidiaries operate or have Eligible Employees, Non-Employee Directors or Consultants, or in order to comply with the requirements of any foreign securities exchange or other applicable law, the Committee, in its sole discretion, shall have the power and authority to: (a) determine which Subsidiaries shall be covered by the Plan; (b) determine which Eligible Individuals outside the United States are eligible to participate in the Plan; (c) modify the terms and conditions of any Award granted to Eligible Individuals outside the United States to comply with applicable law (including, without limitation, applicable foreign laws or listing requirements of any foreign securities exchange); (d) establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable; provided, however, that no such subplans and/or modifications shall increase the share limitation contained in Section 4.1; and (e) take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals or listing requirements of any foreign securities exchange.

ARTICLE VI
STOCK OPTIONS

6.1 Options. Stock Options may be granted alone or in addition to other Awards granted under the Plan. Each Stock Option granted under the Plan shall be of one of two types: (a) an Incentive Stock Option or (b) a Non-Qualified Stock Option.

6.2 Grants. The Committee shall have the authority to grant to any Eligible Employee one or more Incentive Stock Options, Non-Qualified Stock Options, or both types of Stock Options. The Committee shall have the authority to grant any Consultant or Non-Employee Director one or more Non-Qualified Stock Options. To the extent that any Stock Option does not qualify as an Incentive Stock Option (whether because of its provisions or the time or manner of its exercise or otherwise), such Stock Option or the portion thereof which does not so qualify shall constitute a separate Non-Qualified Stock Option.

6.3 Incentive Stock Options. Notwithstanding anything in the Plan to the contrary, no term of the Plan relating to Incentive Stock Options shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be so exercised, so as to disqualify the Plan under Section 422 of the Code, or, without the consent of the Participants affected, to disqualify any Incentive Stock Option under such Section 422.

6.4 Terms of Options. Options granted under the Plan shall be subject to the following terms and conditions and shall be in such form and contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable:

(a) Exercise Price. The exercise price per share of Common Stock subject to a Stock Option shall be determined by the Committee at the time of grant; provided that, the per share exercise price of a Stock Option shall not be less than 100% (or, in the case of an Incentive Stock Option granted to a Ten Percent Stockholder, 110%) of the Fair Market Value of the Common Stock at the time of grant.

(b) Stock Option Term. The term of each Stock Option shall be fixed by the Committee; provided that, no Stock Option shall be exercisable more than 10 years after the date the Option is granted; and, provided, further, that the term of an Incentive Stock Option granted to a Ten Percent Stockholder shall not exceed five years.

(c) Exercisability. Unless otherwise provided by the Committee in accordance with the provisions of this Section 6.4, Stock Options granted under the Plan shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at the time of grant. If the Committee provides, in its discretion, that any Stock Option is exercisable subject to certain limitations (including, without limitation, that such Stock Option is exercisable only in installments or within certain time periods), the Committee may waive such limitations on the exercisability at any time at or after the time of grant in whole or in part (including, without limitation, waiver of the installment exercise provisions or acceleration of the time at which such Stock Option may be exercised), based on such factors, if any, as the Committee shall determine, in its sole discretion.

(d) Method of Exercise. Subject to whatever installment exercise and waiting period provisions apply under Section 6.4(c), to the extent vested, Stock Options may be exercised in whole or in part at any time during the Option term, by giving written notice of exercise to the Company specifying the number of shares of Common Stock to be purchased. Such notice shall be accompanied by payment in full of the purchase price as follows: (i) in cash or by check, bank draft or money order payable to the order of the Company; (ii) solely to the extent permitted by applicable law, if the Common Stock is traded on a national securities exchange, and the Committee authorizes, through a procedure whereby the Participant delivers irrevocable instructions to a broker reasonably acceptable to the Committee to deliver promptly to the Company an amount equal to the purchase price; or (iii) on such other terms and conditions as may be acceptable to the Committee (including, without limitation, having the Company withhold shares of Common Stock issuable upon exercise of the Stock Option, or by payment in full or in part in the form of Common Stock owned by the Participant, based on the Fair Market Value of the Common Stock on the payment date as determined by the Committee). No shares of Common Stock shall be issued until payment therefor, as provided herein, has been made or provided for.

(e) Non-Transferability of Options. No Stock Option shall be Transferable by the Participant other than by will or by the laws of descent and distribution, and all Stock Options shall be exercisable, during the Participant's lifetime, only by the Participant. Notwithstanding the foregoing, the Committee may determine, in its sole discretion, at the time of grant or thereafter that a Non-Qualified Stock Option that is otherwise not Transferable pursuant to this Section is Transferable to a Family Member in whole or in part and in such circumstances, and under such conditions, as specified by the Committee. A Non-Qualified Stock Option that is Transferred to a Family Member pursuant to the

preceding sentence (i) may not be subsequently Transferred other than by will or by the laws of descent and distribution and (ii) remains subject to the terms of the Plan and the applicable Award Agreement. Any shares of Common Stock acquired upon the exercise of a Non-Qualified Stock Option by a permissible transferee of a Non-Qualified Stock Option or a permissible transferee pursuant to a Transfer after the exercise of the Non-Qualified Stock Option shall be subject to the terms of the Plan and the applicable Award Agreement.

(f) Termination by Death or Disability. Unless otherwise determined by the Committee at the time of grant, or if no rights of the Participant are reduced, thereafter, if a Participant's Termination is by reason of death or Disability, all Stock Options that are held by such Participant that are vested and exercisable at the time of the Participant's Termination may be exercised by the Participant (or in the case of the Participant's death, by the legal representative of the Participant's estate) at any time within a period of one (1) year from the date of such Termination, but in no event beyond the expiration of the stated term of such Stock Options; provided, however, that, in the event of a Participant's Termination by reason of Disability, if the Participant dies within such exercise period, all unexercised Stock Options held by such Participant shall thereafter be exercisable, to the extent to which they were exercisable at the time of death, for a period of one (1) year from the date of such death, but in no event beyond the expiration of the stated term of such Stock Options.

(g) Involuntary Termination Without Cause. Unless otherwise determined by the Committee at the time of grant, or if no rights of the Participant are reduced, thereafter, if a Participant's Termination is by involuntary termination by the Company without Cause, all Stock Options that are held by such Participant that are vested and exercisable at the time of the Participant's Termination may be exercised by the Participant at any time within a period of ninety (90) days from the date of such Termination, but in no event beyond the expiration of the stated term of such Stock Options.

(h) Voluntary Resignation. Unless otherwise determined by the Committee at the time of grant, or if no rights of the Participant are reduced, thereafter, if a Participant's Termination is voluntary (other than a voluntary termination described in clause (y) of Section 6.4(i)), all Stock Options that are held by such Participant that are vested and exercisable at the time of the Participant's Termination may be exercised by the Participant at any time within a period of thirty (30) days from the date of such Termination, but in no event beyond the expiration of the stated term of such Stock Options.

(i) Termination for Cause. Unless otherwise determined by the Committee at the time of grant, or if no rights of the Participant are reduced, thereafter, if a Participant's Termination (x) is for Cause or (y) is a voluntary Termination (as provided in Section 6.4(h)) after the occurrence of an event that would be grounds for a Termination for Cause, all Stock Options, whether vested or not vested, that are held by such Participant shall thereupon terminate and expire as of the date of such Termination.

(j) Unvested Stock Options. Unless otherwise determined by the Committee at the time of grant, or if no rights of the Participant are reduced, thereafter, Stock Options that are not vested as of the date of a Participant's Termination for any reason shall terminate and expire as of the date of such Termination.

(k) Incentive Stock Option Limitations. To the extent that the aggregate Fair Market Value (determined as of the time of grant) of the Common Stock with respect to which Incentive Stock Options are exercisable for the first time by an Eligible Employee during any calendar year under the Plan and/or any other stock option plan of the Company, any Subsidiary or any Parent exceeds $100,000, such Options shall be treated as Non-Qualified Stock Options. In addition, if an Eligible Employee does not remain employed by the Company, any Subsidiary or any Parent at all times from the time an Incentive Stock Option is granted until three months prior to the date of exercise thereof (or such other period as required by applicable law), such Stock Option shall be treated as a Non-Qualified Stock Option.

Should any provision of the Plan not be necessary in order for the Stock Options to qualify as Incentive Stock Options, or should any additional provisions be required, the Committee may amend the Plan accordingly, without the necessity of obtaining the approval of the stockholders of the Company.

(l) Form, Modification, Extension and Renewal of Stock Options. Subject to the terms and conditions and within the limitations of the Plan, Stock Options shall be evidenced by such form of agreement or grant as is approved by the Committee, and the Committee may (i) modify, extend or renew outstanding Stock Options granted under the Plan (provided that, the rights of a Participant are not reduced without such Participant's consent and, provided, further, that such action does not subject the Stock Options to Section 409A of the Code without the consent of the Participant), and (ii) accept the surrender of outstanding Stock Options (to the extent not theretofore exercised) and authorize the granting of new Stock Options in substitution therefor (to the extent not theretofore exercised). Notwithstanding the foregoing, an outstanding Option may not be modified to reduce the exercise price thereof nor may a new Option at a lower price be substituted for a surrendered Option (other than adjustments or substitutions in accordance with Section 4.2), unless such action is approved by the stockholders of the Company.

(m) Deferred Delivery of Common Stock. The Committee may in its discretion permit Participants to defer delivery of Common Stock acquired pursuant to a Participant's exercise of an Option in accordance with the terms and conditions established by the Committee in the applicable Award Agreement, which shall be intended to comply with the requirements of Section 409A of the Code.

(n) Early Exercise. The Committee may provide that a Stock Option include a provision whereby the Participant may elect at any time before the Participant's Termination to exercise the Stock Option as to any part or all of the shares of Common Stock subject to the Stock Option prior to the full vesting of the Stock Option and such shares shall be subject to the provisions of Article VIII and be treated as Restricted Stock. Unvested shares of Common Stock so purchased may be subject to a repurchase option in favor of the Company or to any other restriction the Committee determines to be appropriate.

(o) Other Terms and Conditions. The Committee may include a provision in an Award Agreement providing for the automatic exercise of a Non-Qualified Stock Option on a cashless basis on the last day of the term of such Option if the Participant has failed to exercise the Non-Qualified Stock Option as of such date, with respect to which the Fair Market Value of the shares of Common Stock underlying the Non-Qualified Stock Option exceeds the exercise price of such Non-Qualified Stock Option on the date of expiration of such Option, subject to Section 15.4. Stock Options may contain such other provisions, which shall not be inconsistent with any of the terms of the Plan, as the Committee shall deem appropriate.

ARTICLE VII
STOCK APPRECIATION RIGHTS

7.1 Tandem Stock Appreciation Rights. Stock Appreciation Rights may be granted in conjunction with all or part of any Stock Option (a "Reference Stock Option") granted under the Plan ("Tandem Stock Appreciation Rights"). In the case of a Non-Qualified Stock Option, such rights may be granted either at or after the time of the grant of such Reference Stock Option. In the case of an Incentive Stock Option, such rights may be granted only at the time of the grant of such Reference Stock Option.

7.2 Terms and Conditions of Tandem Stock Appreciation Rights. Tandem Stock Appreciation Rights granted hereunder shall be subject to such terms and conditions, not inconsistent with the provisions of the Plan, as shall be determined from time to time by the Committee, and the following:

(a) Exercise Price. The exercise price per share of Common Stock subject to a Tandem Stock Appreciation Right shall be determined by the Committee at the time of grant; provided that, the per share exercise price of a Tandem Stock Appreciation Right shall not be less than 100% of the Fair Market Value of the Common Stock at the time of grant.

(b) Term. A Tandem Stock Appreciation Right or applicable portion thereof granted with respect to a Reference Stock Option shall terminate and no longer be exercisable upon the termination or exercise of the Reference Stock Option, except that, unless otherwise determined by the Committee, in its sole discretion, at the time of grant, a Tandem Stock Appreciation Right granted with respect to less than the full number of shares covered by the Reference Stock Option shall not be reduced until, and then only to the extent that the exercise or termination of the Reference Stock Option causes, the number of shares covered by the Tandem Stock Appreciation Right to exceed the number of shares remaining available and unexercised under the Reference Stock Option.

(c) Exercisability. Tandem Stock Appreciation Rights shall be exercisable only at such time or times and to the extent that the Reference Stock Options to which they relate shall be exercisable in accordance with the provisions of Article VI, and shall be subject to the provisions of Section 6.4(c).

(d) Method of Exercise. A Tandem Stock Appreciation Right may be exercised by the Participant by surrendering the applicable portion of the Reference Stock Option. Upon such exercise and surrender, the Participant shall be entitled to receive an amount determined in the manner prescribed in this Section 7.2. Stock Options which have been so surrendered, in whole or in part, shall no longer be exercisable to the extent that the related Tandem Stock Appreciation Rights have been exercised.

(e) Payment. Upon the exercise of a Tandem Stock Appreciation Right, a Participant shall be entitled to receive up to, but no more than, an amount in cash and/or Common Stock (as chosen by the Committee in its sole discretion) equal in value to the excess of the Fair Market Value of one share of Common Stock over the Option exercise price per share specified in the Reference Stock Option agreement multiplied by the number of shares of Common Stock in respect of which the Tandem Stock Appreciation Right shall have been exercised, with the Committee having the right to determine the form of payment.

(f) Deemed Exercise of Reference Stock Option. Upon the exercise of a Tandem Stock Appreciation Right, the Reference Stock Option or part thereof to which such Stock Appreciation Right is related shall be deemed to have been exercised for the purpose of the limitation set forth in Article IV of the Plan on the number of shares of Common Stock to be issued under the Plan.

(g) Non-Transferability. Tandem Stock Appreciation Rights shall be Transferable only when and to the extent that the underlying Stock Option would be Transferable under Section 6.4(e) of the Plan.

7.3 Non-Tandem Stock Appreciation Rights. Non-Tandem Stock Appreciation Rights may also be granted without reference to any Stock Options granted under the Plan.

7.4 Terms and Conditions of Non-Tandem Stock Appreciation Rights. Non-Tandem Stock Appreciation Rights granted hereunder shall be subject to such terms and conditions, not inconsistent with the provisions of the Plan, as shall be determined from time to time by the Committee, and the following:

(a) Exercise Price. The exercise price per share of Common Stock subject to a Non-Tandem Stock Appreciation Right shall be determined by the Committee at the time of grant; provided that, the per share exercise price of a Non-Tandem Stock Appreciation Right shall not be less than 100% of the Fair Market Value of the Common Stock at the time of grant.

(b) Term. The term of each Non-Tandem Stock Appreciation Right shall be fixed by the Committee, but shall not be greater than 10 years after the date the right is granted.

(c) Exercisability. Unless otherwise provided by the Committee in accordance with the provisions of this Section 7.4, Non-Tandem Stock Appreciation Rights granted under the Plan shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at the time of grant. If the Committee provides, in its discretion, that any such right is exercisable subject to certain limitations (including, without limitation, that it is exercisable only in installments or within certain time periods), the Committee may waive such limitations on the exercisability at any time at or after grant in whole or in part (including, without limitation, waiver of the installment exercise provisions or acceleration of the time at which such right may be exercised), based on such factors, if any, as the Committee shall determine, in its sole discretion.

(d) Method of Exercise. Subject to whatever installment exercise and waiting period provisions apply under Section 7.4(c), Non-Tandem Stock Appreciation Rights may be exercised in whole or in part at any time in accordance with the applicable Award Agreement, by giving written notice of exercise to the Company specifying the number of Non-Tandem Stock Appreciation Rights to be exercised.

(e) Payment. Upon the exercise of a Non-Tandem Stock Appreciation Right a Participant shall be entitled to receive, for each right exercised, up to, but no more than, an amount in cash and/or Common Stock (as chosen by the Committee in its sole discretion) equal in value to the excess of the Fair Market Value of one share of Common Stock on the date that the right is exercised over the Fair Market Value of one share of Common Stock on the date that the right was awarded to the Participant.

(f) Termination. Unless otherwise determined by the Committee at grant or, if no rights of the Participant are reduced, thereafter, subject to the provisions of the applicable Award Agreement and the Plan, upon a Participant's Termination for any reason, Non-Tandem Stock Appreciation Rights will remain exercisable following a Participant's Termination on the same basis as Stock Options would be exercisable following a Participant's Termination in accordance with the provisions of Sections 6.4(f) through 6.4(j).

(g) Non-Transferability. No Non-Tandem Stock Appreciation Rights shall be Transferable by the Participant other than by will or by the laws of descent and distribution, and all such rights shall be exercisable, during the Participant's lifetime, only by the Participant.

7.5 Limited Stock Appreciation Rights. The Committee may, in its sole discretion, grant Tandem Stock Appreciation Rights and Non-Tandem Stock Appreciation Rights either as a general Stock Appreciation Right or as a Limited Stock Appreciation Right. Limited Stock Appreciation Rights may be exercised only upon the occurrence of a Change in Control or such other event as the Committee may, in its sole discretion, designate at the time of grant or thereafter. Upon the exercise of Limited Stock Appreciation Rights, except as otherwise provided in an Award Agreement, the Participant shall receive in cash and/or Common Stock, as determined by the Committee, an amount equal to the amount (i) set forth in Section 7.2(e) with respect to Tandem Stock Appreciation Rights, or (ii) set forth in Section 7.4(e) with respect to Non-Tandem Stock Appreciation Rights.

7.6 Other Terms and Conditions. The Committee may include a provision in an Award Agreement providing for the automatic exercise of a Stock Appreciation Right on a cashless basis on the last day of the term of such Stock Appreciation Right if the Participant has failed to exercise the Stock Appreciation Right as of such date, with respect to which the Fair Market Value of the shares of Common Stock underlying the Stock Appreciation Right exceeds the exercise price of such Stock Appreciation Right on the date of expiration of such Stock Appreciation Right, subject to Section 15.4. Stock Appreciation Rights may contain such other provisions, which shall not be inconsistent with any of the terms of the Plan, as the Committee shall deem appropriate.

ARTICLE VIII
RESTRICTED STOCK

8.1 Awards of Restricted Stock. Shares of Restricted Stock may be issued either alone or in addition to other Awards granted under the Plan. The Committee shall determine the Eligible Individuals, to whom, and the time or times at which, grants of Restricted Stock shall be made, the number of shares to be awarded, the price (if any) to be paid by the Participant (subject to Section 8.2), the time or times within which such Awards may be subject to forfeiture, the vesting schedule and rights to acceleration thereof, and all other terms and conditions of the Awards.

The Committee may condition the grant or vesting of Restricted Stock upon the attainment of specified performance targets (including, the Performance Goals) or such other factor as the Committee may determine in its sole discretion.

8.2 Awards and Certificates. Eligible Individuals selected to receive Restricted Stock shall not have any right with respect to such Award, unless and until such Participant has delivered a fully executed copy of the agreement evidencing the Award to the Company, to the extent required by the Committee, and has otherwise complied with the applicable terms and conditions of such Award. Further, such Award shall be subject to the following conditions:

(a) Purchase Price. The purchase price of Restricted Stock shall be fixed by the Committee. Subject to Section 4.2, the purchase price for shares of Restricted Stock may be zero to the extent permitted by applicable law, and, to the extent not so permitted, such purchase price may not be less than par value.

(b) Acceptance. Awards of Restricted Stock must be accepted within a period of 60 days (or such shorter period as the Committee may specify at grant) after the grant date, by executing a Restricted Stock agreement and by paying whatever price (if any) the Committee has designated thereunder.

(c) Legend. Each Participant receiving Restricted Stock shall be issued a stock certificate in respect of such shares of Restricted Stock, unless the Committee elects to use another system, such as book entries by the transfer agent, as evidencing ownership of shares of Restricted Stock. Such certificate shall be registered in the name of such Participant, and shall, in addition to such legends required by applicable securities laws, bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Award, substantially in the following form:

> "The anticipation, alienation, attachment, sale, transfer, assignment, pledge, encumbrance or charge of the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the Paycor HCM, Inc. (the "Company") 2021 Omnibus Incentive Plan (the "Plan") and an Agreement entered into between the registered owner and the Company dated _____. Copies of such Plan and Agreement are on file at the principal office of the Company."

(d) Custody. If stock certificates are issued in respect of shares of Restricted Stock, the Committee may require that any stock certificates evidencing such shares be held in custody by the Company until the restrictions thereon shall have lapsed, and that, as a condition of any grant of Restricted Stock, the Participant shall have delivered a duly signed stock power or other instruments of assignment (including a power of attorney), each endorsed in blank with a guarantee of signature if deemed necessary or appropriate by the Company, which would permit transfer to the Company of all or a portion of the shares subject to the Restricted Stock Award in the event that such Award is forfeited in whole or part.

8.3 Restrictions and Conditions. The shares of Restricted Stock awarded pursuant to the Plan shall be subject to the following restrictions and conditions:

(a) Restriction Period.

(i) The Participant shall not be permitted to Transfer shares of Restricted Stock awarded under the Plan during the period or periods set by the Committee (the "Restriction Period") commencing on the date of such Award, as set forth in the Restricted Stock Award Agreement and such agreement shall set forth a vesting schedule and any event that would accelerate vesting of the shares of Restricted Stock. Within these limits, based on service, attainment of Performance Goals pursuant to Section 8.3(a)(ii) and/or such other factors or criteria as the Committee may determine in its sole discretion, the Committee may condition the grant or provide for the lapse of such restrictions in installments in whole or in part, or may accelerate the vesting of all or any part of any Restricted Stock Award and/or waive the deferral limitations for all or any part of any Restricted Stock Award.

(ii) If the grant of shares of Restricted Stock or the lapse of restrictions is based on the attainment of Performance Goals, the Committee shall establish the objective Performance Goals and the applicable vesting percentage of the Restricted Stock applicable to each Participant or class of Participants in writing prior to the beginning of the applicable fiscal year or at such later date as otherwise determined by the Committee and while the outcome of the Performance Goals are substantially uncertain. Such Performance Goals may incorporate provisions for disregarding (or adjusting for) changes in accounting methods, corporate transactions (including, without limitation, dispositions and acquisitions) and other similar type events or circumstances.

(b) Rights as a Stockholder. Except as provided in Section 8.3(a) and this Section 8.3(b) or as otherwise determined by the Committee in an Award Agreement, the Participant shall have, with respect to the shares of Restricted Stock, all of the rights of a holder of shares of Common Stock of the Company, including, without limitation, the right to receive dividends, the right to vote such shares and, subject to and conditioned upon the full vesting of shares of Restricted Stock, the right to tender such shares; provided, however, that unless otherwise determined by the Committee, payment of dividends shall be deferred until, and conditioned upon, the expiration of the applicable Restriction Period. For the sake of clarity, such deferred dividends will be forfeited if the Restricted Stock is forfeited.

(c) Termination. Unless otherwise determined by the Committee at grant or, if no rights of the Participant are reduced, thereafter, subject to the applicable provisions of the Award Agreement and the Plan, upon a Participant's Termination for any reason during the relevant Restriction Period, all Restricted Stock still subject to restriction will be forfeited in accordance with the terms and conditions established by the Committee at grant or thereafter.

(d) Lapse of Restrictions. If and when the Restriction Period expires without a prior forfeiture of the Restricted Stock, the certificates for such shares shall be delivered to the Participant. All legends shall be removed from said certificates at the time of delivery to the Participant, except as otherwise required by applicable law or other limitations imposed by the Committee.

ARTICLE IX
PERFORMANCE AWARDS

9.1 Performance Awards. The Committee may grant a Performance Award to a Participant payable upon the attainment of specific Performance Goals. If the Performance Award is payable in shares of Common Stock, such shares shall be transferable to the Participant only upon attainment of the relevant Performance Goal in accordance with Article VIII. If the Performance Award is payable in cash, it may be paid upon the attainment of the relevant Performance Goals either in cash or in shares of Common Stock (based on the then current Fair Market Value of such shares), as determined by the Committee, in its sole and absolute discretion.

9.2 Terms and Conditions. Performance Awards awarded pursuant to this Article IX shall be subject to the following terms and conditions:

(a) Earning of Performance Award. At the expiration of the applicable Performance Period, the Committee shall determine the extent to which the Performance Goals are achieved and the percentage of each Performance Award that has been earned.

(b) Non-Transferability. Subject to the applicable provisions of the Award Agreement and the Plan, Performance Awards may not be Transferred during the Performance Period.

(c) Dividends. Unless otherwise determined by the Committee at the time of grant, amounts equal to dividends declared during the Performance Period with respect to the number of shares of Common Stock covered by a Performance Award will be deferred and paid to the Participant once such Performance Award has vested and been settled. For the sake of clarity, such deferred dividends will be forfeited if the Performance Award is forfeited.

(d) Payment. Following the Committee's determination in accordance with Section 9.2(a), the Company shall settle Performance Awards, in such form (including, without limitation, in shares of Common Stock or in cash) as determined by the Committee, in an amount equal to such Participant's earned Performance Awards.

(e) Termination. Subject to the applicable provisions of the Award Agreement and the Plan, upon a Participant's Termination for any reason during the Performance Period for a given Performance Award, the Performance Award in question will vest or be forfeited in accordance with the terms and conditions established by the Committee at grant.

(f) Accelerated Vesting. Based on service, performance and/or such other factors or criteria, if any, as the Committee may determine, the Committee may, at or after grant, accelerate the vesting of all or any part of any Performance Award.

ARTICLE X
LTIP UNIT AWARDS

10.1 LTIP Unit Awards. Subject to the provisions of the LP Agreement, the Committee is authorized to grant to Eligible Individuals Awards in the form of, and causing Holdings to issue, LTIP Units, having the rights, voting powers, restrictions, limitations as to distributions, qualifications, redemption and conversion terms, vesting terms and other terms and conditions set forth herein and in the LP Agreement. To the extent that such LTIP Units are convertible or exchangeable into Common Stock, each LTIP Unit awarded will be equivalent to an award of one share of Common Stock for purposes of reducing the number of shares of Common Stock available under the Plan on a one-for-one basis pursuant to Section 4.1. Additionally, to the extent Holdings maintains any incentive plans prior to the Effective Date of this Plan that permit settlement in shares of Common Stock, such awards may be settled in shares of Common Stock available under this Plan.

ARTICLE XI
OTHER STOCK-BASED AND CASH-BASED AWARDS

11.1 Other Stock-Based Awards. The Committee is authorized to grant to Eligible Individuals Other Stock-Based Awards that are payable in, valued in whole or in part by reference to, or otherwise based on or related to shares of Common Stock, including but not limited to, shares of Common Stock awarded purely as a bonus and not subject to restrictions or conditions, shares of Common Stock in payment of the amounts due under an incentive or performance plan sponsored or maintained by the Company or an Affiliate, stock equivalent units, restricted stock units, and Awards valued by reference to book value of shares of Common Stock. Other Stock-Based Awards may be granted either alone or in addition to or in tandem with other Awards granted under the Plan.

Subject to the provisions of the Plan, the Committee shall have authority to determine the Eligible Individuals, to whom, and the time or times at which, such Awards shall be made, the number of shares of Common Stock to be awarded pursuant to such Awards, and all other conditions of the Awards. The Committee may also provide for the grant of Common Stock under such Awards upon the completion of a specified Performance Period.

The Committee may condition the grant or vesting of Other Stock-Based Awards upon the attainment of specified Performance Goals as the Committee may determine, in its sole discretion;

11.2 Terms and Conditions. Other Stock-Based Awards made pursuant to this Article XI shall be subject to the following terms and conditions:

(a) Non-Transferability. Subject to the applicable provisions of the Award Agreement and the Plan, shares of Common Stock subject to Awards made under this Article XI may not be Transferred prior to the date on which the shares are issued, or, if later, the date on which any applicable restriction, performance or deferral period lapses.

(b) Dividends. Unless otherwise determined by the Committee at the time of Award, subject to the provisions of the Award Agreement and the Plan, the recipient of an Award under this Article XI shall not be entitled to receive, currently or on a deferred basis, dividends or dividend equivalents in respect of the number of shares of Common Stock covered by the Award.

(c) Vesting. Any Award under this Article XI and any Common Stock covered by any such Award shall vest or be forfeited to the extent so provided in the Award Agreement, as determined by the Committee, in its sole discretion.

(d) Price. Common Stock issued on a bonus basis under this Article XI may be issued for no cash consideration. Common Stock purchased pursuant to a purchase right awarded under this Article XI shall be priced, as determined by the Committee in its sole discretion.

11.3 Other Cash-Based Awards. The Committee may from time to time grant Other Cash-Based Awards to Eligible Individuals in such amounts, on such terms and conditions, and for such consideration, including no consideration or such minimum consideration as may be required by applicable law, as it shall determine in its sole discretion. Other Cash-Based Awards may be granted subject to the satisfaction of vesting conditions or may be awarded purely as a bonus and not subject to restrictions or conditions, and if subject to vesting conditions, the Committee may accelerate the vesting of such Awards at any time in its sole discretion. The grant of an Other Cash-Based Award shall not require a segregation of any of the Company's assets for satisfaction of the Company's payment obligation thereunder.

ARTICLE XII
CHANGE IN CONTROL PROVISIONS

12.1 Benefits. In the event of a Change in Control of the Company (as defined below), and except as otherwise provided by the Committee in an Award Agreement, a Participant's unvested Award shall not vest automatically and a Participant's Award shall be treated in accordance with one or more of the following methods as determined by the Committee:

(a) Awards, whether or not then vested, shall be continued, assumed, or have new rights substituted therefor, as determined by the Committee in a manner consistent with the requirements of Section 409A of the Code, and restrictions to which shares of Restricted Stock or any other Award granted prior to the Change in Control are subject shall not lapse upon a Change in Control and the Restricted Stock or other Award shall, where appropriate in the sole discretion of the Committee, receive the same distribution as other Common Stock on such terms as determined by the Committee; provided that, the Committee may decide to award additional Restricted Stock or other Awards in lieu of any cash distribution. Notwithstanding anything to the contrary herein, for purposes of Incentive Stock Options, any assumed or substituted Stock Option shall comply with the requirements of Treasury Regulation Section 1.424-1 (and any amendment thereto).

(b) The Committee, in its sole discretion, may provide for the purchase of any Awards by the Company or an Affiliate for an amount equal to the excess (if any) of the Change in Control Price (as defined below) of the shares of Common Stock covered by such Awards, over the aggregate exercise price of such Awards. For purposes hereof, "Change in Control Price" shall mean the highest price per share of Common Stock paid in any transaction related to a Change in Control of the Company.

(c) The Committee may, in its sole discretion, terminate all outstanding and unexercised Stock Options, Stock Appreciation Rights, or any Other Stock-Based Award that provides for a Participant elected exercise, effective as of the date of the Change in Control, by delivering notice of termination to each Participant at least twenty (20) days prior to the date of consummation of the Change in Control, in which case during the period from the date on which such notice of termination is delivered to the consummation of the Change in Control, each such Participant shall have the right to exercise in full all of such Participant's Awards that are then outstanding (without regard to any limitations on exercisability otherwise contained in the Award Agreements), but any such exercise shall be contingent on the occurrence of the Change in Control, and, provided that, if the Change in Control does not take place within a specified period after giving such notice for any reason whatsoever, the notice and exercise pursuant thereto shall be null and void.

(d) Notwithstanding any other provision herein to the contrary, the Committee may, in its sole discretion, provide for accelerated vesting or lapse of restrictions, of an Award at any time.

12.2 Change in Control. Unless otherwise determined by the Committee in the applicable Award Agreement or other written agreement with a Participant approved by the Committee, a "Change in Control" shall be deemed to occur if:

(a) any "person," as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than the Company, any trustee or other fiduciary holding securities under any employee benefit plan of the Company, an underwriter temporarily holding securities pursuant to an offering of such securities, or a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock in the Company) becoming the beneficial

owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding voting securities other than pursuant to a transaction that would not be a Change in Control pursuant to Section 12.2(b);

(b) a merger or consolidation of the Company or a Subsidiary with any other entity, other than (i) 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) more than 50% of the combined voting power of the voting securities of the Company or such surviving entity or its ultimate parent company outstanding immediately after such merger or consolidation in substantially the same proportions as prior to such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person (other than those covered by the exceptions in Section 12.2(a)) acquires more than 50% of the combined voting power of the Company's then outstanding securities;

(c) at any time, Incumbent Directors cease to constitute a majority of the Board. For this purpose, "Incumbent Director" means each member of the Board on the Effective Date and each person whose election or nomination for election to the Board is approved by a majority of the Incumbent Directors; provided that, any person elected or nominated for election as the result of an actual or threatened proxy contest will not be considered to be an Incumbent Director. Notwithstanding the foregoing, for purposes of the Plan, the occurrence of the Registration Date or any change in the composition of the Board within one year following the Registration Date shall not be considered a Change in Control; or

(d) a complete liquidation or dissolution of the Company or the consummation of a sale or disposition by the Company of all or substantially all of the Company's assets (in one or a series of related transactions) (which for this purpose shall mean total assets which represent at least 70% or more of the total fair market value of the assets of the Company and its Subsidiaries on a consolidated basis) other than the sale or disposition of all or substantially all of the assets (in one or a series of related transactions), which for this purpose shall mean total assets which represent at least 70% or more of the total fair market value of the assets of the Company and its Subsidiaries on a consolidated basis to a Person or Persons who beneficially own, directly or indirectly, 50% or more of the combined voting power of the outstanding voting securities of the Company at the time of the sale.

Notwithstanding the foregoing: (i) a Change in Control will not be deemed to have occurred if Apax Partners, L.P. or one of its Affiliates (including any fund management by Apax Partners, L.P.) directly or indirectly controls the Company; and (ii) with respect to any Award that is characterized as "nonqualified deferred compensation" within the meaning of Section 409A of the Code, an event shall not be considered to be a Change in Control under the Plan for purposes of payment of such Award unless such event is also a "change in ownership," a "change in effective control" or a "change in the ownership of a substantial portion of the assets" of the Company within the meaning of Section 409A of the Code.

12.3 Initial Public Offering not a Change in Control. Notwithstanding the foregoing, for purposes of the Plan, the occurrence of the Registration Date or any change in the composition of the Board within one year following the Registration Date shall not be considered a Change in Control.

ARTICLE XIII
TERMINATION OR AMENDMENT OF PLAN

Notwithstanding any other provision of the Plan, the Board may at any time, and from time to time, amend, in whole or in part, any or all of the provisions of the Plan (including any amendment deemed necessary to ensure that the Company may comply with any regulatory requirement referred to in Article XV or Section 409A of the Code), or suspend or terminate it entirely, retroactively or otherwise; provided, however, that unless otherwise required by law or specifically provided herein, the rights of a Participant with respect to Awards granted prior to such amendment, suspension or termination, may not be impaired without the consent of such Participant and, provided, further, that without the approval of the holders of the Company's Common Stock entitled to vote in accordance with applicable law, no amendment may be made that would (i) increase the aggregate number of shares of Common Stock that may be issued under the Plan (except by operation of Section 4.2); (ii) change the classification of individuals eligible to receive Awards under the Plan; (iii) decrease the minimum option price of any Stock Option or Stock Appreciation Right; (iv) extend the maximum option period under Section 6.4; (v) award any Stock Option or Stock Appreciation Right in replacement of a canceled Stock Option or Stock Appreciation Right with a higher exercise price than the replacement award; or (vi) require stockholder approval in order for the Plan to continue to comply with the applicable provisions of Section 422 of the Code. In no event may the Plan be amended without the approval of the stockholders of the Company in accordance with the applicable laws of the State of Delaware to increase the aggregate number of shares of Common Stock that may be issued under the Plan, decrease the minimum exercise price of any Award, or to make any other amendment that would require stockholder approval under Financial Industry Regulatory Authority (FINRA) rules and regulations or the rules of any exchange or system on which the Company's securities are listed or traded at the request of the Company. Notwithstanding anything herein to the contrary, the Board may amend the Plan or any Award Agreement at any time without a Participant's consent to comply with applicable law including Section 409A of the Code. The Committee may amend the terms of any Award theretofore granted, prospectively or retroactively, but, subject to Article IV or as otherwise specifically provided herein, no such amendment or other action by the Committee shall impair the rights of any holder without the holder's consent. The Committee shall have the discretion, without the approval of the Company's shareholders and as permitted by applicable law, to cause any Option or Stock Appreciation Right to (A) be amended to decrease the exercise price thereof, (B) be canceled at a time when its exercise price exceeds the Fair Market Value of the underlying shares of Common Stock in exchange for another Option or Stock Appreciation Right or any cash payment, or (C) be subject to any action that would be treated, for accounting purposes, as a "repricing" of such Option or Stock Appreciation Right.

ARTICLE XIV
UNFUNDED STATUS OF PLAN

The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payment as to which a Participant has a fixed and vested interest but which are not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any right that is greater than those of a general unsecured creditor of the Company.

ARTICLE XV
GENERAL PROVISIONS

15.1 Legend. The Committee may require each Person receiving shares of Common Stock pursuant to a Stock Option or other Award under the Plan to represent to and agree with the Company in writing that the Participant is acquiring the shares without a view to distribution thereof. In addition to any legend required by the Plan, the certificates for such shares may include any legend that the Committee deems appropriate to reflect any restrictions on Transfer. All certificates for shares of Common Stock delivered under the Plan shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Common Stock is then listed or any national securities exchange system upon whose system the Common Stock is then quoted, any applicable federal or state securities law, and any applicable corporate law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

15.2 Other Plans. Nothing contained in the Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required, and such arrangements may be either generally applicable or applicable only in specific cases.

15.3 No Right to Employment/Directorship/Consultancy. Neither the Plan nor the grant of any Option or other Award hereunder shall give any Participant or other employee, Consultant or Non-Employee Director any right with respect to continuance of employment, consultancy or directorship by the Company or any Affiliate, nor shall there be a limitation in any way on the right of the Company or any Affiliate by which an employee is employed or a Consultant or Non-Employee Director is retained to terminate such employment, consultancy or directorship at any time.

15.4 Withholding of Taxes. The Company, or an Affiliate, as applicable, shall have the right to deduct from any payment to be made pursuant to the Plan, or to otherwise require, prior to the issuance or delivery of shares of Common Stock or the payment of any cash hereunder, payment by the Participant of, any federal, state or local taxes required by law to be withheld. Upon the vesting of Restricted Stock (or other Award that is taxable upon vesting), or upon making an election under Section 83(b) of the Code, a Participant shall pay all required withholding to the Company. Any minimum statutorily required withholding obligation with regard to any Participant may be satisfied, subject to the consent of the Committee, by reducing the number of shares of Common Stock otherwise deliverable or by delivering shares of Common Stock already owned. Furthermore, at the discretion of the Committee, any additional tax obligations of a Participant with respect to an Award may be satisfied by further reducing the number of shares of Common Stock, otherwise deliverable with respect to such Award, to the extent that such reductions do not result in any adverse accounting implications to the Company, as determined by the Committee. Any fraction of a share of Common Stock required to satisfy any such tax obligations shall be disregarded and the amount due shall be paid instead in cash by the Participant.

15.5 No Assignment of Benefits. No Award or other benefit payable under the Plan shall, except as otherwise specifically provided by law or permitted by the Committee, be Transferable in any manner, and any attempt to Transfer any such benefit shall be void, and any such benefit shall not in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any Person who shall be entitled to such benefit, nor shall it be subject to attachment or legal process for or against such Person.

15.6 Listing and Other Conditions.

(a) Unless otherwise determined by the Committee, as long as the Common Stock is listed on a national securities exchange or system sponsored by a national securities association, the issuance of shares of Common Stock pursuant to an Award shall be conditioned upon such shares being listed on such exchange or system. The Company shall have no obligation to issue such shares unless and until such shares are so listed, and the right to exercise any Option or other Award with respect to such shares shall be suspended until such listing has been effected.

(b) If at any time counsel to the Company shall be of the opinion that any sale or delivery of shares of Common Stock pursuant to an Option or other Award is or may in the circumstances be unlawful or result in the imposition of excise taxes on the Company under the statutes, rules or regulations of any applicable jurisdiction, the Company shall have no obligation to make such sale or delivery, or to make any application or to effect or to maintain any qualification or registration under the Securities Act or otherwise, with respect to shares of Common Stock or Awards, and the right to exercise any Option or other Award shall be suspended until, in the opinion of said counsel, such sale or delivery shall be lawful or will not result in the imposition of excise taxes on the Company.

(c) Upon termination of any period of suspension under this Section 15.6, any Award affected by such suspension which shall not then have expired or terminated shall be reinstated as to all shares available before such suspension and as to shares which would otherwise have become available during the period of such suspension, but no such suspension shall extend the term of any Award.

(d) A Participant shall be required to supply the Company with certificates, representations and information that the Company requests and otherwise cooperate with the Company in obtaining any listing, registration, qualification, exemption, consent or approval the Company deems necessary or appropriate.

15.7 Governing Law. The Plan and actions taken in connection herewith shall be governed and construed in accordance with the laws of the State of Delaware (regardless of the law that might otherwise govern under applicable Delaware principles of conflict of laws).

15.8 Jurisdiction; Waiver of Jury Trial. Any suit, action or proceeding with respect to the Plan or any Award Agreement, or any judgment entered by any court of competent jurisdiction in respect of any thereof, shall be resolved only in the courts of the State of Delaware or the United States District Court for the District of Delaware and the appellate courts having jurisdiction of appeals in such courts. In that context, and without limiting the generality of the foregoing, the Company and each Participant shall irrevocably and unconditionally (a) submit in any proceeding relating to the Plan or any Award Agreement, or for the recognition and enforcement of any judgment in respect thereof (a "Proceeding"), to the exclusive jurisdiction of the courts of the State of Delaware, the court of the United States of America for the District of Delaware, and appellate courts having jurisdiction of appeals from any of the foregoing, and agree that all claims in respect of any such Proceeding shall be heard and determined in such Delaware State court or, to the extent permitted by law, in such federal court, (b) consent that any such Proceeding may and shall be brought in such courts and waives any objection that the Company and each Participant may now or thereafter have to the venue or jurisdiction of any such Proceeding in any such court or that such Proceeding was brought in an inconvenient court and agree not to plead or claim the same, (c) waive all right to trial by jury in any Proceeding (whether based on contract, tort or otherwise) arising out of or relating to the Plan or any Award Agreement, (d) agree that service of process in any such Proceeding may be effected by mailing a copy of such process by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party, in the case of a Participant, at the Participant's address shown in the books and records of the Company or, in the case of the Company, at the Company's principal offices, attention General Counsel, and (e) agree that nothing in the Plan shall affect the right to effect service of process in any other manner permitted by the laws of the State of Delaware.

15.9 Construction. Wherever any words are used in the Plan in the masculine gender they shall be construed as though they were also used in the feminine gender in all cases where they would so apply, and wherever words are used herein in the singular form they shall be construed as though they were also used in the plural form in all cases where they would so apply.

15.10 Other Benefits. No Award granted or paid out under the Plan shall be deemed compensation for purposes of computing benefits under any retirement plan of the Company or its Affiliates nor affect any benefit under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation.

15.11 Costs. The Company shall bear all expenses associated with administering the Plan, including expenses of issuing Common Stock pursuant to Awards hereunder.

15.12 No Right to Same Benefits. The provisions of Awards need not be the same with respect to each Participant, and such Awards to individual Participants need not be the same in subsequent years.

15.13 Death/Disability. The Committee may in its discretion require the transferee of a Participant to supply it with written notice of the Participant's death or Disability and to supply it with a copy of the will (in the case of the Participant's death) or such other evidence as the Committee deems necessary to establish the validity of the transfer of an Award. The Committee may also require that the agreement of the transferee to be bound by all of the terms and conditions of the Plan.

15.14 Section 16(b) of the Exchange Act. All elections and transactions under the Plan by Persons subject to Section 16 of the Exchange Act involving shares of Common Stock are intended to comply with any applicable exemptive condition under Rule 16b-3. The Committee may establish and adopt written administrative guidelines, designed to facilitate compliance with Section 16(b) of the Exchange Act, as it may deem necessary or proper for the administration and operation of the Plan and the transaction of business thereunder.

15.15 Section 409A of the Code. The Plan is intended to comply with the applicable requirements of Section 409A of the Code and shall be limited, construed and interpreted in accordance with such intent. To the extent that any Award is subject to Section 409A of the Code, it shall be paid in a manner that will comply with Section 409A of the Code, including proposed, temporary or final regulations or any other guidance issued by the Secretary of the Treasury and the Internal Revenue Service with respect thereto. Notwithstanding anything herein to the contrary, any provision in the Plan that is inconsistent with Section 409A of the Code shall be deemed to be amended to comply with Section 409A of the Code and to the extent such provision cannot be amended to comply therewith, such provision shall be null and void. The Company shall have no liability to a Participant, or any other party, if an 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 Committee or the Company and, in the event that any amount or benefit under the Plan becomes subject to penalties under Section 409A of the Code, responsibility for payment of such penalties shall rest solely with the affected Participants and not with the Company. Notwithstanding any contrary provision in the Plan or Award Agreement, any payment(s) of "nonqualified deferred compensation" (within the meaning of Section 409A of the Code) that are otherwise required to be made under the Plan to a "specified employee" (as defined under Section 409A of the Code) as a result of such employee's separation from service (other than a payment that is not subject to Section 409A of the Code) shall be delayed for the first six (6) months following such separation from service (or, if earlier, the date of death of the specified employee) and shall instead be paid (in a manner set forth in the Award Agreement) upon expiration of such delay period.

15.16 Successor and Assigns. The Plan shall be binding on all successors and permitted assigns of a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate.

15.17 Severability of Provisions. If any provision of the Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and the Plan shall be construed and enforced as if such provisions had not been included.

15.18 Payments to Minors, Etc. Any benefit payable to or for the benefit of a minor, an incompetent Person or other Person incapable of receipt thereof shall be deemed paid when paid to such Person's guardian or to the party providing or reasonably appearing to provide for the care of such Person, and such payment shall fully discharge the Committee, the Board, the Company, its Affiliates and their employees, agents and representatives with respect thereto.

15.19 Lock-Up Agreement. As a condition to the grant of an Award, if requested by the Company and the lead underwriter of any public offering of the Common Stock (the "Lead Underwriter"), a Participant shall irrevocably agree not to sell, contract to sell, grant any option to purchase, transfer the economic risk of ownership in, make any short sale of, pledge or otherwise transfer or dispose of, any interest in any Common Stock or any securities convertible into, derivative of, or exchangeable or exercisable for, or any other rights to purchase or acquire Common Stock (except Common Stock included

in such public offering or acquired on the public market after such offering) during such period of time following the effective date of a registration statement of the Company filed under the Securities Act that the Lead Underwriter shall specify (the "Lock-Up Period"). The Participant shall further agree to sign such documents as may be requested by the Lead Underwriter to effect the foregoing and agree that the Company may impose stop-transfer instructions with respect to Common Stock acquired pursuant to an Award until the end of such Lock-Up Period.

15.20 Headings and Captions. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

15.21 Company Recoupment of Awards. A Participant's rights with respect to any Award hereunder shall in all events be subject to (i) any right that the Company may have under any Company recoupment policy or other agreement or arrangement with a Participant, or (ii) any right or obligation that the Company may have to the extent required by applicable law or as required by an stock exchange or quotation system in which the Common Stock is listed or quoted including by not limited to but not limited to Section 304 of the Sarbanes-Oxley Act of 2002 and Section 10D of the Exchange Act, and any other applicable rules and regulations promulgated thereunder from time to time by the U.S. Securities and Exchange Commission.

ARTICLE XVI
EFFECTIVE DATE OF PLAN

The Plan shall become effective on the date that is two days immediately prior to the Registration Date subject to the approval of the Plan by the stockholders of the Company in accordance with the requirements of the laws of the State of Delaware.

ARTICLE XVII
TERM OF PLAN

No Award shall be granted pursuant to the Plan on or after the tenth anniversary of the earlier of the date that the Plan is adopted or the date of stockholder approval, but Awards granted prior to such tenth anniversary may extend beyond that date.

ARTICLE XVIII
NAME OF PLAN

The Plan shall be known as the "Paycor HCM, Inc. 2021 Omnibus Incentive Plan"

INCENTIVE STOCK OPTION AGREEMENT
PURSUANT TO THE
PAYCOR HCM, INC. 2021 OMNIBUS INCENTIVE PLAN

* * * * *

Participant: [•]

Grant Date: [•]

Per Share Exercise Price: $[•]

Number of Shares subject to this Option: [•]

* * * * *

THIS INCENTIVE STOCK OPTION AWARD AGREEMENT (this "Agreement"), dated as of the Grant Date specified above, is entered into by and between Paycor HCM, Inc., a corporation organized in the State of Delaware (the "Company"), and the Participant specified above, pursuant to the Paycor HCM, Inc. 2021 Omnibus Incentive Plan, as in effect and as amended from time to time (the "Plan"), which is administered by the Committee; and

WHEREAS, it has been determined under the Plan that it would be in the best interests of the Company to grant the Incentive Stock Option provided for herein to the Participant.

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth and for other good and valuable consideration, the parties hereto hereby mutually covenant and agree as follows:

1. Incorporation By Reference; Plan Document Receipt. This Agreement is subject in all respects to the terms and provisions of the Plan (including, without limitation, any amendments thereto adopted at any time and from time to time unless such amendments are expressly intended not to apply to the Award provided hereunder), all of which terms and provisions are made a part of and incorporated in this Agreement as if they were each expressly set forth herein. Any capitalized term not defined in this Agreement will have the same meaning as is ascribed thereto in the Plan. The Participant hereby acknowledges receipt of a true copy of the Plan and that the Participant has read the Plan carefully and fully understands its content. In the event of any conflict between the terms of this Agreement and the terms of the Plan, the terms of the Plan will control.

2. Grant of Option. The Company hereby grants to the Participant, as of the Grant Date specified above, an Incentive Stock Option (this "Option") to acquire from the Company at the Per Share Exercise Price specified above, the aggregate number of shares of Common Stock specified above (the "Option Shares"). Except as otherwise provided by the Plan, the Participant agrees and understands that nothing contained in this Agreement provides, or is intended to provide, the Participant with any protection against potential future dilution of the Participant's interest in the Company for any reason. The Participant will have no rights as a stockholder with respect to any shares of Common Stock covered by the Option unless and until the Participant has become the holder of record of such shares, and no adjustments will be made for dividends in cash or other property, distributions or other rights in respect of any such shares, except as otherwise specifically provided for in the Plan or this Agreement.

3. Tax Matters. The Option granted hereunder is intended to qualify as an "incentive stock option" under Section 422 of the Code. Notwithstanding the foregoing, the Option will not qualify as an "incentive stock option," among other events: (a) if the Participant disposes of the Option Shares at any time during the two-year period following the date of this Agreement or the one-year period following the date of any exercise of the Option; (b) except in the event of the Participant's death or Disability, if the Participant is not employed by the Company, a Parent or a Subsidiary at all times during the period beginning on the date of this Agreement and ending on the day that is three months before the date of any exercise of the Option; or (c) to the extent that the aggregate fair market value of the Common Stock subject to "incentive stock options" held by the Participant which become exercisable for the first time in any calendar year (under all plans of the Company, a Parent or a Subsidiary) exceeds $100,000. For purposes of clause (c) above, the "fair market value" of the Common Stock will be determined as of the Grant Date. To the extent that the Option does not qualify as an "incentive stock option," it will not affect the validity of the Option and will constitute a separate non-qualified stock option. In the event that the Participant disposes of the Option Shares within either two years following the Grant Date or one year following the date of exercise of the Option, the Participant must deliver to the Company, within seven days following such disposition, a written notice specifying the date on which such shares were disposed of, the number of shares so disposed, and, if such disposition was by a sale or exchange, the amount of consideration received. The Company will have no liability or responsibility if the Option ceases to be an incentive stock option for any reason.

4. Vesting and Exercise.

(a) Vesting. Subject to the provisions of Sections 4(b) and 4(c) hereof, the Option will vest and become exercisable as follows; provided that, the Participant has not incurred a Termination prior to each such vesting date:

Vesting Date	Number of Shares
[•]	[•]
[•]	[•]
[•]	[•]
[•]	[•]

There will be no proportionate or partial vesting in the periods prior to each vesting date and all vesting will occur only on the appropriate vesting date, subject to the Participant's continued service with the Company or any of its Subsidiaries on each applicable vesting date. Upon expiration of the Option, the Option will be cancelled and no longer exercisable.

(b) Committee Discretion to Accelerate Vesting. Notwithstanding the foregoing, the Committee may, in its sole discretion, provide for accelerated vesting of the Option at any time and for any reason; provided that, the Option will immediately accelerate and become fully vested if the Participant experiences a Termination that is the result of a termination by the Company or any of its Subsidiaries for reasons other than Cause (and not due to death or Disability) at any time on or following a Change in Control.

(c) Expiration. Unless earlier terminated in accordance with the terms and provisions of the Plan and/or this Agreement, all portions of the Option (whether vested or not vested) will expire and will no longer be exercisable after the expiration of ten years from the Grant Date.

5. Termination. Subject to the terms of the Plan and this Agreement, the Option, to the extent vested at the time of the Participant's Termination, will remain exercisable as follows:

(a) Termination due to Death or Disability. In the event of the Participant's Termination by reason of death or Disability, the vested portion of the Option will remain exercisable until the earlier of (i) one year from the date of such Termination, and (ii) the expiration of the stated term of the Option pursuant to Section 4(c) hereof.

(b) Involuntary Termination Without Cause. In the event of the Participant's involuntary Termination by the Company without Cause, the vested portion of the Option will remain exercisable until the earlier of (i) 90 days from the date of such Termination, and (ii) the expiration of the stated term of the Option pursuant to Section 4(c) hereof.

(c) Voluntary Resignation. In the event of the Participant's voluntary Termination (other than a voluntary Termination described in Section 5(d) hereof), the vested portion of the Option will remain exercisable until the earlier of (i) 30 days from the date of such Termination, and (ii) the expiration of the stated term of the Option pursuant to Section 4(c) hereof.

(d) Termination for Cause. In the event of the Participant's Termination for Cause or in the event of the Participant's voluntary Termination (as provided in Section 5(c) hereof) after an event that would be grounds for a Termination for Cause, the Participant's entire Option (whether or not vested) will terminate and expire upon such Termination.

(e) Treatment of Unvested Options upon Termination. Any portion of the Option that is not vested as of the date of the Participant's Termination for any reason will terminate and expire as of the date of such Termination.

6. Method of Exercise and Payment. Subject to Section 9 hereof, to the extent that the Option has become vested and exercisable with respect to a number of shares of Common Stock as provided herein, the Option may thereafter be exercised by the Participant, in whole or in part, at any time or from time to time prior to the expiration of the Option as provided herein and in accordance with Sections 6.4(c) and 6.4(d) of the Plan, including, without limitation, by the filing of any written form of exercise notice as may be required by the Committee and payment in full of the Per Share Exercise Price specified above multiplied by the number of shares of Common Stock underlying the portion of the Option exercised. The Participant acknowledges and agrees to notify the Company in writing if he or she sells any shares of Common Stock acquired pursuant to such exercise within one year of any such sale.

7. Non-Transferability. The Option, and any rights and interests with respect thereto, issued under this Agreement and the Plan will not be sold, exchanged, transferred, assigned or otherwise disposed of in any way by the Participant (or any beneficiary(ies) of the Participant), other than by testamentary disposition by the Participant or the laws of descent and distribution. Any attempt to sell, exchange, transfer, assign, pledge, encumber or otherwise dispose of or hypothecate in any way the Option, or the levy of any execution, attachment or similar legal process upon the Option, contrary to the terms and provisions of this Agreement and/or the Plan will be null and void and without legal force or effect.

8. Governing Law. All questions concerning the construction, validity and interpretation of this Agreement will be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to the choice of law principles thereof.

9. Withholding of Tax. The Company will have the power and the right to deduct or withhold, or require the Participant to remit to the Company, an amount sufficient to satisfy any federal, state, local and foreign taxes of any kind (including, but not limited to, the Participant's FICA and SDI obligations) which the Company, in its sole discretion, deems necessary to be withheld or remitted to comply with the Code and/or any other applicable law, rule or regulation with respect to the Option and, if the Participant

fails to do so, the Company may otherwise refuse to issue or transfer any shares of Common Stock otherwise required to be issued pursuant to this Agreement. **Any minimum statutorily required withholding obligation with regard to the Participant or any additional tax obligation with regard to the Participant that does not result in any adverse accounting implications to the Company may, with the consent of the Committee, be satisfied by reducing the amount of cash or shares of Common Stock otherwise deliverable upon exercise of the Option.**

10. Entire Agreement; Amendment. This Agreement, together with the Plan, contains the entire agreement between the parties hereto with respect to the subject matter contained herein, and supersedes all prior agreements or prior understandings, whether written or oral, between the parties relating to such subject matter. The Committee will have the right, in its sole discretion, to modify or amend this Agreement from time to time in accordance with and as provided in the Plan. This Agreement may also be modified or amended by a writing signed by both the Company and the Participant. The Company will give written notice to the Participant of any such modification or amendment of this Agreement as soon as practicable after the adoption thereof.

11. Notices. Any notice hereunder by the Participant will be given to the Company in writing and such notice will be deemed duly given only upon receipt thereof by the General Counsel of the Company. Any notice hereunder by the Company will be given to the Participant in writing and such notice will be deemed duly given only upon receipt thereof at such address as the Participant may have on file with the Company.

12. No Right to Employment. Any questions as to whether and when there has been a Termination and the cause of such Termination will be determined in the sole discretion of the Committee. Nothing in this Agreement will interfere with or limit in any way the right of the Company, its Subsidiaries or its Affiliates to terminate the Participant's employment or service at any time, for any reason and with or without cause.

13. Transfer of Personal Data. The Participant authorizes, agrees and unambiguously consents to the transmission by the Company (or any Subsidiary) of any personal data information related to the Option awarded under this Agreement for legitimate business purposes (including, without limitation, the administration of the Plan). This authorization and consent is freely given by the Participant.

14. Compliance with Laws. The issuance of the Option (and the Option Shares upon exercise of the Option) pursuant to this Agreement will be subject to, and will comply with, any applicable requirements of any foreign and U.S. federal and state securities laws, rules and regulations (including, without limitation, the provisions of the Securities Act, the Exchange Act and in each case any respective rules and regulations promulgated thereunder) and any other law or regulation applicable thereto. The Company will not be obligated to issue the Option or any of the Option Shares pursuant to this Agreement if any such issuance would violate any such requirements.

15. Section 409A. Notwithstanding anything herein or in the Plan to the contrary, the Option is intended to be exempt from the applicable requirements of Section 409A of the Code and will be limited, construed and interpreted in accordance with such intent.

16. Binding Agreement; Assignment. This Agreement will inure to the benefit of, be binding upon, and be enforceable by the Company and its successors and assigns. The Participant will not assign (except in accordance with Section 7 hereof) any part of this Agreement without the prior express written consent of the Company.

17. Headings. The titles and headings of the various sections of this Agreement have been inserted for convenience of reference only and will not be deemed to be a part of this Agreement.

18. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which will constitute one and the same instrument.

19. Further Assurances. Each party hereto will do and perform (or will cause to be done and performed) all such further acts and will execute and deliver all such other agreements, certificates, instruments and documents as either party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the Plan and the consummation of the transactions contemplated thereunder.

20. Severability. The invalidity or unenforceability of any provisions of this Agreement in any jurisdiction will not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of any provision of this Agreement in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder will be enforceable to the fullest extent permitted by law.

21. Acquired Rights. The Participant acknowledges and agrees that: (a) the Company may terminate or amend the Plan at any time; (b) the award of the Option made under this Agreement is completely independent of any other award or grant and is made at the sole discretion of the Company; (c) no past grants or awards (including, without limitation, the Option awarded hereunder) give the Participant any right to any grants or awards in the future whatsoever; and (d) any benefits granted under this Agreement are not part of the Participant's ordinary salary, and will not be considered as part of such salary in the event of severance, redundancy or resignation.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

PAYCOR HCM, INC.

By: _____

Name: _____

Title: _____

[Signature Page to Stock Option Agreement]

THE PARTICIPANT

_____

Name: _____

NONQUALIFIED STOCK OPTION AGREEMENT
PURSUANT TO THE
PAYCOR HCM, INC. 2021 OMNIBUS INCENTIVE PLAN

* * * * *

Participant: [•]

Grant Date: [•]

Per Share Exercise Price: $[•]

Number of Shares subject to this Option: [•]

* * * * *

THIS NON-QUALIFIED STOCK OPTION AWARD AGREEMENT (this "Agreement"), dated as of the Grant Date specified above, is entered into by and between Paycor HCM, Inc., a corporation organized in the State of Delaware (the "Company"), and the Participant specified above, pursuant to the Paycor HCM, Inc. 2021 Omnibus Incentive Plan, as in effect and as amended from time to time (the "Plan"), which is administered by the Committee; and

WHEREAS, it has been determined under the Plan that it would be in the best interests of the Company to grant the Non-Qualified Stock Option provided for herein to the Participant.

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth and for other good and valuable consideration, the parties hereto hereby mutually covenant and agree as follows:

1. Incorporation By Reference; Plan Document Receipt. This Agreement is subject in all respects to the terms and provisions of the Plan (including, without limitation, any amendments thereto adopted at any time and from time to time unless such amendments are expressly intended not to apply to the Award provided hereunder), all of which terms and provisions are made a part of and incorporated in this Agreement as if they were each expressly set forth herein. Any capitalized term not defined in this Agreement will have the same meaning as is ascribed thereto in the Plan. The Participant hereby acknowledges receipt of a true copy of the Plan and that the Participant has read the Plan carefully and fully understands its content. In the event of any conflict between the terms of this Agreement and the terms of the Plan, the terms of the Plan will control. No part of the Option granted hereby is intended to qualify as an "incentive stock option" under Section 422 of the Code.

2. Grant of Option. The Company hereby grants to the Participant, as of the Grant Date specified above, a Non-Qualified Stock Option (this "Option") to acquire from the Company at the Per Share Exercise Price specified above, the aggregate number of shares of Common Stock specified above (the "Option Shares"). Except as otherwise provided by the Plan, the Participant agrees and understands that nothing contained in this Agreement provides, or is intended to provide, the Participant with any protection against potential future dilution of the Participant's interest in the Company for any reason. The Participant will have no rights as a stockholder with respect to any shares of Common Stock covered by the Option unless and until the Participant has become the holder of record of such shares, and no adjustments will be made for dividends in cash or other property, distributions or other rights in respect of any such shares, except as otherwise specifically provided for in the Plan or this Agreement.

3. Vesting and Exercise.

(a) Vesting. Subject to the provisions of Sections 3(b) and 3(c) hereof, the Option will vest and become exercisable as follows; provided that, the Participant has not incurred a Termination prior to each such vesting date:

Vesting Date	Number of Shares
[•]	[•]
[•]	[•]
[•]	[•]
[•]	[•]

There will be no proportionate or partial vesting in the periods prior to each vesting date and all vesting will occur only on the appropriate vesting date, subject to the Participant's continued service with the Company or any of its Subsidiaries on each applicable vesting date. Upon expiration of the Option, the Option will be cancelled and no longer exercisable.

(b) Committee Discretion to Accelerate Vesting. Notwithstanding the foregoing, the Committee may, in its sole discretion, provide for accelerated vesting of the Option at any time and for any reason; provided that, the Option will immediately accelerate and become fully vested if the Participant experiences a Termination that is the result of a termination by the Company or any of its Subsidiaries for reasons other than Cause (and not due to death or Disability) at any time on or following a Change in Control.

(c) Expiration. Unless earlier terminated in accordance with the terms and provisions of the Plan and/or this Agreement, all portions of the Option (whether vested or not vested) will expire and will no longer be exercisable after the expiration of ten years from the Grant Date.

4. Termination. Subject to the terms of the Plan and this Agreement, the Option, to the extent vested at the time of the Participant's Termination, will remain exercisable as follows:

(a) Termination due to Death or Disability. In the event of the Participant's Termination by reason of death or Disability, the vested portion of the Option will remain exercisable until the earlier of (i) one year from the date of such Termination, and (ii) the expiration of the stated term of the Option pursuant to Section 3(c) hereof; provided, however, that in the case of a Termination due to Disability, if the Participant dies within such one year exercise period, any unexercised Option held by the Participant will thereafter be exercisable by the legal representative of the Participant's estate, to the extent to which it was exercisable at the time of death, for a period of one year from the date of death, but in no event beyond the expiration of the stated term of the Option pursuant to Section 3(c) hereof.

(b) Involuntary Termination Without Cause. In the event of the Participant's involuntary Termination by the Company without Cause, the vested portion of the Option will remain exercisable until the earlier of (i) 90 days from the date of such Termination, and (ii) the expiration of the stated term of the Option pursuant to Section 3(c) hereof.

(c) Voluntary Resignation. In the event of the Participant's voluntary Termination (other than a voluntary Termination described in Section 4(d) hereof), the vested portion of the Option will remain exercisable until the earlier of (i) 30 days from the date of such Termination, and (ii) the expiration of the stated term of the Option pursuant to Section 3(c) hereof.

(d) Termination for Cause. In the event of the Participant's Termination for Cause or in the event of the Participant's voluntary Termination (as provided in Section 4(c) hereof) after an event that would be grounds for a Termination for Cause, the Participant's entire Option (whether or not vested) will terminate and expire upon such Termination.

(e) Treatment of Unvested Options upon Termination. Any portion of the Option that is not vested as of the date of the Participant's Termination for any reason will terminate and expire as of the date of such Termination.

5. Method of Exercise and Payment. Subject to Section 8 hereof, to the extent that the Option has become vested and exercisable with respect to a number of shares of Common Stock as provided herein, the Option may thereafter be exercised by the Participant, in whole or in part, at any time or from time to time prior to the expiration of the Option as provided herein and in accordance with Sections 6.4(c) and 6.4(d) of the Plan, including, without limitation, by the filing of any written form of exercise notice as may be required by the Committee and payment in full of the Per Share Exercise Price specified above multiplied by the number of shares of Common Stock underlying the portion of the Option exercised. The Participant acknowledges and agrees to notify the Company in writing if he or she sells any shares of Common Stock acquired pursuant to such exercise within one year of any such sale.

6. Non-Transferability. The Option, and any rights and interests with respect thereto, issued under this Agreement and the Plan will not be sold, exchanged, transferred, assigned or otherwise disposed of in any way by the Participant (or any beneficiary of the Participant), other than by testamentary disposition by the Participant or the laws of descent and distribution. Notwithstanding the foregoing, the Committee may, in its sole discretion, permit the Option to be Transferred to a Family Member for no value; provided that, such Transfer will only be valid upon execution of a written instrument in form and substance acceptable to the Committee in its sole discretion evidencing such Transfer and the transferee's acceptance thereof signed by the Participant and the transferee; and, provided, further, that the Option may not be subsequently Transferred other than by will or by the laws of descent and distribution or to another Family Member (as permitted by the Committee in its sole discretion) in accordance with the terms of the Plan and this Agreement, and will remain subject to the terms of the Plan and this Agreement. Any attempt to sell, exchange, transfer, assign, pledge, encumber or otherwise dispose of or hypothecate in any way the Option, or the levy of any execution, attachment or similar legal process upon the Option, contrary to the terms and provisions of this Agreement and/or the Plan will be null and void and without legal force or effect.

7. Governing Law. All questions concerning the construction, validity and interpretation of this Agreement will be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to the choice of law principles thereof.

8. Withholding of Tax. The Company, or an Affiliate, as applicable, will have the power and the right to deduct or withhold, or require the Participant to remit to the Company, or an Affiliate, as applicable, an amount sufficient to satisfy any federal, state, local and foreign taxes of any kind (including, but not limited to, the Participant's FICA and SDI obligations) which the Company, in its sole discretion, deems necessary to be withheld or remitted to comply with the Code and/or any other applicable law, rule or regulation with respect to the Option and, if the Participant fails to do so, the Company may otherwise refuse to issue or transfer any shares of Common Stock otherwise required to be issued pursuant to this Agreement. **With the consent of the Committee, any minimum statutorily required withholding obligation incurred in connection with the exercise of its Option may be satisfied by reducing the amount of cash or shares of Common Stock otherwise deliverable upon exercise of the Option.**

9. Entire Agreement; Amendment. This Agreement, together with the Plan, contains the entire agreement between the parties hereto with respect to the subject matter contained herein, and supersedes all prior agreements or prior understandings, whether written or oral, between the parties relating to such subject matter. The Committee will have the right, in its sole discretion, to modify or amend this Agreement from time to time in accordance with and as provided in the Plan. This Agreement may also be modified or amended by a writing signed by both the Company and the Participant. The Company will give written notice to the Participant of any such modification or amendment of this Agreement as soon as practicable after the adoption thereof.

10. Notices. Any notice hereunder by the Participant will be given to the Company in writing and such notice will be deemed duly given only upon receipt thereof by the General Counsel of the Company. Any notice hereunder by the Company will be given to the Participant in writing and such notice will be deemed duly given only upon receipt thereof at such address as the Participant may have on file with the Company.

11. No Right to Employment. Any questions as to whether and when there has been a Termination and the cause of such Termination will be determined in the sole discretion of the Committee. Nothing in this Agreement will interfere with or limit in any way the right of the Company, its Subsidiaries or its Affiliates to terminate the Participant's employment or service at any time, for any reason and with or without Cause.

12. Transfer of Personal Data. The Participant authorizes, agrees and unambiguously consents to the transmission by the Company (or any Subsidiary) of any personal data information related to the Option awarded under this Agreement for legitimate business purposes (including, without limitation, the administration of the Plan). This authorization and consent is freely given by the Participant.

13. Compliance with Laws. The issuance of the Option (and the Option Shares upon exercise of the Option) pursuant to this Agreement will be subject to, and will comply with, any applicable requirements of any foreign and U.S. federal and state securities laws, rules and regulations (including, without limitation, the provisions of the Securities Act, the Exchange Act and in each case any respective rules and regulations promulgated thereunder) and any other law or regulation applicable thereto. The Company will not be obligated to issue the Option or any of the Option Shares pursuant to this Agreement if any such issuance would violate any such requirements.

14. Section 409A. Notwithstanding anything herein or in the Plan to the contrary, the Option is intended to be exempt from the applicable requirements of Section 409A of the Code and will be limited, construed and interpreted in accordance with such intent.

15. Binding Agreement; Assignment. This Agreement will inure to the benefit of, be binding upon, and be enforceable by the Company and its successors and assigns. The Participant will not assign (except in accordance with Section 6 hereof) any part of this Agreement without the prior express written consent of the Company.

16. Headings. The titles and headings of the various sections of this Agreement have been inserted for convenience of reference only and will not be deemed to be a part of this Agreement.

17. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which will constitute one and the same instrument.

18. Further Assurances. Each party hereto will do and perform (or will cause to be done and performed) all such further acts and will execute and deliver all such other agreements, certificates, instruments and documents as either party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the Plan and the consummation of the transactions contemplated thereunder.

19. Severability. The invalidity or unenforceability of any provisions of this Agreement in any jurisdiction will not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of any provision of this Agreement in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder will be enforceable to the fullest extent permitted by law.

20. Acquired Rights. The Participant acknowledges and agrees that: (a) the Company may terminate or amend the Plan at any time; (b) the award of the Option made under this Agreement is completely independent of any other award or grant and is made at the sole discretion of the Company; (c) no past grants or awards (including, without limitation, the Option awarded hereunder) give the Participant any right to any grants or awards in the future whatsoever; and (d) any benefits granted under this Agreement are not part of the Participant's ordinary salary, and will not be considered as part of such salary in the event of severance, redundancy or resignation.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

PAYCOR HCM, INC.

By: _____

Name: _____

Title: _____

[Signature Page to Stock Option Agreement]

THE PARTICIPANT

Name:

[Signature Page to Stock Option Agreement]

RESTRICTED STOCK UNIT AGREEMENT
PURSUANT TO THE
PAYCOR HCM, INC. 2021 OMNIBUS INCENTIVE PLAN

* * * * *

Participant: [•]

Grant Date: [•]

Number of Restricted Stock Units Granted: [•]:

* * * * *

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT (this "Agreement"), dated as of the Grant Date specified above, is entered into by and between Paycor HCM, Inc., a corporation organized in the State of Delaware (the "Company"), and the Participant specified above, pursuant to the Paycor HCM, Inc. 2021 Omnibus Incentive Plan, as in effect and as amended from time to time (the "Plan"), which is administered by the Committee; and

WHEREAS, it has been determined under the Plan that it would be in the best interests of the Company to grant the Restricted Stock Units ("RSUs") provided herein to the Participant.

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth and for other good and valuable consideration, the parties hereto hereby mutually covenant and agree as follows:

1. Incorporation By Reference; Plan Document Receipt. This Agreement is subject in all respects to the terms and provisions of the Plan (including, without limitation, any amendments thereto adopted at any time and from time to time unless such amendments are expressly intended not to apply to the Award provided hereunder), all of which terms and provisions are made a part of and incorporated in this Agreement as if they were each expressly set forth herein. Any capitalized term not defined in this Agreement will have the same meaning as is ascribed thereto in the Plan. The Participant hereby acknowledges receipt of a true copy of the Plan and that the Participant has read the Plan carefully and fully understands its content. In the event of any conflict between the terms of this Agreement and the terms of the Plan, the terms of the Plan will control.

2. Grant of Restricted Stock Unit Award. The Company hereby grants to the Participant, as of the Grant Date specified above, the number of RSUs specified above. Except as otherwise provided by the Plan, the Participant agrees and understands that nothing contained in this Agreement provides, or is intended to provide, the Participant with any protection against potential future dilution of the Participant's interest in the Company for any reason, and no adjustments will be made for dividends in cash or other property, distributions or other rights in respect of the shares of Common Stock underlying the RSUs, except as otherwise specifically provided for in the Plan or this Agreement.

3. Vesting.

(a) Subject to the provisions of Sections 3(b) and 3(c) hereof, the RSUs subject to this Award will become vested as follows; provided that, the Participant has not incurred a Termination prior to each such vesting date:

Vesting Date	Number of RSUs
[•]	[•]
[•]	[•]
[•]	[•]
[•]	[•]

There will be no proportionate or partial vesting in the periods prior to each vesting date and all vesting will occur only on the appropriate vesting date, subject to the Participant's continued service with the Company or any of its Subsidiaries on each applicable vesting date.

(b) Committee Discretion to Accelerate Vesting. Notwithstanding the foregoing, the Committee may, in its sole discretion, provide for accelerated vesting of the RSUs at any time and for any reason; provided that, the RSUs will immediately accelerate and become fully vested if the Participant experiences a Termination that is the result of a termination by the Company or any of its Subsidiaries for reasons other than Cause (and not due to death or Disability) at any time on or following a Change in Control.

(c) Forfeiture. Subject to the Committee's discretion to accelerate vesting hereunder, all unvested RSUs will be immediately forfeited upon the Participant's Termination for any reason.

4. Delivery of Shares.

(a) General. Subject to the provisions of Section 4(b) hereof, within 30 days following the vesting of the RSUs, the Participant will receive the number of shares of Common Stock that correspond to the number of RSUs that have become vested on the applicable vesting date. Without limiting the foregoing, in lieu of delivering only shares of Common Stock, the Committee may, in its sole discretion, settle any vested RSUs by payment to the Participant in cash of an amount equal to the Fair Market Value of the number of shares of Common Stock that correspond to the number of RSUs that have become vested on the applicable vesting date. The Participant acknowledges and agrees to notify the Company in writing if he or she sells any shares of Common Stock acquired pursuant to such settlement within one year of any such sale.

(b) Blackout Periods. If the Participant is subject to any Company "blackout" policy or other trading restriction imposed by the Company on the date such distribution would otherwise be made pursuant to Section 4(a) hereof, the Company may defer such distribution until the earlier of (i) the date that the Participant is not subject to any such policy or restriction and (ii) the later of (A) the end of the calendar year in which such distribution would otherwise have been made and (B) a date that is immediately prior to the expiration of two and one-half months following the date such distribution would otherwise have been made hereunder.

5. Dividends; Rights as Stockholder. Cash dividends on shares of Common Stock issuable hereunder will be credited to a dividend book entry account on behalf of the Participant with respect to each RSU granted to the Participant and will be held uninvested and without interest and paid in cash at the same time that the shares of Common Stock (or cash payments, if applicable) underlying the RSUs are delivered to the Participant in accordance with the provisions hereof. Stock dividends on shares of Common Stock will be credited to a dividend book entry account on behalf of the Participant with respect to each RSU granted to the Participant; provided that, such stock dividends will be paid in shares of Common Stock at the same time that the shares of Common Stock underlying the RSUs are delivered to the Participant in accordance with the provisions hereof. Except as otherwise provided herein, the Participant will have no rights as a stockholder with respect to any shares of Common Stock covered by any RSU unless and until the Participant has become the holder of record of such shares.

6. Non-Transferability. No portion of the RSUs may be sold, assigned, transferred, encumbered, hypothecated or pledged by the Participant, other than to the Company as a result of forfeiture of the RSUs as provided herein, unless and until payment is made in respect of vested RSUs in accordance with the provisions hereof and the Participant has become the holder of record of the vested shares of Common Stock issuable hereunder.

7. Governing Law. All questions concerning the construction, validity and interpretation of this Agreement will be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to the choice of law principles thereof.

8. Withholding of Tax. The Company will have the power and the right to deduct or withhold, or require the Participant to remit to the Company, an amount sufficient to satisfy any federal, state, local and foreign taxes of any kind (including, but not limited to, the Participant's FICA and SDI obligations) which the Company, in its sole discretion, deems necessary to be withheld or remitted to comply with the Code and/or any other applicable law, rule or regulation with respect to the RSUs and, if the Participant fails to do so, the Company may otherwise refuse to issue or transfer any shares of Common Stock otherwise required to be issued pursuant to this Agreement. **With the consent of the Committee, any minimum statutorily required withholding obligation incurred in connection with the settlement of the RSUs may be satisfied by reducing the amount of cash or shares of Common Stock otherwise deliverable upon settlement of the RSUs.**

9. Legend. The Company may at any time place legends referencing any applicable federal, state or foreign securities law restrictions on all certificates representing shares of Common Stock issued pursuant to this Agreement. The Participant will, at the request of the Company, promptly present to the Company any and all certificates representing shares of Common Stock acquired pursuant to this Agreement in the possession of the Participant in order to carry out the provisions of this Section 9.

10. Securities Representations. This Agreement is being entered into by the Company in reliance upon the following express representations and warranties of the Participant. The Participant hereby acknowledges, represents and warrants that:

(a) The Participant has been advised that the Participant may be an "affiliate" within the meaning of Rule 144 under the Securities Act and in this connection the Company is relying in part on the Participant's representations set forth in this Section 10.

(b) If the Participant is deemed an affiliate within the meaning of Rule 144 of the Securities Act, the shares of Common Stock issuable hereunder must be held indefinitely unless an exemption from any applicable resale restrictions is available or the Company files an additional registration statement (or a "re-offer prospectus") with regard to such shares of Common Stock and the Company is under no obligation to register such shares of Common Stock (or to file a "re-offer prospectus").

(c) If the Participant is deemed an affiliate within the meaning of Rule 144 of the Securities Act, the Participant understands that (i) the exemption from registration under Rule 144 will not be available unless (A) a public trading market then exists for the Common Stock of the Company, (B) adequate information concerning the Company is then available to the public, and (C) other terms and conditions of Rule 144 or any exemption therefrom are complied with, and (ii) any sale of the shares of Common Stock issuable hereunder may be made only in limited amounts in accordance with the terms and conditions of Rule 144 or any exemption therefrom.

11. Entire Agreement; Amendment. This Agreement, together with the Plan, contains the entire agreement between the parties hereto with respect to the subject matter contained herein, and supersedes all prior agreements or prior understandings, whether written or oral, between the parties relating to such subject matter. The Committee will have the right, in its sole discretion, to modify or amend this Agreement from time to time in accordance with and as provided in the Plan. This Agreement may also be modified or amended by a writing signed by both the Company and the Participant. The Company will give written notice to the Participant of any such modification or amendment of this Agreement as soon as practicable after the adoption thereof.

12. Notices. Any notice hereunder by the Participant will be given to the Company in writing and such notice will be deemed duly given only upon receipt thereof by the General Counsel of the Company. Any notice hereunder by the Company will be given to the Participant in writing and such notice will be deemed duly given only upon receipt thereof at such address as the Participant may have on file with the Company.

13. No Right to Employment. Any questions as to whether and when there has been a Termination and the cause of such Termination will be determined in the sole discretion of the Committee. Nothing in this Agreement will interfere with or limit in any way the right of the Company, its Subsidiaries or its Affiliates to terminate the Participant's employment or service at any time, for any reason and with or without Cause.

14. Transfer of Personal Data. The Participant authorizes, agrees and unambiguously consents to the transmission by the Company (or any Subsidiary) of any personal data information related to the RSUs awarded under this Agreement for legitimate business purposes (including, without limitation, the administration of the Plan). This authorization and consent is freely given by the Participant.

15. Compliance with Laws. The grant of RSUs and the issuance of shares of Common Stock hereunder will be subject to, and will comply with, any applicable requirements of any foreign and U.S. federal and state securities laws, rules and regulations (including, without limitation, the provisions of the Securities Act, the Exchange Act and in each case any respective rules and regulations promulgated thereunder) and any other law, rule regulation or exchange requirement applicable thereto. The Company will not be obligated to issue the RSUs or any shares of Common Stock pursuant to this Agreement if any such issuance would violate any such requirements. As a condition to the settlement of the RSUs, 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.

16. Section 409A. Notwithstanding anything herein or in the Plan to the contrary, the RSUs are intended to be exempt from the applicable requirements of Section 409A of the Code and will be limited, construed and interpreted in accordance with such intent.

17. Binding Agreement; Assignment. This Agreement will inure to the benefit of, be binding upon, and be enforceable by the Company and its successors and assigns. The Participant will not assign (except in accordance with Section 6 hereof) any part of this Agreement without the prior express written consent of the Company.

18. Headings. The titles and headings of the various sections of this Agreement have been inserted for convenience of reference only and will not be deemed to be a part of this Agreement.

19. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which will constitute one and the same instrument.

20. Further Assurances. Each party hereto will do and perform (or will cause to be done and performed) all such further acts and will execute and deliver all such other agreements, certificates, instruments and documents as either party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the Plan and the consummation of the transactions contemplated thereunder.

21. Severability. The invalidity or unenforceability of any provisions of this Agreement in any jurisdiction will not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of any provision of this Agreement in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder will be enforceable to the fullest extent permitted by law.

22. Acquired Rights. The Participant acknowledges and agrees that: (a) the Company may terminate or amend the Plan at any time; (b) the Award of RSUs made under this Agreement is completely independent of any other award or grant and is made at the sole discretion of the Company; (c) no past grants or awards (including, without limitation, the RSUs awarded hereunder) give the Participant any right to any grants or awards in the future whatsoever; and (d) any benefits granted under this Agreement are not part of the Participant's ordinary salary, and will not be considered as part of such salary in the event of severance, redundancy or resignation.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

PAYCOR HCM, INC.

By: _____
Name: _____
Title: _____

[Signature Page to Restricted Stock Agreement]

THE PARTICIPANT

Name: _____

Exhibit 10.6

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (this "Agreement") is made and entered into as of [ ], 20[ ] between Paycor HCM, Inc., a Delaware corporation (the "Company"), and [ ] ("Indemnitee").

WHEREAS, highly competent persons have become more reluctant to serve corporations as directors or officers 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 corporation or business enterprise itself. The Bylaws of the Company (as amended or restated, the "Bylaws") require indemnification of the officers and directors of the Company. 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 contracts may be entered into between the Company and members of the Board, officers of the Company 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 and its 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 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 may not be willing to serve or continue to serve as an officer or director without adequate protection, and the Company desires Indemnitee to serve or continue to serve in such capacity; Indemnitee is willing to serve, continue to serve and take on additional service for or on behalf of the Company on the condition that Indemnitee be so indemnified[.][; and]

[WHEREAS, Indemnitee has certain rights to indemnification and/or insurance provided by Apax Partners, L.P. ("Apax") or affiliates of Apax which Indemnitee and Apax intend to be secondary to the primary obligation of the Company to indemnify Indemnitee as provided herein, with the Company's acknowledgment of and agreement to the foregoing being a material condition to Indemnitee's willingness to serve on the Board].[1]

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

1. Indemnity of Indemnitee. Subject to the provisions of Section 9, 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, if Indemnitee was or is, or is threatened to be made, a party to, or otherwise becomes involved in, any Proceeding (as hereinafter defined) by reason of Indemnitee's Corporate Status (as hereinafter defined). 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 Indemnitee's Corporate Status, Indemnitee is, or is threatened to be made, a party to or participant in, or otherwise becomes involved 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, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee, or on Indemnitee's behalf, in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner 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 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 Indemnitee's Corporate Status, 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 Indemnitee, or on Indemnitee's behalf, in connection with such Proceeding if Indemnitee acted in good faith and in a manner 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 finally adjudged by a court to be liable to the Company unless and only to the extent that the court in which the Proceeding was brought shall determine that Indemnitee is fairly and reasonably entitled to indemnification.

1 NTD: Bracketed language to be included in form for Apax directors.

(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 Indemnitee's Corporate Status, a party to or participant in and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, Indemnitee 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 Indemnitee or on Indemnitee's 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 Indemnitee or on Indemnitee's behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section 1(c) 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.

(d) [Indemnification of Nominating Member. If (i) Indemnitee is or was affiliated with one or more investment partnerships that has invested directly or indirectly in the Company (a "Nominating Member"), (ii) the Nominating Member is, or is threatened to be made, a party to or a participant in any Proceeding, and (iii) the Nominating Member's involvement in the Proceeding results from any claim based on the Indemnitee's service to the Company as a director or other fiduciary of the Company, the Nominating Member will be entitled to indemnification hereunder for Expenses to the same extent as Indemnitee and advancement of Expenses shall apply to any such indemnification of Nominating Member. The Company and Indemnitee agree that each Nominating Member is an express third party beneficiary of the terms of this Section 1(d).][2]

2. Additional Indemnity. In addition to, and without regard to any limitations on, the indemnification provided for in Section 1 of this Agreement, the Company shall and hereby does, to the fullest extent permitted by applicable law, indemnify and hold harmless Indemnitee against all Expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee or on Indemnitee's behalf if, by reason of Indemnitee's Corporate Status, Indemnitee 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). The only limitation that shall exist upon the Company's obligations pursuant to this Agreement, other than those set forth in Section 9 hereof, 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 6 and 7 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 applicable law, the Company shall pay, in the first instance, the entire amount of any judgment or settlement of such action, suit or proceeding

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2 NTD: Bracketed language to be included in forms for Apax directors.

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, without the Indemnitee's prior written consent, enter into any such settlement of any action, suit or proceeding (in whole or in part) unless such settlement (i) provides for a full and final release of all claims asserted against Indemnitee and (ii) does not impose any Expense, judgment, fine, penalty or limitation on 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 applicable 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 the 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) To the fullest extent permitted by applicable law, the Company hereby agrees to fully indemnify and hold Indemnitee harmless from any claims of contribution which 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 fullest extent permitted by applicable law and to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a witness, is made (or asked) to respond to discovery requests, or is otherwise asked to participate, in any Proceeding to which Indemnitee is not a party, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

5. Advancement of Expenses. Notwithstanding any other provision of this Agreement (other than Section 9), the Company shall advance, to the extent not prohibited by law, all Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding (or part of any Proceeding) not initiated by Indemnitee or any Proceeding initiated by Indemnitee with the prior approval of the Board as provided in Section 9(d), 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 prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee. Any advances pursuant to this Section 5 shall be unsecured and interest free. In accordance with Section 7(d) of this Agreement, advances shall include any and all reasonable Expenses incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. This Section 5 shall not apply to claim by Indemnitee for expenses in a matter for which indemnity and advancement of expenses is excluded pursuant to Section 9.

6. 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 the DGCL and public policy of 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.

(b) Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 6(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 hereinafter defined), 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 in a written opinion to the Board, a copy of which shall be delivered to Indemnitee; or (4) if so directed by the Board, by the stockholders of the Company; provided, however, that if a Change in Control has occurred, the determination with respect to Indemnitee's entitlement to indemnification shall be made by Independent Counsel. For purposes hereof, Disinterested Directors are those members of the Board who are not parties to the action, suit or proceeding in respect of which indemnification is sought by Indemnitee.

(c) In the event the determination of entitlement to indemnification is to be made by Independent Counsel, the Independent Counsel shall be selected as provided in this Section 6(c). If a Change in Control has not occurred, the Independent Counsel shall be selected by the Board, and the Company shall give written notice to the Indemnitee advising Indemnitee of the identity of the Independent Counsel so selected. Indemnitee may, within 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" as defined in Section 12 of this Agreement, 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 a Change in Control has occurred, the Independent Counsel shall be selected by the Indemnitee (unless the Indemnitee shall request that such selection be made by the Board, in which event the preceding sentence shall apply), and approved by the Board within 20 days after notification by Indemnitee. If (i) an Independent Counsel is to make the determination of entitlement pursuant to this Section 6, and (ii) within 20 days after submission by Indemnitee of a written request for indemnification pursuant to Section 6(a) hereof, no Independent Counsel shall have been selected (including as a result of an objection to the selected Independent Counsel), 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 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 6(b) hereof. The Company shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with acting pursuant to Section 6(b) hereof, and the Company shall pay all reasonable fees and expenses incident to the procedures of this Section 6(c), regardless of the manner in which such Independent Counsel was selected or appointed.

(d) In making a determination with respect to entitlement to indemnification hereunder, the Person making such determination shall to the fullest extent permitted by law presume that Indemnitee is entitled to indemnification under this Agreement. Anyone seeking to overcome this presumption shall have the burden of proof to overcome such presumption. 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 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.

(e) 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 6(e) are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner Indemnitee 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.

(f) If the Person empowered or selected under this Section 6 to determine whether Indemnitee is entitled to indemnification shall not have made a determination within thirty (30) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall to the fullest extent permitted by law 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 30-day period may be extended for a reasonable time, not to exceed an additional fifteen (15) days, if the Person 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 6(f) shall not apply if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 6(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.

(g) Indemnitee shall cooperate with the Person making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such Person 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 costs or expenses (including reasonable attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the Person 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.

(h) 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 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 to the fullest extent permitted by law 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.

(i) 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 Indemnitee 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 Indemnitee's conduct was unlawful.

7. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 6 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 6(b) of this Agreement within thirty (30) days after receipt by the Company of the request for indemnification or (iv) 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 6 of this Agreement, Indemnitee shall be entitled to an adjudication in an appropriate court of the State of Delaware, or in any other court of competent jurisdiction, of Indemnitee's entitlement to such indemnification, contribution or advancement of Expenses. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 7 shall be conducted in all respects as a de novo trial, or arbitration, on the merits, and Indemnitee shall not be prejudiced by reason of the adverse determination under Section 6(b). In any judicial proceeding or arbitration commenced pursuant to this Section 7, Indemnitee shall be presumed to be entitled to indemnification under this Agreement and the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be,

and the Company may not refer to or introduce into evidence any determination pursuant to Section 6(b) of this Agreement adverse to Indemnitee for any purpose other than to establish its compliance with the terms of this Agreement. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Section 7, Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 5 until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed).

(c) If a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 7, 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 7, incurs costs, in a judicial or arbitration proceeding or otherwise, attempting to enforce Indemnitee's 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 Indemnitee's behalf, in advance, any and all expenses (of the types described in the definition of Expenses in Section 12 of this Agreement) actually and reasonably incurred by Indemnitee in such efforts, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of expenses or insurance recovery, to the fullest extent permitted by applicable law. It is the intent of the Company that, to the fullest extent permitted by applicable law, Indemnitee not be required to incur legal fees or other Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to Indemnitee hereunder.

(e) The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 7 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(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.

8. Non-Exclusivity; Survival of Rights; [Primacy of Indemnification;] Insurance; Subrogation.

(a) The rights of indemnification and to receive advancement of Expenses 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 Amended & Restated Certificate of Incorporation of the Company (as amended or restated, the "Charter"), the Bylaws,

any agreement, a vote of stockholders, a resolution of directors or otherwise, of the Company. 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 Indemnitee's Corporate Status 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 Charter, 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) The Company shall, if commercially reasonable, obtain and maintain in effect during the entire period for which the Company is obligated to indemnify Indemnitee under this Agreement, one or more policies of insurance with reputable insurance companies to provide the directors and officers of the Company with coverage for losses from wrongful acts and omissions and to ensure the Company's performance of its indemnification obligations under this Agreement. 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 such officer or director under such policy or policies. In all such insurance policies, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee with the same rights and benefits as are accorded to the most favorably insured of the Company's directors and officers. At the time of the receipt of a notice of a claim pursuant to the terms hereof, 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 Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(c) [The Company hereby acknowledges that Indemnitee has certain rights to indemnification, advancement of expenses and/or insurance provided by Apax and certain affiliates that, directly or indirectly, (i) are controlled by, (ii) control or (iii) are under common control with, Apax (collectively, the "Fund Indemnitors"). With respect to any amounts that are subject to indemnity under this Agreement and also subject to an indemnity obligation owed by Fund Indemnitors, the Company hereby agrees (i) that, as compared to the Fund Indemnitors, it is the indemnitor of first resort with respect to any rights to indemnification provided to Indemnitee herein (i.e., its obligations to Indemnitee are primary and any obligation of the Fund Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by Indemnitee is secondary), (ii) that it shall be required to advance the full amount of expenses incurred by Indemnitee and shall be liable for the full amount of all Expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and as required by the terms of this Agreement and the Charter or Bylaws of the Company (or any other agreement between the Company and Indemnitee), without regard to any rights Indemnitee may have against the Fund Indemnitors, and (iii) that it irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Fund Indemnitors on behalf

of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company shall affect the foregoing and the Fund Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company. The Company and Indemnitee agree that the Fund Indemnitors are express third party beneficiaries of the terms of this Section 8(c).][3]

(d) [Except as provided in Section 8(c) above,] 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 [(other than against the Fund Indemnitors)], 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.

(e) [Except as provided in Section 8(c) above,] the Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable (or for which advancement of Expenses is provided) hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(f) [Except as provided in Section 8(c) above,] 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.

9. Exception to Right of Indemnification. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity or advancement of expenses 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; [provided, that the foregoing shall not affect the rights of Indemnitee or the Fund Indemnitors set forth in Section 8(c) above;] 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 Exchange Act (as hereinafter defined), or similar provisions of state statutory law or common law; or

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3 NTD: Bracketed language to be included in forms for Apax directors.

(c) for reimbursement to the Company of any bonus or other incentive-based or equity-based compensation or of any profits realized by Indemnitee from the sale of securities of the Company, in each case as required under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") or Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act in connection with an accounting restatement of the Company or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act);

(d) 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 Company has joined in or the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation, (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law, or (iii) the Proceeding is one to enforce Indemnitee's rights under this Agreement or;

(e) any reimbursement of the Company by Indemnitee of any compensation pursuant to any compensation recoupment or clawback policy adopted by the Board or the compensation committee of the Board, including but not limited to any such policy adopted to comply with stock exchange listing requirements implementing Section 10D of the Exchange Act.

10. Non-Disclosure of Payments. Except as expressly required by the securities laws of the United States of America, neither party shall disclose any payments under this Agreement unless prior approval of the other party is obtained. If any payment information must be disclosed, the Company shall afford the Indemnitee an opportunity to review all such disclosures and, if requested, to explain in such statement any mitigating circumstances regarding the events to be reported.

11. Duration of Agreement. All agreements and obligations of the Company contained herein shall continue until and terminate upon the later of (i) twenty (20) years after the date that Indemnitee shall have ceased to serve as a director or officer of the Company or a director, officer, trustee, partner, managing member, fiduciary, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which Indemnitee served at the request of the Company, and (ii) one (1) year after the final termination of any Proceeding (including any rights of appeal thereto) in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any Proceeding commenced by Indemnitee pursuant to Section 7 of this Agreement relating thereto (including any rights of appeal of any Section 7 Proceeding). Termination of this Agreement shall not adversely affect any right or protection hereunder of any Indemnitee in respect of any Proceeding (regardless of when such Proceeding is first threatened, commenced or completed) arising out of, or related to, any act or omission occurring prior to the time of such termination. 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. Definitions. For purposes of this Agreement:

(a) "Beneficial Owner" shall have the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that Beneficial Owner shall exclude any Person otherwise becoming a Beneficial Owner by reason of the stockholders of the Company approving a merger of the Company with another entity.

(b) "Change in Control" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

(i) *Acquisition of Stock by Third Party*. Any Person (as defined below), other than Apax and its affiliates, and other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company 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, is or becomes the Beneficial Owner (as defined above), directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities, unless the change in relative Beneficial Ownership of the Company's securities by any Person results solely from a reduction in the aggregate number of outstanding securities entitled to vote generally in the election of directors;

(ii) *Change in Board of Directors*. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a Person who has entered into an agreement with the Company to effect a transaction described in Section 12(b)(i), 12(b)(iii) or 12(b)(iv)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds 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 at least a majority of the members of the Board;

(iii) *Corporate Transactions*. The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity; and

(iv) *Liquidation.* The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement or series of agreements for the sale or disposition by the Company of all or substantially all of the Company's assets, or, if such approval is not required, the decision by the Board to proceed with such a liquidation, sale, or disposition in one transaction or a series of related transactions.

(c) "Corporate Status" describes the status of a person who is or was a director, officer, employee, agent or fiduciary of the Company, any direct or indirect 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.

(d) "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.

(e) "Enterprise" shall mean the Company and any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that Indemnitee is or was serving at the request of the Company as a director, officer, trustee, partner, managing member, employee, agent or fiduciary.

(f) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(g) "Expenses" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts and other professionals, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, ERISA excise taxes and penalties, 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 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, supersedeas 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.

(h) "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 (5) 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 and disbursements 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.

(i) "Person" shall have the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however, that Person shall exclude (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(j) "Proceeding" includes any threatened, pending or completed action, suit, claim, counterclaim, cross claim, arbitration, mediation, 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 the fact that Indemnitee is or was an officer or director of the Company, by reason of any action taken by Indemnitee or of any inaction on Indemnitee's part while acting as an officer or director of the Company, or by reason of the fact that Indemnitee is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, trust or other enterprise; in each case whether or not Indemnitee 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, but excluding one initiated by an Indemnitee pursuant to Section 7 of this Agreement to enforce Indemnitee's rights under this Agreement.

13. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (i) the validity, legality, and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (ii) such provision or provisions shall be deemed reformed to the fullest extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (iii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby. Without limiting the generality of the foregoing, this Agreement is intended to confer upon Indemnitee and Nominating Member indemnification rights to the fullest extent permitted by applicable laws.

14. Enforcement and Binding Effect.

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

(b) Without limiting any of the rights of Indemnitee under the Charter or Bylaws of the Company as they may be amended from time to time, this Agreement 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 indemnification and advancement of expenses provided by, or granted pursuant to, this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (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), shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or of any other Enterprise at the Company's request, and shall inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

(d) The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(e) The Company and Indemnitee agree herein that a monetary remedy for breach of this Agreement, at some later date, may be inadequate, impracticable and difficult of proof, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which Indemnitee may be entitled. The Company and Indemnitee further agree that Indemnitee shall be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertaking in connection therewith. The Company acknowledges that in the absence of a waiver, a bond or undertaking may be required of Indemnitee by the court, and the Company hereby waives any such requirement of such a bond or undertaking.

15. 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.

16. 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 or advancement of Expenses 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.

17. Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then on the next business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) 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's signature hereto.

(b) To the Company at:

Paycor HCM, Inc.
4811 Montgomery Road
Cincinnati, OH 45212
Attention: Chief Legal Officer
E-mail: AGeene@paycor.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.

18. Counterparts. This Agreement may be executed in two 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.

19. 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.

20. Usage of Pronouns. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate.

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. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 7 of this Agreement, 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.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

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

PAYCOR HCM, INC.

By: _____
Name:
Title:

INDEMNITEE

_____
Name:

Address:

_____

_____

_____

_____

Exhibit 10.8

EMPLOYMENT AGREEMENT

This Employment Agreement (this "***Agreement***") by and between Paycor HCM, Inc., a Delaware corporation (the "***Company***"), and [•] ("***Employee***") is entered into as of the closing of the Company's initial public offering (the "***Effective Date***"), and amends and restates in its entirety that certain Employment Agreement by and between Employee and Paycor, Inc. ("***Paycor***"), dated as of [•] (the "***Prior Agreement***").

1 Employment and Term. The Company hereby agrees to continue to employ (or have a subsidiary employ) Employee, and Employee hereby agrees to be employed by the Company (or any such subsidiary), on the terms and subject to the conditions set forth in this Agreement. The parties agree that the term of this Agreement (the "***Initial Contract Term***") shall commence on the Effective Date and shall end on the third anniversary of the Effective Date unless earlier terminated or extended as expressly provided herein. The Agreement will automatically renew, subject to earlier termination as expressly provided herein, for successive one-year periods ("***Additional Contract Terms***"), unless either Employee or the Company give notice of non-renewal (a "***Notice of Nonrenewal***") at least 90 days prior to the expiration of the Initial Contract Term or the then-Additional Contract Term (as applicable). The period of Employee's employment with the Company pursuant to the terms hereof shall be referred to herein as the "***Employment Period***."

2 Position and Duties. The Company shall employ Employee during the Employment Period as its [•]. Employee shall report [solely and directly to the Company's Board of Directors (the "***Board***")] [to the Company's Chief Executive Officer (the "***CEO***")]. During the Employment Period, Employee shall have the responsibilities and duties as those normally associated with such position in companies of a similar nature and stature, as well as such other responsibilities as may, from time to time, be duly authorized or directed by [the Board] [the CEO and the Company's Board of Directors (the "***Board***")]. During the Employment Period, Employee shall perform faithfully and loyally and to the best of his abilities the duties assigned to him hereunder. Employee shall act at all times in accordance with what is in the best interests of the Company. During the Employment Period, Employee shall devote his full business time, attention and effort to the affairs of the Company, its parent and subsidiary corporations, affiliates, successors and assigns and shall not, during the Employment Period, be engaged in any other business activity whether or not such business activity is pursued for gain, profit or other pecuniary advantage, without the prior written consent of the Board. The foregoing is not intended to restrict Employee's ability to: (a) engage in charitable, civic or community activities to the extent that such activities do not materially interfere with his duties hereunder; (b) serve on the board of directors (or similar governing bodies) of a company (other than the Company); provided that, the Board, in its sole discretion, has granted prior written consent (which shall not be reasonably withheld); nor (c) to enter into passive investments that do not compete in any way with the Company's business.

3 Compensation. Employee acknowledges and agrees that Employee's right to compensation under this Agreement shall terminate on the Termination Date (as defined below) except as otherwise provided hereunder. As compensation in full for services to be rendered by Employee hereunder, the Company shall pay to Employee the following compensation:

3.1 Base Salary. During the Employment Period, Employee shall be paid an annual base salary (the "***Base Salary***") of $[•]. Employee's Base Salary shall be paid to him according to the regular payroll schedule used for employees generally. Employee shall be eligible for base salary increases as determined by the Compensation Committee of the Board (the "***Compensation Committee***").

3.2 Bonus. Employee shall be eligible to earn an annual bonus in an amount equivalent to [•]% of the Base Salary (the "***Target Bonus***") in accordance with the Company's bonus plan applicable to executive officers of the Company. The actual amount of the bonus payable with respect to a fiscal year (the "***Bonus***") shall be determined by the Compensation Committee. The Bonus shall be paid in accordance with the plans, policies and procedures adopted by the Compensation Committee from time to time, but paid through Paycor's payroll process. Employee must not have previously given Notice of Termination and must be employed by the Company on the day of the payout to receive the Bonus.

3.3 Long-Term Compensation. Employee shall be eligible to participate in the Company's long-term incentive compensation program on the terms and conditions determined by the Compensation Committee and communicated to Employee.

3.4 Benefits. During the Employment Period, Employee shall be entitled to participate in the Company's and its subsidiaries' employee benefit plans or programs generally available to similarly situated executive employees of the Company, including the Company's mobile communication, profit-sharing, retirement, and equity plans; provided that, Employee meets all eligibility requirements under each such plan or program. Employee's participation in the employee benefit plans or programs shall be subject to the terms and conditions of said plans or programs, including, without limitation, the Company's and its subsidiaries' right to amend, revise, terminate or replace the plans or programs at any time and without notice to participants.

3.5 Expense Reimbursement. During the Employment Period, the Company and its subsidiaries, as applicable, shall reimburse Employee, in accordance with the Company's and its subsidiaries' policies and procedures, for all proper and reasonable expenses incurred by him in the performance of his duties hereunder.

3.6 Claw Back. Employee acknowledges and agrees that any compensation or benefits paid to Employee by the Company, pursuant to this Agreement or otherwise, shall be subject to recovery by the Company in accordance with Section 304 of the Sarbanes-Oxley Act of 2002 or any other claw back law or regulation applicable to executives of the Company, if any, as amended from time to time, and any claw back provisions provided in any equity grant documents or the Company's equity compensation plan or pursuant to other Company policies.

4 Termination.

4.1 Death. Upon the death of Employee, this Agreement shall automatically terminate and all rights of Employee and his heirs, executors and administrators to compensation and other benefits under this Agreement shall cease, except as provided in Section 5.2.

4.2 Disability. The Company may, at its option, terminate this Agreement upon written notice to Employee if Employee, because of physical or mental incapacity or disability, fails to perform the essential functions of his position for a continuous period of 180 days or any 270 days within any 12-month period (a "***Disability***"). Upon such termination, all obligations of the Company hereunder shall cease, except as provided in Section 5.2. In the event of any dispute regarding the existence of Employee's incapacity or disability hereunder, the matter shall be resolved by the determination of a physician to be selected by the Company. Employee agrees that he will submit to appropriate medical examinations for purposes of such determination.

4.3 Termination by the Company.

4.3.1 The Company may terminate Employee's employment hereunder at any time, with or without Cause. For purposes of this Agreement "***Cause***" shall mean any one or more of the following:

4.3.1.1 any material failure, refusal, or inability by Employee to perform his duties under this Agreement (other than by reason of Employee's death or disability) that continues after written notice to Employee that such failure or refusal will result in a termination of the employment of Employee for Cause;

4.3.1.2 any intentional act of fraud or embezzlement by Employee in connection with his duties or employment hereunder, or the admission or conviction of, or entering of a plea of *nolo contendere* by, Employee of any felony or any lesser crime involving moral turpitude, fraud, embezzlement or theft;

4.3.1.3 any gross negligence, willful misconduct or personal dishonesty of Employee resulting, in the good faith determination of the Company, in a loss to the Company or any of its parent or subsidiary entities, or affiliates or in damage to the reputation of the Company or any of its parent or subsidiary entities, affiliates, successors or assigns;

4.3.1.4 any material breach by Employee of any of the covenants contained in this Agreement; or

4.3.1.5 any failure of Employee to comply with Company policies or procedures; provided that, in each case, from Section 4.3.1.1 through this Section 4.3.1.5, Employee shall have been given written notice from the Company describing in reasonable detail the event or circumstance the Company believes gives rise to a right to terminate Employee for Cause within 30 days of its initial existence, and Employee shall have 30 days to remedy the condition to the satisfaction of the Company. Employee's failure to cure such condition(s) within such 30-day period shall result in the termination of Employee for Cause.

4.4 By Employee for Good Reason. During the Employment Period, Employee may terminate his employment at any time for Good Reason. For purposes of this Agreement, "***Good Reason***" shall mean a termination by Employee for any one or more of the following without Employee's prior written consent:

4.4.1 a reduction in the Base Salary (other than across-the-board reductions affecting similarly situated executives of the Company as reasonably determined necessary by the Board), or failure to pay Employee's compensation payable hereunder;

4.4.2 a reduction in the percentages described herein with respect to the Target Bonus;

4.4.3 the assignment of additional or reduction of duties or responsibilities to Employee that are inconsistent in a material and adverse respect with Employee's position as the [CEO/CFO/CRO] of the Company without the written consent of Employee; or

4.4.4 the requirement that Employee relocate his principal work location by more than 75 miles from his current principal work location; provided that, in each case, from Section 4.4.1 through this Section 4.4.4, Employee must (a) first provide written notice to the Company of the existence of the Good Reason condition within 30 days of its initial existence (specifying the basis for Employee's belief that he is entitled to terminate this Agreement Good Reason), (b) give the Company an opportunity to cure any of the foregoing within 30 days following Employee's delivery to the Company of such written notice, and (c) actually resign his employment within ten days following the expiration of the Company's 30-day cure period.

4.5 Notice of Termination. Any termination of Employee's employment by the Company or by Employee shall be communicated by written notice to the other party hereto in accordance with Section 15, which notice (the "***Notice of Termination***") shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Employee's employment under the provision so indicated.

4.6 Termination Date. For purposes of this Agreement, Employee's "***Termination Date***" shall mean the date that is earliest of: (a) Employee's death; (b) if Employee's termination due to Disability; (c) Employee's termination by the Company with or without Cause; (d) Employees termination with or without Good Reason; and (e) the final date of the Initial Contract Term or the final date of the last Additional Contract Term (as applicable) pursuant to a Notice of Nonrenewal. Upon any termination of Employee's employment for any reason, except as may otherwise be requested by the Company in writing and agreed upon by Employee in writing, Employee shall immediately and automatically be deemed to resign from and relinquish any and all directorships, committee memberships, powers of attorney, signature authorizations, and any other positions Employee holds with or on behalf of the Company or any of its subsidiaries and affiliates.

5 Compensation Upon Termination.

5.1 Accrued and Unpaid Salary. If Employee's employment is terminated by reason of (a) Employee's death or Disability; (b) Employee's resignation without Good Reason (including by an Employee Notice of Nonrenewal) or (c) a termination by the Company for Cause, Employee shall be entitled to receive only any accrued and unpaid Base Salary through the Termination Date. Employee's participation in the Company's or its subsidiaries' employee benefit plans or programs shall cease in accordance with the terms of such plans or programs as then in effect.

5.2 Severance Payments. If Employee's employment is terminated by the Company other than for Cause (other than due to Employee's death or Disability), or if Employee resigns for Good Reason, so long as Employee (a) fulfills his ongoing obligations hereunder (including, without limitation, the obligations under Sections 7 through 15), and (b) executes and does not revoke a standard release of claims on a form provided by the Company (the "***Release***"), Employee shall be entitled to:

5.2.1 Base Salary continuation on the regular payroll schedule for 12 months following termination (the "***Severance Term***");

5.2.2 an amount equal to 50% of Employee's then Target Bonus, payable when such bonuses are paid to other senior executives of the Company; and

5.2.3 to the extent permissible under the Company's or its subsidiaries' group health plan and subject to Employee's timely election of continuation coverage under COBRA, continuation during the Severance Term (or if earlier, until the date that Employee becomes eligible to receive any health benefits as a result of subsequent employment or service during the Severance Term), of health benefits (including premium payments) provided to Employee and Employee's dependents immediately prior to such termination, at the same cost applicable to active employees of the Company and its subsidiaries.

Under all circumstances, and unless otherwise specifically set forth herein, all Company and applicable subsidiary provided employee benefits shall cease pursuant to the terms of the relevant benefit plans. To the extent that any of the benefits provided under this Section 5.2 constitutes "nonqualified deferred compensation" for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "***Code***"), any payment of any amount or provision of any benefit otherwise scheduled to occur prior to the 60th day following the Termination Date, but for the condition on executing the Release, shall not be made until the first regularly scheduled payroll date following such 60th day, after which any remaining benefits shall thereafter be provided to Employee according to the applicable schedule set forth herein.

6 Indemnification. In the event that Employee is made a party or threatened to be made a party to any action or suit brought by a former employer based on Employee's employment with the Company, the Company shall indemnify and hold harmless Employee in accordance with the [Indemnification Agreement].

7 Assignment of Inventions. Any invention, improvements, discoveries, or ideas, (including without limitation inventions, software, and programming), conceived, developed or made by Employee, in whole or in part, during the Employment Period, whether during business hours or otherwise, which relate to the Company's business, or which are made using any of the Company's equipment, facilities, materials, labor, money, time or other resources or which result from any work performed by Employee, or by other employees, representatives or agents of the Company for the Company, shall be owned by and shall belong exclusively to the Company and shall also be deemed Confidential Information (as defined below) for purposes of this Agreement. Any copyrightable works made by Employee shall be deemed works made for hire, and all copyrights therein shall belong to the Company. Employee agrees to communicate promptly to the Company any and all such inventions, improvements, discoveries, works, and ideas, and upon request to execute patent applications, copyright applications and any other legal documents necessary to transfer title therein to the Company, and to assist the Company in any proper manner in obtaining and enforcing such patents, copyrights, and other proprietary rights at the Company's expense.

8 Confidential Information.

8.1 Confidentiality. Employee hereby acknowledges and agrees that the Company's Confidential Information is regarded as valuable by the Company, is not generally known in the relevant industry, and that the Company has a legitimate right and business need to protect its Confidential Information. Employee acknowledges that keeping the Company's Confidential Information confidential is essential to the growth and stability of the Company. Employee therefore agrees to hold such information in strictest confidence and shall not at any time, directly or indirectly, disclose such information to any third party or use such information other than for the benefit of the Company. Employee shall disclose such information only to employees, representatives, and agents of the Company with a need to know such information. The restrictions set forth in this paragraph shall apply during the Employment Period and following the termination of employment until the end of time, whether the termination of employment is voluntary or involuntary.

8.2 Confidential Information. For purposes of this Agreement, "***Confidential Information***" shall mean any information, knowledge, or data with respect to the Company's business, services, trade secrets, technologies, systems, clients, prospects, and sales, marketing and service methods, including, but not limited to, discoveries, ideas, concepts, designs, drawings, specifications, equipment, techniques, computer flow charts and programs, computer software (whether owned or licensed by the Company), hardware, firmware, models, data, documentation, manuals, diagrams, research and development, performance information, know-how, business pricing policies and other internal policies, data systems, methods, systems documentation, practices, inventions, processes, procedures, formulae, employee lists or resumes, financial information (including financial statements), tax returns, client lists, prospect lists, information relating to past, present or prospective clients, information belonging to the Company's clients, personally identifiable information of clients' employees, salary and benefit information of clients' employees, market analysis, strategies, plans and projections for future growth and development, and compilations of information which are not readily available to the general public. Confidential Information includes all software development information, source and object codes, all information stored or maintained in any computer system or program used or maintained by the Company, all information stored or maintained in any laptop computer or handheld device provided by the Company to Employee, all client files, prospect files, legal contracts, purchase orders, and all information relating to client or vendor pricing. All of the foregoing information, whether oral, written, memorized, or electronically stored, together with analyses, compilations, studies, notes of conversation, or other documents prepared for or by the Company or Employee that contain or otherwise reflect Confidential Information, is also included with the term Confidential Information. Confidential Information does not include (a) any information in the public domain; or (b) any information received unsolicited from a third party under no obligation of secrecy.

8.3 Whistleblower Protection. Notwithstanding the foregoing, nothing in this Agreement or in any other agreement between Employee and the Company or any affiliate thereof shall prohibit or restrict Employee from lawfully: (a) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by, any governmental authority (including the U.S. Securities and Exchange Commission) regarding a possible violation of any law; (b) responding to any inquiry or legal process directed to Employee from any such governmental authority; (c) testifying, participating or otherwise assisting in any action or proceeding by any such governmental authority relating to a possible violation of law, and/or pursuant to the Sarbanes-Oxley Act; or (d) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Additionally, pursuant to the federal Defend Trade Secrets Act of 2016, an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney and (2) solely for the purpose of reporting or investigating a suspected violation of law; (B) is made to the individual's attorney in relation to a lawsuit for retaliation against the individual for reporting a suspected violation of law; or (C) is made in a complaint or other document filed in a lawsuit or proceeding, if such filing is made under seal. Nothing in this Agreement requires Employee to obtain prior authorization before engaging in any conduct described in this paragraph, or to notify the Company or any affiliate that Employee has engaged in any such conduct.

9 Return of Confidential Information. Upon termination of Employee's employment with the Company for any reason whatsoever or upon the written request of the Company, Employee shall immediately destroy, delete and/or return to the Company all Confidential Information and all copies, abstracts, handwritten records and electronic records thereof, and Employee shall certify in writing to the Company that Employee does not retain originals, copies, abstracts, handwritten records or electronic records of any Confidential Information. Employee agrees that retention of any such Confidential Information in Employee's memory does not permit Employee to use or disclose such information following Employee's termination of employment with the Company.

10 Ownership Rights. Employee acknowledges and agrees that the Company shall retain all ownership rights in and to the Confidential Information disclosed by it, and nothing contained in this Agreement or in any disclosure of Confidential Information shall be construed to grant Employee any license or other rights in or to the Confidential Information.

11 Covenant Not to Compete. Employee acknowledges that because of Employee's position of trust with the Company, in the course of Employee's employment with the Company, Employee will be given access to or will become familiar with their trade secrets and with other Confidential Information, and that Employee's services have been and shall be of special, unique and extraordinary value to the Company. Therefore, Employee agrees that during Employee's employment by the Company, Employee will not, either directly or indirectly, without prior written authorization from the Company, own, manage, operate, control, be employed by, perform services for, consult with, solicit business for, participate in, or be connected with the ownership, management, operation, or control of any business which is competitive with the business of the Company on Employee's date of termination (which includes the business of providing technology solutions related to employee engagement, talent management, payroll and benefits administration, workforce management, and related services). Employee further agrees that for a period of 18 months after Employee is no longer employed by the Company (the "***Restriction Period***"), throughout the United States and any other jurisdiction in which the Company is conducting business, or is considering at the Board level to conduct business, as of the Termination Date, Employee shall not, in any capacity, whether individually or jointly, as a partner, employee, consultant, officer, director, shareholder or in any other capacity, directly or indirectly, own, manage, advise, counsel, assist or engage in the ownership, management or control of, or be employed or engaged by or otherwise affiliated or associated as a consultant, independent contractor or otherwise, with any other business that provides payroll processing services, payroll tax filing services, time and attendance solutions, human resource and benefit services, applicant tracking systems, or in any similar business that competes with the Company, and Employee will not assist any third parties to compete with the Company in any way. Notwithstanding the foregoing, Employee may own, directly or indirectly, solely as an investment, securities of any entity which are traded on any national securities exchange so long as Employee does not, directly or indirectly, own 2% or more of any class of securities of such entity.

12 Customer and Employee Restrictions. Employee acknowledges that the Company's customers and employees now or hereafter employed by the Company are an integral part of the Company's business, that information relating to such customers and employees are part of the Company's Confidential Information, and that the loss of such customers and/or employees will have a substantial adverse effect on the Company's business. Therefore, Employee agrees as follows:

12.1 Customers. During the term of Employee's employment with the Company and during the Restriction Period, Employee agrees that Employee will not, either directly or indirectly, for any purpose other than for the benefit of the Company, solicit, provide sales or service to, or otherwise accept business of the type then being conducted by the Company from any person, partnership, corporation, limited liability company, or other entity who:

12.1.1 is then a customer of the Company or who was a customer of the Company during the 18-month period immediately prior to Employee's termination of employment with the Company; or

12.1.2 is a prospective customer with whom Employee had direct or indirect contact or about whom Employee has acquired any knowledge during the 18-month period immediately prior to Employee's termination of employment with the Company.

In the case of a customer with multiple locations, this section applies to all locations where the Company has provided its product(s) or service(s) now or in the future. In the case of a prospective customer with multiple locations, this section applies to all locations with which Employee has had contact, or about which Employee has acquired any knowledge.

Employee further agrees that, during the term of Employee's employment with the Company and during the Restriction Period, Employee will not either directly or indirectly, attempt to cause any person, partnership, corporation, limited liability company, or other entity who is then a customer or a prospective customer of the Company or who was a customer of the Company during the 18-month period immediately prior thereto to divert such customer's business away from the Company to any other person or entity, whether or not the Employee is affiliated with such person or entity.

12.2 Employees. During the term of Employee's employment with the Company and during the Restriction Period, Employee agrees that Employee will not, directly or indirectly, solicit or induce or attempt to solicit or induce any employee or independent contractor of the Company to leave the employ or engagement of the Company to work with the Employee or with any person or entity with whom Employee is or becomes affiliated, and Employee will not, directly or indirectly, hire or engage any employee or independent contractor of the Company to work for Employee or any entity with whom Employee is or becomes affiliated.

13 Reasonableness and Modification of Restrictions. Employee further acknowledges and agrees that the provisions set forth in Sections 11 and 12 are reasonable in scope, duration, and area, and are reasonably necessary to protect the legitimate business interests of the Company, and particularly the Company's interest in protecting its Confidential Information, and the restrictive covenants in this Agreement are in addition to, and not in lieu of, any other agreement between Employee and the Company addressing confidentiality, non-competition and/or non-solicitation. If any provision of Sections 11 or 12 is held to be unenforceable due to the scope, duration, or area of its application, the parties intend and agree that the court making such determination shall modify such scope, duration, or area, or all of them to what the court considers reasonable, and such provision shall then be enforced in such modified form.

14 Irreparable Harm. Because of the unique nature of the Company's business, Employee acknowledges and agrees that the Company will suffer irreparable harm in the event that Employee fails to comply with any of Employee's obligations set forth herein and that monetary damages will be inadequate to compensate the Company for Employee's breach. Accordingly, Employee agrees that the Company, in addition to any other remedies available to it at law or in equity, will be entitled to temporary, preliminary and permanent injunctive relief to enforce the terms of Sections 11 and 12, without the need to post any bond. Employee further agrees to reimburse the Company for all costs incurred by the Company in any legal proceeding for equitable, monetary, or other relief to enforce or protect its rights under this Agreement, including, but not limited to, reasonable attorney fees.

15 Notices. All notices and other communications required or permitted hereunder shall be in writing and shall be deemed given when (a) delivered personally or by overnight courier to the following address of the other party hereto (or such other address for such party as shall be specified by notice given pursuant to this Section 15) or (b) sent by email to the following facsimile number of the other party hereto (or such other facsimile number for such party as shall be specified by notice given pursuant to this Section 15), with the confirmatory copy delivered by overnight courier to the address of such party pursuant to this Section 15:

If to the Company, to:

Paycor HCM, Inc.
Attention: Karen L. Crone
4811 Montgomery Rd.
Cincinnati, OH 45212
Email: kcrone@paycor.com

With a copy to the Company's Legal Department, at:

Paycor HCM, Inc.
Attention Legal Department
4811 Montgomery Rd.
Cincinnati, OH 45212
Email: ageene@paycor.com

If to Employee, to:

[•]

16 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of any other provision of this Agreement or the validity, legality or enforceability of such provision in any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

17 Entire Agreement. This Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or between the parties (including the Prior Agreement), written or oral, which may have related in any manner to the subject matter hereof.

18 Successors and Assigns. This Agreement may not be assigned by either party without the written consent of the other party hereto. Except as stated herein, nothing in this Agreement, expressed or implied, is intended to confer on any person other than the parties and their respective successors and permitted assigns any rights or remedies under or by reason of this Agreement.

19 Withholding. All amounts payable hereunder will be subject to deduction for all required income, payroll and other withholdings.

20 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware (regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof) as to all matters, including but not limited to matters of validity, construction, effect, performance and remedies. Any action, suit or proceeding brought by any party with respect to, or to enforce the terms of, this Agreement, the Prior Agreement, or any prior confidentiality/restrictive covenant agreement shall be brought by such party exclusively in the courts of the State of Delaware located in Wilmington, Delaware or in the courts of the United States of America for the District of Delaware, and each party, by its execution of this Agreement irrevocably submits to the exclusive jurisdiction of such courts. The parties waive all rights to a jury trial in connection with actions arising in connection with this Agreement.

21 Representations and Warranties. Employee represents, warrants and agrees that he has all right, power, authority and capacity, and is free to enter into this Agreement; that by doing so, Employee will not violate or interfere with the rights of any other person or entity; and that Employee is not subject to any contract, understanding or obligation that will or might prevent, interfere or conflict with or impair the performance of this Agreement by Employee. Employee further represents, warrants, and agrees that he will not enter into any agreement or other obligation while this Agreement is in effect that might conflict or interfere with the operation of this Agreement or his obligations hereunder. Employee agrees to indemnify and hold the Company harmless with respect to any losses, liabilities, demands, claims, fees, expenses, damages and costs (including attorneys' fees and costs) resulting from or arising out of any claim or action based upon Employee's entering into this Agreement.

22 Waiver. No waiver of any breach of any term of this Agreement shall be construed to be, nor shall be, a waiver of any breach of this Agreement. No wavier shall be binding unless in writing and signed by the party waiving the breach. No course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

23 Modification. Neither this Agreement nor the provisions contained herein may be extended, renewed, amended or modified other than by a written agreement executed by Employee and the Company.

24 Construction. The rule that a contract is construed against the party drafting the contract is hereby waived, and shall have no applicability in construing this Agreement or the terms hereof. Any headings and captions used herein are only for convenience and shall not affect the construction or interpretation of this Agreement.

25 Legal Representation. The parties understand that this is a legally binding contract and acknowledge and agree that they have had a reasonable opportunity to consult with legal counsel of their choice prior to execution.

26 Survival of Obligations. The parties expressly agree that Employee's obligations set forth in this Agreement, as well as any other obligations that would naturally survive termination of an employment agreement, shall survive termination of Employee's employment (whether voluntary or involuntary and whether with or without Cause and whether with or without Good Reason) and shall also survive the end of the term of this Agreement.

27 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same original instrument. A facsimile signature shall be deemed an original signature for purposes of execution of this Agreement.

28 Section 409A and 280G of the Code. Notwithstanding any provision of this Agreement to the contrary:

28.1 All provisions of this Agreement are intended to comply with Section 409A of the Code and the applicable Treasury regulations and administrative guidance issued thereunder (collectively, "***Section 409A***") or an exemption therefrom and shall be construed and administered in accordance with such intent. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of Employee's employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A.

28.2 To the extent that any right to reimbursement of expenses or payment of any benefit in-kind under this Agreement constitutes nonqualified deferred compensation (within the meaning of Section 409A), (a) any such expense reimbursement shall be made by the Company no later than the last day of Employee's taxable year following the taxable year in which such expense was incurred by Employee, (b) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit and (c) the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year; provided that, the foregoing clause shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period in which the arrangement is in effect.

28.3 If any payment or benefit provided for herein would be subject to additional taxes and interest under Section 409A if Employee's receipt of such payment or benefit is not delayed until the earlier of (a) the date of Employee's death or (b) the date that is six months after the Termination Date (such date, the "***Section 409A Payment Date***"), then such payment or benefit shall not be provided to Employee (or Employee's estate, if applicable) until the Section 409A Payment Date. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement are exempt from, or compliant with, Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by Employee on account of non-compliance with Section 409A.

28.4 If Employee is a "disqualified individual" (as defined in Section 280G(c) of the Code), and the payments and benefits provided for in this Agreement, together with any other payments and benefits which Employee has the right to receive from the Company or any of its affiliates, would constitute a "parachute payment" (as defined in Section 280G(b)(2) of the Code), then the payments and benefits provided for in this Agreement shall be either (a) reduced (but not below zero) so that the present value of such total amounts and benefits received by Employee from the Company or any of its affiliates shall be one dollar ($1.00) less than three times Employee's "base amount" (as defined in Section 280G(b)(3) of the Code) and so that no portion of such amounts and benefits received by Employee shall be subject to the excise tax imposed by Section 4999 of the Code or (b) paid in full, whichever produces the better net after-tax position to Employee (taking into account any applicable excise tax under Section 4999 of the Code and any other applicable taxes). The reduction of payments and benefits hereunder, if applicable, shall be made by reducing, first, payments or benefits to be paid in cash hereunder in the order in which such payment or benefit would be paid or provided (beginning with such payment or benefit that would be made last in time and continuing, to the extent necessary, through to such payment or benefit that would be made first in time) and, then, reducing any benefit to be provided in-kind hereunder in a similar order. The determination as to whether any such reduction in the amount of the payments and benefits provided hereunder is necessary shall be made by the Company in good faith. If a reduced payment or benefit is made or provided and through error or otherwise that payment or benefit, when aggregated with other payments and benefits from the Company or any of its affiliates used in determining if a "parachute payment" exists, exceeds one dollar ($1.00) less than three times Employee's base amount, then Employee shall immediately repay such excess to the Company upon notification that an overpayment has been made. Nothing in this Section 28 shall require any member of the Company to be responsible for, or have any liability or obligation with respect to, Employee's excise tax liabilities under Section 4999 of the Code.

* * * * *

Signature Page Follows

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

THE COMPANY:

By: _____

Name: _____

Its: _____

EMPLOYEE:

_____

[•]

CERTIFICATE OF DESIGNATIONS OF
SERIES A REDEEMABLE PREFERRED STOCK,
PAR VALUE $0.0001 PER SHARE,
OF
PRIDE MIDCO, INC.

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

The undersigned DOES HEREBY CERTIFY that the following resolution was duly adopted by the Board of Directors (the "Board") of Pride Midco, Inc., a Delaware corporation (hereinafter called the "Corporation"), creating a series of preferred stock with the designations, powers, preferences and other rights, and the qualifications, limitations or restrictions thereof, having been fixed by the Board pursuant to authority granted to it under the Corporation's Certificate of Incorporation and in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware:

RESOLVED: That, pursuant to authority conferred upon the Board by the Certificate of Incorporation of the Corporation, the Board hereby creates as a series of preferred stock and authorizes for issuance 200,000 shares of Series A Redeemable Preferred Stock, par value $0.0001 per share, of the Corporation and hereby fixes the designations, powers, preferences and other rights, and the qualifications, limitations or restrictions thereof, of such shares, as follows:

SECTION 1 Designation. The shares of such series shall be designated "Series A Redeemable Preferred Stock," and the number of shares constituting such series shall initially be 200,000 (the "Series A Preferred Stock"). The number of shares of Series A Preferred Stock may be increased or decreased by resolution of the Board and, in the case of an increase, the approval by the Holders of at least a majority of the then outstanding shares of the Series A Preferred Stock, voting together as a separate class (the "Holder Majority"); provided that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of shares of such series then outstanding.

SECTION 2 Ranking. The Series A Preferred Stock shall, with respect to dividend, distribution and redemption rights and rights upon liquidation, winding-up and dissolution, rank senior to the common stock of the Corporation, par value $0.01 per share, and to each other class or series of Equity Interests of the Corporation (whether issued on, prior to or following the Issue Date), the terms of which do not expressly provide that such class or series ranks on a parity basis with, or senior to, the Series A Preferred Stock, with respect to dividend, distribution or redemption rights and/or rights upon liquidation, winding-up or dissolution (such common stock and such other class or series of Equity Interests being referred to hereinafter, collectively, as "Junior Stock").

The Series A Preferred Stock shall, with respect to dividend, distribution and redemption rights and rights upon liquidation, winding-up and dissolution and in each case without limiting Section 5 below, rank (a) equally with each other class or series of Equity Interests of the Corporation (whether issued on, prior to or following the Issue Date), the terms of which expressly provide that such class or series shall rank on a parity basis with the Series A Preferred

Stock with respect to dividend, distribution or redemption rights and/or rights upon liquidation, winding-up or dissolution ("Parity Stock"); and (b) junior to each other class or series of Equity Interests of the Corporation (whether issued on, prior to or following the Issue Date), the terms of which expressly provide that such class or series shall rank senior to the Series A Preferred Stock with respect to dividend, distribution and redemption rights and rights upon liquidation, winding-up and dissolution ("Senior Stock").

Notwithstanding any other provision of this Certificate of Designations, including any other terms of this Section 2, the making of any Restricted Payment that is permitted by Section 9 (including, to the extent permitted under Section 9, any dividend, distribution or redemption of Junior Stock) shall not be permissible during the continuing nonpayment of any accrued Dividends on the Series A Preferred Stock required to be paid in cash (including in respect of any prior Dividend Payment Period); provided that the foregoing shall not restrict the making of any Restricted Payment that is permitted by Sections 9(a).

SECTION 3 Dividends.

(a) Each Holder shall be entitled to receive dividends per share of Series A Preferred Stock held by such Holder ("Dividends") at a rate per annum (computed as a percentage of the sum of (x) the Liquidation Preference and (y) without duplication, all accrued and unpaid Dividends on such Series A Preferred Stock for all prior Dividend Payment Periods (as defined below)) equal to the Prevailing Dividend Rate (as defined below). Dividends shall be cumulative and payable in the manner set forth in Section 3(c) whether or not declared by the Board and whether or not there are profits or surplus therefor, and before any dividends shall be declared, set aside for or paid upon the Junior Stock (subject to the final paragraph of Section 2). For purposes hereof, the term "Liquidation Preference" shall mean $1,000.00 per share of Series A Preferred Stock (the "Initial Liquidation Preference"), adjusted as appropriate in the event of any stock dividend, stock split, stock distribution, recapitalization or combination with respect to the Series A Preferred Stock, and subject to increase as provided in clauses (c) and (e) of this Section 3.

(b) Dividends, whether or not declared, shall begin to accrue daily and be cumulative from and including the Issue Date at the Prevailing Dividend Rate. Dividends shall be payable (or shall compound as provided in this Certificate of Designations) quarterly in arrears, whether or not such dividends have been declared and whether or not there are profits or surplus available for the payment of dividends, on March 31, June 30, September 30 and December 31 of each year for the quarterly period ended on such date (unless any such day is not a Business Day and the applicable Dividend (or portion thereof) is to be paid in cash, in which event such Dividends shall be payable on the next succeeding Business Day, with additional accrual to the actual payment date), commencing on December 31, 2018 (each such payment date identified above being a "Dividend Payment Date"; and the period from and including the Issue Date to the first Dividend Payment Date (and each such quarterly period thereafter beginning on and including the applicable Dividend Payment Date to the immediately following Dividend Payment Date) are each referred to herein as a "Dividend Payment Period"). The amount of Dividends payable on the Series A Preferred Stock for any period shall be computed on the basis of a 360-day year and the actual number of days elapsed.

(c) From the Issue Date to the second anniversary of the Issue Date, on each Dividend Payment Date, either the Corporation shall pay Dividends in cash on the applicable Dividend Payment Date or such Dividends shall accrue and be added to the then-prevailing Liquidation Preference. From the day after the second anniversary of the Issue Date through the third anniversary of the Issue Date, the Corporation shall, to the extent there is surplus for the payment of Dividends, pay at least 50% of the accrued Dividend for the applicable Dividend Payment Period in cash.

From the day after the third anniversary of the Issue Date, the Corporation shall, to the extent there is surplus for the payment of Dividends, pay 100% of the accrued Dividend for the applicable Dividend Payment Period in cash.

(d) If on any applicable Dividend Payment Date, the Corporation is required to pay all or a portion of the accrued dividend for the applicable Dividend Payment Period in cash and the Corporation does not have surplus for the payment in cash of such dividend or otherwise fails to pay such dividend in cash for any reason, the Corporation shall comply with the Pro Rata and Reasonable Best Efforts Requirement (as defined in Section 6(c) as if applicable to the payment of a dividend).

(e) To the extent the Corporation does not pay Dividends entirely in cash on any Dividend Payment Date for any reason, then such accrued and unpaid Dividends on each share of Series A Preferred Stock shall compound on a quarterly basis, such that the then prevailing Liquidation Preference shall increase by an amount equal to the accrued but unpaid dividends for the applicable Dividend Payment Period. Not less than 10 days prior to the applicable Dividend Payment Date, the Corporation shall notify the Holders of record as of the applicable Dividend Payment Record Date of the Corporation's election to pay Dividends on the applicable Dividend Payment Date in cash (to the extent the Company is not required to pay Dividends in cash), or instead to cause such Dividends to increase the Liquidation Preference as described above. Without limiting the foregoing or the Corporation's ongoing obligation to deliver such notices, in the event the Corporation fails to so deliver any such notice when and as required by this Section 3(e), then with respect to the Dividends to which such failure to deliver notice relates, the Corporation will be deemed to have elected to account for such Dividends by adding them to the Liquidation Preference with respect to each share of Series A Preferred Stock until paid in cash to the Holder thereof. In the event the Corporation has elected (or is deemed to have elected) to account for any Dividends by adding them to the Liquidation Preference with respect to each share of Series A Preferred Stock, the Transfer Agent shall promptly give by first class mail, postage prepaid, addressed to the Holders of record at their respective last addresses appearing on the stock ledger of the Corporation, a statement setting forth the aggregate amount of accrued and unpaid Dividends for all prior Dividend Payment Periods with respect to each share of Series A Preferred Stock. Each Dividend paid in cash shall be paid by wire transfer in immediately available funds to the account(s) designated by each Holder that holds shares of Series A Preferred Stock in writing given to the Corporation at least 5 days prior to the Dividend Payment Date.

(f) If on the date that is the 42-month anniversary of the Issue Date any shares of Series A Preferred Stock are outstanding, the Corporation shall pay an amount equal to 0.50% of the Initial Liquidation Preference of each of the shares of Series A Preferred Stock outstanding to the holders thereof as of such date in cash. To the extent the Corporation does not pay such amount entirely in cash on such date for any reason, then such amount on each share of Series A Preferred Stock shall be added to the Liquidation Preference for each share, such that the then prevailing Liquidation Preference shall increase by the amount set forth in in the immediately preceding sentence.

(g) Each Dividend shall be payable (i) in the case of a Dividend paid in cash on a Dividend Payment Date, to the Holders of record as they appear on the stock ledger of the Corporation at the Close of Business on the date that is 10 days prior to the applicable Dividend Payment Date, (ii) in the case of a Dividend that is initially not paid in cash and instead compounded and subsequently paid upon a payment date established by the Corporation for such purpose, to the Holders of record as they appear on the stock ledger of the Corporation the date that is 10 days prior to the applicable Dividend payment date, and (iii) in the case of a Dividend that is initially not paid in cash and instead added to the Liquidation Preference and subsequently paid pursuant to Section 4 or Section 6, to the Holders of record as they appear on the stock ledger of the Corporation at the date and time provided for in accordance with such Sections (each such record date, a "Dividend Payment Record Date").

(h) The Corporation acknowledges and agrees that the capital of the Corporation (as such term is used in Section 154 of the Delaware General Corporation Law) in respect of the Series A Preferred Stock and any of the Corporation's Equity Interests shall be equal to the aggregate par value of the then outstanding shares of such Series A Preferred Stock or Equity Interests, as the case may be, and that, on or after the Issue Date, it shall not increase the capital of the Corporation with respect to any shares of the Corporation's Equity Interests. The Corporation also acknowledges and agrees that it shall not create any special reserves under Section 171 of the Delaware General Corporation Law without the prior written consent of each Holder.

SECTION 4 Liquidation, Dissolution or Winding Up.

(a) Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation (each, a "Liquidation"), before any distribution or payment shall be made to, or set aside for, holders of any Junior Stock, each Holder shall be entitled to receive in full, out of the assets of the Corporation or proceeds thereof (whether capital or surplus), an amount per share of Series A Preferred Stock held by such Holder equal to the Liquidation Preference, plus the amount of accrued and unpaid Dividends thereon (to the extent not previously included in the computation of Liquidation Preference pursuant to Section 3(e)), without duplication, through the date of Liquidation.

(b) The form of any distribution or payment described in Section 4(a) shall be determined in the following order of priority: (i) first, in cash and cash equivalents; and (ii) second, if cash and cash equivalents distributed or paid to the Holders are insufficient to satisfy each Holder's right to receive the full amount described in Section 4(a), in any other assets of the Corporation available therefor.

(c) If, in connection with any distribution or payment described in Section 4(a), the assets of the Corporation or proceeds thereof are not sufficient to pay in cash in full the amount required to be paid on the Series A Preferred Stock pursuant to Section 4(a), then such assets, or the proceeds thereof, shall be paid on a pro rata basis among the then outstanding shares of Series A Preferred Stock.

(d) For purposes of this Section 4, the Corporation's merger, consolidation, binding share exchange or transfer of all or substantially all of the assets of the Corporation and its Subsidiaries (on a consolidated basis), shall not constitute a liquidation, dissolution or winding up of the Corporation within the meaning of this Section 4.

SECTION 5 Voting Rights; Amendment and Consent Rights.

(a) No shares of Series A Preferred Stock shall have voting rights except such as may from time to time be required by law and as set forth in this Section 5. For so long as any shares of Series A Preferred Stock remain outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without first obtaining the written consent or affirmative vote (in person or by proxy) at a meeting called for that purpose, of the Holder Majority: amend, alter or change the terms of the Corporation's certificate of incorporation (including this Certificate of Designations) or waive the compliance of any of the covenants included in the Corporation's certificate of incorporation (including this Certificate of Designations), in each case as they relate to the Series A Preferred Stock (including relating to any powers, rights, preferences or privileges of the Series A Preferred Stock) and including, without limitation, the following matters:

(i) any waiver of or amendment to the Prevailing Dividend Rate;

(ii) any waiver or amendment to the timing or method of payment of any Dividends;

(iii) any waiver or amendment in respect of the Liquidation Preference;

(iv) any waiver or amendment to any voting percentages or the matters enumerated in clauses (i) through (viii) of this Section 5(a);

(v) any waiver or amendment affecting the ranking of the Series A Preferred Stock, including a waiver or amendment of Section 2 hereof;

(vi) any changes to Sections 6(b), (c), (d), (f) or (g);

(vii) any changes to provisions regarding pro rata sharing, waterfall or priority of payments or dividends of the Series A Preferred Stock or similar provisions; and

(viii) binding equity exchanges or reclassifications involving the Series A Preferred Stock or mergers or consolidations of the Corporation.

(b) Other than amendments to the Corporation's certificate of incorporation (including this Certificate of Designations) made in compliance with clause (a) of this Section 5 pursuant to the written consent or affirmative vote of the Holder Majority, no fundamental amendment, modification, change or waiver shall be made to (1) organizational documents

(including the certificate of incorporation, certificate of formation, certificate of limited partnership or similar document, as applicable) of the Corporation or any of its Subsidiaries (by amendment, merger, consolidation or otherwise) that would materially adversely affect the Holders and/or (2) the bylaws of the Corporation that would adversely affect the Holders; provided that in the case of any amendment, modification, change or waiver to the organizational documents of the Corporation or any of its Subsidiaries that would adversely (but not materially adversely) affect the Holders, the Corporation shall deliver to the Holders affected thereby a notice at least five (5) Business Days prior to such amendment, modification, change or waiver briefly describing the amendment, modification, change or waiver. Any failure of the Corporation to deliver such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment, supplement or waiver.

SECTION 6 Redemption and Repurchase.

(a) Optional Redemption.

(i) At any time prior to the 18-month anniversary of the Issue Date, the Corporation may, at its option, redeem for cash any or all of the then outstanding shares of Series A Preferred Stock, in whole at any time or in part from time to time, at a redemption price per share of Series A Preferred Stock equal to the sum of (i) 100% of the then prevailing Liquidation Preference per share plus (ii) the Yield Maintenance Premium per share as of the date of redemption (the "Redemption Date") plus (iii) the amount of accrued Dividends per share for the then current and all prior Dividend Payment Periods (except to the extent actually paid in cash or added to the Liquidation Preference as described in Section 3(e)) to, but excluding, the Redemption Date (it being agreed that if a Redemption Date is to occur after a Dividend Payment Record Date and before the corresponding Dividend Payment Date and the Corporation shall have notified the Holders that it has elected to pay Dividends on such Dividend Payment Date in cash, then the accrued Dividends payable under this clause (iii) for the then current Dividend Payment Period shall be payable to the Holders of record on the Dividend Payment Record Date and not to the Holders of record as of the Redemption Date).

(ii) The Corporation may, at its option, redeem for cash any or all of the then outstanding Series A Preferred Stock, in whole at any time or in part from time to time, on and after May 2, 2020, at a redemption price per share equal to the following prices (expressed as a percentage of the then prevailing Liquidation Preference), plus the amount of all accrued Dividends for the then current and all prior Dividend Payment Periods (except to the extent actually paid in cash or added to the Liquidation Preference as described in Section 3(e)):

Redemption Date	Redemption Price
May 2, 2020 – November 1, 2020	102.00%
November 2, 2020 – November 1, 2021	101.00%
November 2, 2021 and thereafter	100.00%

(b) Mandatory Redemption Upon a Mandatory Redemption Event. In the event of a Mandatory Redemption Event, all outstanding shares of Series A Preferred Stock shall be redeemed (a "Mandatory Redemption") for cash at a price per share equal to the amount due under the Optional Redemption provisions set forth in clause (a) of this Section 6 (including with respect to any Mandatory Redemption Event prior to May 2, 2020, for the avoidance of doubt, any Yield Maintenance Premium, as applicable) as of the Redemption Date.

(c) Pro Rata and Reasonable Best Efforts Requirement. If a Mandatory Redemption Event occurs and the Corporation does not have surplus for the redemption of all outstanding shares of Series A Preferred Stock, the Corporation shall redeem a pro rata portion of each Holder's shares of Series A Preferred Stock to the fullest extent of such surplus, based on the respective amounts which would otherwise be payable in respect of the Series A Preferred Stock to be redeemed if the Corporation's surplus was sufficient to redeem all such shares, and shall redeem the remaining shares of Series A Preferred Stock as soon as practicable after the Corporation has surplus therefor. The Corporation shall use reasonable best efforts to generate sufficient surplus to redeem all outstanding shares of Series A Preferred Stock, including by way of incurrence of indebtedness, issuance of equity, sale of assets, effecting a merger or similar transaction or otherwise. At any time thereafter when additional surplus is available for the redemption of the Series A Preferred Stock such surplus shall immediately be used to redeem the balance of the Series A Preferred Stock. The requirements set forth in this clause (c) shall be referred to as the "Pro Rata and Reasonable Best Efforts Requirement."

(d) Mandatory Redemption Notice. In the case of a Mandatory Redemption Event other than pursuant to clause (a)(iii) of the definition of Mandatory Redemption Event, the Corporation shall provide notice to each Holder in accordance with Section 17 stating the material facts giving rise to the occurrence of such Mandatory Redemption Event, including the date (or anticipated date) of the facts, circumstances or event giving rise to such Mandatory Redemption Event, within the following time periods: (i) at least 10 Business Days prior to (a) a Change of Control, (b) initial public offering (or direct listing) of the Corporation or any of its Subsidiaries or any entity of which the Corporation is a Subsidiary, (c) the Corporation's liquidation, winding up or dissolution, or (d) a filing for bankruptcy or other Insolvency Proceeding of the Corporation, or, in the case of (c) or (d), if later, as soon as reasonably practicable after the Corporation discovers facts that cause it to reasonably expect that such event will occur; and (ii) promptly upon becoming aware of a Trigger Event but in any event no later than three Business Days after becoming aware of such Trigger Event. Upon receipt of notice from the Corporation, in the case of clauses (a)(i), (a)(ii) or (b) of the definition of Mandatory Redemption Event, if the Holder Majority (acting alone in its sole and absolute discretion) elects to treat such facts, circumstances or event as a Mandatory Redemption Event, the Holder Majority shall so notify the Corporation within five Business Days; provided, however, that whether a Mandatory Redemption Event shall occur is not dependent on the provision of notice by the Corporation and the Holder Majority may, at any time upon becoming aware of facts, circumstances or events that are or may upon the election of the Holder Majority be a Mandatory Redemption Event, provide notice to the Corporation that the Holder Majority, on behalf of all Holders, elects to treat such facts, circumstances or events as a Mandatory Redemption Event. The Redemption Date corresponding to a Mandatory Redemption Event shall be the earlier of (1) five Business Days following receipt of notice by the Corporation, provided that, in the case of a Mandatory Redemption pursuant to clause (a)(i) or (a)(ii) of the definition of Mandatory Redemption Event, the Redemption Date shall be no earlier than the date of the applicable Change of Control or initial public offering (or direct listing), (2) the date of a Change of Control

or initial public offering (or direct listing) corresponding to a Mandatory Redemption Event pursuant to clause (a)(i) or (a)(ii) of the definition of Mandatory Redemption Event, as applicable, or (3) in the case of a Mandatory Redemption Event corresponding to a Trigger Event, five Business Days following receipt of notice by the Corporation from the Holder Majority that the Holder Majority has elected to treat such Trigger Event as a Mandatory Redemption Event. In the case of a Mandatory Redemption Event pursuant to clause (a)(iii) of the definition of Mandatory Redemption Event, if the Holder Majority elects to cause a Mandatory Redemption Event, the Holder Majority shall provide notice thereof at least 90 days prior to the Redemption Date corresponding to such Mandatory Redemption Event to the Corporation and the Redemption Date shall be 90 days following receipt of notice by the Corporation. In the case of a Mandatory Redemption Event pursuant to clauses (c) or (d) of the definition of Mandatory Redemption Event, the Redemption Date shall be the earlier of (1) five Business Days following delivery of notice by the Corporation to the Holders, and (2) the date immediately preceding the date of the Corporation's liquidation, winding up or dissolution or a filing for bankruptcy or other Insolvency Proceeding of the Corporation, as applicable. Failure by the Corporation to give such notice, or any defect in such notice or in the delivery thereof, to any Holder shall not affect the absolute and unconditional requirement to redeem or purchase all shares of Series A Preferred Stock as provided in Section 6(b). Failure by any Holder to comply with the procedures for redemption or purchase shall not affect or in any way limit the right of such Holder to receive payment of the redemption price pursuant to this Section 6; provided that the Corporation shall not be obligated to deliver such payment prior to the date of receipt of such Holder's stock certificate or a customary affidavit of loss with respect to such stock certificate. Once a Mandatory Redemption Event has occurred, all shares of Series A Preferred Stock become irrevocably due and payable on the Redemption Date.

(e) Notice of Redemption at the Option of the Corporation. Notice of every redemption of shares of Series A Preferred Stock pursuant to Section 6(a) shall be given to each Holder in accordance with Section 17 at least five Business Days before the date fixed for redemption. Each notice of redemption given to a Holder under this Section 6(e) shall state: (1) the Redemption Date; (2) the total number of shares of the Series A Preferred Stock to be redeemed and, if less than all the shares held by such Holder are to be redeemed, the number of such shares to be redeemed from such Holder; (3) the redemption price; and (4) the place or places where certificates for such shares are to be surrendered for payment of the redemption price. Failure by any Holder to comply with the procedures for redemption shall not affect or in any way limit the right of any Holder to receive payment of the applicable optional redemption price pursuant to this Section 6; provided that the Corporation shall not be obligated to deliver such payment prior to the date of receipt of such Holder's stock certificate or a customary affidavit of loss with respect to such stock certificate. Once a notice of redemption is provided in accordance with this Section 6(e), the shares called for redemption become irrevocably due and payable on the applicable Redemption Date.

(f) Partial Redemption. In case of any redemption of part of the shares of Series A Preferred Stock at the time outstanding pursuant to Section 6(a), such redemption shall be applied on a pro rata basis among the Holders thereof based on the number of shares of Series A Preferred Stock held by each such Holder (subject to payment of fractional shares of Series A Preferred Stock to account for rounding, if applicable). If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without charge to the Holder thereof.

(g) Redemption Failure. If (i) the Corporation fails to effect a redemption upon a Mandatory Redemption Event on the corresponding Redemption Date (a "Redemption Failure") or (ii) any Event of Noncompliance shall occur and be continuing (for the avoidance of doubt, such a failure or event in (i) or (ii) includes a failure to make any such payment when otherwise due whether due to the lack of surplus therefor or other reason), then (a) the Prevailing Dividend Rate shall automatically be increased by 2.00% per annum and shall increase by 1.00% each six months thereafter until all of the issued and outstanding shares of Series A Preferred Stock are redeemed or the Event of Noncompliance ceases to continue and (b) the Corporation shall, in the case of a Redemption Failure, comply with the Pro Rata and Reasonable Best Efforts Requirement and, in the case of an Event of Noncompliance use reasonable best efforts to obtain sufficient liquidity to effect a refinancing and redemption of the Series A Preferred Stock. For the avoidance of doubt, if either (i) both a Redemption Failure and one or more Events of Noncompliance occur and are continuing or (ii) more than one Event of Noncompliance occur and are continuing, the Prevailing Dividend Rate shall only be increased, in the aggregate, by 2.00% per annum and an additional 1.00% each six months thereafter. If any shares of Series A Preferred Stock are not redeemed on a Redemption Date for any reason, all such unredeemed shares shall remain outstanding and entitled to all the rights and preferences provided herein.

SECTION 7 Limitation on Incurrence of Indebtedness.

(a) The Corporation will not, and will not permit any of its Subsidiaries to, Incur any Indebtedness or, with respect to the Subsidiaries, issue any Preferred Stock, except:

(i) Indebtedness under the Senior Credit Agreement, and Guarantees in respect of such Indebtedness, in a maximum aggregate principal amount at any time outstanding not exceeding $50.0 million, and any Refinancing Indebtedness in respect thereof not exceeding $50.0 million, provided that no modifications or amendments to the Senior Credit Agreement or any permitted Refinancing Indebtedness in respect thereof shall be made without the consent of the Holder Majority if such modification, amendment or permitted refinancing would be materially adverse to Holders;

(ii) letters of credit or bankers' acceptances issued or created under the Senior Credit Agreement in a maximum amount at any time outstanding of $7.5 million or any Refinancing Indebtedness in respect thereof, without duplication, in a maximum amount at any time outstanding of $7.5 million;

(iii) Indebtedness in respect of the Corporation's headquarters facility located at 4801 Montgomery Road, Norwood, Ohio 45212 (the "Headquarters Property"), in a maximum amount at any time outstanding of $25.0 million and any Refinancing Indebtedness in respect thereof in a maximum amount at any time outstanding of $25.0 million;

(iv) additional Indebtedness Incurred in respect of the sale and leaseback of the Headquarters Property, provided that the Indebtedness referred to in clause (3) of this Section 7(a) has been or is simultaneously repaid in full (and may not thereafter be incurred);

(v) Indebtedness that is non-recourse to the Corporation and the Subsidiaries, other than Paycor Headquarters, LLC, in a maximum amount at any time outstanding of $5.0 million;

(vi) Indebtedness evidenced by this Certificate of Designations with respect to the Series A Preferred Stock;

(vii) endorsement of instruments or other payment items for deposit in the ordinary course of business;

(viii) Indebtedness of the Corporation owing to and held by any wholly owned Subsidiary of the Corporation or Indebtedness of a wholly owned Subsidiary owing to and held by the Corporation or any other wholly owned Subsidiary; provided, however, that:

(A) any subsequent issuance or transfer of Equity Interests or any other event which results in any such Indebtedness being held by a Person other than the Corporation or a Subsidiary of the Corporation, and

(B) any sale or other transfer of any such Indebtedness to a Person other than the Corporation or a Subsidiary of the Corporation, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Corporation or such Subsidiary, as the case may be;

(ix) Indebtedness incurred in the ordinary course of business in respect of credit cards, credit card processing services, debit cards, stored value cards, commercial cards (including so-called “purchase cards,” “procurement cards” or “p-cards”);

(x) unsecured (other than any right of setoff in the applicable deposit account) Indebtedness incurred in respect of netting services, overdraft protection, and other like services, in each case, incurred in the ordinary course of business; and

(xi) Indebtedness Incurred by Subsidiaries of the Corporation, the aggregate principal amount of which does not exceed 0.30 times LTM Recurring Revenue at any one time outstanding.

(b) For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this Section 7:

(i) in the event that all or any portion of any item of Indebtedness meets the criteria of more than one of the types of Indebtedness described in Section 7(a), the Corporation, in its sole discretion, will classify, and may from time to time reclassify, such Indebtedness and only be required to include the amount and type of such Indebtedness in one of the sub-clauses of Section 7(a); provided that all indebtedness outstanding under the Senior Credit Agreement will be deemed to have been incurred in reliance on clause (1) only;

(ii) additionally, all or any portion of any item of Indebtedness may later be reclassified as having been Incurred pursuant to any type of Indebtedness described in the Section 7(a) so long as such Indebtedness is permitted to be Incurred pursuant to such provision and any related Liens are permitted to be Incurred at the time of reclassification; provided that all indebtedness outstanding under the Senior Credit Agreement will be deemed to have been incurred in reliance on clause (1) only; and

(iii) Indebtedness permitted by this Section 7 need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness; provided that all indebtedness outstanding under the Senior Credit Agreement will be deemed to have been incurred in reliance on clause (1) only.

SECTION 8 Limitation on Merger, Consolidation and Sales of Assets and Subsidiary Stock.

(a) The Corporation shall not, and shall not permit its Subsidiaries to, either directly or indirectly by amendment, merger, consolidation, allocation by division or otherwise, convey, sell, lease, assign, transfer or otherwise dispose of any property (including Equity Interests of Subsidiaries), except that the following (each, a "Permitted Disposition") shall be permitted:

(i) sales, abandonment, or other dispositions of any property or assets (other than accounts (as that term is defined in the Code), intellectual property, Equity Interests of the Corporation or its Subsidiaries, or material contracts or agreements) that, in the reasonable judgment of the Corporation, has become worn, damaged or obsolete or is no longer used or useful in the ordinary course of business, and leases or subleases of Real Property not useful in the conduct of the business of the Corporation and its Subsidiaries;

(ii) sales of inventory to buyers in the ordinary course of business;

(iii) the use or transfer of money or Cash Equivalents in a manner that is not prohibited by the terms of this Certificate of Designations;

(iv) the licensing, on a non-exclusive basis, of patents, trademarks, copyrights, and other intellectual property rights in the ordinary course of business;

(v) the sale or discount, in each case without recourse, of accounts receivable arising in the ordinary course of business, but only in connection with the compromise or collection thereof;

(vi) any involuntary loss, damage or destruction of property;

(vii) any involuntary condemnation, seizure or taking, by exercise of the power of eminent domain or otherwise, or confiscation or requisition of use of property;

(viii) the leasing or subleasing of assets of the Corporation or any of its Subsidiaries in the ordinary course of business;

(ix) the sale or issuance of Equity Interests (other than Disqualified Stock) of any of the wholly owned Subsidiaries to the Corporation or to any other wholly owned Subsidiary, subject to the terms set forth herein;

(x) (A) the lapse of registered patents, trademarks, copyrights and other intellectual property of the Corporation or any of its Subsidiaries that are, in the reasonable business judgment of the Corporation or such Subsidiary, no longer material to, or no longer used in, the business of the Corporation or such Subsidiary, or (B) the abandonment of patents, trademarks, copyrights, or other intellectual property rights in the ordinary course of business, so long as (in each case under clauses (A) and (B)), (i) with respect to copyrights, such copyrights are not material revenue generating copyrights and (ii) such lapse or abandonment is not materially adverse to the interests of the Holders or the Corporation and its Subsidiaries taken as a whole;

(xi) the making of Restricted Payments that are expressly permitted to be made pursuant to Section 9;

(xii) the making of Permitted Investments;

(xiii) transfers of assets to the Corporation or any of its wholly owned Subsidiaries;

(xiv) dispositions of property to the extent (A) such property is exchanged for credit against the purchase price of similar replacement property or (B) the proceeds of such disposition are promptly applied to the purchase price of such replacement property;

(xv) cancellations, terminations or surrenders of any lease;

(xvi) the termination or unwinding of any Hedge Agreement in accordance with its terms;

(xvii) dispositions by any Subsidiary of its own Equity Interests to qualify directors where required by applicable law and so long as any such disposition is in the ordinary course of complying with or otherwise satisfying applicable legal requirements and not materially adverse to the interests of the Holders;

(xviii) dispositions permitted by Section 8(c);

(xix) conversion of any wholly owned Subsidiary from a corporation to a limited liability company, so long as the surviving entity is a wholly owned Subsidiary of the Corporation; and

(xx) the consummation of sale-leaseback transactions with respect to the Headquarters Property.

(b) The Corporation will not consolidate with or merge with or into, or convey, transfer, allocate by division or lease all or substantially all its assets, in one transaction or a series of related transactions, to any Person.

(c) Notwithstanding anything in this Section 8 to the contrary, (i) any Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Corporation and (ii) any wholly owned Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other wholly owned Subsidiary.

(d) The foregoing clauses (b) and (c) shall not apply to the creation of a new wholly owned Subsidiary.

SECTION 9 Limitation on Restricted Payments.

The Corporation shall not and shall not permit any of its Subsidiaries to declare or make, directly or indirectly, any Restricted Payment, except:

(a) the Corporation and each wholly owned Subsidiary may make Restricted Payments to the Corporation and other wholly owned Subsidiaries of the Corporation

(b) the Corporation and each wholly owned Subsidiary of the Corporation may declare and make dividend payments or other Restricted Payments payable solely in the Equity Interests (other than Disqualified Stock not otherwise permitted by this Certificate of Designations) of such Person to the Corporation and other wholly owned Subsidiaries of the Corporation;

(c) Restricted Payments made (i) on the Issue Date to consummate the Transactions, (ii) in respect of working capital adjustments or purchase price adjustments pursuant to the Acquisition Agreement as in effect on the date hereof or any Permitted Investment, (iii) in order to satisfy indemnity and other similar obligations pursuant to the Acquisition Agreement as in effect on the date hereof or any Permitted Investment and (iv) to holders of Equity Interests of the Target (immediately prior to giving effect to the Transactions) in connection with, or as a result of, their exercise of appraisal rights and the settlement of any claims or actions (whether actual, contingent or potential) with respect thereto, in each case, with respect to the Transactions and pursuant to the terms of the Acquisition Agreement, and Restricted Payments consisting of an IPO Reorganization Transaction;

(d) the payment of up to an aggregate under clauses (i) and (ii) below collectively of $1.0 million in any fiscal year (with unused amounts in any fiscal year being carried over to succeeding fiscal years), of (i) indemnities and expenses to the Investors pursuant to the expenses recharge agreement among Target, Pride Aggregator, LP, a Delaware limited partnership, and Apax IX GP Co. Limited, in effect on the Issue Date (the "Management Agreement") (plus any indemnities and expenses accrued in any prior year) and (ii) indemnification and other similar amounts to the Investors and reimbursement of expenses of the Investors, in each case, approved by, or pursuant to arrangements approved by, a majority of the members of the Board and consistent with past practices and industry norms;

(e) the Corporation and each Subsidiary may (i) pay (or make Restricted Payments to allow Corporation or any Parent Entity to pay) for the repurchase, retirement or other acquisition or retirement for value of Equity Interests of such Subsidiary (or of the Corporation or any Parent Entity) held by any future, present or former manager, officer, director, consultant, advisor, service provider or employee (or any spouses, former spouses, successors, executors, administrators, heirs, legatees, transferees or distributees of any of the foregoing) of such Subsidiary (or the Corporation or any Parent Entity) or any of its Subsidiaries or (ii) make Restricted Payments in the form of distributions to allow Corporation or any Parent Entity to pay principal or interest on promissory notes that were issued to any future, present or former manager, officer, director, consultant or employee (or any spouses, former spouses, successors, executors, administrators, heirs, legatees, transferees or distributees of any of the foregoing) of such Subsidiary (or the Corporation or any Parent Entity) in lieu of cash payments for the repurchase, retirement or other acquisition or retirement for value of such Equity Interests held by such Persons, in each case, upon the death, disability, retirement or termination of employment of any such Person or pursuant to any employee, manager or director equity plan, employee, manager or director stock option plan or any other employee, manager or director benefit plan or any agreement (including any stock subscription or shareholder agreement) with any manager, officer, director, consultant, advisor, service provider or employee of such Subsidiary (or the Corporation or any Parent Entity) or any of its Subsidiaries; provided that the aggregate amount of Restricted Payments made pursuant to this Section 9(e) shall not exceed (y) $5.0 million per fiscal year (with unused amounts in any fiscal year being carried over to succeeding fiscal years); *plus* (z) an amount not to exceed the net proceeds of key man life insurance policies received by the Corporation or its Subsidiaries less the amount of Restricted Payments previously made with the cash proceeds of such key man life insurance policies; provided that cancellation of Indebtedness owing to the Corporation or any Subsidiary from members of management of the Corporation, any Parent Entity or Subsidiary in connection with a repurchase or redemption of Equity Interests of any Parent Entity will not be deemed to constitute a Restricted Payment for purposes of this Section 9 or any other provision of this Certificate of Designations; and, provided, further, that no payments, including Restricted Payments, or cancellation of Indebtedness otherwise permitted by this Section 9(e) shall be made in favor of any Direct Sponsor Affiliates;

(f) the Corporation may make Restricted Payments to any Parent Entity:

(i) the proceeds of which shall be used to pay (or make Restricted Payments to allow any Parent entity to pay) franchise and similar Taxes and other fees and expenses required to maintain its (or any Parent Entity's) corporate existence (including any costs or expenses associated with being a public company listed on a national securities exchange) in an amount not to exceed $5.0 million in the aggregate;

(ii) so long as the Corporation or any of its Subsidiaries is a member of a consolidated, combined, or unitary group of which a Parent Entity is the common parent for federal, state, and local income tax purposes (or is a disregarded entity whose regarded owner is a member of such consolidated combined or unitary tax group) that files a consolidated, combined, or unitary tax return, as applicable, the Corporation and its Subsidiaries may make cash distributions for a taxable period in amount necessary such that such Parent Entity may pay the Taxes imposed on it under applicable law with

respect to the consolidated, combined, or unitary taxable income allocable from the Corporation and its Subsidiaries (taking into account any deductions, losses or credits available to the Corporation and its Subsidiaries), provided that such amount shall be no greater than what the Corporation and its Subsidiaries would have paid for their federal, state, and local income taxes for such taxable period had no consolidated, combined, or unitary group filing been made; and

(iii) the proceeds of which shall be used to pay customary salary, bonus, severance and other benefits payable to officers and employees of the Corporation or any Parent Entity to the extent such salaries, bonuses and other benefits are attributable to the ownership or operation of the Corporation and the Subsidiaries in an amount not to exceed $1.0 million per calendar year;

(g) the Corporation or any of the Subsidiaries may pay cash in lieu of fractional shares of Equity Interests in connection with any dividend, split or combination thereof or any Permitted Investment;

(h) Restricted Payments in an amount not to exceed $5.0 million in the aggregate, so long as the Corporation has fully paid in cash 100% of the Dividends due on the shares of Series A Preferred Stock for the prior four consecutive fiscal quarters; and

(i) Restricted Payments to pay dividends in respect of the Series A Preferred Stock.

For the avoidance of doubt, any dividend or distribution otherwise permitted pursuant to this Section 9 may be in the form of a loan.

SECTION 10 Transactions with Affiliates.

The Corporation shall not and shall not permit any of its Subsidiaries to enter into any transaction or transactions of any kind with a value in the aggregate in excess of $250,000 per calendar year, with any Affiliate of the Corporation, whether or not in the ordinary course of business, other than:

(a) transactions solely among the Corporation and its wholly owned Subsidiaries;

(b) transactions between a Direct Sponsor Affiliate that is an operating portfolio company of Sponsor and the Corporation or a Subsidiary of the Corporation on terms (taken as a whole) substantially as favorable to the Corporation or such Subsidiary as would be obtainable by the Corporation or such Subsidiary at the time in a comparable arm's-length transaction with a Person other than an Affiliate;

(c) the provision of services comparable to those services provided by the Corporation or any of its Subsidiaries to unaffiliated third parties to the Sponsor or any of its Affiliates on terms (taken as a whole) substantially as favorable to the Corporation or such Subsidiary as would be obtainable by the Corporation or such Subsidiary at the time in a comparable arm's-length transaction with a Person other than an Affiliate; provided that the Corporation shall provide a copy of any agreement or instrument providing for the terms of such services to the Holder Majority prior to its effectiveness;

(d) the Transactions and the payment of fees and expenses (including Transaction Expenses) as part of or in connection with the Transactions;

(e) the issuance of Equity Interests of (x) the Corporation (or any Parent Entity) or (y) any Subsidiary constituting directors' qualifying shares or other shares required by applicable law, in each case, to any manager, officer, director, consultant or employee of the Corporation or any of its Subsidiaries; provided that in no event shall any such Equity Interests (i) be issued to any individual who is a Direct Sponsor Affiliate and/or (ii) have any material adverse impact on the Corporation, any Parent Entity or any Subsidiary;

(f) the payment to Sponsor of reasonable out-of-pocket expenses pursuant to the Management Agreement as in effect on the Issue Date as disclosed to the Holders on or before such date;

(g) loans and other transactions among the Corporation and its wholly owned Subsidiaries;

(h) so long as it has been approved by the Board or the applicable Subsidiary's board of directors (or comparable governing body) as required by and in accordance with applicable law, the payment of reasonable compensation, severance, or employee benefit arrangements to employees, officers, outside directors and consultants of the Corporation or such Subsidiary in the ordinary course of business other than to Direct Sponsor Affiliates;

(i) the payment of customary fees and reasonable out of pocket costs to, and indemnities provided on behalf of, directors, officers, employees and consultants of the Corporation and its wholly owned Subsidiaries (or any Parent Entity) other than to Direct Sponsor Affiliates (excluding customary director and officer indemnity and liability insurance) in the ordinary course of business to the extent attributable to the ownership or operation of the Corporation and its wholly owned Subsidiaries;

(j) transactions pursuant to agreements, instruments or arrangements in existence on the Closing Date in an amount not to exceed $250,000, other than any such agreements, instruments, arrangements or amendments thereto with Sponsor, and any amendment thereto to the extent such an amendment is not adverse to the holders of Series A Preferred Stock in any material respect; and

(k) payments by the Corporation or any of its Subsidiaries pursuant to any tax sharing agreements with any Parent Entity to the extent attributable to the ownership or operation of the Corporation and its Subsidiaries, but only to the extent permitted by Section 9(f)(ii).

SECTION 11 Limitation on Restrictions on Distributions from Subsidiaries.

(a) The Corporation shall not, and shall not permit any Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Subsidiary to:

(i) pay dividends or make any other distributions in cash or otherwise on its Equity Interests or pay any Indebtedness or other obligations owed to the Corporation or any Subsidiary;

(ii) make any loans or advances to the Corporation or any Subsidiary; or

(iii) sell, lease or transfer any of its property or assets to the Corporation or any Subsidiary;

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Corporation or any Subsidiary to other Indebtedness Incurred by the Corporation or any Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

(b) The provisions of clause (a) of this Section 11 will not prohibit the following, in each case to the extent that they do not limit or restrict the rights of the Holders under this Certificate of Designations (other than solely as a result of provisions similar to Section 8.12 or Section 6.4 of the Senior Credit Agreement in connection with the repayment of the underlying obligations).

(i) any encumbrance or restriction pursuant to (a) any Credit Facility or (b) any other agreement or instrument, in each case, in effect at or entered into on the Issue Date;

(ii) any encumbrance or restriction pursuant to the Series A Preferred Stock or this Certificate of Designations;

(iii) any encumbrance or restriction pursuant to applicable law, rule, regulation or order;

(iv) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Equity Interests or Indebtedness of a Person (in each case, which applies only to such Person), entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Corporation or any Subsidiary, or was designated as a Subsidiary or on which such agreement or instrument is assumed by the Corporation or any Subsidiary in connection with an acquisition of assets (other than Equity Interests or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Subsidiary or was acquired by the Corporation or was merged, consolidated or otherwise combined with or into the Corporation or any Subsidiary or entered into in contemplation of or in connection with such transaction) and outstanding on such date; provided that, for the purposes of this clause, if another Person is the Successor Corporation, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Corporation or any Subsidiary when such Person becomes the Successor Corporation;

(v) any encumbrance or restriction:

(A) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract or agreement, or the assignment or transfer of any lease, license or other contract or agreement;

(B) contained in mortgages, pledges, charges or other security agreements or securing Indebtedness of the Corporation or a Subsidiary permitted under this Certificate of Designations to the extent such encumbrances or restrictions restrict the transfer or encumbrance of the property or assets subject to such mortgages, pledges, charges or other security agreements; or or

(C) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Corporation or any Subsidiary;

(vi) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under this Certificate of Designations, in each case, that impose encumbrances or restrictions on the property so acquired;

(vii) any encumbrance or restriction imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Equity Interests or assets of the Corporation or any Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition; provided that such restriction applies only to the assets or Equity Interests subject to such sale or disposition; provided, further, that any such action pursuant to this Section 11(b)(vii) shall otherwise comply with the provisions of this Certificate of Designations;

(viii) customary provisions in leases, licenses, shareholder agreements, joint venture agreements and other similar agreements, organizational documents and instruments restricting the transfer of such leases, license or Equity Interests subject thereto;

(ix) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;

(x) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business or consistent with past practice;

(xi) any encumbrance or restriction pursuant to Hedging Obligations;

(xii) other Indebtedness, Disqualified Stock or Preferred Stock of Foreign Subsidiaries permitted to be Incurred or issued subsequent to the Issue Date pursuant to the provisions of Section 11 that impose restrictions solely on the Foreign Subsidiaries party thereto or their Subsidiaries;

(xiii) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under Section 7 if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than (i) the encumbrances and restrictions contained in the Senior Credit Agreement in effect on the Issue Date, together with the security documents associated therewith, each as in effect on the Issue Date or (ii) in comparable financings (as determined in good faith by the Corporation) and where, in the case of clause (ii), either (a) the Corporation determines at the time of entry into such agreement or instrument that such encumbrances or restrictions will not adversely affect, in any material respect, the Corporation's ability to make principal or interest payments on the Notes or (b) such encumbrance or restriction applies only during the continuance of a default relating to such agreement or instrument solely as permitted in the Senior Credit Agreement on the Issue Date;

(xiv) any encumbrance or restriction existing by reason of any lien permitted under Section 11; or

(xv) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clauses (i) to (xiv) of this Section 11(b) or this clause (an "Initial Agreement") or contained in any amendment, supplement or other modification to an agreement referred to in clauses (i) to (xiv) of this Section 11(b) or this clause (xv); provided, however, that the encumbrances and restrictions with respect to such Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Corporation).

(c) Notwithstanding any provision of this Certificate of Designations to the contrary, the Corporation shall not, and shall cause its Subsidiaries not to, directly or indirectly, enter into any agreement, arrangement, understanding or instrument that would restrict the Corporation from effecting a Mandatory Redemption pursuant to Section 6 or any other payment permitted hereunder, including submitting payment to the Holders in connection therewith; provided that in no event shall this clause (c) prohibit the Senior Credit Agreement or any Refinancing Indebtedness in respect thereof with the same redemption and default terms as those in the Senior Credit Agreement; provided, further, that this clause (c) shall not prohibit any agreement, arrangement, understanding or instrument solely because it contains a customary change of control provision that would require repayment of such arrangement upon the consummation of such change of control.

SECTION 12 Layering and Holding Company Passivity.

(a) The Corporation shall (x) directly own 100% of Holdings and (y) indirectly own 100% of its other Subsidiaries, except for, solely with respect to clause (y), the following:

(i) Permitted Investments;

(ii) sales of Equity Interests in Subsidiaries of the Corporation otherwise permitted pursuant to Section 8; and

(iii) maintenance of the percentage ownership in Paycor Headquarters, LLC that it held as of the Issue Date.

(b) The Corporation shall not issue Parity Stock or Senior Stock, and shall not permit its Subsidiaries to issue Preferred Stock, without consent of the Holder Majority.

(c) Each of the Corporation and Holdings shall not own or acquire any assets (other than Equity Interests of its respective Subsidiaries, cash and Cash Equivalents) or engage in any business or activity other than:

(i) the ownership of all the outstanding Equity Interests of its respective Subsidiaries and activities incidental thereto;

(ii) the maintenance of its corporate existence and activities incidental thereto, including general and corporate overhead;

(iii) the issuance of Junior Stock or Equity Securities of the Subsidiaries of the Corporation to the extent expressly permitted by this Certificate of Designations;

(iv) the receipt and making of Restricted Payments and other transactions between the Corporation, Holdings and any of their Subsidiaries expressly permitted by this Certificate of Designations;

(v) with respect to Holdings, compliance with its obligations under the Senior Credit Agreement and any Refinancing Indebtedness with respect thereto;

(vi) incurring liabilities, Indebtedness or Guarantee obligations in respect of Indebtedness, in each case, to the extent expressly permitted by this Certificate of Designations; and

(vii) activities incidental to legal, tax and accounting matters in connection with any of the foregoing activities.

SECTION 13 Reports.

(a) Notwithstanding that the Corporation may not be subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise report on an annual and quarterly basis on forms provided for such annual and quarterly reporting pursuant to rules and regulations promulgated by the U.S. Securities and Exchange Commission (the "SEC"), from and after the Issue Date, the Corporation shall furnish to the Holders, within 15 days after the time periods specified below:

(i) Annual Financial Statements. Within 90 days (or 120 days in the case of the fiscal year containing the Issue Date) after the end of each fiscal year, all financial information that would be required to be contained in an annual report on Form 10-K, or any successor or comparable form, filed with the SEC, including a report on the annual financial statements by the Corporation's independent registered public accounting firm and year end bookings and retention;

(ii) Quarterly Financial Statements. Within 30 days after the end of each of each fiscal quarter, all financial information that would be required to be contained in a quarterly report on Form 10-Q, or any successor or comparable form, filed with the SEC, including financial statements prepared in accordance with GAAP and quarterly bookings and retention;

in each case, in a manner that complies in all material respects with the requirements specified in such form, except as described above or below; provided, however, that the Corporation shall not be required to (i) comply with Regulation G under the Exchange Act or Item 10(e) of Regulation S-K with respect to any "non-GAAP" financial information contained therein, (ii) provide separate financial statements or other information contemplated by Rules 3-09, 3-10 or 3-16 of Regulation S-X promulgated by the SEC ("Regulation S-X"), or in each case any successor provisions or any schedules required by Regulation S-X, (iii) comply with Sections 302, 906 and 404 of the Sarbanes-Oxley Act of 2002, as amended, or (iv) otherwise furnish any information, certificates or reports required by Items 307, 308 or 402 of Regulation S-K.

(b) The Corporation shall furnish to the Holders, within 60 days following the beginning of each fiscal year, an annual budget in the form customarily prepared by the Corporation.

(c) The Corporation shall make available such information and such reports required by clauses (a) and (b) (as well as the details regarding the conference call described below) to any holder of Series A Preferred Stock by posting such information on its website, on Intralinks or any comparable password-protected online data system which shall require a customary confidentiality acknowledgment, and shall make such information readily available to any Holder who agrees to treat such information as confidential or accesses such information on Intralinks or any comparable password-protected online data system which shall require a customary confidentiality acknowledgment; provided that the Corporation shall post such information thereon and make readily available any password or other login information to any such Holder; provided, further, that any such Holder shall agree to (i) treat all such reports (and the information contained therein) and information as confidential, (ii) not use such reports and the information contained therein for any purpose other than their investment in the Series A Preferred Stock and (iii) not publicly disclose any such reports (and the information contained therein).

(d) The Corporation shall hold annual conference calls to which the Holders shall have participatory access to discuss such financial information (including a customary Q&A session) no later than 15 Business Days after distribution of such financial information.

(e) The financial statements, annual investor calls, budgets, letters, reports and officers' certificates of the Borrowers provided in accordance with the Credit Agreement shall be sufficient to satisfy the requirements of clauses (a), (b) and (d) of this Section 13 provided that the Corporation is in compliance with Section 12(c).

(f) The Corporation will cause its Subsidiaries to have a fiscal year that is the same as the Corporation and will maintain a system of accounting that enables the Corporation and its Subsidiaries to produce financial statements in accordance with GAAP.

(g) The Corporation shall be deemed to have furnished the reports referred to in Section 13(a) if the Corporation, the Borrower or the applicable Parent Entity has filed reports containing such information with the SEC.

(h) In addition to the information to be provided pursuant to this Section 13, the Corporation shall reasonably promptly provide any customary and market information reasonably requested by the Holder Majority from time to time concerning the Corporation or its Subsidiaries;

(i) The Corporation shall, and shall cause each Subsidiary to, permit officers and designated representatives of the Holders to visit and inspect any of the properties or assets of the Corporation and any such Subsidiary in whomsoever's possession to the extent that it is within such party's control to permit such inspection (and shall use commercially reasonable efforts to cause such inspection to be permitted to the extent that it is not within such party's control to permit such inspection), and to examine the books and records of the Corporation and any such Subsidiary and discuss the affairs, finances and accounts of the Corporation and of any such Subsidiary with, and be advised as to the same by, its and their officers and independent accountants, all at such reasonable times and intervals and to such reasonable extent as the Holders may request (and subject, in the case of any such meetings or advice from such independent accountants, to such accountants' customary policies and procedures); provided that, excluding any such visits and inspections during the continuation of an Event of Noncompliance, (i) only the Holder Majority (as defined below) may exercise the rights under this Section 13(i), and (ii) the Holder Majority shall not exercise such rights more than one time in any calendar year, which such visit will be at the Corporation's expense; provided, further, that when an Event of Noncompliance exists, the Holder Majority (or any of its representatives or independent contractors) may do any of the foregoing at the expense of the Corporation at any time during normal business hours and upon reasonable advance notice. The Holder Majority shall give the Corporation the opportunity to participate in any discussions with the Corporation's independent public accountants.

SECTION 14 Compliance Certificate.

(a) The Corporation shall deliver to the Holders, in the manner described in Section 13(c), within 120 days after the end of each fiscal year of the Corporation an officer's certificate, the signer of which shall be the principal executive officer, principal financial officer or principal accounting officer of the Corporation, stating that in the course of the performance by the signer of his or her duties as an officer of the Corporation he or she would normally have knowledge of any Event of Noncompliance and whether or not the signer knows of any Event of

Noncompliance that occurred during the previous fiscal year; provided that no such officer's certificate shall be required for any fiscal year ended prior to the Issue Date. If such officer does have such knowledge, the certificate shall describe the Event of Noncompliance, its status and the action the Corporation is taking or proposes to take with respect thereto.

SECTION 15 Financial Covenant.

On and after the third anniversary of the Issue Date, the Corporation and its Subsidiaries shall not have LTM Recurring Revenue less than $250.0 million or Consolidated EBITDA of less than $10.0 million, in each case, which shall be tested on a trailing four quarter basis as of the last day of each fiscal quarter of the Corporation.

SECTION 16 Affirmative Covenants.

(a) Maintenance of Properties. The Corporation shall, and shall cause each of its Subsidiaries to, maintain and preserve all of its assets that are necessary in the proper conduct of its business in good working order and condition, ordinary wear, tear, casualty, and condemnation and asset sales permitted by Section 8 excepted (and except where the failure to so maintain and preserve assets could not reasonably be expected to result in a Material Adverse Effect).

(b) Insurance. The Corporation shall, and shall cause each of its Subsidiaries to, at the Corporation's expense, maintain insurance respecting each of the Corporation's and each of its Subsidiaries' assets wherever located, covering liabilities, losses or damages as are customarily insured against by other Persons engaged in the same or similar businesses and similarly situated and located; provided, for the avoidance of doubt, that this Section 16(b) does not require maintenance of flood insurance except to the extent permitted by applicable law. All such policies of insurance shall be with financially sound and reputable insurance companies and in such amounts as is carried generally in accordance with sound business practice by companies in similar businesses similarly situated and located. The Corporation shall give the Holders prompt notice of any loss exceeding $500,000.00 covered by their or their Subsidiaries' casualty or business interruption insurance.

(c) Existence. Except as otherwise permitted under Section 8, the Corporation shall, and shall cause each of its Subsidiaries to, at all times preserve, maintain and keep in full force and effect such Person's valid existence and good standing in its jurisdiction of organization and, except as could not reasonably be expected to result in a Material Adverse Effect, good standing with respect to all other jurisdictions in which it is qualified to do business and any rights, franchises, permits, licenses, accreditations, authorizations, or other approvals material to its business.

(d) Taxes. The Corporation shall, and shall cause each of its Subsidiaries to, pay in full before delinquency or before the expiration of any extension period all material Taxes imposed, levied, or assessed against it, or any of its assets or in respect of any of its income, businesses, or franchises, except where the failure to timely pay such Taxes is being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP.

(e) Compliance with Laws. The Corporation shall, and shall cause each of its Subsidiaries to, comply with the requirements of all applicable laws, rules, regulations, and orders of any Governmental Authority, other than laws, rules, regulations, and orders the non-compliance with which, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(f) OFAC; Sanctions; Anti-Corruption Laws; Anti-Money Laundering Laws. The Corporation shall, and shall cause each of its Subsidiaries to comply with all applicable Sanctions, Anti-Corruption Laws and Anti-Money Laundering Laws. The Corporation and each of its Subsidiaries shall implement and maintain in effect policies and procedures designed to ensure compliance by the Corporation and its Subsidiaries and their respective directors, officers, employees, agents and Affiliates with all Sanctions, Anti-Corruption Laws and Anti-Money Laundering Laws.

(g) Environmental. The Corporation shall, and shall cause each of its Subsidiaries to,

(i) keep any property either owned or operated by the Corporation or any of its Subsidiaries free of any Environmental Liens or post bonds or other financial assurances sufficient to satisfy the obligations or liability evidenced by such Environmental Liens except to the extent that any such Environmental Liens, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect; and

(ii) comply, in all respects, with Environmental Laws, except to the extent that any such non-compliance, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, and provide to the Holders documentation of such compliance which the Holder Majority reasonably requests.

(iii) promptly notify the Holders of any release of which the Corporation or any of its Subsidiaries has Knowledge of a Hazardous Material in any reportable quantity from or onto property owned or operated by the Corporation or any of its Subsidiaries, which release would reasonably be expected to have a Material Adverse Effect, and take any Remedial Actions required to abate such release or otherwise to come into compliance, in all material respects, with applicable Environmental Law; and

(iv) promptly, but in any event within five (5) Business Days of its receipt thereof, provide the Holders with written notice of any of the following: (A) an Environmental Lien has been filed against any of the real or personal property of the Corporation or its Subsidiaries, (B) commencement of any Environmental Action or written notice that an Environmental Action will be filed against the Corporation or its Subsidiaries, and (C) a violation, citation, or other administrative order from a Governmental Authority , in each case of (A), (B) and (C), that would reasonably be expected to result in a Material Adverse Effect.

(h) Certain Notices. The Corporation shall promptly, but in any event within two (2) Business Days upon becoming aware of such matter, notify each Holder of any of the following: (i) commencement of any material litigation or legal proceeding against or governmental investigation or inquiry of the Corporation; (ii) any Event of Non-Compliance; or (iii) the issuance by the Corporation or its Subsidiaries of additional Indebtedness in excess of $25.0 million in the aggregate (but in any event, not to include amounts drawn under any revolving Credit Facility).

(i) Nature of Business. Without the prior consent of the Holder Majority, the Corporation and its Subsidiaries will only engage only in material lines of business substantially similar to those lines of business conducted by the Corporation and its Subsidiaries (after giving effect to the Transactions) on the Issue Date or any business reasonably related, complementary or ancillary thereto.

SECTION 17 Notices.

Any and all notices or other communications or deliveries hereunder shall be in writing and shall be deemed given and effective on the earliest of (a) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number or via email at the email address specified in this Section 17 prior to or at the Close of Business on a Business Day and, with respect to facsimile transmissions, electronic confirmation of receipt is received by the sender, (b) the next Business Day after the date of transmission, if such notice or communication is delivered via facsimile or email at the facsimile number or email address specified in this Section 17 on a day that is not a Business Day or later than the Close of Business on any Business Day, (c) the Business Day following the date of mailing, if sent by nationally recognized overnight courier service, or (d) if otherwise, upon actual receipt by the party to whom such notice is required to be given. The addresses for such communications shall be: (i) if to the Corporation, c/o Apax Partners, L.P., 601 Lexington Avenue, 53rd Floor, New York, New York 10022, Telephone: (212) 753-6300, Email: jason.wright@apax.com, Attention: Jason Wright, with a copy to Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Telephone: (212) 446-4800, Facsimile: (212) 446-4900, Email: leo.greenberg@kirkland.com; joshua.korff@kirkland.com; and david.curtiss@kirkland.com, Attention: Leo M. Greenberg, P.C.; Joshua N. Korff, P.C.; and David A. Curtiss, or (ii) if to a Holder, to the address, email address or facsimile number at which such Holder has consented to receive notice appearing on the Corporation's stock ledger or such other address, email address or facsimile number as such Holder may provide to the Corporation in accordance with this Section 17 (the provision of such substitute address, email address or facsimile number to the Corporation to be deemed to constitute the consent of such Holder to receive notice at such address, email address or facsimile number).

SECTION 18 Certain Definitions and Terms Generally.

(a) As used in this Certificate of Designations, the following terms shall have the following meanings, unless the context otherwise requires:

"Acquisition Agreement" shall mean that certain Agreement and Plan of Merger, dated as of September 7, 2018, by and among Holdings, Pride Merger Subsidiary, Inc., Pride Aggregator, LP, Target and Shareholder Representative Services, LLC, as representative of Target's equityholders.

"Adjusted LIBOR" shall mean, with respect to any Dividend Payment Period, (i) the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for U.S. Dollar deposits and for a three month interest period ("ICE LIBOR"), as published on the applicable Bloomberg screen page (or such other commercially available source providing quotations of ICE LIBOR as may be chosen by the Corporation from time to time in consultation with the Holders) at approximately 11:00 a.m., New York City time, two Business Days prior to the commencement of such Dividend Payment Period, or (ii) if such rate described in clause (i) of this definition is not available, the rate of interest (rounded upwards, if necessary, to the nearest 1/100th) appearing in the money markets section of the Wall Street Journal (or any successor or substitute page of such service, or any successor to such service as determined by the Corporation) as the London interbank offered rate for deposits in U.S. dollars for a term of three months on the applicable determination date; provided that, notwithstanding anything to the contrary, in no event shall Adjusted LIBOR be less than 1.00% per annum.

"Affiliate" shall mean, as to any Person, any other Person that, directly or indirectly, controls, or is controlled by, or is under common control with, such Person; provided, however, (i) that the Corporation and its Subsidiaries shall not be deemed to be Affiliates of any Investor or any of its Affiliates and (ii) portfolio companies in which any Investor or any of its Affiliates has an investment (whether as debt or equity) shall not be deemed an Affiliate of such Investor. For this purpose, "control" (including, with its correlative meanings, "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of a Person, whether through the ownership of securities or partnership or other ownership interests, by contract or otherwise.

"AGA" shall mean Apax Global Alpha Limited, a closed-ended investment company.

"Board" shall have the meaning ascribed to it in the recitals; provided that any action specified to be taken by the Board may be taken by an authorized committee thereof to the extent permitted under Delaware law.

"Board of Governors" means the Board of Governors of the Federal Reserve System of the United States (or any successor).

"Borrowers" shall mean Target, Pride Merger Subsidiary, Inc. and each of the Subsidiaries party to the Senior Credit Agreement as borrowers.

"Business Day" shall mean any day excluding Saturday, Sunday and any other day on which banking institutions in New York City are authorized by law or other governmental actions to close, and, if such day relates to any dividend rate settings as to Adjusted Eurodollar Rate, such day shall be a day on which dealings in deposits in dollars are conducted by and between banks in the applicable London interbank market.

"Capitalized Lease Obligation" shall mean an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of GAAP. The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined on the basis of GAAP, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"Cash Equivalents" shall mean (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one (1) year from the date of acquisition thereof, (b) marketable direct obligations issued or fully guaranteed by any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing within one (1) year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either S&P or Moody's, (c) commercial paper maturing no more than 270 days from the date of creation thereof and, at the time of acquisition, having a rating of at least A-1 from S&P or at least P-1 from Moody's, (d) certificates of deposit, time deposits, overnight bank deposits or bankers' acceptances maturing within one (1) year from the date of acquisition thereof issued by any bank organized under the laws of the United States or any state thereof or the District of Columbia or any United States branch of a foreign bank having at the date of acquisition thereof combined capital and surplus of not less than $500,000,000, (e) Deposit Accounts maintained with (i) any bank that satisfies the criteria described in clause (d) above, or (ii) any other bank organized under the laws of the United States or any state thereof so long as the full amount maintained with any such other bank is insured by the Federal Deposit Insurance Corporation, (f) repurchase obligations of any commercial bank satisfying the requirements of clause (d) of this definition or recognized securities dealer having combined capital and surplus of not less than $500,000,000, having a term of not more than seven days, with respect to securities satisfying the criteria in clauses (a) or (d) above, (g) debt securities with maturities of six months or less from the date of acquisition backed by standby letters of credit issued by any commercial bank satisfying the criteria described in clause (d) above, and (h) Investments in money market funds substantially all of whose assets are invested in the types of assets described in clauses (a) through (g) above.

"Certificate of Designations" shall mean this Certificate of Designations relating to the Series A Preferred Stock, as it may be amended from time to time.

"Change of Control" shall mean (a) any person or group (other than any of the Initial Investors and their respective Affiliates) comes to beneficially own, directly or indirectly, equity securities representing at least 50% of the aggregate voting power represented by the issued and outstanding equity securities of the Corporation (or any successor thereto), by way of merger, consolidation or other business combination or purchase of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision) or (b) the direct or indirect sale, lease, exchange, exclusive license, transfer or other disposition, in one or a series of related transactions, of all or substantially all of the assets of the Corporation or its Subsidiaries, including by way of a merger, consolidation or other business combination, including one in which the Corporation is not the surviving entity.

"Close of Business" shall mean 5:00 p.m., New York City time, on any Business Day.

"Contingent Obligations" shall mean with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("primary obligations") of any other Person (the "primary obligor"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

(i) for the purchase or payment of any such primary obligation; or

(ii) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"Corporation" shall have the meaning ascribed to it in the recitals.

"Credit Facility" shall mean the Senior Credit Agreement in effect on the Issue Date or any refinancing thereof subject to Section 7(a)(i).

"Direct Sponsor Affiliate" shall mean any Person affiliated with Sponsor or its Affiliates (other than solely on account of such Person's employment by the Corporation or its Subsidiaries or other operating portfolio companies of Sponsor and its Affiliates). For clarity, any Person who has an employment, consulting or other similar arrangement with Sponsor or its Affiliates (other than solely on account of such Person's employment by the Corporation or its Subsidiaries or other operating portfolio companies of Sponsor and its Affiliates) shall be a Direct Sponsor Affiliate.

"Disqualified Stock" shall mean with respect to any Person, any Equity Interests of such Person which by their terms (or by the terms of any security into which they are convertible or for which they are exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness or Equity Interests that are Disqualified Stock pursuant to a sinking fund obligation or otherwise;

(2) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Indebtedness or Equity Interests that would constitute Disqualified Stock at the option of the holder of the Equity Interests in whole or in part; or

(3) provides for the scheduled or mandatory payments of dividends in cash,

in each case on or prior to date that is 180 days after the earlier of (a) the sixth anniversary of the Issue Date or (b) the date on which there are no shares of Series A Preferred Stock outstanding; provided that if such Equity Interests are issued to any plan for the benefit of employees of the Corporation or its wholly owned Subsidiaries or by any such plan to such employees, such Equity Interests shall not constitute Disqualified Stock solely because they may be required to be repurchased by the Corporation or its wholly owned Subsidiaries in order to satisfy applicable statutory or regulatory obligations.

"Dividend" shall have the meaning ascribed to it in Section 3(a).

"Dividend Payment Date" shall have the meaning ascribed to it in Section 3(b).

"Dividend Payment Period" shall have the meaning ascribed to it in Section 3(b).

"Dollars" or "$" shall mean the lawful currency of the United States of America.

"Event of Noncompliance" means any of the following events:

(1) default in the payment when due (a) pursuant to Section 6 or (b) of any cash dividends or cash distribution pursuant to Section 3(c) (a "Redemption or Dividend Failure") (for the avoidance of doubt, such a default includes a failure to make any such payment when otherwise due whether due to the lack of surplus therefor or any other reason);

(2) failure for 10 days after notice by the Holder Majority to comply with provisions of the Corporation's certificate of incorporation applicable to the Series A Preferred Stock (including this Certificate of Designations) or any other material breach of the Corporation's certificate of incorporation (including this Certificate of Designations) (other than those described (i) in clauses (1) or (3) through (6) of this definition of "Event of Noncompliance," (ii) Section 5 and/or (iii) Sections 7, 8, 9, 10, 11, 12 and 15 with respect to which such cure period shall not apply);

(3) the occurrence of an acceleration or a payment default at maturity of the Indebtedness in excess of $10.0 million ("Material Debt") of the Corporation or its Subsidiaries (a "Payment Failure");

(4) the occurrence of an event of default under any Material Debt of the Corporation or its Subsidiaries (a "Material Debt Failure");

(5) failure to pay final judgments in excess of $10.0 million when due by the Corporation or its Subsidiaries (a "Judgment Failure"); or

(6) bankruptcy or insolvency with respect to the Corporation or any Subsidiary or group of Subsidiaries that would constitute a Material Subsidiary (as such term is defined in the Senior Credit Agreement as in effect on the Issue Date) (a "Bankruptcy Event").

"Foreign Subsidiary" shall mean with respect to any Person, any Subsidiary of such Person that is not organized or existing under the laws of the United States or any state thereof, the District of Columbia, and any Subsidiary of such Subsidiary.

"GAAP" shall mean, other than as specifically provided in the definition of Recurring Revenue, generally accepted accounting principles in the United States of America as in effect on the date of any calculation or determination required hereunder, consistently applied.

"Golub" shall mean, collectively: (i) Golub Capital CP Funding LLC, (ii) Golub Capital BDC Holdings LLC, (iii) GBDC 3 Holdings LLC, and (iv) GCIC Holdings LLC.

"Governmental Authority" shall mean the government of any nation or any political subdivision thereof, whether at the national, state, territorial, provincial, municipal or any other level, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of, or pertaining to, government (including any supra-national bodies such as the European Union or the European Central Bank).

"Guarantee" means as to any Person, without duplication, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other monetary obligation payable or performable by another Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other monetary obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other monetary obligation of the payment or performance of such Indebtedness or other monetary obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other monetary obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other monetary obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other monetary obligation of any other Person, whether or not such Indebtedness or other monetary obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien);provided that the term "Guarantee" shall not include endorsements for collection or deposit, in either case in the ordinary course of business; provided, further, that the amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term "Guarantee" as a verb has a corresponding meaning.

"Hedging Obligations" shall mean with respect to any Person, the obligations of such person under any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, commodity swap agreement, commodity cap agreement, commodity collar agreement, foreign exchange contracts, currency swap agreement or similar agreement providing for the transfer or mitigation of interest rate, commodity price or currency risks either generally or under specific contingencies.

"Holder" shall mean, as of any date of determination, any Person in whose name shares of the Series A Preferred Stock are registered in the Corporation's stock ledger as of such date, which Person shall be treated by the Corporation and Transfer Agent (and any other similar agent) as the absolute owner of the shares of Series A Preferred Stock for the purpose of making payment, exercising and receiving the benefits of the designations, powers, preferences and other rights of the Series A Preferred Stock and for all other purposes.

"Holdings" shall mean Pride Guarantor, Inc., a Delaware corporation.

"Incur" shall mean issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for; provided, however, that any Indebtedness or Equity Interests of a Person existing at the time such Person becomes a Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Subsidiary at the time it becomes a Subsidiary and the terms "Incurred" and "Incurrence" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "Incurred" at the time any funds are borrowed thereunder.

"Indebtedness" shall mean, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have not been reimbursed);

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables or similar obligation to a trade creditor in the ordinary course and repayable in accordance with customary practices and, for the avoidance of doubt, other than royalty payments payable in the ordinary course of business in respect of non-exclusive licenses), which purchase price is due after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) any Disqualified Stock or, with respect to any Subsidiary, any Preferred Stock;

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided, however, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Corporation) and (b) the amount of such Indebtedness of such other Persons;

(8) to the extent not otherwise included in this definition, net obligations of such Person under Hedging Obligations (the amount of any such obligations to be equal at any time to the net payments under such agreement or arrangement giving rise to such obligation that would be payable by such Person at the termination of such agreement or arrangement); and

(9) any obligation of such Person Guaranteeing or intended to Guarantee (whether directly or indirectly Guaranteed, endorsed, co-made, discounted, or sold with recourse) any obligation of any other Person that constitutes Indebtedness under any of clauses (1) through (8) above

with respect to clauses (1), (2), (4) and (5) above, if and to the extent that any of the foregoing Indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with GAAP; provided that Indebtedness of any Parent Entity appearing upon the balance sheet of the Corporation solely by reason of push-down accounting under GAAP shall be excluded.

"Independent Financial Advisor" shall mean an accounting, appraisal, investment banking firm or consultant to Persons engaged in Similar Businesses of nationally recognized standing; provided, however, that such firm or appraiser is not an Affiliate of the Corporation.

"Initial Investors" shall mean T2C Holdings I, LLC and T2C Holdings II, LLC and the Non-Voting Investors.

"Initial Liquidation Preference" shall have the meaning ascribed to it in Section 3(a).

"Insolvency Proceeding" shall mean any proceeding commenced by or against any Person under any provision of title 11 of the United States Code, as in effect from time to time, or under any other state or federal bankruptcy or insolvency law, assignments for the benefit of creditors, formal or informal moratoria, compositions, extensions generally with creditors, or proceedings seeking reorganization, arrangement, or other similar relief.

"Investment" shall mean with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of advances, loans or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business or consistent with past practice, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Equity Interests, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet prepared on the basis of GAAP; provided, however, that endorsements of negotiable instruments and documents in the ordinary course of business or consistent with past practice will not be deemed to be an Investment. If the Corporation or any Subsidiary issues, sells or otherwise disposes of any Equity Interests of a Person that is a Subsidiary such that, after giving effect thereto, such Person is no longer a Subsidiary, any Investment by the Corporation or any Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment made at such time.

"Investment Agreement" shall mean that certain Investment Agreement between the Corporation and the Initial Investors dated as of November 2, 2018, as it may be amended, supplemented or otherwise modified from time to time, with respect to certain terms and conditions concerning, among other things, the rights of and restrictions on the Holders.

"Investors" shall mean the Initial Investors and each permitted transferee of the Investors to whom shares of Series A Preferred Stock are transferred pursuant to Section 5.02 of the Investment Agreement.

"Intercompany Advances" shall mean loans made by (a) the Corporation to a wholly owned Subsidiary of the Corporation, (b) a wholly owned Subsidiary of the Corporation to another wholly owned Subsidiary of Corporation, or (c) a wholly owned Subsidiary of the Corporation to the Corporation.

"IPO Reorganization Transaction" shall mean transactions among the Corporation and its Subsidiaries taken in connection with and reasonably related to consummating an underwritten public offering of the Equity Interests of the Corporation or any Parent Entity.

"Issue Date" shall mean November 2, 2018.

"Junior Stock" shall have the meaning ascribed to it in Section 2.

"Lien" shall mean any mortgage, deed of trust, pledge, hypothecation, assignment, charge, deposit arrangement, encumbrance, easement, lien (statutory or other), security interest, or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever, including any conditional sale contract or other title retention agreement, the interest of a lessor under a capital lease and any synthetic or other financing lease having substantially the same economic effect as any of the foregoing.

"Liquidation" shall have the meaning ascribed to it in Section 4(a).

"Liquidation Preference" shall have the meaning ascribed to it in Section 3(a).

"LTM Recurring Revenue" shall mean, as of any date of determination, Recurring Revenue of the Corporation and its Subsidiaries determined on a consolidated basis in accordance with GAAP, for the 12 month period most recently ended. For the purposes of calculating LTM Recurring Revenue for any period, if at any time during such period (and after the Issue Date), the Corporation or any of its Subsidiaries shall have made an acquisition that constitutes a Permitted Investment, or shall have consummated a Permitted Disposition described in Section 8(a)(20), LTM Recurring Revenue for such period shall be calculated after giving *pro forma* effect thereto.

"Mandatory Redemption Event" shall mean (a) at the option of the Holder Majority, upon (i) the occurrence of a Change of Control, (ii) an initial public offering (or direct listing) of the Corporation or any of its Subsidiaries or any entity of which the Corporation is a subsidiary, or (iii) at least 90 days' prior notice by the Holder Majority, on or at any time after the sixth anniversary of the Issue Date, (b) at the option of the Holder Majority, the occurrence of a Trigger Event, (c) the Corporation's liquidation, winding up or dissolution, and/or (d) a filing for bankruptcy or other Insolvency Proceeding of the Corporation.

"Margin Stock" has the meaning specified therefor in Regulation U of the Board of Governors as in effect from time to time.

"Moody's" shall mean Moody's Investors Service, Inc. and or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"Nationally Recognized Statistical Rating Organization" means a nationally recognized statistical rating organization within the meaning of Rule 436 under the Securities Act.

"Non-Voting Investors" shall mean Holders other than the Holder Majority, which, as of the Issue Date consists of AGA and Golub; provided that, notwithstanding anything else in this Certificate of Designations to the contrary, all actions to be taken by the Holders pursuant to this Certificate of Designations shall be determined by the Holder Majority. In furtherance thereof, the Holders have entered into a voting agreement on the Issue Date (the "Voting Agreement").

"Parent Entity" means any direct or indirect parent of the Corporation.

"Parity Stock" shall have the meaning ascribed to it in Section 2.

"Permitted Investments" shall mean:

(1) Investments in cash and Cash Equivalents,

(2) Investments in negotiable instruments deposited or to be deposited for collection in the ordinary course of business,

(3) advances made in connection with purchases of goods or services in the ordinary course of business,

(4) Investments received in settlement of amounts due to the Corporation or any of its Subsidiaries effected in the ordinary course of business or owing to the Corporation or any of its Subsidiaries as a result of Insolvency Proceedings involving an account debtor or upon the foreclosure or enforcement of any Lien in favor of the Corporation or its Subsidiaries,

(5) Investments owned by the Corporation or any of its Subsidiaries on the Issue Date as set forth on Schedule P-1 to the Senior Credit Agreement,

(6) Guarantees permitted under Section 7,

(7) Intercompany Advances,

(8) Equity Interests or other securities acquired in connection with the satisfaction or enforcement of Indebtedness or claims due or owing to the Corporation or its Subsidiaries (in bankruptcy of customers or suppliers or otherwise outside the ordinary course of business) or as security for any such Indebtedness or claims,

(9) deposits of cash made in the ordinary course of business to secure performance of operating leases,

(10) loans and advances to employees, officers and directors of the Corporation or any of its Subsidiaries (other than to Direct Sponsor Affiliates) in the ordinary course of business for any other business purpose (including, but not limited to, moving, relocation, travel and similar expenses) and in an aggregate amount not to exceed $500,000.00 at any one time,

(11) Investments in the form of capital contributions and the acquisition of Equity Interests made by the Corporation or any wholly owned Subsidiary of the Corporation in any wholly owned Subsidiary of the Corporation in an aggregate amount not to exceed $5.0 million,

(12) Investments resulting from entering into Bank Product Agreements other than Hedge Agreements (as such terms are defined in the Senior Credit Agreement) in an aggregate amount not to exceed $5.0 million,

(13) equity Investments by the Corporation in any Subsidiary of the Corporation which is required by law to maintain a minimum net capital requirement or as may be otherwise required by applicable law,

(14) the consummation of the Transactions,

(15) Investments in Paycor Headquarters, LLC in respect of the capital expenditure build-out of the Headquarters Property in an aggregate amount not to exceed $30,000,000 during any period when there are outstanding shares of the Series A Preferred Stock,

(16) endorsements for collection or deposit in the ordinary course of business consistent with past practice, and

(17) so long as no Event of Noncompliance has occurred and is continuing at the time of such Investment or would result therefrom, any other Investments in an aggregate amount not to exceed $1,000,000 (net of all returns of profit and capital on such Investments, including dividends and other distributions, up to the amount of Investments then made in reliance of this clause (17)).

"Person" shall mean any individual, company, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization, government or agency or political subdivision thereof or any other entity.

"Preferred Stock" shall mean, as applied to the Equity Interests of any Person, Equity Interests of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Equity Interests of any other class of such Person.

"Prevailing Dividend Rate" means (i) from the day after the Issue Date to the third anniversary of the Issue Date, Adjusted LIBOR plus 8.875%, and (ii) from the day after the third anniversary of the Issue Date until there are no shares of Series A Preferred Stock outstanding, Adjusted LIBOR plus 8.375%, in each case which shall increase as a result of an Event of

Noncompliance or a Redemption Failure as provided in Section 6(g); provided that, notwithstanding the foregoing, in the event that from the day after the second anniversary of the Issue Date through the third anniversary of the Issue Date the Corporation elects to pay 100% of the accrued dividend for the applicable Dividend Payment Period in cash, then the Prevailing Dividend Rate shall mean Adjusted LIBOR plus 8.375% (subject to increase as a result of an Event of Noncompliance or a Redemption Failure).

"Pro Rata and Reasonable Best Efforts Requirement" shall have the meaning ascribed to it in Section 6(c).

"Purchase Money Obligations" shall mean any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Equity Interests), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Equity Interests of any Person owning such property or assets, or otherwise.

"Recurring Revenue" shall mean, with respect to any period, all recurring maintenance support, subscription, hosting and transactional revenues attributable to software licensed or sold by Holdings or any of its Subsidiaries, which recurring revenues are earned during such period, and all other recurring fees, extra payroll runs, year-end ACA fees and courier fees, calculated on a basis consistent with the financial statements delivered in connection with the Investment Agreement prior to the Issue Date; provided that interest income shall not constitute recurring revenue; provided, further, that with respect to any Permitted Investments after the Issue Date, the following adjustments may be included in determining "Recurring Revenue," (x) purchase accounting adjustments, including, without limitation, a dollar for dollar adjustment for that portion of revenue that would have been recorded in the relevant period had the balance of deferred revenue (unearned income) recorded on the closing balance sheet and before application of purchase accounting not been adjusted downward to fair value to be recorded on the opening balance sheet in accordance with GAAP purchase accounting rules; and (y) non-cash adjustments in accordance with GAAP purchase accounting rules under FASB Statement No. 141 and 141R and EITF Issue No. 01-3 (including deferred revenue), in the event that such an adjustment is required by the Corporation's independent auditors; provided, further, that "Recurring Revenue" shall be calculated under GAAP as in existence on the Issue Date.

"Refinancing Indebtedness" shall mean Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the Issue Date or Incurred in compliance with this Certificate of Designations (including Indebtedness of the Corporation that refinances Indebtedness of any Subsidiary and Indebtedness of any Subsidiary that refinances Indebtedness of the Corporation or another Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; provided, however, that:

(1) (a) such Refinancing Indebtedness has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is Incurred which is not less than the remaining Weighted Average Life to Maturity of the Indebtedness, Disqualified Stock or Preferred Stock being refunded or refinanced; and (b) to the extent such Refinancing Indebtedness refinances Disqualified Stock or Preferred Stock, such Refinancing Indebtedness is Disqualified Stock or Preferred Stock, respectively; and

(2) such Refinancing Indebtedness has an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if Incurred with original issue discount, the aggregate accreted value) then outstanding (plus fees and expenses, including any premium and defeasance costs) under the Indebtedness being Refinanced.

Subject to the limitations in this definition and elsewhere in this Certificate of Designations, Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"Restricted Investment" shall mean any Investment other than a Permitted Investment.

"Restricted Payment" shall mean:

(1) any dividend or distribution on or in respect of the Corporation's or any Subsidiary's Equity Interests (including, without limitation, any such payment in connection with any merger or consolidation involving the Corporation or any of the Subsidiaries);

(2) the purchase, repurchase, redemption, making of any sinking fund, retirement or other acquisition for value of any Equity Interests of the Corporation or any Parent Entity held by Persons (including in connection with any merger or consolidation involving the Corporation or any of its Subsidiaries) other than the Corporation or a wholly owned Subsidiary;

(3) any payment to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire Equity Interests of the Corporation or any of its wholly owned Subsidiaries now or hereafter outstanding; or

(4) any Restricted Investment.

"S&P" shall mean Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"Senior Credit Agreement" shall mean that certain Credit Agreement, dated as of November 2, 2018, by and among the lenders party thereto, Wells Fargo Bank, National Association, as administrative agent and as lead arranger and bookrunner, Holdings, Target and the subsidiaries of Target party thereto.

"Senior Stock" shall have the meaning ascribed to it in Section 2.

"Series A Preferred Stock" shall have the meaning ascribed to it in Section 1.

"Similar Business" shall mean (a) any businesses, services or activities engaged in by the Corporation or any of its Subsidiaries on the Issue Date and (b) any businesses, services and activities engaged in by the Corporation or any of its Subsidiaries that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"Sponsor" shall mean Apax Partners LLP and its Affiliates.

"Stated Maturity" shall mean, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"Subsidiary" means any company or corporate entity for which the Corporation owns, directly or indirectly, an amount of the voting securities, other voting rights or voting partnership interests of which is sufficient to elect at least a majority of its board of directors or other governing body (or, if there are no such voting interests, more than 50% of the equity interests of such company or entity).

"Target" shall mean Paycor, Inc., a Delaware corporation.

"Taxes" shall mean any taxes, levies, imposts, duties, fees, assessments, deductions, withholding (including backup withholding) or other charges in the nature of a tax now or hereafter imposed by any Governmental Authority, and all interest, penalties or additional amounts with respect thereto.

"Transactions" shall mean the issuance of the Series A Preferred Stock, entry into the Senior Credit Agreement and the transactions contemplated thereby, and the transactions contemplated by the Acquisition Agreement, including the payment of any Transaction Expenses.

"Transfer Agent" means the Corporation or any entity duly appointed by the Corporation as such pursuant to Section 26(a), acting in the capacity of transfer agent, registrar and paying agent for the Series A Preferred Stock.

"Trigger Event" means a Redemption or Dividend Failure, a Payment Failure, a Material Debt Failure, a Judgment Failure, a Bankruptcy Event, material uncured breaches of Section 7, 8, 9, 10 or 12, or a breach of Section 5.

"Yield Maintenance Premium" means, with respect to any share of Series A Preferred Stock on any Redemption Date:

(1) the aggregate amount of remaining dividends, calculated at the Prevailing Dividend Rate less Adjusted LIBOR, that would have otherwise been payable from the date of redemption through May 2, 2020 on such share of Series A Preferred Stock being redeemed on such Redemption Date, assuming that dividends were not paid in cash on each Dividend Payment Date during the period beginning on the date of redemption and ending on May 2, 2020 and were instead added to the Liquidation Preference as described in Section 3(e) during such period (provided, that for the avoidance of doubt, such dividends deemed to be added to the Liquidation Preference shall be included in the aggregate amount of remaining dividends that would have otherwise been payable from the date of redemption through May 2, 2020 pursuant to this clause (1)), *plus*

(2) an amount equal to the excess of (i) the redemption price (expressed as a percentage of the then prevailing Liquidation Preference) that would otherwise be payable under Section 6(a) as if such prepayment had occurred on the day after May 2, 2020 over (ii) 100% of the then prevailing Liquidation Preference.

For the avoidance of doubt, to the extent the Yield Maintenance Premium becomes due and payable as a result of clauses (b), (c) or (d) of the definition of Mandatory Redemption Event, the rate to be used in calculating the Yield Maintenance Premium pursuant to clause (1) of the preceding sentence shall be the applicable calculated at the Prevailing Dividend Rate less Adjusted LIBOR, as on the Redemption Date, assuming such Mandatory Redemption Event occurred and was continuing for the period from the occurrence of such Mandatory Redemption Event until the end of the 18th month after the Issue Date.

(b) As used in this Certificate of Designations, the following terms shall have the following meanings, and any capitalized terms used in this clause (b) but not defined in this Certificate of Designations shall have the meaning ascribed to such term in the Senior Credit Agreement as in effect on the Issue Date (and without giving any effect to any amendment, modification, supplementation or termination of the Senior Credit Agreement after such date):

"Anti-Corruption Laws" shall mean the Foreign Corrupt Practices Act of 1977, as amended, the U.K. Bribery Act of 2010, as amended, and all other applicable laws and regulations or ordinances concerning or relating to bribery, money laundering or corruption in any jurisdiction in which the Corporation or any of its Subsidiaries or Affiliates is located or is doing business.

"Anti-Money Laundering Laws" shall mean the applicable laws or regulations in any jurisdiction in which the Corporation or any of its Subsidiaries or Affiliates is located or is doing business that relates to money laundering, any predicate crime to money laundering, or any financial record keeping and reporting requirements related thereto.

"Code" shall mean New York Uniform Commercial Code, as in effect from time to time; provided, however, that, in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, priority of or remedies with respect to the lenders' security interest in any item or portion of the collateral under the Senior Credit Agreement is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term "Code" 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.

"Consolidated EBITDA" shall mean, with respect to any fiscal period for the Corporation and its Subsidiaries (other than Paycor Headquarters, LLC):

(1) net income (loss) of the Corporation and its Subsidiaries for such period on a consolidated basis,

minus

(2) without duplication, the sum of the following amounts of the Corporation and its Subsidiaries for such period to the extent included in determining consolidated net income (calculated in accordance with GAAP) (or loss) for such period:

(i) any extraordinary, unusual, or non-recurring gains,

(ii) any net income (loss) of any Person, except that the Corporation's equity in the net income (loss) of any such Person for such period will be included up to the aggregate amount of cash or Cash Equivalents actually distributed (or that (as reasonably determined by the Corporation) could have been distributed by such Person during such period to the Corporation or a Subsidiary) as a dividend or other distribution or return on investment,

(iii) any amount included in net income for such period attributable to non-controlling interests pursuant to the application of Accounting Standards Codification Topic 810-10-45,

(iv) any realized or unrealized foreign currency translation gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies,

(v) any purchase accounting effects including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenue in component amounts required or permitted by GAAP and related authoritative pronouncements (including the effects of such adjustments pushed down to the Corporation and its Subsidiaries), as a result of any consummated acquisition, or the amortization or write-off of any amounts thereof (including any write-off of in process research and development),

(vi) interest income on unrestricted funds owned by the Corporation and its Subsidiaries (for the avoidance of doubt, interest income on funds held by the Corporation and its Subsidiaries on behalf of clients shall not be included for purposes of this clause (vi),

(vii) federal, state and local income tax credits, and

(viii) any software development costs to the extent capitalized during such period,

plus

(3) without duplication, the sum of the following amounts of the Corporation and its Subsidiaries for such period to the extent included in determining consolidated net income (calculated in accordance with GAAP) (or loss) for such period:

(i) any extraordinary, unusual, or non-recurring losses, expenses, or charges not to exceed, with respect to any such losses, expenses, or charges paid in cash, $2.0 million in the aggregate for such period,

(ii) Interest Charges for such period (including (x) net losses or any obligations under any Hedge Agreements or other derivative instruments entered into for the purpose of hedging interest rate, risk, (y) bank fees and (z) costs of surety bonds in connection with financing activities, to the extent the same were deducted (and not added back) in calculating net income),

(iii) tax expense based on income, profits or capital, including federal, foreign, state, franchise and similar taxes paid or accrued during such period, including any penalties and interest relating to any tax examinations, deducted (and not added back) in computing net income,

(iv) depreciation and amortization expense for such period, including the amortization of deferred financing fees or costs, capitalized expenditures, the amortization of original issue discount resulting from the issuance of Indebtedness at less than par and amortization of favorable or unfavorable lease assets or liabilities, to the extent deducted (and not added back) in computing net income,

(v) with respect to Investments (including Permitted Investments), equity offerings, acquisitions, dispositions, recapitalizations and incurrences of Indebtedness (including a refinancing thereof) (whether consummated or unconsummated), any costs, fees, charges, or expenses including (x) such costs, fees, charges or expenses related to the Senior Credit Agreement, the Series A Preferred Stock and any other credit facilities or debt securities (including costs, fees, charges or expenses of any consultants and advisors incurred in connection with the Transactions) and (y) any amendment or other modification of the Senior Credit Agreement, the Series A Preferred Stock and any other credit facilities or debt securities, in each case, deducted (and not added back) in computing net income,

(vi) the amount of “run-rate” cost savings, operating expense reductions and synergies projected by the Corporation in good faith to result from actions taken prior to or during, or expected to be taken following such period (which cost savings or synergies shall be subject only to certification by the Corporation and shall be calculated on a pro forma basis as though such cost savings or synergies had been realized on the first day of such period), net of the amount of actual benefits realized prior to or during such period from such actions; provided that the Corporation shall have

certified to the Holders that (x) such cost savings or synergies are reasonably identifiable, factually supportable, reasonably attributable to the actions specified and reasonably anticipated to result from such actions, and (y) such actions have been taken or are to be taken within eighteen (18) months of the event giving rise thereto; provided, further, that the aggregate amount added back pursuant to this clause (vi) (together with amounts added back pursuant to clause (b) of "Pro Forma Adjustment") shall not exceed twenty percent (20%) of Consolidated EBITDA (calculated prior to giving effect to such addback),

(vii) any non-cash charges, write-downs, expenses, losses or items reducing net income for such period, including (x) purchase accounting adjustments and (y) non-cash adjustments in accordance with GAAP purchase accounting rules under FASB Statement No. 141 and EITF Issue No. 01-3 (provided that if any such non-cash charges represent an accrual or reserve for potential cash items in any future period, (A) the Corporation may elect not to add back such non-cash charge in the current period and (B) to the extent the Corporation elects to add back such non-cash charge, the cash payment in respect thereof in such future period shall be subtracted from Consolidated EBITDA to such extent),

(viii) (x) non-cash compensation expense (including deferred non-cash compensation expense), or other non-cash expenses or charges, arising from the sale or issuance of Equity Interests, the granting of stock options, and the granting of stock appreciation rights and similar arrangements (including any repricing, amendment, modification, substitution, or change of any such Equity Interests, stock option, stock appreciation rights, or similar arrangements) minus the amount of any such expenses or charges when paid in cash to the extent not deducted in the computation of net earnings (or loss) and (y) any costs or expense incurred pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent that such cost or expenses are funded with cash proceeds contributed to the capital of the Corporation or Net Cash Proceeds of an issuance of Equity Interests of the Corporation,

(ix) any restructuring charge, cost or expense or reserve, integration cost or other business optimization expense or cost, including in connection with the establishment of new facilities, that is deducted (and not added back) in computing net income, including any one-time costs incurred in connection with acquisitions or divestitures and costs related to the closure and/or consolidation of facilities and to exiting lines of business; provided that the aggregate amount added back pursuant to this sub-clause (3)(ix) for cash charges, costs or expenses shall not exceed $2.0 million in any twelve-month period,

(x) realized foreign exchange losses relating to translation of assets and liabilities denominated in foreign currencies,

(xi) non-cash losses on sales of fixed assets or write-downs of fixed or intangible assets,

(xii) [reserved],

(xiii) the amount of board, management, advisory, consulting, refinancing, subsequent transaction and exit fees (including termination fees) and related indemnities and expenses paid or accrued in such period to the Sponsor (or, in the case of board fees, to any director) to the extent permitted hereunder,

(xiv) with respect to and in connection with the Transactions, fees, costs, charges, or expenses incurred in connection therewith and disclosed to the Holders on the Issue Date,

(xv) (x) business interruption insurance proceeds and (y) to the extent covered by insurance proceeds, losses in connection with casualty events, in each case to the extent such insurance proceeds are actually received in cash,

(xvi) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not representing Consolidated EBITDA or net income in any period to the extent non-cash gains relating to such income were deducted in the calculation of Consolidated EBITDA for any previous period and not added back,

(xvii) other charges, costs and expenses paid in cash during such period to the extent such charges, costs and expenses are reimbursed within the same period of add-back by third-party that is not the Corporation or a Subsidiary of the Corporation,

(xviii) any costs, payment, loss, settlement, charges and expenses arising from litigation to the extent such are (A) covered by liability insurance for which the carrier has not denied coverage, (B) funded with proceeds of an issuance of Equity Interests, or (C) other than amounts covered by clauses (A) and (B), not in excess of $1.0 million in the aggregate in any twelve month period, and

(xix) any other adjustments or add-backs of the nature reflected in (a) the quality of earnings report delivered to the administrative agent under the Senior Credit Agreement on September 18, 2018 and (b) the financial model prepared by the Sponsor and delivered to the administrative agent under the Senior Credit Agreement on September 18, 2018,

in each case, determined on a consolidated basis in accordance with GAAP, and

(4) increased or decreased (to the extent not already included in determining Consolidated EBITDA) by any Pro Forma Adjustment.

For the purposes of calculating Consolidated EBITDA for any period of four (4) consecutive fiscal quarters or twelve (12) consecutive months (each, a "Reference Period"), if at any time during such Reference Period (and after the Issue Date) the Corporation or any of its Subsidiaries shall have acquired any Person, property, business or asset (each such Person, property, business or asset acquired and not subsequently so disposed of, an "Acquired Entity or Business"), (a) the Consolidated EBITDA of such Acquired Entity or Business for such Reference Period shall be included and (b) an adjustment in respect of each Acquired Entity or Business equal to the amount of the Pro Forma Adjustment with respect to such Acquired Entity or Business for such period (including the portion thereof occurring prior to such acquisition) shall be included. For purposes of calculating Consolidated EBITDA for any Reference Period, the Consolidated EBITDA of any Person, property, business or asset sold, transferred or otherwise disposed of, closed or classified as discontinued operations by the Corporation or any Subsidiary during such period (each such Person, property, business or asset so sold or disposed of, a "Sold Entity or Business") shall be excluded, based on the actual Consolidated EBITDA of such Sold Entity or Business for such period (including the portion thereof occurring prior to such sale, transfer or disposition). Notwithstanding the foregoing, but subject to any adjustment set forth above with respect to any transactions occurring after the Issue Date, Consolidated EBITDA shall be ($2,661,000), $5,180,000, ($1,617,000), and ($2,104,000) for the fiscal quarters ended June 30, 2018, March 31, 2018, December 31, 2017 and September 30, 2017, respectively.

"Deposit Account" shall mean any deposit account (as that term is defined in the Code).

"Environmental Action" shall mean any written complaint, summons, citation, notice, directive, order, claim, litigation, investigation, judicial or administrative proceeding, judgment, letter, or other written communication from any Governmental Authority, or any third party involving violations of Environmental Laws or releases of Hazardous Materials (a) from any assets, properties, or businesses of the Corporation, any Subsidiary of the Corporation, or any of their predecessors in interest, (b) from adjoining properties or businesses, or (c) from or onto any facilities which received Hazardous Materials generated by the Corporation, any Subsidiary of the Corporation, or any of their predecessors in interest.

"Environmental Law" shall mean any applicable federal, state, provincial, foreign or local statute, law, rule, regulation, ordinance, code, binding and enforceable guideline, binding and enforceable written policy, or rule of common law now or hereafter in effect and in each case as amended, or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, in each case, to the extent binding on the Corporation or any of its Subsidiaries, relating to the environment, the effect of the environment on employee health, or Hazardous Materials, in each case as amended from time to time.

"Environmental Liabilities" shall mean all liabilities, monetary obligations, losses, damages, costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts, or consultants, and costs of investigation and feasibility studies), fines, penalties, sanctions, and interest incurred as a result of any claim or demand, or Remedial Action required, by any Governmental Authority or any third party, and which relate to any Environmental Action.

"Environmental Lien" shall mean any Lien in favor of any Governmental Authority for Environmental Liabilities.

"Equity Interest" shall mean, with respect to a Person, all of the shares, options, warrants, interests, participations, or other equivalents (regardless of how designated, whether voting or non-voting) of equity of such Person, whether voting or nonvoting, including capital stock (or other ownership or profit interests or units), Preferred Stock, any other "equity security" (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the SEC under the Exchange Act) or, if such Person is a partnership, partnership interests (whether general or limited) or any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, such partnership.

"Hazardous Materials" shall mean (a) substances that are defined or listed in, or otherwise classified pursuant to, any applicable laws or regulations as "hazardous substances," "hazardous materials," "hazardous wastes," "toxic substances," or any other formulation intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, reproductive toxicity, or "EP toxicity," (b) oil, petroleum, or petroleum derived substances, natural gas, natural gas liquids, synthetic gas, drilling fluids, produced waters, and other wastes associated with the exploration, development, or production of crude oil, natural gas, or geothermal resources, (c) any flammable substances or explosives or any radioactive materials, and (d) asbestos in any form or electrical equipment that contains any oil or dielectric fluid containing levels of polychlorinated biphenyls in excess of 50 parts per million.

"Hedge Agreement" shall mean a "swap agreement" as that term is defined in Section 101(53B)(A) of title 11 of the United States Code, as in effect from time to time.

"Interest Expense" shall mean, for any period, the aggregate of the interest expense of the Corporation for such period, determined on a consolidated basis in accordance with GAAP.

"Material Adverse Effect" shall mean (a) a material adverse effect in the business, operations, assets, liabilities or financial condition of the Corporation and its Subsidiaries, taken as a whole, or (b) a material impairment of the Corporation and its Subsidiaries' ability to perform their payment or other material obligations under this Certificate of Designations or the Series A Preferred Stock (other than, in the case of this clause (b), as a result of an action taken or not taken that is solely in the control of the Holders).

"Net Cash Proceeds" shall mean:

(1) with respect to any sale or disposition by the Corporation or any of its Subsidiaries of assets, the amount of cash proceeds received (directly or indirectly) from time to time (whether as initial consideration or through the payment of deferred consideration) by or on behalf of the Corporation or such Subsidiary, in connection therewith after deducting therefrom only (i) the amount of any Indebtedness secured by any Permitted Lien on any asset (other than (A) Indebtedness owing to Agent or any Lender under the Senior Credit Agreement or the other

Loan Documents and (B) Indebtedness assumed by the purchaser of such asset) which is required to be, and is, repaid in connection with such sale or disposition, (ii) reasonable fees, commissions, and expenses related thereto and required to be paid by the Corporation or such Subsidiary in connection with such sale or disposition, (iii) Taxes paid or payable to any taxing authorities by the Corporation or such Subsidiary and any Tax Distributions made in connection with such sale or disposition, in each case to the extent, but only to the extent, that the amounts so deducted are, at the time of receipt of such cash, actually paid or payable, directly or indirectly, to a taxing authority, and are properly attributable to such transaction; and (iv) all amounts that are set aside as a reserve (A) for adjustments in respect of the purchase price of such assets, (B) for any liabilities associated with such sale or casualty, to the extent such reserve is required by GAAP, and (C) for the payment of unassumed liabilities relating to the assets sold or otherwise disposed of at the time of, or within 30 days after, the date of such sale or other disposition, to the extent that in each case the funds described above in this clause (iv) are (x) deposited into escrow with a third party escrow agent or set aside in a separate Deposit Account that is subject to a Control Agreement in favor of the administrative agent under the Senior Credit Agreement and (y) paid to such agent as a prepayment of the applicable obligations in accordance with Section 2.4(e) of the Senior Credit Agreement at such time when such amounts are no longer required to be set aside as such a reserve.

"Post-Acquisition Period" shall mean, with respect to any acquisition that is a Permitted Investment, the period beginning on the date such Permitted Investment is consummated and ending on the last day of the fourth full consecutive fiscal quarter immediately following the date on which such Permitted Investment is consummated.

"Pro Forma Adjustment" shall mean, for any Reference Period that includes all or any part of a fiscal quarter included in any Post-Acquisition Period, with respect to the Consolidated EBITDA of the applicable Acquired Entity or Business or the Corporation and its Subsidiaries, (a) the pro forma increase or decrease in such Consolidated EBITDA, as the case may be, that is factually supportable and is expected to have a continuing impact, in each case as determined on a basis consistent with Article 11 of Regulation S-X, as interpreted by the SEC and (b) additional good faith pro forma adjustments arising out of cost savings initiatives attributable to such transaction and additional costs associated with the combination of the operations of such Acquired Entity or Business with the operations of the Corporation and its Subsidiaries, in each case being given pro forma effect, that (i) have been realized or (ii) will be implemented following such transaction are reasonably identifiable, factually supportable and quantifiable, reasonably attributable to the actions specified and reasonably anticipated to result from such actions and expected to be realized within the succeeding eighteen (18) months and, in each case, including, but not limited to, (w) reduction in personnel expenses, (x) reduction of costs related to administrative functions, (y) reductions of costs related to leased or owned properties and (z) reductions from the consolidation of operations and streamlining of corporate overhead taking into account, for purposes of determining such compliance, the historical financial statements of the Acquired Entity or Business and the consolidated financial statements of the Corporation and its Subsidiaries, assuming such Permitted Investment or conversion, and all other Permitted Investments or conversions that have been consummated during the period, and any Indebtedness or other liabilities repaid in connection therewith had been consummated and incurred or repaid at the beginning of such period (and assuming that such Indebtedness to be incurred bears interest during any portion of the applicable measurement period prior to the

relevant acquisition at the interest rate which is or would be in effect with respect to such Indebtedness as at the relevant date of determination); provided that the aggregate amount added back pursuant to this clause (b) (together with amounts added back pursuant to clause (vi) of "EBITDA") shall not exceed twenty percent (20%) of EBITDA (calculated prior to giving effect to such addback); provided, further, that, so long as such actions are initiated during such Post-Acquisition Period or such costs are incurred during such Post-Acquisition Period, as applicable, for purposes of projecting such pro forma increase or decrease to such EBITDA, as the case may be, it may be assumed that such cost savings will be realizable during the entirety of such Reference Period, or such additional costs, as applicable, will be incurred during the entirety of such Reference Period.

"Real Property" shall mean any estates or interests in real property now owned or hereafter acquired by the Corporation or one of its Subsidiaries and the improvements thereto.

"Remedial Action" shall mean all actions taken to (a) clean up, remove, remediate, contain, treat, monitor, assess, evaluate, or in any way address Hazardous Materials in the indoor or outdoor environment, (b) prevent or minimize a release or threatened release of Hazardous Materials so they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment, (c) restore or reclaim natural resources or the environment, (d) perform any pre-remedial studies, investigations, or post-remedial operation and maintenance activities, or (e) conduct any other actions with respect to Hazardous Materials required by Environmental Laws.

"Sanctioned Entity" means (a) a country or a government of a country, (b) an agency of the government of a country, (c) an organization directly or indirectly controlled or owned 50% or more by a country or its government, or (d) a Person resident in or determined to be resident in a country, in each case of clauses (a) through (d) that is a target of Sanctions, including any U.S. comprehensive country sanctions program.

"Sanctioned Person" means, at any time (a) any Person named on the list of Specially Designated Nationals and Blocked Persons maintained by the OFAC, OFAC's consolidated Non-SDN list or any other Sanctions-related list maintained by any relevant applicable Sanctions authority, (b) a Person or legal entity that is a target of Sanctions, (c) any Person operating, organized, or resident in a Sanctioned Country, or (d) any Person directly or indirectly controlled or owned 50% or more (individually or in the aggregate) by any such Person or Persons described in clauses (a) through (c) above.

"Sanctions" shall mean individually and collectively, respectively, any and all economic sanctions, trade sanctions, financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes anti-terrorism laws and other sanctions laws, regulations or embargoes, including those imposed, administered or enforced from time to time by: (a) the United States of America, including those administered by the Office of Foreign Assets Control ("OFAC") of the U.S. Department of Treasury, the U.S. Department of State, the U.S. Department of Commerce, or through any existing or future executive order, (b) the United Nations Security Council, (c) the European Union or any European Union member state, (d) Her Majesty's Treasury of the United Kingdom, or (e) any other Governmental Authority with jurisdiction over any Holder, the Corporation or any of its Subsidiaries or Affiliates.

"Transaction Expenses" means any fees, expenses and other transaction costs incurred or paid by the Sponsor, Holdings, the Corporation or any of their respective Subsidiaries in connection with the Transactions (including fees and expenses reflected in the funds flow and/or sources and uses provided to the Arrangers and expenses in connection with hedging transactions), the Senior Credit Agreement and the other Loan Documents and the transactions contemplated hereby and thereby.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing: (i) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by (ii) the then outstanding principal amount of such Indebtedness; provided that AHYDO payments and the effects of any reductions in scheduled amortization or other scheduled payments as a result of any prior prepayment of the applicable Indebtedness shall be disregarded.

"wholly owned" means, with respect to a Subsidiary of a Person, a Subsidiary of such Person all of the outstanding Equity Interests of which (other than (x) director's qualifying shares and (y) shares issued to foreign nationals to the extent required by applicable Law, provided, in each case, that in no event shall any such shares (i) be issued to any Direct Sponsor Affiliate and/or (ii) have any material impact on the Corporation, any Parent Entity or any Subsidiary) are owned by such Person and/or by one or more wholly owned Subsidiaries of such Person.

(c) References in this Certificate of Designations to section references and capitalized terms that are defined in the Senior Credit Agreement shall have the meaning assigned to such terms in the Senior Credit Agreement (as in effect on the Issue Date and without giving effect to any amendment, modification, supplementation or termination of the Senior Credit Agreement after such date), except that if any such definition in the Senior Credit Agreement includes a term defined herein, the definition assigned to such term herein shall be used when interpreting the relevant definitions of the Senior Credit Agreement.

SECTION 19 Headings. The headings of the paragraphs of this Certificate of Designations are for convenience of reference only and shall not define, limit or affect any of the provisions hereof.

SECTION 20 Record Holders. To the fullest extent permitted by applicable law, the Corporation may deem and treat the record holder of any share of the Series A Preferred Stock as the true and lawful owner thereof for all purposes, and the Corporation shall not be affected by any notice to the contrary.

SECTION 21 Reserved.

SECTION 22 Currency. All Series A Preferred Stock shall be denominated in United States currency, and all payments and distributions thereon or with respect thereto shall be made in United States currency. All references herein to "$" or "dollars" refer to United States currency.

SECTION 23 Legends. All certificates representing shares of Series A Preferred Stock shall bear the following legend unless and until the Holder thereof provides the Corporation with evidence satisfactory to the Corporation (which may include an opinion of counsel in a form reasonably satisfactory to the Corporation) that such legend may be removed consistent with, in the case of the first paragraph of such legend, applicable law, or, in the case of the second paragraph of such legend, the provisions of the Investment Agreement:

> THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR ANY STATE SECURITIES OR BLUE SKY LAWS AND MAY NOT BE SOLD, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF WITHOUT REGISTRATION UNDER THE ACT AND UNDER APPLICABLE BLUE SKY LAW OR UNLESS SUCH SALE, TRANSFER, PLEDGE OR OTHER DISPOSITION IS EXEMPT FROM REGISTRATION THEREUNDER.
>
> ADDITIONALLY, SUCH SECURITIES MAY ALSO BE SUBJECT TO TRANSFER RESTRICTIONS PURSUANT TO THE INVESTMENT AGREEMENT AND THE VOTING AGREEMENT, EACH DATED NOVEMBER 2, 2018, AS MAY BE AMENDED FROM TIME TO TIME, RELATING TO SUCH SECURITIES.

SECTION 24 Rule 144A(d)(4) Information. As long as any shares of Series A Preferred Stock remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3), the Corporation will furnish to the Holders and to prospective Holders of the Series A Preferred Stock, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

SECTION 25 Replacement Certificates. The Corporation shall replace any mutilated certificate at the Holder's expense upon surrender of that certificate to the Corporation. The Corporation shall replace certificates that become destroyed, stolen or lost at the Holder's expense upon delivery to the Corporation of a customary affidavit of loss with respect to such certificates.

SECTION 26 Maintaining Records; Transfer Agent.

(a) The Corporation shall act as the initial Transfer Agent and may appoint a successor Transfer Agent approved by the Holder Majority who accepts such appointment. If the Corporation is not acting as the Transfer Agent, the Corporation may remove the Transfer Agent in accordance with the agreement between the Corporation and such Transfer Agent; provided that the Corporation shall appoint a successor Transfer Agent approved by the Holder Majority and who accepts such appointment prior to the effectiveness of such removal. Upon any such removal or appointment, the Corporation shall send notice thereof by first-class mail, postage prepaid, to the Holders.

(b) The Corporation shall cause a stock ledger for the Series A Preferred Stock to be maintained at all times in accordance with this Certificate of Designations and the Delaware General Corporation Law.

SECTION 27 Waiver; Ultra Vires Actions.

(a) To the greatest extent permissible under law, (i) any provision of this Certificate of Designations may only be waived, consented to, enforced or otherwise amended or changed by the Holder Majority on behalf of all Holders and (ii) the failure of the Holder Majority to insist upon strict adherence to any term of this Certificate of Designations on one or more occasions shall not be considered a waiver or deprive that the Holder Majority, on behalf of all Holders, of the right thereafter to insist upon strict adherence to that term or any other term of this Certificate of Designations on any other occasion. Any waiver by any Holder Majority must be in writing.

(b) Any of the actions or omissions (other than ministerial or immaterial actions or omissions) prohibited by this Certificate of Designations (including without limitation Sections 7, 8, 9, 10, 11 and 12(a)) (if taken without the prior consent of the Holder Majority) shall be *ultra vires*, null and void *ab initio* and of no force or effect; provided that this Section 27(b) (i) shall not prohibit the Corporation from engaging in transactions which would result in an optional or mandatory redemption as specifically permitted hereunder, provided that such redemption is actually consummated, and (ii) shall have no effect on whether a Redemption Failure or Event of Noncompliance has occurred or is continuing for purposes of this Certificate of Designations.

SECTION 28 Severability. If any term of the Series A Preferred Stock set forth herein is invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other terms set forth herein which can be given effect without the invalid, unlawful or unenforceable term will, nevertheless, remain in full force and effect, and no term herein set forth will be deemed dependent upon any other such term unless so expressed herein.

SECTION 29 Absolute Obligation. Except as expressly provided herein, no provision of this Certificate of Designations shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay Dividends, redemption payments or to make other payments, as applicable, on the shares of Series A Preferred Stock at the time, place, and rate, and in the coin or currency, herein prescribed.

SECTION 30 Remedies. Subject in all respects to Section 27, the Corporation and each Holder acknowledge and agree that irreparable damage would occur in the event that any provision of this Certificate of Designations is not performed by the Corporation in accordance with its specific terms or is otherwise breached or threatened to be breached and that an award of money damages would be inadequate in such event. Accordingly, it is acknowledged that each Holders shall be entitled to equitable relief, without proof of actual damages, including an injunction or injunctions or orders for specific performance to prevent breaches of this Certificate of Designations and to enforce specifically the terms and provisions of this Certificate of Designations, in addition to any other remedy to which they are entitled at law or in equity as a remedy for any such breach or threatened breach. The Corporation and each Holder further acknowledge and agree that none of them shall be required to obtain, furnish or post any bond or

similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 30 and each of them irrevocably waives any right they may have to require the obtaining, furnishing or posting of any such bond or similar instrument. The Corporation and each Holder further acknowledge and agree that the only permitted objection the Corporation may raise in response to any action for equitable relief is that it contests the existence of a breach or threatened breach of this Certificate of Designations.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Designations this 1st day of November, 2018.

PRIDE MIDCO, INC.

By: /s/ Robert Coughlin
Name: Robert Coughlin
Title: Chief Executive Officer

[Signature Page to the Redeembale Preferred Certificate of Designations]

Exhibit 10.10

PAYCOR HCM, INC.

EXECUTIVE SEVERANCE PLAN

ARTICLE I
PURPOSE

The purpose of this Executive Severance Plan (this "Plan") is to provide severance benefits to certain eligible employees of Paycor HCM, Inc. (the "Company") and its Affiliates, who experience a Qualifying Termination under the conditions described in this Plan. Capitalized terms used herein without definition shall have the meanings ascribed to such terms in Article II.

ARTICLE II

DEFINITIONS

As used herein the following words and phrases shall have the following respective meanings (unless the context clearly indicates otherwise):

"Accrued Obligations" means, with respect to a Participant's Termination of Employment, (a) such Participant's base salary through the Termination Date; (b) reimbursement for business expenses in accordance with Company policy; (c) any accrued but unused paid time off to the extent not theretofore paid; and (d) vested employee benefits accrued through the Termination Date in accordance with applicable law or the governing plan rules.

"Administrator" means the Committee or such other Person as selected by the Committee.

"Affiliate" means any Subsidiary or other entity that is directly or indirectly controlled by the Company or any entity in which the Company has a significant ownership interest as determined by the Administrator.

"Annual Base Salary" means, with respect to a Participant, the annual rate of base salary in effect for such Participant as of such Participant's Termination Date.

"Board" means the Board of Directors of the Company.

"COBRA" means the U.S. Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

"COBRA Period" means, with respect to a Participant, the lesser of (a) the Severance Period, and (b) the 18-month period following the Termination Date.

"Code" means the U.S. Internal Revenue Code of 1986, as amended from time to time.

"Committee" means the Compensation and Benefits Committee of the Board.

"Company Group" means, collectively, the Company and its Affiliates.

"Disaffiliation" means an Affiliate's ceasing to be an Affiliate for any reason (including, without limitation, as a result of a public offering, or a spinoff or sale by the Company, of the stock of the Affiliate) or a sale of a division of the Company Group (including, without limitation, a sale of assets).

"Disability" means a physical or mental incapacity or disability, the result of which causes an Eligible Employee to fail to perform the essential functions of his or her position for a continuous period of 180 days or any 270 days within any 12-month period.

"Eligible Employee" means an employee of the Company Group who is designated within one of the employee classification categories specified on Annex A attached hereto, excluding any such employee of the Company Group who: (a) is covered under any collective bargaining agreement; (b) is party to any individual employment, severance, or similar agreement with the Company Group that provides for severance benefits; (c) is eligible to receive benefits under the Company's Employee Severance Plan; or (d) during the Protected Period (as defined in the Company's Executive Change in Control Severance Plan (the "CIC Plan")) is eligible to receive benefits under the CIC Plan.

"Multiple" means, with respect to any Participant, a whole or fractional number so designated for such Participant on Annex A attached hereto.

"Participant" means any Eligible Employee who incurs a Qualifying Termination and thereby becomes eligible for Severance Benefits under this Plan.

"Person" means any individual, entity, or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the U.S. Securities Exchange Act of 1934, as amended).

"Qualifying Termination" means, with respect to an Eligible Employee, a Termination of Employment initiated by the Company and/or its Affiliates (including any successors thereto as described in Section 8.1) other than a Termination for Cause or due to Disability.

"Severance Benefits" means the amounts and benefits payable or required to be provided in accordance with Section 5.1 and Annex B, excluding Accrued Obligations.

"Severance Period" means, with respect to a Participant, a number of months equal to the product of (a) 12 months and (b) such Participant's Multiple.

"Subsidiary" means any company (other than the Company) in an unbroken chain of companies beginning with the Company; provided that, each company in the unbroken chain (other than the Company) owns, at the time of determination, stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other companies in such chain.

"Target Annual Bonus" means, with respect to a Participant, the target annual incentive payment for which such Participant is eligible in respect of the fiscal year in which the Termination Date occurs.

"Termination Date" means, with respect to an Eligible Employee, the date on which such Eligible Employee incurs a Termination of Employment for any reason.

"Termination for Cause" means a Termination of Employment on account of (a) any material failure, refusal, or inability by an Eligible Employee to perform his or her duties designated under his or her employment agreement with the Company Group (other than by reason of such Eligible Employee's death or Disability) that continues after written notice to such Eligible Employee that such failure or refusal will result in a Termination for Cause; (b) any intentional act of fraud or embezzlement by an Eligible Employee in connection with his or her duties or employment with the Company Group, or the admission or conviction of, or entering of a plea of nolo contendere by, such Eligible Employee of any felony or any lesser crime involving moral turpitude, fraud, embezzlement or theft; (c) any gross negligence,

willful misconduct or personal dishonesty of an Eligible Employee resulting, in the good faith determination of the Company, in a loss to the Company Group or in damage to the reputation of the Company or any of its parent or subsidiary entities, affiliates, successors or assigns; (d) any material breach by an Eligible Employee of any of the covenants contained in this Plan or such Eligible Employee's employment agreement with the Company Group; or (e) any failure of an Eligible Employee to comply with Company policies or procedures; provided that, in each case, such Eligible Employee shall have been given written notice from the Company describing in reasonable detail the event or circumstance the Company believes gives rise to the Company's right to effectuate a Termination for Cause within 30 days of its initial existence, and such Eligible Employee shall have 30 days to remedy the condition to the satisfaction of the Company. An Eligible Employee's failure to cure such condition(s) within such 30-day period shall result in a Termination for Cause.

"Termination of Employment" means an Eligible Employee's termination of employment with the Company Group. Notwithstanding the foregoing, unless otherwise determined by the Administrator, an Eligible Employee employed by, or performing services for, an Affiliate, or a division of the Company and its Affiliates shall not be deemed to have incurred a Termination of Employment if, as a result of a Disaffiliation, such Affiliate, or division ceases to be an Affiliate, or division, as the case may be. In addition, temporary absences from employment because of illness, vacation, or leave of absence and transfers among the Company Group shall not be considered Terminations of Employment.

ARTICLE III
EFFECTIVENESS

This Plan shall become effective as of [•].

ARTICLE IV
ELIGIBILITY

Section 4.1 Participation. Any Eligible Employee who incurs a Qualifying Termination and who satisfies the conditions set forth in Section 4.2 shall be eligible to receive the Severance Benefits set forth on Annex B attached hereto. An Eligible Employee will not be eligible to receive Severance Benefits following a Termination of Employment initiated by such Eligible Employee.

Section 4.2 Release of Claims. An Eligible Employee's right to receive the Severance Benefits shall be subject to (a) such Eligible Employee's execution and delivery to the Company not later than 45 days following such Eligible Employee's Termination Date of a general release of claims (a "Release") in favor of the Company Group in a form provided by the Company and (b) such Release becoming irrevocable in accordance with its terms.

ARTICLE V
SEVERANCE BENEFITS

Section 5.1 General. If the Participant incurs a Qualifying Termination, then the Participant shall, subject to Sections 4.2 and 6.1 (in each case, other than with respect to the Accrued Obligations), be entitled to receive from the Company the benefits set forth on Annex B attached hereto.

Section 5.2 No Offset; No Mitigation. The Company's obligation to make the payments provided for in this Plan and otherwise to perform its obligations hereunder shall not be affected by any setoff, counterclaim, recoupment, defense, or other claim, right, or action that the Company Group may have against a Participant or any other Person. In no event shall a Participant be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Participant under any of the provisions of this Plan, and such amounts shall not be reduced whether or not the Participant obtains other employment.

Section 5.3 No Duplication; Other Benefit Plans. A Participant who experiences a Qualifying Termination that entitles him or her to the Severance Payments set forth on Annex B shall not be entitled to any compensation or benefits under any other Company severance plan or policy in connection with such Qualifying Termination. Other than with respect to any such severance plan or policy, this Plan shall not affect a Participant's entitlement to compensation or benefits under any other employee benefit plan or compensatory arrangement of the Company Group, which, in each case, shall be construed in accordance with its respective terms.

ARTICLE VI
RESTRICTIVE COVENANTS

Section 6.1 General. A Participant's right to receive the Severance Benefits set forth on Annex B shall be subject to the Participant's continued compliance with the covenants set forth in this Article VI.

Section 6.2 Confidential Information. Each Participant shall hold in a fiduciary capacity for the benefit of the Company Group, all secret or confidential information, knowledge, or data relating to the Company Group and its businesses (including, without limitation, any proprietary and not publicly available information concerning any processes, methods, trade secrets, research secret data, costs, names of users or purchasers of their respective products or services, business methods, operating procedures or programs, or methods of promotion and sale) that such Participant has obtained or obtains during such Participant's employment by the Company Group and that is not public knowledge (other than as a result of the Participant's violation of this Section 6.2) ("Confidential Information"). For the purpose of this Section 6.2, information shall not be deemed to be publicly available merely because it is embraced by general disclosures or because individual features or combinations thereof are publicly available. No Participant shall communicate, divulge, or disseminate Confidential Information at any time during or after such Participant's employment with the Company Group, except with prior written consent of the applicable Company Group company, or as otherwise required by law or legal process. All records, files, memoranda, reports, customer lists, drawings, plans, documents, and the like that the Participant uses, prepares, or comes into contact with during the course of the Participant's employment shall remain the sole property of the Company and/or the Company Group, as applicable, and shall be turned over to the applicable Company Group company upon the Participant's Termination of Employment.

Section 6.3 Nondisparagement. Each Participant shall at all times refrain from taking action or making statements, written or oral, that (a) denigrates, disparages, or defames the goodwill or reputation of any member of the Company Group or any of such member's directors, officers, securityholders, partners, agents, or employees, or (b) are intended to, or may be reasonably expected to, adversely affect the morale of employees. Each Participant further agrees not to make any negative statements to third parties relating to the Participant's employment or any aspect of the businesses of the Company Group and not to make any negative statements to third parties about any member of the Company Group or such member's directors, officers, securityholders, partners, agents, or employees, except as may be required by a court or government body. Each Participant further agrees not to make any statements to third parties about the circumstances of the termination of the Participant's employment with the Company Group, except as may be required by applicable law (or in response to a statement by the other party in violation of this sentence).

Section 6.4 Cooperation. Each Participant agrees that, following such Participant's Termination of Employment for any reason, such Participant shall assist and cooperate with the Company with regard to any matter or project in which the Participant was involved during the Participant's employment with the Company Group, including, but not limited to, any litigation that may be pending or arise after such Termination of Employment. Each Participant further agrees to notify the Company at the earliest opportunity of any contact that is made by any third parties concerning any such matter or project. The Company shall not unreasonably request such cooperation of a Participant and shall cooperate with the Participant in scheduling any assistance by the Participant, taking into account the Participant's business and personal affairs and shall compensate the Participant for any lost wages or expenses associated with such cooperation and assistance.

Section 6.5 Acknowledgement and Enforcement. Each Participant acknowledges and agrees that: (a) the purpose of the foregoing covenants is to protect the goodwill, trade secrets, and other Confidential Information of the Company Group; (b) because of the nature of the business in which the Company Group is engaged and because of the nature of the Confidential Information to which the Participant has access, the Company would suffer irreparable harm and it would be impractical and excessively difficult to determine the actual damages of the Company Group if the Participant breached any of the covenants set forth in this Article VI; and (c) remedies at law (such as monetary damages) for any breach of the Participant's obligations under this Article VI would be inadequate. Each Participant therefore agrees and consents that, if the Participant commits any breach of a covenant under this Article VI or threatens to commit any such breach, the Company shall have the right (in addition to, and not in lieu of, any other right or remedy that may be available to it) to temporary and permanent injunctive relief from a court of competent jurisdiction, without posting any bond or other security and without the necessity of proof of actual damage. If any of the covenants contained in this Article VI is finally held by a court to be invalid, illegal, or unenforceable (whether in whole or in part), such covenant shall be deemed modified to the extent, but only to the extent, of such invalidity, illegality, or unenforceability and the remaining covenants shall not be affected thereby; provided, however, that, if any of such covenants is finally held by a court to be invalid, illegal, or unenforceable because it exceeds the maximum scope and/or duration determined to be acceptable to permit such provision to be enforceable, such covenant shall be deemed to be modified to the minimum extent necessary to modify such scope and/or duration to make such provision enforceable hereunder.

Section 6.6 Similar Covenants in Other Agreements Unaffected. Each Participant acknowledges that the Participant currently is, or in the future may become, subject to covenants contained in other agreements (including, but not limited to, agreements to protect Company assets, confidentiality and business protection agreements, stock option agreements, performance share unit agreements, and restricted share unit agreements) that are similar to those contained in this Article VI. Further, a breach of the covenants contained in this Article VI may have implications under the terms of such other agreements, including, but not limited to, a forfeiture of equity awards and long-term cash compensation. Each Participant acknowledges the foregoing and understands that the covenants contained in this Article VI are in addition to, and not in substitution of, the similar covenants contained in any such other agreements.

Section 6.7 Whistleblower Rights. Under the federal Defend Trade Secrets Act of 2016, Eligible Employees shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; (b) is made to the Eligible Employee's attorney in relation to a lawsuit for retaliation against such Eligible Employee for reporting a suspected violation of law; or (c) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing in this Plan shall (A) prevent any Eligible Employee from testifying truthfully as required by law, (B) prohibit or prevent any Eligible Employee from filing a charge with or participating, testifying, or assisting in any investigation, hearing, whistleblower proceeding, or other proceeding before any federal, state, or local government agency (e.g., EEOC, NLRB, SEC, etc.), or (C) prevent any Eligible Employee from disclosing Confidential Information in confidence to a federal, state, or local government official for the purpose of reporting or investigating a suspected violation of law.

ARTICLE VII
ADMINISTRATION

Section 7.1 Administrator. This Plan shall be administered by the Administrator. The Administrator may delegate its authority under this Plan to an individual or another committee.

Section 7.2 Standard of Review. Except as otherwise provided in this Plan, the decision of the Administrator upon all matters within the scope of its authority shall be final, conclusive, and binding on all parties.

Section 7.3 Indemnification. The Administrator or any delegee of the Administrator permitted under Section 7.1 (if any) shall be indemnified by the Company against personal liability for actions taken in good faith in the discharge of the Administrator's duties hereunder.

ARTICLE VIII
MISCELLANEOUS

Section 8.1 Successors. This Plan shall bind any successor of the Company, its assets, or its businesses (whether direct or indirect, by purchase, merger, consolidation, or otherwise), in the same manner and to the same extent that the Company would be obligated under this Plan if no succession had taken place. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and to honor this Plan in the same manner and to the same extent that the Company would be required to honor it if no such succession had taken place, unless such successor succeeds to the Plan by operation of law. The term "Company," as used in this Plan, shall mean the Company as hereinbefore defined and any successor or assignee to the business or assets that by reason hereof becomes bound by this Plan.

Section 8.2 Amendment, Suspension, and Termination. This Plan may be suspended, terminated or modified by written resolution of the Committee at any time; provided that, no such suspension, termination or modification shall adversely affect the Severance Benefits payable to any Participant who has experienced a Qualifying Termination prior to such amendment or termination.

Section 8.3 Compliance with Law. Notwithstanding anything else contained herein, the Company shall not be required to make any payment or take any other action prohibited by law, including, but not limited to, any regulation, directive, or order of federal or state regulatory authorities.

Section 8.4 Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

if to the Company:

Paycor HCM, Inc.
Attention: Karen L. Crone
4811 Montgomery Rd.
Cincinnati, OH 45212
Email: kcrone@paycor.com

With a copy to the Company's Legal Department, at:

Paycor HCM, Inc.
Attention Legal Department
4811 Montgomery Rd.
Cincinnati, OH 45212

if to the Participant:

At the address most recently on the books and records of the Company

or to such other address as the Company or any Participant shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

Section 8.5 Employment Status. This Plan does not constitute a contract of employment or impose on any Participant or the Company Group any obligation to retain any Participant as an employee.

Section 8.6 Tax Withholding. The Company may withhold from any amounts payable under this Plan such federal, state, local, or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

Section 8.7 ERISA Status. This Plan is intended to be an unfunded plan maintained primarily for the purpose of providing severance benefits for a select group of management or highly compensated employees, or alternatively, is intended to be payroll practice plan not requiring an ongoing administrative program for paying benefits. Consequently, this Plan is not intended to be subject to the Employee Retirement Income Security Act of 1974, as amended. All payments pursuant to this Plan shall be made from the general funds of the Company and no special or separate fund shall be established or other segregation of assets made to assure payment. No Participant or other Person shall have under any circumstances any interest in any particular property or assets of the Company as a result of participating in this Plan. Notwithstanding the foregoing, the Company may (but shall not be obligated to) create one or more grantor trusts, the assets of which are subject to the claims of the Company's creditors, to assist it in accumulating funds to pay its obligations under this Plan.

Section 8.8 Construction. The invalidity or unenforceability of any provision of this Plan shall not affect the validity or enforceability of any other provision of this Plan, which shall remain in full force and effect, and any prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The captions of this Plan are not part of the provisions hereof and shall have no force or effect. Neither a Participant's nor the Company's failure to insist upon strict compliance with any provision of this Plan, or the failure to assert any right a Participant or the Company may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Plan.

Section 8.9 Governing Law. This Plan shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws.

Section 8.10 Section 409A of the Code.

(a) General. It is intended that this Plan shall comply with the provisions of Section 409A of the Code and the Treasury Regulations relating thereto, or an exemption to Section 409A of the Code. Any payments that qualify for the "short-term deferral" exception, the separation pay exception, or another exception under Section 409A of the Code shall be paid under the applicable exception. For purposes of the limitations on nonqualified deferred compensation under Section 409A of the Code, each payment of compensation under this Plan shall be treated as a separate payment of compensation for purposes of applying the exclusion under Section 409A of the Code for short-term deferral amounts, the separation pay exception, or any other exception or exclusion under Section 409A of the Code. All payments to be made upon a Termination of Employment under this Plan that constitute "nonqualified deferred compensation" under Section 409A of the Code may only be made upon a "separation from service" under Section 409A of the Code. In no event may a Participant, directly or indirectly, designate the calendar year of any payment under this Plan.

(b) In-Kind Benefits and Reimbursements. Notwithstanding anything to the contrary in this Plan, all reimbursements and in-kind benefits provided under this Plan shall be made or provided in accordance with the requirements of Section 409A of the Code, including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during the Participant's lifetime (or during a shorter period of time specified in this Plan); (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (iii) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred; and (iv) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(c) Delay of Payments. Notwithstanding any other provision of this Plan to the contrary, if the Participant is considered a "specified employee" for purposes of Section 409A of the Code (as determined in accordance with the methodology established by the Company as in effect on the applicable Termination Date), any payment that constitutes nonqualified deferred compensation within the meaning of Section 409A of the Code that is otherwise due to the Participant under this Plan during the six-month period following the Participant's separation from service (as determined in accordance with Section 409A of the Code) on account of the Participant's separation from service shall be accumulated and paid to the Participant on the first business day of the seventh month following the Participant's separation from service (the "Delayed Payment Date") to the extent necessary to avoid the imposition of tax penalties under Section 409A of the Code. The Participant shall be entitled to interest on any delayed cash payments from the date of termination to the Delayed Payment Date at a rate equal to the applicable federal short-term rate in effect under Section 1274(d) of the Code for the month in which the Participant's separation from service occurs. If the Participant dies during the postponement period, the amounts and entitlements delayed on account of Section 409A of the Code shall be paid to the personal representative of the Participant's estate on the first to occur of the Delayed Payment Date or 30 calendar days after the date of the Participant's death.

As adopted by the Board of Directors of Paycor HCM, Inc. on [•], 2021.

Annex A

PLAN PARTICIPANTS

Position	***Multiple***
Executives of the Company reporting directly to the Company's Chief Executive Officer who are at the M8 Executive Career Level (other than executives who are party to an individual Executive Employment Agreement), and any other key employee of the Company designated by the Committee	0.5

Annex B

SEVERANCE BENEFITS

If the Participant incurs a Qualifying Termination, then the Participant shall, subject to Sections 4.2 and 6.1 of the Plan (in each case, other than with respect to the Accrued Obligations), be entitled to receive from the Company:

(a) The Accrued Obligations, which, in the case of clauses (a) through (c) of such definition, shall be payable in cash in a lump sum within 30 days following the Termination Date and in the case of clause (d) of such definition, shall be payable in accordance with applicable law and the terms of the governing plan rules.

(b) An amount in cash equal to the product of (i) the Participant's Multiple and (ii) the sum of the Participant's Annual Base Salary and Target Annual Bonus (the "Severance Payment"), which Severance Payment shall be payable in substantially equal installments over the applicable Severance Period in accordance with the Company's normal payroll practices; provided, however, that the first such installment shall be paid on the 60th day following the Termination Date and the first payment shall include any portion of the Severance Payment that would have otherwise been payable during the period between the Termination Date and such payment date.

(c) If the Participant timely elects COBRA coverage, then reimbursement for the cost of health insurance continuation coverage under COBRA in excess of the cost that employees of the Company Group are required to pay for health insurance benefits under the plan in which the Participant was eligible to participate as of the Termination Date (the "COBRA Reimbursement") until the earlier of (i) the end of the COBRA Period and (ii) the date on which the Participant obtains alternative insurance coverage; provided that, the first such reimbursement payment shall be paid on the 60th day following the Termination Date and the first payment shall include any portion of the COBRA Reimbursement that would have otherwise been payable during the period between the Termination Date and such payment date.

PAYCOR HCM, INC.

EXECUTIVE CHANGE IN CONTROL SEVERANCE PLAN

ARTICLE I
PURPOSE

The purpose of this Executive Severance Plan (this "Plan") is to provide severance benefits to certain eligible employees of Paycor HCM, Inc. (the "Company") and its Affiliates, who experience a Qualifying Termination under the conditions described in this Plan. Capitalized terms used herein without definition shall have the meanings ascribed to such terms in Article II.

ARTICLE II
DEFINITIONS

As used herein the following words and phrases shall have the following respective meanings (unless the context clearly indicates otherwise):

"Accounting Firm" means a nationally recognized certified public accounting firm or other professional organization that is a certified public accounting firm recognized as an expert in determinations and calculations for purposes of Section 280G of the Code that is selected by the Company prior to a Change in Control for purposes of making the applicable determinations hereunder.

"Accrued Obligations" means, with respect to a Participant's Termination of Employment, (a) such Participant's base salary through the Termination Date; (b) reimbursement for business expenses in accordance with Company policy; (c) any accrued but unused paid time off to the extent not theretofore paid; and (d) vested employee benefits accrued through the Termination Date in accordance with applicable law or the governing plan rules.

"Administrator" means the Committee or such other Person as selected by the Committee.

"Affiliate" means any Subsidiary or other entity that is directly or indirectly controlled by the Company or any entity in which the Company has a significant ownership interest as determined by the Administrator.

"Annual Base Salary" means, with respect to a Participant, the annual rate of base salary in effect for such Participant as of such Participant's Termination Date (without giving effect to any reduction resulting in a Termination for Good Reason).

"Board" means the Board of Directors of the Company.

"Bonus Percentage" means, with respect to any Participant, a whole or fractional percentage designated for such Participant on Annex A attached hereto.

"Change in Control" has the meaning set forth in the Equity Plan.

"COBRA" means the U.S. Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

"COBRA Period" means, with respect to a Participant, the lesser of (a) the Severance Period, and (b) the 18-month period following the Termination Date.

"Code" means the U.S. Internal Revenue Code of 1986, as amended from time to time.

"Committee" means the Compensation and Benefits Committee of the Board.

"Company Group" means, collectively, the Company and its Affiliates.

"Competitor" means any individual or business that competes with the products or services provided by a member of the Company Group at the time of the Participant's Termination Date or that is under active consideration by the Board at the time of the Termination Date.

"Disaffiliation" means an Affiliate's ceasing to be an Affiliate for any reason (including, without limitation, as a result of a public offering, or a spinoff or sale by the Company, of the stock of the Affiliate) or a sale of a division of the Company Group (including, without limitation, a sale of assets).

"Disability" means a physical or mental incapacity or disability, the result of which causes an Eligible Employee to fail to perform the essential functions of his or her position for a continuous period of 180 days or any 270 days within any 12-month period.

"Eligible Employee" means an employee of the Company Group who is designated within one of the employee classification categories specified on Annex A attached hereto, excluding any such employee of the Company Group who is covered under any collective bargaining agreement.

"Equity Plan" means the Company's 2021 Omnibus Incentive Plan, as may be amended from time to time.

"Executive Officers" means, as of any particular time, Eligible Employees who are designated as "executive officers" (within the meaning of Rule 3b-7 promulgated under the U.S. Securities Exchange Act of 1934, as amended) of the Company as of such time.

"Multiple" means, with respect to any Participant, a whole or fractional number so designated for such Participant on Annex A attached hereto.

"Net After-Tax Receipt" means the present value (as determined in accordance with Sections 280G(b)(2) (A)(ii) and 280G(d)(4) of the Code) of a Payment net of all taxes imposed on the Participant with respect thereto under Sections 1 and 4999 of the Code and under applicable state and local laws, determined by applying the highest marginal rate under Section 1 of the Code and under state and local laws that applied to the Participant's taxable income for the immediately preceding taxable year, or such other rate(s) as the Accounting Firm determines to be likely to apply to the Participant in the relevant tax year(s).

"Parachute Value" of a Payment means the present value as of the date of a Change in Control for purposes of Section 280G of the Code of the portion of such Payment that constitutes a "parachute payment" under Section 280G(b)(2) of the Code, as determined by the Accounting Firm for purposes of determining whether and to what extent the excise tax under Section 4999 of the Code will apply to such Payment.

"Participant" means any Eligible Employee who incurs a Qualifying Termination and thereby becomes eligible for Severance Benefits under this Plan.

"Payment" means any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Participant, whether paid or payable pursuant to this Plan or otherwise.

"Person" means any individual, entity, or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the U.S. Securities Exchange Act of 1934, as amended).

"Protected Period" means the period beginning three months prior to, and ending 12 months following, a Change in Control

"Qualifying Termination" means, with respect to an Eligible Employee, (a) a Termination of Employment initiated by the Company and/or its Affiliates (including any successors thereto as described in Section 8.1) other than a Termination for Cause or due to Disability or (b) a Termination for Good Reason.

"Restricted Period" means the applicable period of time following such Participant's Termination Date designated for such Participant on Annex A attached hereto.

"Restricted Territory" means the United States or any other jurisdiction in which the Company Group is conducting business or is actively considering conducting business as of the Termination Date.

"Safe Harbor Amount" means 2.99 times the Participant's "base amount," within the meaning of Section 280G(b)(3) of the Code.

"Severance Benefits" means the amounts and benefits payable or required to be provided in accordance with Section 5.1 and Annex B, excluding Accrued Obligations.

"Severance Period" means, with respect to a Participant, a number of months equal to the product of (a) 12 months and (b) such Participant's Multiple.

"Subsidiary" means any company (other than the Company) in an unbroken chain of companies beginning with the Company; provided that, each company in the unbroken chain (other than the Company) owns, at the time of determination, stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other companies in such chain.

"Target Annual Bonus" means, with respect to a Participant, the target annual incentive payment for which such Participant is eligible in respect of the fiscal year in which the Termination Date occurs (without giving effect to any reduction resulting in a Termination for Good Reason).

"Termination Date" means, with respect to an Eligible Employee, the date on which such Eligible Employee incurs a Termination of Employment for any reason.

"Termination for Cause" means a Termination of Employment on account of (a) any material failure, refusal, or inability by an Eligible Employee to perform his or her duties designated under his or her employment agreement with the Company Group (other than by reason of such Eligible Employee's death or Disability) that continues after written notice to such Eligible Employee that such failure or refusal will result in a Termination for Cause; (b) any intentional act of fraud or embezzlement by an Eligible Employee in connection with his or her duties or employment with the Company Group, or the admission or conviction of, or entering of a plea of nolo contendere by, such Eligible Employee of any felony or any lesser crime involving moral turpitude, fraud, embezzlement or theft; (c) any gross negligence, willful misconduct or personal dishonesty of an Eligible Employee resulting, in the good faith determination of the Company, in a loss to the Company Group or in damage to the reputation of the Company or any of its parent or subsidiary entities, affiliates, successors or assigns; (d) any material breach by an Eligible Employee of any of the covenants contained in this Plan or such Eligible Employee's employment

agreement with the Company Group; or (e) any failure of an Eligible Employee to comply with Company policies or procedures; provided that, in each case, such Eligible Employee shall have been given written notice from the Company describing in reasonable detail the event or circumstance the Company believes gives rise to the Company's right to effectuate a Termination for Cause within 30 days of its initial existence, and such Eligible Employee shall have 30 days to remedy the condition to the satisfaction of the Company. An Eligible Employee's failure to cure such condition(s) within such 30-day period shall result in a Termination for Cause.

"Termination for Good Reason" means a Termination of Employment by an Eligible Employee on account of any of the following (absent written consent of the Eligible Employee): (a) a reduction in the Eligible Employee's base salary, or failure to pay such Eligible Employee's compensation payable under his or her employment agreement, or a material reduction in benefits payable under his or her employment agreement or any amounts otherwise vested and/or due under the Company's employee benefit plans or employee benefit programs; (b) a reduction in the percentages with respect to such Eligible Employee's target bonus; (c) the assignment of additional or reduction of duties or responsibilities to such Eligible Employee that are inconsistent in a material and adverse respect with such Eligible Employee's position with the Company; or (d) the relocation of the Company's principal place of business more than 75 miles from the current location; provided that, in each case, such Eligible Employee must (i) first provide written notice to the Company of the existence of the condition giving rise to a Termination for Good Reason within 30 days of its initial existence (specifying the basis for such Eligible Employee's belief that he or she is entitled to terminate his or her employment due to a Termination for Good Reason), (ii) give the Company an opportunity to cure any of the foregoing within 30 days following such Eligible Employee's delivery to the Company of such written notice and (iii) actually resign his or her employment within ten days following the expiration of the Company's 30-day cure period.

"Termination of Employment" means an Eligible Employee's termination of employment with the Company Group. Notwithstanding the foregoing, unless otherwise determined by the Administrator, an Eligible Employee employed by, or performing services for, an Affiliate, or a division of the Company and its Affiliates shall not be deemed to have incurred a Termination of Employment if, as a result of a Disaffiliation, such Affiliate, or division ceases to be an Affiliate, or division, as the case may be. In addition, temporary absences from employment because of illness, vacation, or leave of absence and transfers among the Company Group shall not be considered Terminations of Employment.

ARTICLE III
EFFECTIVENESS

This Plan shall become effective as of [•].

ARTICLE IV
ELIGIBILITY

Section 4.1 Participation. Any Eligible Employee who incurs a Qualifying Termination and who satisfies the conditions set forth in Section 4.2 shall be eligible to receive the Severance Benefits set forth on Annex B attached hereto. An Eligible Employee will not be eligible to receive Severance Benefits following a Termination of Employment initiated by such Eligible Employee unless such termination is due to a Termination for Good Reason.

Section 4.2 Release of Claims. An Eligible Employee's right to receive the Severance Benefits shall be subject to (a) such Eligible Employee's execution and delivery to the Company not later than 45 days following such Eligible Employee's Termination Date of a general release of claims (a "Release") in favor of the Company Group in a form provided by the Company and (b) such Release becoming irrevocable in accordance with its terms.

ARTICLE V
SEVERANCE BENEFITS

Section 5.1 General. If the Participant incurs a Qualifying Termination during the Protected Period, then the Participant shall, subject to Sections 4.2 and 6.1 (in each case, other than with respect to the Accrued Obligations) and notwithstanding anything to the contrary in such Participant's employment agreement with the Company Group or the Company's Executive Severance Plan, be entitled to receive from the Company the benefits set forth on Annex B attached hereto.

Section 5.2 No Offset; No Mitigation. The Company's obligation to make the payments provided for in this Plan and otherwise to perform its obligations hereunder shall not be affected by any setoff, counterclaim, recoupment, defense, or other claim, right, or action that the Company Group may have against a Participant or any other Person. In no event shall a Participant be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Participant under any of the provisions of this Plan, and such amounts shall not be reduced whether or not the Participant obtains other employment.

Section 5.3 No Duplication; Other Benefit Plans. A Participant who experiences a Qualifying Termination that entitles him or her to the Severance Payments set forth on Annex B shall not be entitled to any compensation or benefits under any other Company severance plan or policy in connection with such Qualifying Termination. Other than with respect to any such severance plan or policy, this Plan shall not affect a Participant's entitlement to compensation or benefits under any other employee benefit plan or compensatory arrangement of the Company Group, which, in each case, shall be construed in accordance with its respective terms. To the extent (a) a Participant is entitled to severance benefits in connection with a Change in Control pursuant to an agreement outside the scope of this Plan, and (b) such benefits are greater than the benefits provided under this Plan, then such Participant will remain eligible to receive such other benefits, without duplication, pursuant to such other arrangement; provided that, such other benefits shall be payable in accordance with the requirements of Section 409A of the Code.

Section 5.4 Certain Reduction in Payments.

(a) Anything in this Plan to the contrary notwithstanding, in the event the Accounting Firm shall determine that receipt of all Payments would subject a Participant to the excise tax under Section 4999 of the Code, the Accounting Firm shall determine whether to reduce any of the Payments paid or payable pursuant to this Plan (the "Plan Payments") so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount. The Plan Payments shall be so reduced only if the Accounting Firm determines that the Participant would have a greater Net After-Tax Receipt of aggregate Payments if the Plan Payments were so reduced. If the Accounting Firm determines that the Participant would not have a greater Net After-Tax Receipt of aggregate Payments if the Plan Payments were so reduced, the Participant shall receive all Plan Payments to which the Participant is entitled hereunder.

(b) If the Accounting Firm determines that aggregate Plan Payments should be reduced so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount, the Company shall promptly give the Participant notice to that effect and a copy of the detailed calculation thereof. All determinations made by the Accounting Firm under this Section 5.4 shall be binding upon the Company and the Participant and shall be made as soon as reasonably practicable and in no event later than 15 business days following the Termination Date. For purposes of reducing the Plan Payments

so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount, only amounts payable under the Plan (and no other Payments) shall be reduced. The reduction of the amounts payable hereunder, if applicable, shall be made by reducing the Plan Payments that are parachute payments in the following order: (i) cash payments set forth on Annex B attached hereto that do not constitute deferred compensation within the meaning of Section 409A of the Code, and (ii) cash payments set forth on Annex B attached hereto that do constitute deferred compensation, in each case, beginning with the payments or benefits that are to be paid or provided the farthest in time from the Termination Date. All reasonable fees and expenses of the Accounting Firm shall be borne solely by the Company.

ARTICLE VI
RESTRICTIVE COVENANTS

Section 6.1 General. A Participant's right to receive the Severance Benefits set forth on Annex B shall be subject to the Participant's continued compliance with the covenants set forth in this Article VI.

Section 6.2 Confidential Information. Each Participant shall hold in a fiduciary capacity for the benefit of the Company Group, all secret or confidential information, knowledge, or data relating to the Company Group and its businesses (including, without limitation, any proprietary and not publicly available information concerning any processes, methods, trade secrets, research secret data, costs, names of users or purchasers of their respective products or services, business methods, operating procedures or programs, or methods of promotion and sale) that such Participant has obtained or obtains during such Participant's employment by the Company Group and that is not public knowledge (other than as a result of the Participant's violation of this Section 6.2) ("Confidential Information"). For the purpose of this Section 6.2, information shall not be deemed to be publicly available merely because it is embraced by general disclosures or because individual features or combinations thereof are publicly available. No Participant shall communicate, divulge, or disseminate Confidential Information at any time during or after such Participant's employment with the Company Group, except with prior written consent of the applicable Company Group company, or as otherwise required by law or legal process. All records, files, memoranda, reports, customer lists, drawings, plans, documents, and the like that the Participant uses, prepares, or comes into contact with during the course of the Participant's employment shall remain the sole property of the Company and/or the Company Group, as applicable, and shall be turned over to the applicable Company Group company upon the Participant's Termination of Employment.

Section 6.3 Nonsolicitation of Employees. No Participant shall, at any time during the applicable Restricted Period, without the prior written consent of the Company, engage in the following conduct: (a) directly or indirectly, including, without limitation, via social media or professional networking services, contact, solicit, recruit, employ, or engage (whether as an employee, officer, director, agent, consultant, or independent contractor) any person who was or is at any time during the previous 12 months an employee, representative, officer, or director of the Company Group; or (b) take any action to encourage or induce any employee, representative, officer, or director of the Company Group to cease their relationship with the Company Group for any reason. The recruitment of employees within or for the Company Group shall not constitute a breach of this Section 6.3.

Section 6.4 Nonsolicitation of Business. No Participant shall, at any time during the applicable Restricted Period, either directly or indirectly or as an officer, agent, employee, partner, consultant, or director of any other company, partnership, or entity solicit, service, or accept on behalf of any competitor of the Company Group the business of (a) any customer of the Company Group at the time of the Participant's Termination Date, or (b) any potential customer of the Company Group that the Participant knew to be an identified, prospective purchaser of services or products of the Company Group.

Section 6.5 Noncompetition. No Participant shall, at any time during the applicable Restricted Period, accept employment with, or directly or indirectly provide services to, a Competitor in the applicable Restricted Territory.

Section 6.6 Nondisparagement. Each Participant shall at all times refrain from taking action or making statements, written or oral, that (a) denigrates, disparages, or defames the goodwill or reputation of any member of the Company Group or any of such member's directors, officers, securityholders, partners, agents, or employees, or (b) are intended to, or may be reasonably expected to, adversely affect the morale of employees. Each Participant further agrees not to make any negative statements to third parties relating to the Participant's employment or any aspect of the businesses of the Company Group and not to make any negative statements to third parties about any member of the Company Group or such member's directors, officers, securityholders, partners, agents, or employees, except as may be required by a court or government body. Each Participant further agrees not to make any statements to third parties about the circumstances of the termination of the Participant's employment with the Company Group, except as may be required by applicable law (or in response to a statement by the other party in violation of this sentence).

Section 6.7 Cooperation. Each Participant agrees that, following such Participant's Termination of Employment for any reason, such Participant shall assist and cooperate with the Company with regard to any matter or project in which the Participant was involved during the Participant's employment with the Company Group, including, but not limited to, any litigation that may be pending or arise after such Termination of Employment. Each Participant further agrees to notify the Company at the earliest opportunity of any contact that is made by any third parties concerning any such matter or project. The Company shall not unreasonably request such cooperation of a Participant and shall cooperate with the Participant in scheduling any assistance by the Participant, taking into account the Participant's business and personal affairs and shall compensate the Participant for any lost wages or expenses associated with such cooperation and assistance.

Section 6.8 Acknowledgement and Enforcement. Each Participant acknowledges and agrees that: (a) the purpose of the foregoing covenants is to protect the goodwill, trade secrets, and other Confidential Information of the Company Group; (b) because of the nature of the business in which the Company Group is engaged and because of the nature of the Confidential Information to which the Participant has access, the Company would suffer irreparable harm and it would be impractical and excessively difficult to determine the actual damages of the Company Group if the Participant breached any of the covenants set forth in this Article VI; and (c) remedies at law (such as monetary damages) for any breach of the Participant's obligations under this Article VI would be inadequate. Each Participant therefore agrees and consents that, if the Participant commits any breach of a covenant under this Article VI or threatens to commit any such breach, the Company shall have the right (in addition to, and not in lieu of, any other right or remedy that may be available to it) to temporary and permanent injunctive relief from a court of competent jurisdiction, without posting any bond or other security and without the necessity of proof of actual damage. If any of the covenants contained in this Article VI is finally held by a court to be invalid, illegal, or unenforceable (whether in whole or in part), such covenant shall be deemed modified to the extent, but only to the extent, of such invalidity, illegality, or unenforceability and the remaining covenants shall not be affected thereby; provided, however, that, if any of such covenants is finally held by a court to be invalid, illegal, or unenforceable because it exceeds the maximum scope and/or duration determined to be acceptable to permit such provision to be enforceable, such covenant shall be deemed to be modified to the minimum extent necessary to modify such scope and/or duration to make such provision enforceable hereunder.

Section 6.9 Similar Covenants in Other Agreements Unaffected. Each Participant acknowledges that the Participant currently is, or in the future may become, subject to covenants contained in other agreements (including, but not limited to, agreements to protect Company assets, confidentiality and business protection agreements, stock option agreements, performance share unit agreements, and restricted share unit agreements) that are similar to those contained in this Article VI. Further, a breach of the covenants contained in this Article VI may have implications under the terms of such other agreements, including, but not limited to, a forfeiture of equity awards and long-term cash compensation. Each Participant acknowledges the foregoing and understands that the covenants contained in this Article VI are in addition to, and not in substitution of, the similar covenants contained in any such other agreements.

Section 6.10 Whistleblower Rights. Under the federal Defend Trade Secrets Act of 2016, Eligible Employees shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; (b) is made to the Eligible Employee's attorney in relation to a lawsuit for retaliation against such Eligible Employee for reporting a suspected violation of law; or (c) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing in this Plan shall (A) prevent any Eligible Employee from testifying truthfully as required by law, (B) prohibit or prevent any Eligible Employee from filing a charge with or participating, testifying, or assisting in any investigation, hearing, whistleblower proceeding, or other proceeding before any federal, state, or local government agency (e.g., EEOC, NLRB, SEC, etc.), or (C) prevent any Eligible Employee from disclosing Confidential Information in confidence to a federal, state, or local government official for the purpose of reporting or investigating a suspected violation of law.

ARTICLE VII
ADMINISTRATION

Section 7.1 Administrator. This Plan shall be administered by the Administrator. Prior to the occurrence of a Change in Control, the Administrator may delegate its authority under this Plan to an individual or another committee. In addition, in the event of an impending Change in Control, the Administrator may appoint a Person (or Persons) independent of the third party effectuating the Change in Control to be the Administrator effective upon the occurrence of a Change in Control and such Administrator shall not be removed or modified following a Change in Control, other than at its own initiative (the "Independent Administrator"). If the Administrator determines to appoint an Independent Administrator pursuant to this Section 7.1, the Independent Administrator shall be entitled to receive reasonable compensation as is mutually agreed upon between the Administrator and the Independent Administrator, and all reasonable expenses of the Independent Administrator shall be paid or reimbursed by the Company upon receipt of proper documentation by the Company.

Section 7.2 Standard of Review. Except as otherwise provided in this Plan, the decision of the Administrator (including the Independent Administrator) upon all matters within the scope of its authority shall be final, conclusive, and binding on all parties; provided that, in the event that no Independent Administrator is appointed upon the occurrence of a Change in Control, any determination by the Administrator of (a) whether a Termination of Employment constitutes a Termination for Cause or a Termination for Good Reason during the Protected Period or (b) the severance, rights, and benefits due to a Participant upon a Termination of Employment during the Protected Period shall be subject to *de novo* review.

Section 7.3 Indemnification. The Administrator, any delegee of the Administrator permitted under Section 7.1 and the Independent Administrator (if any) shall be indemnified by the Company against personal liability for actions taken in good faith in the discharge of the Administrator's or the Independent Administrator's duties hereunder.

ARTICLE VIII
MISCELLANEOUS

Section 8.1 Successors. This Plan shall bind any successor of the Company, its assets, or its businesses (whether direct or indirect, by purchase, merger, consolidation, or otherwise), in the same manner and to the same extent that the Company would be obligated under this Plan if no succession had taken place. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and to honor this Plan in the same manner and to the same extent that the Company would be required to honor it if no such succession had taken place, unless such successor succeeds to the Plan by operation of law. The term "Company," as used in this Plan, shall mean the Company as hereinbefore defined and any successor or assignee to the business or assets that by reason hereof becomes bound by this Plan.

Section 8.2 Amendment, Suspension, and Termination. Prior to a Change in Control or following the end of the Protected Period, this Plan may be suspended, terminated or amended by written resolution of the Committee at any time; provided that, no such amendment, suspension, or termination shall (a) become effective until one year following such amendment, suspension, or termination if such amendment, suspension, or termination is adverse to an Eligible Employee or (b) affect the Severance Benefits payable to any Participant who has experienced a Qualifying Termination prior to the effectiveness of such suspension, termination or amendment. During the Protected Period, this Plan may not, without the consent of all Eligible Employees, be (i) suspended, (ii) terminated or (iii) amended in any manner that would adversely affect the rights or potential rights of Eligible Employees. For the avoidance of doubt, any suspension, termination or modification to this Plan pursuant to this Section 8.2 that would adversely affect the rights or potential rights of Eligible Employees shall, absent the consent of all Eligible Employees, be retroactively ineffective to the extent a Change in Control is consummated within the three-month period following such suspension, termination or modification.

Section 8.3 Compliance with Law. Notwithstanding anything else contained herein, the Company shall not be required to make any payment or take any other action prohibited by law, including, but not limited to, any regulation, directive, or order of federal or state regulatory authorities.

Section 8.4 Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

if to the Company:

Paycor HCM, Inc.
Attention: Karen L. Crone
4811 Montgomery Rd.
Cincinnati, OH 45212
Email: kcrone@paycor.com

With a copy to the Company's Legal Department, at:

Paycor HCM, Inc.
Attention Legal Department
4811 Montgomery Rd.
Cincinnati, OH 45212

if to the Participant:

At the address most recently on the books and records of the Company

or to such other address as the Company or any Participant shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

Section 8.5 Employment Status. This Plan does not constitute a contract of employment or impose on any Participant or the Company Group any obligation to retain any Participant as an employee.

Section 8.6 Tax Withholding. The Company may withhold from any amounts payable under this Plan such federal, state, local, or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

Section 8.7 ERISA Status. This Plan is intended to be an unfunded plan maintained primarily for the purpose of providing severance benefits for a select group of management or highly compensated employees, or alternatively, is intended to be payroll practice plan not requiring an ongoing administrative program for paying benefits. Consequently, this Plan is not intended to be subject to the Employee Retirement Income Security Act of 1974, as amended. All payments pursuant to this Plan shall be made from the general funds of the Company and no special or separate fund shall be established or other segregation of assets made to assure payment. No Participant or other Person shall have under any circumstances any interest in any particular property or assets of the Company as a result of participating in this Plan. Notwithstanding the foregoing, the Company may (but shall not be obligated to) create one or more grantor trusts, the assets of which are subject to the claims of the Company's creditors, to assist it in accumulating funds to pay its obligations under this Plan.

Section 8.8 Construction. The invalidity or unenforceability of any provision of this Plan shall not affect the validity or enforceability of any other provision of this Plan, which shall remain in full force and effect, and any prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The captions of this Plan are not part of the provisions hereof and shall have no force or effect. Neither a Participant's nor the Company's failure to insist upon strict compliance with any provision of this Plan, or the failure to assert any right a Participant or the Company may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Plan.

Section 8.9 Governing Law. This Plan shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws.

Section 8.10 Section 409A of the Code.

(a) General. It is intended that this Plan shall comply with the provisions of Section 409A of the Code and the Treasury Regulations relating thereto, or an exemption to Section 409A of the Code. Any payments that qualify for the "short-term deferral" exception, the separation pay exception, or another exception under Section 409A of the Code shall be paid under the applicable exception. For purposes of the limitations on nonqualified deferred compensation under Section 409A of the Code, each payment of compensation under this Plan shall be treated as a separate payment of compensation for purposes of applying the exclusion under Section 409A of the Code for short-term deferral amounts, the separation pay exception, or any other exception or exclusion under Section 409A of the Code. All payments to be made upon a Termination of Employment under this Plan that constitute "nonqualified deferred compensation" under Section 409A of the Code may only be made upon a "separation from service" under Section 409A of the Code. In no event may a Participant, directly or indirectly, designate the calendar year of any payment under this Plan.

(b) In-Kind Benefits and Reimbursements. Notwithstanding anything to the contrary in this Plan, all reimbursements and in-kind benefits provided under this Plan shall be made or provided in accordance with the requirements of Section 409A of the Code, including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during the Participant's lifetime (or during a shorter period of time specified in this Plan); (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (iii) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred; and (iv) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(c) Delay of Payments. Notwithstanding any other provision of this Plan to the contrary, if the Participant is considered a "specified employee" for purposes of Section 409A of the Code (as determined in accordance with the methodology established by the Company as in effect on the applicable Termination Date), any payment that constitutes nonqualified deferred compensation within the meaning of Section 409A of the Code that is otherwise due to the Participant under this Plan during the six-month period following the Participant's separation from service (as determined in accordance with Section 409A of the Code) on account of the Participant's separation from service shall be accumulated and paid to the Participant on the first business day of the seventh month following the Participant's separation from service (the "Delayed Payment Date") to the extent necessary to avoid the imposition of tax penalties under Section 409A of the Code. The Participant shall be entitled to interest on any delayed cash payments from the date of termination to the Delayed Payment Date at a rate equal to the applicable federal short-term rate in effect under Section 1274(d) of the Code for the month in which the Participant's separation from service occurs. If the Participant dies during the postponement period, the amounts and entitlements delayed on account of Section 409A of the Code shall be paid to the personal representative of the Participant's estate on the first to occur of the Delayed Payment Date or 30 calendar days after the date of the Participant's death.

As adopted by the Board of Directors of Paycor HCM, Inc. on [•], 2021.

Annex A

PLAN PARTICIPANTS

Position	*Multiple*	*Bonus Percentage*	*Restricted Period*
Chief Executive Officer of the Company	1.5	100%	12 months
Chief Financial Officer and Chief Revenue Officer of the Company	1.0	75%	12 months
Executives of the Company reporting directly to the Company's Chief Executive Officer who are at the M8 Executive Career Level (other than executives who are party to an individual Executive Employment Agreement), and any other key employee of the Company designated by the Committee	0.75	0%	12 months

Annex B

SEVERANCE BENEFITS

If the Participant incurs a Qualifying Termination, then the Participant shall, subject to Sections 4.2 and 6.1 of the Plan (in each case, other than with respect to the Accrued Obligations), be entitled to receive from the Company:

(a) The Accrued Obligations, which, in the case of clauses (a) through (c) of such definition, shall be payable in cash in a lump sum within 30 days following the Termination Date and in the case of clause (d) of such definition, shall be payable in accordance with applicable law and the terms of the governing plan rules.

(b) An amount in cash equal to the product of (i) the Participant's Multiple and (ii) the sum of (A) the Participant's Annual Base Salary and (B) the product of (x) the Participant's Bonus Percentage and (y) the Target Annual Bonus (the "Severance Payment"), which Severance Payment shall be payable in substantially equal installments over the applicable Severance Period in accordance with the Company's normal payroll practices; provided, however, that the first such installment shall be paid on the 60th day following the Termination Date and the first payment shall include any portion of the Severance Payment that would have otherwise been payable during the period between the Termination Date and such payment date.

(c) If the Participant timely elects COBRA coverage, then reimbursement for the cost of health insurance continuation coverage under COBRA in excess of the cost that employees of the Company Group are required to pay for health insurance benefits under the plan in which the Participant was eligible to participate as of the Termination Date (the "COBRA Reimbursement") until the earlier of (i) the end of the COBRA Period and (ii) the date on which the Participant obtains alternative insurance coverage; provided that, the first such reimbursement payment shall be paid on the 60th day following the Termination Date and the first payment shall include any portion of the COBRA Reimbursement that would have otherwise been payable during the period between the Termination Date and such payment date.

(d) To the extent the Participant holds any unvested equity incentive awards granted under the Equity Plan that vest solely based on continued employment with the Company Group, such awards will accelerate and vest as of the Termination Date.

Exhibit 10.12

PAYCOR HCM, INC.
ANNUAL BONUS PLAN

1. Background and Purpose.

1.1 Purpose. The purpose of this Paycor HCM, Inc. Annual Bonus Plan (the "Plan") is to enable the Company to attract and retain superior employees by providing a competitive bonus program that rewards outstanding performance and to motivate employees of the Company Group who are Participants in the Plan.

1.2 Effective Date. The Plan is effective as of April 14, 2021 (the "Effective Date") and will remain in effect until it has been terminated pursuant to Section 7.5.

2. Definitions. The following terms will have the following meanings:

2.1 "Award" means an award or right to payment granted pursuant to the Plan, the payment of which is contingent on achievement of performance, service-based or other conditions established by the Committee.

2.2 "Award Agreement" means a written agreement or notification setting forth the terms and conditions applicable to an Award.

2.3 "Board" means the Board of Directors of the Company, as constituted from time to time.

2.4 "Committee" means the Compensation and Benefits Committee of the Board.

2.5 "Company" means Paycor HCM, Inc., a Delaware corporation, and any successor thereto.

2.6 "Company Group" means the Company and its direct and indirect subsidiaries.

2.7 "Participant" means as any employee of the Company Group granted an Award by the Committee.

2.8 "Plan" means the Paycor HCM, Inc. Annual Bonus Plan, as hereafter amended from time to time.

3. Administration. The Plan will be administered by the Committee. Subject to the provisions of the Plan and applicable law, the Committee will have the power, in addition to other express powers and authorizations conferred on the Committee by the Plan, to: (i) designate Participants; (ii) determine the terms and conditions of any Award Agreement; (iii) determine whether, to what extent, and under what circumstances Awards may be forfeited or suspended; (iv) interpret, administer, reconcile any inconsistency, correct any defect and/or supply any omission in the Plan or any instrument or agreement relating to, or Award granted under, the Plan; (v) establish, amend, suspend, or waive any rules for the administration, interpretation and application of the Plan; (vi) adopt such procedures and subplans as are necessary or appropriate to permit participation in the Plan by employees who are foreign nationals or employed outside of the United States; and (vii) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan. All determinations and decisions made by the Committee will be final, conclusive and binding on all persons, and will be given the maximum deference permitted by law.

4. Eligibility and Participation. Employees of the Company Group, are eligible to participate in the Plan. The Committee will select from time to time the persons who will be Participants with respect to an Award under the Plan. An individual who is designated as a Participant for a particular Award is not guaranteed or assured of being granted any additional Award(s).

5. Terms of Awards. The Committee will determine the terms and conditions of each Award, including the amount that may be earned under such Award, the criteria that must be achieved to earn some or all of the Award and the terms of payment of the Award. The terms of an Award will be set forth in an Award Agreement.

6. Payment of Awards. The Committee will make all determinations as to whether an Award has been earned. Any Award that has been earned will be settled in accordance with the terms of the Award Agreement.

7. General Provisions.

7.1 Compliance with Legal Requirements. The Plan and the granting of Awards will be subject to all applicable federal and state laws, rules and regulations, and to such approvals by any regulatory or governmental agency as may be required.

7.2 Non-transferability. A person's rights and interests under the Plan, including any Award previously made to such person or any amounts payable under the Plan may not be assigned, pledged, or transferred, except in the event of the Participant's death, to a designated beneficiary in accordance with the Plan, or in the absence of such designation, by will or the laws of descent or distribution.

7.3 No Right to Employment. Nothing in the Plan or an Award Agreement will confer upon any person the right to continue in the employment of the Company Group or affect the right of the Company Group to terminate the employment of any Participant.

7.4 Withholding. The Company will have the right to withhold from any Award, any federal, state or local income and/or payroll taxes required by law to be withheld and to take such other action as the Committee may deem advisable to enable the Company and Participants to satisfy obligations for the payment of withholding taxes and other tax obligations relating to an Award.

7.5 Amendment or Termination of the Plan. The Board or the Committee may, at any time, amend, suspend or terminate the Plan in whole or in part. Notwithstanding the foregoing, no amendment or termination will adversely affect the rights of any Participant to Awards allocated prior to such amendment, suspension or termination.

7.6 Unfunded Status. Nothing contained in the Plan, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between the Company and any Participant, beneficiary or legal representative or any other person. To the extent that a person acquires a right to receive payments under the Plan, such right will be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder will be paid from the general funds of the Company and no special or separate fund will be established and no segregation of assets will be made to assure payment of such amounts except as expressly set forth in the Plan. The Plan is not intended to be subject to the Employee Retirement Income Security Act of 1974, as amended (ERISA).

7.7 Governing Law. The Plan will be construed, administered and enforced in accordance with the laws of Delaware without regard to conflicts of law.

7.8 Beneficiaries. To the extent that the Committee permits beneficiary designations, any payment of Awards due under the Plan to a deceased Participant will be paid to the beneficiary duly designated by the Participant in accordance with the Company's practices. If no such beneficiary has been designated or survives the Participant, payment will be made by will or the laws of descent or distribution.

7.9 Section 409A of the Code. It is intended that payments under the Plan qualify as short-term deferrals exempt from the requirements of Section 409A of the Code. In the event that any Award does not qualify for treatment as an exempt short-term deferral, it is intended that such amount will be paid in a manner that satisfies the requirements of Section 409A of the Code. The Plan will be interpreted and construed accordingly.

7.10 Section Headings. The headings of the Plan have been inserted for convenience of reference only and in the event of any conflict, the text of the Plan, rather than such headings, will control.

7.11 Successors. All obligations of the Company under the Plan with respect to Awards granted hereunder will be binding upon any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the assets of the Company.

7.12 Clawback. In the event the Board determines that a significant restatement of the Company's financial results or other Company metrics for any of the three prior fiscal years for which audited financial statements have been prepared is required and (i) such restatement is the result of fraud or willful misconduct and (ii) the Participant's Award amount would have been lower had the results or metrics been properly calculated, the Committee has the authority to obtain reimbursement from any Participant responsible for the fraud or willful misconduct resulting in the restatement. Such reimbursement will consist of any portion of any Award previously paid that is greater than it would have been if calculated based upon the restated financial results or metrics.

Award Agreement

This Award Agreement sets forth the terms and conditions applicable to the following Award made under the Paycor HCM, Inc. Annual Bonus Plan (the "Plan"). The terms and conditions of the Plan are incorporated into and made a part of this Award Agreement. Capitalized terms not otherwise defined have the applicable meaning set forth in Plan. In the event of any conflict between this Award Agreement and the Plan, the Plan will control.

1. Recipient:
2. Award Amount:
3. Vesting Conditions:
4. Effect of Termination:
5. Other Provisions:
6. CARES Act Limitation:

PAYCOR HCM, INC.
2021 EMPLOYEE STOCK PURCHASE PLAN

ARTICLE I
PURPOSE

The Plan's purpose is to assist employees of the Company and its Designated Companies in acquiring a share ownership interest in the Company, and to help such employees provide for their future security and to encourage them to remain in the employment of the Company and its Subsidiaries.

The Plan consists of two components: the Section 423 Component and the Non-Section 423 Component. The Section 423 Component is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code and shall be administered, interpreted and construed in a manner consistent with the requirements of Section 423 of the Code. In addition, this Plan authorizes the grant of Options under the Non-Section 423 Component, which need not qualify as Options granted pursuant to an "employee stock purchase plan" under Section 423 of the Code; such Options granted under the Non-Section 423 Component shall be granted pursuant to separate Offerings containing such sub-plans, appendices, rules or procedures as may be adopted by the Administrator and designed to achieve tax, securities laws or other objectives for Eligible Employees and the Designated Companies in locations outside of the United States. Except as otherwise provided herein or determined by the Administrator, the Non-Section 423 Component will operate and be administered in the same manner as the Section 423 Component. Offerings intended to be made under the Non-Section 423 Component will be designated as such by the Administrator at or prior to the time of such Offering.

For purposes of this Plan, the Administrator may designate separate Offerings under the Plan, the terms of which need not be identical, in which Eligible Employees will participate, even if the dates of the applicable Offering Period(s) in each such Offering is identical, provided that the terms of participation are the same within each separate Offering under the Section 423 Component as determined under Section 423 of the Code. Solely by way of example and without limiting the foregoing, the Company could, but shall not be required to, provide for simultaneous Offerings under the Section 423 Component and the Non-Section 423 Component of the Plan.

ARTICLE II
DEFINITIONS

As used in the Plan, the following words and phrases have the meanings specified below, unless the context clearly indicates otherwise:

2.1 "Administrator" means the Committee, or such individuals to which authority to administer the Plan has been delegated under Section 7.1 hereof.

2.2 "Affiliate" means a corporation or other entity controlled by, controlling, or under control with the Company. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as applied to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of management and policies of such person, whether through the ownership of voting or other securities, by contract or otherwise.

2.3 "Agent" means the brokerage firm, bank or other financial institution, entity or person(s), if any, engaged, retained, appointed or authorized to act as the agent of the Company or an Employee with regard to the Plan.

2.4 “Board” means the Board of Directors of the Company.

2.5 “Code” means the U.S. Internal Revenue Code of 1986, as amended from time to time. Any reference to any section of the Code shall also be a reference to any successor provision and any guidance and treasury regulation promulgated thereunder.

2.6 “Committee” means the Compensation and Benefits Committee of the Board.

2.7 “Common Stock” means the common stock, $0.001 par value per share, of the Company.

2.8 “Company” means Paycor HCM, Inc., a Delaware corporation, and its successors by operation of law.

2.9 “Compensation” of an Employee means the gross base compensation received by such Employee as compensation for services to the Company or any Designated Company, including base salary, wages, prior week adjustment and overtime payments, commissions, annual incentive compensation or other payments made under any annual bonus program, vacation pay, holiday pay, jury duty pay, funeral leave pay, and military leave pay but excluding payments made under any special or one-time bonus programs (e.g., retention or sign-on bonuses), education or tuition reimbursements, travel expenses, business and moving reimbursements (including tax gross ups and taxable mileage allowance), imputed income arising under any group insurance or benefit program, income received in connection with any share options, share appreciation rights, restricted shares, restricted share units or other compensatory equity awards, fringe benefits, other special payments and all contributions made by the Company or any designated Subsidiary for the Employee’s benefit under any employee benefit plan now or hereafter established. The Administrator, in its discretion, may establish a different definition of Compensation for an Offering, which for the Section 423 Component shall apply on a uniform and nondiscriminatory basis. Further, the Administrator will have discretion to determine the application of this definition to Eligible Employees outside the United States.

2.10 “Designated Company” means each Affiliate and Subsidiary, including any Affiliate and Subsidiary in existence on the Effective Date and any Affiliate and Subsidiary formed or acquired following the Effective Date, that has been designated by the Administrator from time to time in its sole discretion as eligible to participate in the Plan, in accordance with Section 7.2 hereof, such designation to specify whether such participation is in the Section 423 Component or Non-Section 423 Component. A Designated Company may participate in either the Section 423 Component or Non-Section 423 Component, but not both. Notwithstanding the foregoing, if any Affiliate or Subsidiary is disregarded for U.S. federal income tax purposes in respect of the Company or any Designated Company participating in the Section 423 Component, then such disregarded Affiliate or Subsidiary shall automatically be a Designated Company participating in the Section 423 Component. If any Affiliate or Subsidiary is disregarded for U.S. federal income tax purposes in respect of any Designated Company participating in the Non-Section 423 Component, the Administrator may exclude such Affiliate or Subsidiary from participating in the Plan, notwithstanding that the Designated Company in respect of which such Affiliate or Subsidiary is disregarded may participate in the Plan.

2.11 “Effective Date” means the date the Plan is adopted by the Board, subject to approval of the Company’s shareholders.

2.12 “Eligible Employee” means any Employee of the Company or a Designated Company, except that the Administrator may exclude any or all of the following unless prohibited by applicable law, Employees:

(a) who are customarily scheduled to work 20 hours or less per week;

(b) whose customary employment is not more than five months in a calendar year;

(c) who have been employed less than two years;

(d) who are not employed by the Company or a Designated Company prior to the applicable Enrollment Date occurs;

(e) any Employee who is a "highly compensated employee" of the Company or any Designated Company (within the meaning of Section 414(q) of the Code), or that is such a "highly compensated employee" (i) with compensation above a specified level, (ii) who is an officer or (iii) who is subject to the disclosure requirements of Section 16(a) of the Exchange Act; or

(f) any Employee who is a citizen or resident of a jurisdiction outside the United States (without regard to whether they are also a citizen of the United States or a resident alien (within the meaning of Section 7701(b)(1)(A) of the Code)) if either (i) the grant of the Option is prohibited under the laws of the jurisdiction governing such Employee, or (ii) compliance with the laws of the jurisdiction would cause the Section 423 Component, any Offering thereunder or an Option granted thereunder to violate the requirements of Section 423 of the Code; provided that, any exclusion shall be applied in an identical manner under each Offering to all Employees in accordance with Treas. Reg. § 1.423-2(e).

Notwithstanding the foregoing, any Employee who, after the granting of the Option, would be deemed for purposes of Section 423(b)(3) of the Code to possess 5% or more of the total combined voting power or value of all classes of shares of the Company or any Subsidiary shall not be an Eligible Employee. For purposes of the preceding sentence, the rules of Section 424(d) of the Code with regard to the attribution of share ownership shall apply in determining the share ownership of an individual, and shares which an Employee may purchase under outstanding options shall be treated as shares owned by the Employee.

Further, with respect to the Non-Section 423 Component, (A) the Administrator may limit eligibility further within a Designated Company so as to only designate some Employees of a Designated Company as Eligible Employees, and (B) to the extent any restrictions in this definition are not consistent with applicable local laws, the applicable local laws shall control.

2.13 "Employee" means any person who renders services to the Company or a Designated Company in the status of an employee within the meaning of Section 3401(c) of the Code. "Employee" shall not include any director of the Company or a Designated Company who does not render services to the Company or a Designated Company in the status of an employee within the meaning of Section 3401(c) of the Code. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on military leave, sick leave or other leave of absence approved by the Company or a Designated Company and meeting the requirements of Treas. Reg. § 1.421-1(h)(2). Where the period of leave exceeds three months, or such other period specified in Treas. Reg. § 1.421-1(h)(2), and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated on the first day immediately following such three-month period, or such other period specified in Treas. Reg. § 1.421-1(h)(2).

2.14 "Enrollment Date" means the first date of each Offering Period.

2.15 "Exercise Date" means the last day of each Purchase Period, except as provided in Section 5.2 hereof.

2.16 “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time. Reference to a specific section of the Exchange Act or regulation thereunder shall include such section or regulation, any valid regulation or interpretation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing, or superseding such section or regulation.

2.17 “Fair Market Value” means, as of any date, the value of the Common Stock determined as follows:

(a) If the Common Stock is (i) listed on any established securities exchange (such as the New York Stock Exchange or Nasdaq Stock Market), (ii) listed on any national market system or (iii) listed, quoted or traded on any automated quotation system, the Fair Market Value of a Share shall be the closing sales price for a Share as quoted on such exchange or system for such date or, if there is no closing sales price for a Share on the date in question, the closing sales price for a Share on the last preceding date for which such quotation exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(b) If the Common Stock is not listed on an established securities exchange, national market system or automated quotation system, but the Common Stock is regularly quoted by a recognized securities dealer, the Fair Market Value of a Share shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a Share on such date, the high bid and low asked prices for a Share on the last preceding date for which such information exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(c) If the Common Stock is neither listed on an established securities exchange, national market system or automated quotation system nor regularly quoted by a recognized securities dealer, the Fair Market Value of a Share shall be established by the Administrator in good faith.

2.18 “Grant Date” means the first day of an Offering Period.

2.19 “New Exercise Date” has the meaning set forth in Section 5.2(b) hereof.

2.20 “Non-Section 423 Component” means those Offerings under the Plan, together with the sub-plans, appendices, rules or procedures, if any, adopted by the Administrator as a part of this Plan, in each case, pursuant to which Options may be granted to Eligible Employees that need not satisfy the requirements for Options granted pursuant to an “employee stock purchase plan” that are set forth under Section 423 of the Code.

2.21 “Offering” means an offer under the Plan of an Option that may be exercised during an Offering Period as further described in Article IV hereof. Unless otherwise specified by the Administrator, each Offering to the Eligible Employees shall be deemed a separate Offering, even if the dates and other terms of the applicable Purchase Periods of each such Offering are identical and the provisions of the Plan will separately apply to each Offering. To the extent permitted by Treas. Reg. § 1.423-2(a)(1), the terms of each separate Offering under the Section 423 Component need not be identical, provided that the terms of the Section 423 Component and an Offering thereunder together satisfy Treas. Reg. § 1.423-2(a)(2) and (a)(3).

2.22 “Offering Period” means one or more periods to be selected by the Administrator in its sole discretion with respect to which Options shall be granted to Participants. The duration and timing of Offering Periods may be established or changed by the Administrator at any time, in its sole discretion and may consist of one or more Purchase Periods. Notwithstanding the foregoing, in no event may an Offering Period exceed 27 months.

2.23 “Option” means the right to purchase Shares pursuant to the Plan during each Offering Period.

2.24 “Option Price” means the purchase price of a Share hereunder as provided in Section 4.2 hereof.

2.25 “Parent” means any entity that is a parent corporation of the Company within the meaning of Section 424 of the Code.

2.26 “Participant” means any Eligible Employee who elects to participate in the Plan.

2.27 “Payday” means the regular and recurring established day for payment of Compensation to an Employee.

2.28 “Plan” means this Employee Stock Purchase Plan, including both the Section 423 Component and Non-Section 423 Component and any other sub-plans or appendices hereto, as amended from time to time.

2.29 “Plan Account” means a bookkeeping account established and maintained by the Company in the name of each Participant.

2.30 “Purchase Period” means one or more periods within an Offering Period, as determined by the Administrator in its sole discretion. The duration and timing of Purchase Periods may be established or changed by the Administrator at any time, in its sole discretion. Notwithstanding the foregoing, in no event may a Purchase Period end after the end of the Offering Period under which it is established.

2.31 “Section 409A” means the nonqualified deferred compensation rules under Section 409A of the Code and any applicable treasury regulations and other official guidance thereunder.

2.32 “Section 423 Component” means those Offerings under the Plan that are intended to meet the requirements under Section 423(b) of the Code.

2.33 “Shares” means shares of Common Stock.

2.34 “Subsidiary” means any subsidiary corporation of the Company within the meaning of Section 424(f) of the Code.

2.35 “Tax-Related Items” means any U.S. and non-U.S. federal, provincial, state and/or local taxes (including, without limitation, income tax, social insurance contributions, fringe benefit tax, employment tax, stamp tax and any employer tax liability which has been transferred to a Participant) for which a Participant is liable in connection with his or her participation in the Plan.

2.36 “Treas. Reg.” means U.S. Department of the Treasury regulations.

2.37 “Withdrawal Election” has the meaning set forth in Section 6.1(a) hereof.

ARTICLE III
PARTICIPATION

3.1 Eligibility.

(a) Any Eligible Employee who is employed by the Company or a Designated Company on a given Enrollment Date for an Offering Period shall be eligible to participate in the Plan during such Offering Period, subject to the requirements of Articles IV and V hereof, and, for the Section 423 Component, the limitations imposed by Section 423(b) of the Code.

(b) No Eligible Employee shall be granted an Option under the Section 423 Component which permits the Participant's rights to purchase Shares under the Plan, and to purchase shares under all other employee stock purchase plans of the Company, any Parent or any Subsidiary subject to Section 423 of the Code, to accrue at a rate which exceeds $25,000 of fair market value of such shares (determined at the time such Option is granted) for each calendar year in which such Option is outstanding at any time. The limitation under this Section 3.1(b) shall be applied in accordance with Section 423(b)(8) of the Code.

3.2 Election to Participate; Payroll Deductions.

(a) Each individual who is an Eligible Employee as of an Offering Period's Enrollment Date may elect to participate in such Offering Period and the Plan by delivering to the Company or an Agent designated by the Company an enrollment form including a payroll deduction authorization (which may be in an electronic format or such other method as determined by the Company in accordance with the Company's practices) (a "Participation Election") no later than the period of time prior to the applicable Enrollment Date determined by the Administrator, in its sole discretion. Except as provided in Section 3.2(e) hereof, an Eligible Employee may participate in the Plan only by means of payroll deduction.

(b) Subject to Section 3.1(b) hereof and except as may otherwise be determined by the Administrator, payroll deductions (i) shall equal at least 1% of the Participant's Compensation as of each Payday of the Offering Period following the Enrollment Date, but not more than 10% of the Participant's Compensation as of each Payday of the Offering Period following the Enrollment Date; and (ii) shall be expressed as a whole number percentage. Subject to Section 3.2(e) hereof, amounts deducted from a Participant's Compensation with respect to an Offering Period pursuant to this Section 3.2 shall be deducted each Payday through payroll deduction and credited to the Participant's Plan Account.

(c) Unless otherwise determined by the Administrator, following at least one payroll deduction, a Participant may increase or decrease the percentage of Compensation or the fixed dollar amount designated in his or her enrollment form, subject to the limits of this Section 3.2, or may suspend his or her payroll deductions, at any time during an Offering Period; provided, however, that the Administrator may limit the number of changes a Participant may make to his or her payroll deduction elections during each Offering Period in the applicable Offering (and in the absence of any specific designation by the Administrator, a Participant shall be allowed one change to his or her payroll deduction elections during each Offering Period). Any such change or suspension of payroll deductions shall be effective with the first full payroll period following ten business days after the Company's receipt of the new enrollment form (or such shorter or longer period as may be specified by the Administrator in the applicable Offering). In the event a Participant suspends his or her payroll deductions, such Participant's cumulative payroll deductions prior to the suspension shall remain in his or her account and shall be applied to the purchase of Shares on the next occurring Exercise Date and shall not be paid to such Participant unless he or she withdraws from participation in the Plan pursuant to Section 6.1.

(d) Upon the completion of an Offering Period, each Participant in such Offering Period shall automatically participate in the immediately following Offering Period at the same payroll deduction percentage as in effect at the termination of such Offering Period, unless such Participant delivers to the Company or an Agent designated by the Company a different Participation Election with respect to the successive Offering Period in accordance with Section 3.2(a) hereof, or unless such Participant becomes ineligible or otherwise modifies the Participant's election for participation in the Plan.

(e) Notwithstanding any other provisions of the Plan to the contrary, in non-U.S. jurisdictions where participation in the Plan through payroll deductions is prohibited or otherwise problematic under applicable local laws (as determined by the Administrator in its sole discretion), the Administrator may provide that an Eligible Employee may elect to participate through contributions to the Participant's Plan Account in a form acceptable to the Administrator in lieu of or in addition to payroll deductions; provided, however, that, for any Offering under the Section 423 Component, the Administrator must determine that any alternative method of contribution is applied on an equal and uniform basis to all Eligible Employees in the Offering. Any reference to "payroll deductions" in this Section 3.2 (or in any other section of the Plan) will similarly cover contributions by other means made pursuant to this Section 3.2(e).

ARTICLE IV
PURCHASE OF SHARES

4.1 Grant of Option. The Company may make one or more Offerings under the Plan, which may be successive or overlapping with one another, until the earlier of: (i) the date on which all Shares available under the Plan have been purchased or (ii) the date on which the Plan is suspended or terminates. No Offering shall commence prior to the date on which the Company's registration statement on Form S-8 is filed with the U.S. Securities and Exchange Commission in respect of the Plan. The Administrator shall designate the terms and conditions of each Offering in writing, including without limitation, the Offering Period and the Purchase Periods. Each Participant shall be granted an Option with respect to an Offering Period on the applicable Grant Date. Subject to the limitations of Section 3.1(b) hereof, the number of Shares subject to a Participant's Option shall be determined by dividing (a) such Participant's payroll deductions accumulated prior to an Exercise Date and retained in the Participant's Plan Account on such Exercise Date by (b) the applicable Option Price; provided that, in no event shall a Participant be permitted to purchase during each Offering Period more than $25,000 worth of shares of Common Stock (subject to any adjustment pursuant to Section 5.2 hereof). The Administrator may, for future Offering Periods, increase or decrease, in its absolute discretion, the maximum number of Shares that a Participant may purchase during any Purchase Periods under such future Offering Periods. Each Option shall expire on the last Exercise Date for the applicable Offering Period immediately after the automatic exercise of the Option in accordance with Section 4.3 hereof, unless such Option terminates earlier in accordance with Article VI hereof.

4.2 Option Price. The Option Price shall equal 85% of the lesser of the Fair Market Value of a Share on (a) the applicable Grant Date and (b) the applicable Exercise Date, or such other price designated by the Administrator.

4.3 Purchase of Shares.

(a) On each Exercise Date for an Offering Period, each Participant shall automatically and without any action on such Participant's part be deemed to have exercised the Participant's Option to purchase at the applicable Option Price the largest number of whole Shares which can be purchased with the amount in the Participant's Plan Account, subject to the limitations set forth in the Plan. Unless

otherwise determined by the Administrator in advance of an Offering or in accordance with applicable law, any balance that is remaining in the Participant's Plan Account (after exercise of such Participant's Option) as of the Exercise Date shall be carried forward into the next Offering Period, unless the Participant has properly elected to withdraw from the Plan, has ceased to be an Eligible Employee or with respect to the maximum limitations set forth in Section 3.1(b) and Section 4.1. Any balance not carried forward to the next Offering Period in accordance with the prior sentence shall promptly be refunded as soon as administratively practicable to the applicable Participant.

(b) As soon as practicable following each Exercise Date, the number of Shares purchased by such Participant pursuant to Section 4.3(a) hereof shall be delivered (either in share certificate or book entry form), in the Company's sole discretion, to either (i) the Participant or (ii) an account established in the Participant's name at a stock brokerage or other financial services firm designated by the Company. The Company may require that shares be retained with such brokerage or firm for a designated period of time and/or may establish procedures to permit tracking of disqualifying dispositions of such shares.

4.4 Transferability of Rights. An Option granted under the Plan shall not be transferable, other than by will or the applicable laws of descent and distribution, and is exercisable during the Participant's lifetime only by the Participant. No option or interest or right to the Option shall be available to pay off any debts, contracts or engagements of the Participant or the Participant's successors in interest or shall be subject to disposition by pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempt at disposition of the Option shall have no effect.

ARTICLE V
PROVISIONS RELATING TO COMMON STOCK

5.1 Shares Reserved. Subject to adjustment as provided in Section 5.2 hereof, the aggregate number of Shares that may be issued pursuant to rights granted under the Plan shall be the sum of (a) [•] shares and (b) an annual increase on the first day of each year beginning on January 1, 2022 and annually thereafter ending in 2031 equal to the lesser of (i) [•]% of all classes of the Company's shares outstanding on the last day of the immediately preceding calendar year and (ii) such smaller number of shares as may be determined by the Board. Shares made available for sale under the Plan may be authorized but unissued shares or treasury Shares. If any right granted under the Plan shall for any reason terminate without having been exercised, the Shares not purchased under such right shall again become available for issuance under the Plan.

5.2 Adjustments Upon Changes in Capitalization, Dissolution, Liquidation, Merger or Asset Sale.

(a) Changes in Capitalization. Subject to any required action by the shareholders of the Company, the number of Shares which have been authorized for issuance under the Plan but not yet placed under Option, as well as the price per share and the number of Shares covered by each Option under the Plan which has not yet been exercised shall be proportionately adjusted for any increase or decrease in the number of issued Shares resulting from a share split, reverse share split, share dividend, combination, amalgamation, consolidation, reorganization, arrangement or reclassification of the Shares, or any other increase or decrease in the number Shares effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Administrator, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Shares subject to an Option.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Offering Periods then in progress shall be shortened by setting a new Exercise Date (the "New Exercise Date"), and shall terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Administrator. The New Exercise Date shall be before the date of the Company's proposed dissolution or liquidation. The Administrator shall notify each Participant in writing, at least ten business days prior to the New Exercise Date, that the Exercise Date for the Participant's Option has been changed to the New Exercise Date and that the Participant's Option shall be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 6.1 hereof or the Participant has ceased to be an Eligible Employee as provided in Section 6.2 hereof.

(c) Merger or Asset Sale. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, each outstanding Option shall be assumed or an equivalent Option substituted by the successor corporation or a parent or subsidiary of the successor corporation. If the successor corporation refuses to assume or substitute for the Option, any Offering Periods then in progress shall be shortened by setting a New Exercise Date and any Offering Periods then in progress shall end on the New Exercise Date. The New Exercise Date shall be before the date of the Company's proposed sale or merger. The Administrator shall notify each Participant in writing, at least ten business days prior to the New Exercise Date, that the Exercise Date for the Participant's Option has been changed to the New Exercise Date and that the Participant's Option shall be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 6.1 hereof or the Participant has ceased to be an Eligible Employee as provided in Section 6.2 hereof.

5.3 Insufficient Shares. If the Administrator determines that, on a given Exercise Date, the number of Shares with respect to which Options are to be exercised may exceed the number of Shares remaining available for sale under the Plan on such Exercise Date, the Administrator shall make a pro rata allocation of the Shares available for issuance on such Exercise Date in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants exercising Options to purchase Shares on such Exercise Date, and unless additional shares are authorized for issuance under the Plan, no further Offering Periods shall take place and the Plan shall terminate pursuant to Section 7.5 hereof. If an Offering Period is so terminated, then the balance of the amount credited to the Participant's Plan Account which has not been applied to the purchase of Shares shall be paid to such Participant in one lump sum in cash within 30 days after such Exercise Date, without any interest thereon (except as may be required by applicable local laws).

5.4 Rights as Shareholders. With respect to Shares subject to an Option, a Participant shall not be deemed to be a shareholder of the Company and shall not have any of the rights or privileges of a shareholder. A Participant shall have the rights and privileges of a shareholder of the Company when, but not until, the Shares have been deposited in the designated brokerage account following exercise of the Participant's Option.

ARTICLE VI
TERMINATION OF PARTICIPATION

6.1 Cessation of Contributions; Voluntary Withdrawal.

(a) A Participant may cease payroll deductions during an Offering Period and elect to withdraw from the Plan by delivering written notice of such election to the Company or an Agent designated by the Company in such form and at such time prior to the Exercise Date for such Offering Period as may be established by the Administrator (a "Withdrawal Election"). In the event a Participant elects to withdraw from the Plan, amounts then credited to such Participant's Plan Account shall be returned to the Participant in one lump-sum payment in cash within 30 days after such election is received by the Company, without any interest thereon (except as may be required by applicable local laws), and the Participant shall cease to participate in the Plan and the Participant's Option for such Offering Period shall terminate upon receipt of the Withdrawal Election.

(b) A Participant's withdrawal from the Plan shall not have any effect upon the Participant's eligibility to participate in any similar plan which may hereafter be adopted by the Company or in succeeding Offering Periods which commence after the termination of the Offering Period from which the Participant withdraws.

(c) A Participant who ceases contributions to the Plan during any Offering Period shall not be permitted to resume contributions to the Plan during that Offering Period.

6.2 Termination of Eligibility. Upon a Participant's ceasing to be an Eligible Employee, for any reason, such Participant's Option for the applicable Offering Period shall automatically terminate, the Participant shall be deemed to have elected to withdraw from the Plan, and any balance on such Participant's Plan Account shall be paid to such Participant or, in the case of the Participant's death, to the person or persons entitled thereto pursuant to applicable law, within 30 days after such cessation of being an Eligible Employee, without any interest thereon (except as may be required by applicable local laws). If a Participant transfers employment from the Company or any Designated Company participating in the Section 423 Component to any Designated Company participating in the Non-Section 423 Component, such transfer shall not be treated as a termination of employment, but the Participant shall immediately cease to participate in the Section 423 Component; however, any contributions made for the Offering Period in which such transfer occurs shall be transferred to the Non-Section 423 Component, and such Participant shall immediately join the then-current Offering under the Non-Section 423 Component upon the same terms and conditions in effect for the Participant's participation in the Section 423 Component, except for such modifications otherwise applicable for Participants in such Offering. A Participant who transfers employment from any Designated Company participating in the Non-Section 423 Component to the Company or any Designated Company participating in the Section 423 Component shall not be treated as terminating the Participant's employment and shall remain a Participant in the Non-Section 423 Component until the earlier of (i) the end of the current Offering Period under the Non-Section 423 Component, or (ii) the Enrollment Date of the first Offering Period in which the Participant is eligible to participate following such transfer. Notwithstanding the foregoing, the Administrator may establish different rules to govern transfers of employment between companies participating in the Section 423 Component and the Non-Section 423 Component, consistent with the applicable requirements of Section 423 of the Code.

ARTICLE VII
GENERAL PROVISIONS

7.1 Administration.

(a) The Plan shall be administered by the Committee, which shall be composed of members of the Board. The Committee may delegate administrative tasks under the Plan to the services of an Agent or Employees to assist in the administration of the Plan, including without limitation, determining the Designated Companies participating in the Plan, establishing and maintaining an individual securities account under the Plan for each Participant, determining enrollment and withdrawal deadlines and determining exchange rates. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Administrator under the Plan.

(b) It shall be the duty of the Administrator to conduct the general administration of the Plan in accordance with the provisions of the Plan. The Administrator shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To establish and terminate Offerings;

(ii) To determine when and how Options shall be granted and the provisions and terms of each Offering (which need not be identical);

(iii) To select Designated Companies in accordance with Section 7.2 hereof; and

(iv) To construe and interpret the Plan, the terms of any Offering and the terms of the Options and to adopt such rules for the administration, interpretation, and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. The Administrator, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, any Offering or any Option, in a manner and to the extent it shall deem necessary or expedient to administer the Plan, subject to Section 423 of the Code for the Section 423 Component.

(c) The Administrator may adopt rules or procedures relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures, provided that, the adoption and implementation of any such rules and/or procedures would not cause the Section 423 Component to be in noncompliance with Section 423 of the Code. Without limiting the generality of the foregoing, the Administrator is specifically authorized to adopt rules and procedures regarding handling of participation elections, payroll deductions, payment of interest, conversion of local currency, payroll tax, withholding procedures and handling of share certificates which vary with local requirements.

(d) The Administrator may adopt sub-plans applicable to particular Designated Companies or locations, which sub-plans may be designed to be outside the scope of Section 423 of the Code. The rules of such sub-plans may take precedence over other provisions of this Plan, with the exception of Section 5.1 hereof, but unless otherwise superseded by the terms of such sub-plan, the provisions of this Plan shall govern the operation of such sub-plan.

(e) All expenses and liabilities incurred by the Administrator in connection with the administration of the Plan shall be borne by the Company. The Administrator may employ attorneys, consultants, accountants, appraisers, brokers or other persons. The Administrator, the Company and its officers and directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Administrator in good faith shall be final and binding upon all Participants, the Company and all other interested persons. No member of the Board or Administrator shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Options, and all members of the Board or Administrator shall be fully protected by the Company in respect to any such action, determination, or interpretation. Any and all risks resulting from any market fluctuations or conditions of any nature and affecting the price of Shares are assumed by the Participant.

7.2 Designation of Affiliates and Subsidiaries. The Administrator shall designate from time to time the Affiliates and Subsidiaries that shall constitute Designated Companies, and determine whether such Designated Companies shall participate in the Section 423 Component or Non-Section 423 Component; provided, however, that an Affiliate that does not also qualify as a Subsidiary may be designated only as participating in the Non-Section 423 Component. The Administrator may designate an Affiliate or Subsidiary, or terminate the designation of an Affiliate or Subsidiary, without the approval of the shareholders of the Company.

7.3 Reports. Individual accounts shall be maintained for each Participant in the Plan. Statements of Plan Accounts shall be given to Participants at least annually, which statements shall set forth the amounts of payroll deductions, the Option Price, the number of shares purchased and the remaining cash balance, if any.

7.4 No Right to Employment. Nothing in the Plan shall be construed to give any person (including any Participant) the right to remain in the employ of the Company, a Parent or a Subsidiary or to affect the right of the Company, any Parent or any Subsidiary to terminate the employment of any person (including any Participant) at any time, with or without cause, which right is expressly reserved.

7.5 Amendment and Termination of the Plan.

(a) The Board may, in its sole discretion, amend, suspend or terminate the Plan at any time and from time to time. To the extent necessary to comply with Section 423 of the Code (or any successor rule or provision), with respect to the Section 423 Component, or any other applicable law, regulation or stock exchange rule, the Company shall obtain shareholder approval of any such amendment to the Plan in such a manner and to such a degree as required by Section 423 of the Code or such other law, regulation or rule.

(b) If the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may in its discretion modify or amend the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(i) altering the Option Price for any Offering Period including an Offering Period underway at the time of the change in Option Price;

(ii) shortening any Offering Period so that the Offering Period ends on a new Exercise Date, including an Offering Period underway at the time of the Administrator action; and

(iii) allocating Shares.

Such modifications or amendments shall not require shareholder approval or the consent of any Participant.

(c) Upon termination of the Plan, the balance in each Participant's Plan Account shall be refunded as soon as practicable after such termination, without any interest thereon (except as may be required by applicable local laws).

7.6 Use of Funds; No Interest Paid. All funds received by the Company by reason of purchase of shares of Shares under the Plan shall be included in the general funds of the Company free of any trust or other restriction and may be used for any corporate purpose (except as may be required by applicable local laws). No interest shall be paid to any Participant or credited under the Plan (except as may be required by applicable local laws).

7.7 Term; Approval by Shareholders. No Option may be granted during any period of suspension of the Plan or after termination of the Plan. The Plan shall be submitted for the approval of the Company's shareholders within 12 months after the date of the Board's initial adoption of the Plan. Options may be granted prior to such shareholder approval; provided, however, that such Options shall not be exercisable prior to the time when the Plan is approved by the shareholders; provided, further that if such approval has not been obtained by the end of the 12-month period, all Options previously granted under the Plan shall thereupon terminate and be canceled and become null and void without being exercised.

7.8 Effect Upon Other Plans. The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company, any Parent or any Subsidiary. Nothing in the Plan shall be construed to limit the right of the Company, any Parent or any Subsidiary (a) to establish any other forms of incentives or compensation for employees of the Company or any Parent or any Subsidiary, or (b) to grant or assume Options otherwise than under the Plan in connection with any proper corporate purpose, including, but not by way of limitation, the grant or assumption of options in connection with the acquisition, by purchase, lease, merger, amalgamation, combination, arrangement, consolidation or otherwise, of the business, shares or assets of any corporation, firm or association.

7.9 Conformity to Securities Laws. Notwithstanding any other provision of the Plan, the Plan and the participation in the Plan by any individual who is then subject to Section 16 of the Exchange Act shall be subject to any additional limitations set forth in any applicable exemption rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, the Plan shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

7.10 Notice of Disposition of Shares. Each Participant shall give the Company prompt notice of any disposition or other transfer of any Shares, acquired pursuant to the exercise of an Option granted under the Section 423 Component, if such disposition or transfer is made (a) within two years after the applicable Grant Date or (b) within one year after the transfer of such Shares to such Participant upon exercise of such Option. The Company may direct that any certificates evidencing shares acquired pursuant to the Plan refer to such requirement.

7.11 Tax Withholding. At the time of any taxable event that creates a withholding obligation for the Company or any Parent, Affiliate or Subsidiary, the Participant will make adequate provision for any Tax-Related Items. In their sole discretion, and except as otherwise determined by the Administrator, the Company or the Designated Company that employs or employed the Participant may satisfy their obligations to withhold Tax-Related Items by (a) withholding from the Participant's wages or other compensation, (b) withholding a sufficient whole number of Shares otherwise issuable following exercise of the Option having an aggregate value sufficient to pay the Tax-Related Items required to be withheld with respect to the Option and/or shares, or (c) withholding from proceeds from the sale of Shares issued upon exercise of the Option, either through a voluntary sale or a mandatory sale arranged by the Company.

7.12 Governing Law. The Plan and all rights, agreements and obligations hereunder shall be administered, interpreted and enforced under the laws of the Province of British Columbia and the federal laws of Canada applicable therein, without regard to the conflict of law rules thereof or of any other jurisdiction.

7.13 Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

7.14 Conditions to Issuance of Shares.

(a) Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates or make any book entries evidencing Shares pursuant to the exercise of an Option by a Participant, unless and until the Administrator has determined, with advice of counsel, that the issuance of such Shares is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any securities exchange or automated quotation system on which the Shares are listed or traded, and the Shares are covered by an effective registration statement or applicable exemption from registration. In addition to the terms and conditions provided herein, the Administrator may require that a Participant make such reasonable covenants, agreements, and representations as the Administrator, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements.

(b) All certificates for Shares delivered pursuant to the Plan and all Shares issued pursuant to book entry procedures are subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with U.S. and non-U.S. federal, provincial, state or local securities or other laws, rules and regulations and the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted, or traded. The Administrator may place legends on any certificate or book entry evidencing Shares to reference restrictions applicable to the Shares.

(c) The Administrator shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Option, including a window-period limitation, as may be imposed in the sole discretion of the Administrator.

(d) Notwithstanding any other provision of the Plan, unless otherwise determined by the Administrator or required by any applicable law, rule or regulation, the Company may, in lieu of delivering to any Participant certificates evidencing Shares issued in connection with any Option, record the issuance of Shares in the books of the Company (or, as applicable, its transfer agent or share plan administrator).

If, pursuant to this Section 7.14, the Administrator determines that Shares will not be issued to any Participant, the Company is relieved from liability to any Participant except to refund to the Participant such Participant's Plan Account balance, without interest thereon (except as may be required by applicable local laws).

7.15 Equal Rights and Privileges. All Eligible Employees granted Options pursuant to an Offering under the Section 423 Component shall have equal rights and privileges under this Plan to the extent required under Section 423 of the Code so that the Section 423 Component qualifies as an "employee stock purchase plan" within the meaning of Section 423 of the Code. Any provision of the Section 423 Component that is inconsistent with Section 423 of the Code shall, without further act or amendment by the Company or the Board, be reformed to comply with the equal rights and privileges requirement of Section 423 of the Code. Eligible Employees participating in the Non-Section 423 Component need not have the same rights and privileges as each other, or as Eligible Employees participating in the Section 423 Component.

7.16 Rules Particular to Specific Countries. Notwithstanding anything herein to the contrary, the terms and conditions of the Plan with respect to Participants who are tax residents of a particular non-U.S. country or who are non-U.S. nationals or employed in non-U.S. jurisdictions may be subject to an addendum to the Plan in the form of an appendix or sub-plan (which appendix or sub-plan may be designed to govern Offerings under the Section 423 Component or the Non-Section 423 Component, as determined by the Administrator). To the extent that the terms and conditions set forth in an appendix or sub-plan conflict with any provisions of the Plan, the provisions of the appendix or sub-plan shall govern. The adoption of any such appendix or sub-plan shall be pursuant to Section 7.1 above. Without limiting the foregoing, the Administrator is specifically authorized to adopt rules and procedures, with respect to Participants who are non-U.S. nationals or employed in non-U.S. jurisdictions, regarding the exclusion of particular Affiliates or Subsidiaries from participation in the Plan, eligibility to participate, the definition of Compensation, handling of payroll deductions or other contributions by Participants, payment of interest, conversion of local currency, data privacy security, payroll tax, withholding procedures, establishment of bank or trust accounts to hold payroll deductions or contributions, *provided* that the adoption and implementation of any such rules and/or procedures would not cause the Section 423 Component to be in noncompliance with Section 423 of the Code.

7.17 Section 409A. The Section 423 Component of the Plan and the Options granted pursuant to Offerings thereunder are intended to be exempt from the application of Section 409A. Neither the Non-Section 423 Component nor any Option granted pursuant to an Offering thereunder is intended to constitute or provide for "nonqualified deferred compensation" within the meaning of Section 409A. Notwithstanding any provision of the Plan to the contrary, if the Administrator determines that any Option granted under the Plan may be or become subject to Section 409A or that any provision of the Plan may cause an Option granted under the Plan to be or become subject to Section 409A, the Administrator may adopt such amendments to the Plan and/or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions as the Administrator determines are necessary or appropriate to avoid the imposition of taxes under Section 409A, either through compliance with the requirements of Section 409A or with an available exemption therefrom.

* * * * *

I hereby certify that the foregoing Plan was adopted by the Board of Directors of Paycor HCM, Inc. on [•].

I hereby certify that the foregoing Plan was approved by the shareholders of Paycor HCM, Inc. on [•].

Executed on [•].

Corporate Secretary

Subsidiaries of Pride Parent, Inc.

Name	Jurisdiction
Pride Midco, Inc.	Delaware
Paycor Guarantor, Inc.	Delaware
Paycor, Inc.	Delaware
Paltech Solutions Inc.	British Columbia
Nimble Software Systems, Inc.	Delaware
Newton Software, LLC	Ohio
Paycor Insurance Agency, LLC	Ohio
Paycor Headquarters, LLC	Ohio

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption “Experts” and to the use of our report dated February 25, 2021, in the Registration Statement (Form S-1) and related Prospectus of Paycor HCM, Inc. for the registration of shares of its common stock.

/s/ Ernst & Young LLP

Cincinnati, Ohio
April 23, 2021