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DELTA REPORT

10-Q

REPAY HOLDINGS CORP

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 977

█	CHANGES	236
█	DELETIONS	458
█	ADDITIONS	283

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **September 30, March 31, 2023 2024**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO

Commission File Number 001-38531



Repay Holdings Corporation
(Exact name of Registrant as specified in its Charter)

Delaware

98-1496050

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

3 West Paces Ferry Road,

Suite 200

Atlanta, GA

30305

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (404) 504-7472

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.0001 per share	RPAY	The NASDAQ Stock Market LLC

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

As of **November 3, 2023** **May 3, 2024**, there are **94,658,880** **95,786,041** shares of the registrant's Class A Common Stock, par value \$0.0001 per share, outstanding (which number includes **3,644,933** **4,290,809** shares of unvested restricted stock that have voting rights) and 100 shares of the registrant's Class V Common Stock, par value of \$0.0001 per share, outstanding. As of **November 3, 2023** **May 3, 2024**, the holders of such outstanding shares of Class V common stock also hold **5,861,271** **5,844,095** units in a subsidiary of the registrant and such units are exchangeable into shares of the registrant's Class A common stock on a one-for-one basis.

REPAY HOLDINGS CORPORATION

Quarterly Report on Form 10-Q

For the quarter ended **September 30, 2023** **March 31, 2024**

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements reflect our current views with respect to, among other things, anticipated benefits from our recent acquisitions, expected demand on our product offerings, including further implementation of electronic payment options and statements regarding our market and growth opportunities, and our business strategy and the plans and objectives of management for future operations. You generally can identify these statements by the use of words such as "outlook," "potential," "continue," "may," "seek," "approximately," "predict," "believe," "expect," "plan," "intend," "estimate" or "anticipate" and similar expressions or the negative versions of these words or comparable words, as well as future or conditional verbs such as "will," "should," "would," "likely" and "could." These statements may be found under Part I, Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere, and are subject to certain risks and uncertainties that could cause actual results to differ materially from those included in the forward-

looking statements. These risks and uncertainties include, but are not limited to: exposure to economic conditions and political risk affecting the consumer loan market, the receivables management industry and consumer and commercial spending, including bank failures or other adverse events affecting financial institutions, inflationary pressures, general economic slowdown or recession; changes in the payment processing market in which we compete, including with respect to its competitive landscape, technology evolution or regulatory changes; changes in the vertical markets that we target, including the regulatory environment applicable to our clients; the ability to retain, develop and hire key personnel; risks relating to our relationships within the payment ecosystem; risk that we may not be able to execute our growth strategies, including identifying and executing acquisitions; risks relating to data security; changes in accounting policies applicable to us; the risk that we may not be able to maintain effective internal controls; and those risks described under Part I, Item 1A "Risk Factors" of our Annual Report on Form 10-K for the year ended **December 31, 2022** and under Part II, Item 1A "Risk Factors" herein. **December 31, 2023**. The forward-looking statements speak only as of the date on which they are made, and, except to the extent required by federal securities laws, we disclaim any obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. In light of these risks and uncertainties, there is no assurance that the events or results suggested by the forward-looking statements will in fact occur, and you should not place undue reliance on these forward-looking statements.

PART I
FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

REPAY HOLDINGS CORPORATION
Condensed Consolidated Balance Sheets

(\$ in thousands)	September 30, 2023 (Unaudited)	Decemb er 31, 2022	March 31, 2024 (Unaudited)	December 31, 2023
	117,730	\$ 64,895	\$ 128,318	\$ 118,096
Assets				
Cash and cash equivalents	\$ 36,889	33,544	39,984	36,017
Accounts receivable	13,984	18,213	15,727	15,209
Prepaid expenses and other	116,65			
Total current assets	168,603	2	184,029	169,322
Property, plant and equipment, net	3,557	4,375	2,642	3,133
Restricted cash	23,660	28,668	26,512	26,049
Intangible assets, net	500,57			
	444,822	5	431,734	447,141

		827,81			
Goodwill	792,543	3	716,793	716,793	
Operating lease right-of-use assets, net	8,961	9,847	5,939	8,023	
		136,37			
Deferred tax assets	138,121	0	146,571	146,872	
Other assets	2,500	2,500	2,500	2,500	
		1,510,			
Total noncurrent assets	1,414,164	148	1,332,691	1,350,511	
		1,626,			
Total assets	\$ 1,582,767	\$ 800	\$ 1,516,720	\$ 1,519,833	
Liabilities					
Accounts payable	\$ 20,271	\$ 21,781	\$ 23,709	\$ 22,030	
Related party payable	—	1,000			
Accrued expenses	27,473	29,016	27,924	32,906	
Current operating lease liabilities	1,786	2,263	1,241	1,629	
Current tax receivable agreement	—	24,454	—	580	
Other current liabilities	1,603	3,593	549	318	
Total current liabilities	51,133	82,107	53,423	57,463	
		451,31			
Long-term debt	433,454	9	434,877	434,166	
Noncurrent operating lease liabilities	8,054	8,295	5,435	7,247	
		154,67			
Tax receivable agreement, net of current portion	185,901	3	191,244	188,331	
Other liabilities	1,879	2,113	2,443	1,838	
		616,40			
Total noncurrent liabilities	629,288	0	633,999	631,582	
		698,50			
Total liabilities	\$ 680,421	\$ 7	\$ 687,422	\$ 689,045	
Commitments and contingencies (Note 10)					
Stockholders' equity					
Class A common stock, \$0.0001 par value; 2,000,000,000 shares authorized; 92,014,648 issued and 90,936,507 outstanding as of September 30, 2023; 89,354,754 issued and 88,276,613 outstanding as of December 31, 2022	9	9			
Class V common stock, \$0.0001 par value; 1,000 shares authorized and 100 shares issued and outstanding as of September 30, 2023 and December 31, 2022	—	—			
Class A common stock, \$0.0001 par value; 2,000,000,000 shares authorized; 92,910,302 issued and 91,493,792 outstanding as of March 31, 2024; 92,220,494 issued and 90,803,984 outstanding as of December 31, 2023	9	9			

Class V common stock, \$0.0001 par value; 1,000 shares authorized and 100 shares issued and outstanding as of March 31, 2024 and December 31, 2023	—	—		
Treasury stock, 1,416,510 shares as of March 31, 2024 and December 31, 2023			(12,528)	(12,528)
Additional paid-in capital	1,140,588	736	1,155,215	1,151,324
	(10,00)			
Treasury stock, 1,078,141 shares as of September 30, 2023 and December 31, 2022	(10,000)	0		
Accumulated other comprehensive loss	(3)	(3)		
	(213,1)			
Accumulated deficit	(250,383)	80)	(328,882)	(323,670)
	894,56			
Total Repay stockholders' equity	\$ 880,211	\$ 2	\$ 813,814	\$ 815,135
Non-controlling interests	22,135	33,731	15,484	15,653
	928,29			
Total equity	\$ 902,346	\$ 3	\$ 829,298	\$ 830,788
	1,626,			
Total liabilities and equity	\$ 1,582,767	\$ 800	\$ 1,516,720	\$ 1,519,833

See accompanying notes to condensed consolidated financial statements.

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REPAY HOLDINGS CORPORATION
Condensed Consolidated Statements of Operations
(Unaudited)

(\$ in thousands, except per share data)	Three Months		Nine Months		Three Months Ended March 31,	
	Ended		Ended			
	September 30,		September 30,		2024	2023
	2023	2022	2023	2022		
Revenue	74,3	71,55	220,	206,5		
Revenue	\$ 20	\$ 5	\$ 640	\$ 54	\$ 80,720	\$ 74,537
Operating expenses						
Costs of services (exclusive of depreciation and amortization shown separately below)	17,6	16,63	52,4	49,93		
	37	4	42	0	19,175	17,965
Selling, general and administrative	35,2	36,03	111,	107,3		
	79	2	974	79	37,021	38,518

	26,5	24,66	79,1	82,44		
Depreciation and amortization	23	2	46	2	27,028	26,140
Change in fair value of contingent consideration	—	(340)	—	0)	(4,29	
			10,0			
Loss on business disposition	—	—	27	—	—	9,878
	79,4	76,98	253,	235,4		
Total operating expenses	39	8	589	61	83,224	92,501
Loss from operations	(5,11	9)	(5,433)	49)	(28,9	(2,504)
Other income (expense)						(17,964)
			(1,41	(3,12		
Interest (expense) income, net	(103)	(1,100)	3)	8)		
Interest income (expense), net					380	(923)
Change in fair value of tax receivable liability	(3,23	11,41	(3,71	55,48		
	4)	1	6)	1	(2,913)	(4,538)
Other (loss) income	(26)	20	(360)	(126)		
Other (loss) income, net					(26)	(150)
	(3,36	10,33	(5,48	52,22		
Total other income (expense)	3)	1	9)	7	(2,559)	(5,611)
Income (loss) before income tax benefit (expense)	(8,48		(38,4	23,32		
	2)	4,898	38)	0		
	1,99		(1,30	(6,41		
Income tax benefit (expense)	8	474	8)	4)		
	(6,48		(39,7	16,90		
Net income (loss)	\$ 4)	\$ 5,372	\$ 46)	\$ 6		
Loss before income tax expense					(5,063)	(23,575)
Income tax expense					(302)	(4,357)
Net loss					\$ (5,365)	\$ (27,932)
Less: Net loss attributable to non-controlling interests	(316)	(473)	3)	2)	(153)	(1,540)
Net income (loss) attributable to the Company	\$ 8)	\$ 5,845	\$ 03)	\$ 8		
Net loss attributable to the Company					\$ (5,212)	\$ (26,392)
Income (loss) per Class A share attributable to the Company:						
Basic	\$ (0.07)	\$ 0.07	\$ (0.41)	\$ 0.22		
Diluted	\$ (0.07)	\$ 0.05	\$ (0.41)	\$ 0.18		
Loss per Class A share attributable to the Company:						
Basic and diluted					\$ (0.06)	\$ (0.30)

Weighted-average shares outstanding:					
Basic	91,1		89,6		
	60,4	88,73	58,3	88,74	
	15	5,518	18	9,417	
	91,1	110,1	89,6	110,7	
	60,4	14,05	58,3	89,64	
Diluted	15	4	18	6	
Basic and diluted				91,218,208	88,615,760

See accompanying notes to condensed consolidated financial statements.

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REPAY HOLDINGS CORPORATION
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

	(L S os h S A s) a A h m D In Int r m ar o Ca St ef co er Eq e ou e u pit o ici m es uit								Shares	Amount	Shares	Amount	Capital	Stock	Deficit	Interests	Equity
(\$ in thousands)	s	nt	s	nt	al	ck	t	e	ts	y							
	8																
	8																
	,																
	8																
	9																
	2																
	,																
	9																
	9																
Balance at June	1	0		3	5	5	(8	1								
30, 2022	9	\$9	0	\$-	\$2	\$2)	\$3)	\$2)	\$1	\$5							
	1																
	1																
Release of	4																
share awards	,																
vested under	8																
Incentive	8																
Plan	4	-	-	-	-	-	-	-	-	-							
	(
	3																
Shares	0																
repurchased	,						((
under	2						1			1							
Incentive	6						3			(4							
Plan	8)	-	-	-	6)	-	-	-	-	6)	2)						
	(
	5																
	7						((
	9						5			5							
	,						,			,							
Treasury	7						6			(6							
shares	4						7			1	8						
repurchased	5)	-	-	-	-	2)	-	-	-	3)	5)						
							5				5						
							,			,	,						
							2				2						
Stock-based							5			(4							
compensation	-	-	-	0	-	-	-	-	-	1)	9						

Release of share awards vested under Incentive Plan	6 1 ,	4 8 9	528,843	-	-	-	-	-
	(1							
Shares repurchased under Incentive Plan	7 ,	(1 3 9	(1 3 4)					
Tax withholding related to shares vesting under Incentive Plan			(147,727)	-	-	(1,210)	-	5 (1,205)
	5 ,	5 ,						
Stock-based compensation	6 8 - 4	6 8 - 2	6 8 - 6	-	-	4,134	-	(81) 4,053
Tax distribution from Hawk Parent		(3 3 8) (6 1 6	(3 3 8) (6 1 8	-	-	-	-	(54) (54)
Net loss	- 8)	- 8)	- 6)	- 4)	-	-	-	(26,392) (1,540) (27,932)

9	0	1	,	(9								
9	1	(2		9								
3	4	1	5		2	0							
6	0	0	0		2	2							
,	,	,	,	,	,	,							
Balance at	5	1	5	0	3	1	3						
September 30,	0	0	8	0	8	(3	4					
2023	7	\$ 9	0	\$ -	\$ 8	\$ 0)	\$ 3)	\$ 5	\$ 6				
Balance at													
March 31, 2023													
	88,672,189	\$ 9	100	\$ -	\$ 1,120,718	\$ (10,000)	\$ (239,572)	\$ 32,000	\$ 903,155				
Balance at													
December 31,													
2023													
Release of													
share awards													
vested under													
Incentive													
Plan													
Tax													
withholding													
related to													
shares													
vesting under													
Incentive													
Plan													
Stock-based													
compensation													
Net loss													
Balance at													
March 31, 2024	91,493,792	\$ 9	100	\$ -	\$ 1,155,215	\$ (12,528)	\$ (328,882)	\$ 15,484	\$ 829,298				

See accompanying notes to condensed consolidated financial statements.

REPAY HOLDINGS CORPORATION

Condensed Consolidated Statements of Changes in Equity

(Continued) (Unaudited)

	Repay Stockholders										
	Accumulated Other										
	Class A Common		Common		Additional		Accumulated	Comprehensive	Non-controlling		
	Stock		Stock		Paid-In		Treasury	Stock	Deficit	Loss	Interests
(\$ in thousands)	Shares	Amount	Shares	Amount	Capital	Stock	Deficit	Stock	Deficit	Loss	Interests
	88,502,6										
Balance at December 31, 2021	21	\$ 9	100	\$ -	\$ 1,100,012	\$ -	\$ (226,016)	\$ (2)	\$ 39,033	\$ 913,036	
Exchange of Post-Merger Repay Units	43,528	-	-	-	210	-	-	-	-	-	(210)
Release of share awards vested under Incentive Plan and ESPP	689,254	-	-	-	-	-	-	-	-	-	-
Shares repurchased under Incentive Plan and ESPP	(157,065)	-	-	-	(1,978)	-	-	-	-	(3)	(1,981)
Treasury shares repurchased	(680,548)	-	-	-	-	(6,824)	-	-	-	(7)	(6,831)
Stock-based compensation	-	-	-	-	14,302	-	-	-	-	(37)	14,265
Tax distribution from Hawk Parent	-	-	-	-	-	-	-	-	-	(488)	(488)
Net income (loss)	-	-	-	-	-	-	19,508	-	-	(2,602)	16,906
	88,397,7										
Balance at September 30, 2022	90	\$ 9	100	\$ -	\$ 1,112,546	\$ (6,824)	\$ (206,508)	\$ (2)	\$ 35,686	\$ 934,907	
	88,276,6										
Balance at December 31, 2022	13	\$ 9	100	\$ -	\$ 1,117,736	\$ (10,000)	\$ (213,180)	\$ (3)	\$ 33,731	\$ 928,293	
Exchange of Post-Merger Repay Units	2,014,46										
Release of share awards vested under Incentive Plan and ESPP	0	-	-	-	8,038	-	-	-	-	(8,038)	-
Shares repurchased under Incentive Plan and ESPP	(194,265)	-	-	-	(1,522)	-	-	-	-	12	(1,510)
Stock-based compensation	-	-	-	-	16,334	-	-	-	-	(78)	16,256
Tax distribution from Hawk Parent	-	-	-	-	-	-	-	-	-	(947)	(947)
Net loss	-	-	-	-	-	-	(37,203)	-	-	(2,543)	(39,746)
	90,936,5										
Balance at September 30, 2023	07	\$ 9	100	\$ -	\$ 1,140,588	\$ (10,000)	\$ (250,383)	\$ (3)	\$ 22,135	\$ 902,346	

See accompanying notes to condensed consolidated financial statements.

REPAY HOLDINGS CORPORATION
Condensed Consolidated Statements of Cash Flows

(Unaudited)

(\$ in thousands)	Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2024	2023
Cash flows from operating activities				
Net income (loss)	\$ (39,746)	\$ 16,906	\$ (5,365)	\$ (27,932)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Net loss	\$ 79,146	\$ 82,442	\$ 27,028	\$ 26,140
Depreciation and amortization	16,256	14,265	6,282	4,054
Stock based compensation	2,136	2,123	712	712
Amortization of debt issuance costs	10,027	—	—	9,878
Loss on business disposition	273	154	—	—
Other loss	3,716	(55,481)	2,913	4,538
Fair value change in tax receivable agreement liability	—	(4,290)	—	—
Fair value change in contingent consideration	—	(8,896)	—	—
Payment of contingent consideration liability in excess of acquisition-date fair value	1,308	6,414	302	4,357
Deferred tax expense	(4,857)	(246)	(3,967)	(2,541)
Change in accounts receivable	4,161	(3,056)	(520)	3,921
Change in prepaid expenses and other	389	(275)	2,084	270
Change in operating lease ROU assets	(1,948)	3,168	1,679	(916)
Change in accounts payable	—	(257)	—	435
Change in related party payable	(1,544)	(2,200)	(4,982)	(1,716)
Change in accrued expenses and other	(424)	394	(2,201)	(264)
Change in operating lease liabilities	(142)	1,227	836	(105)
Net cash provided by operating activities	68,751	52,392	24,801	20,831
Cash flows from investing activities				
Purchases of property and equipment	(1,062)	(2,623)	(87)	(528)
Capitalized software development costs	(36,678)	(26,232)	(11,042)	(13,201)
Proceeds from sale of business, net of cash retained	40,273	—	—	40,423
Net cash provided by (used in) investing activities	2,533	(28,855)	(11,129)	26,694
Net cash (used in) provided by investing activities				
Cash flows from financing activities				
Payments on long-term debt	(20,000)	—	—	(20,000)
Shares repurchased under Incentive Plan and ESPP	(1,510)	(1,981)	—	—
Treasury shares repurchased	—	(6,831)	—	—

Payments for tax withholding related to shares vesting under Incentive Plan			(2,407)		(1,205)
Distributions to Members	(947)	(488)	—	—	(54)
Payment of Tax Receivable Agreement ("TRA")			(580)	—	—
Payment of contingent consideration liability up to acquisition-date fair value	(1,000)	(3,851)	—	—	(1,000)
Net cash used in financing activities	(23,457)	(13,151)	(2,987)	—	(22,259)
Increase in cash, cash equivalents and restricted cash	47,827	10,386	10,685	—	25,266
Cash, cash equivalents and restricted cash at beginning of period	\$ 93,563	\$ 76,340	\$ 144,145	\$ 93,563	
Cash, cash equivalents and restricted cash at end of period	\$ 141,390	\$ 86,726	\$ 154,830	\$ 118,829	
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION					
Cash paid during the year for:					
Interest	\$ 840	\$ 1,047	\$ 200	\$ 449	

See accompanying notes to condensed consolidated financial statements.

REPAY HOLDINGS CORPORATION
Notes to the Unaudited Condensed Consolidated Financial Statements

1. Organizational Structure and Corporate Information

Repay Holdings Corporation was incorporated as a Delaware corporation on July 11, 2019 in connection with the closing of a transaction (the "Business Combination") pursuant to which Thunder Bridge Acquisition Ltd., a special purpose acquisition company organized under the laws of the Cayman Islands ("Thunder Bridge"), (a) domesticated into a Delaware corporation and changed its name to "Repay Holdings Corporation" and (b) consummated the merger of a wholly owned subsidiary of Thunder Bridge with and into Hawk Parent Holdings, LLC, a Delaware limited liability company ("Hawk Parent").

Throughout this section, unless otherwise noted or unless the context otherwise requires, the terms "we", "us", "Repay" and the "Company" and similar references refer to Repay Holdings Corporation and its consolidated subsidiaries.

The Company is headquartered in Atlanta, Georgia.

On February 15, 2023, the Company sold Blue Cow Software, LLC and a related entity ("BCS") for cash proceeds of \$41.9 million. The Company recognized a loss of \$10.0 million associated with the sale, comprised of the difference between the consideration received and the net carrying amount of the assets and liabilities of the business. See Note 5. Business Combinations and Dispositions for further discussion.

2. Basis of Presentation and Summary of Significant Accounting Policies

Unaudited Interim Condensed Consolidated Financial Statements

These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited condensed consolidated financial statements and accompanying notes, which are included in the Annual Report on Form 10-K for the year ended **December 31, 2022** December 31, 2023.

The accompanying unaudited condensed consolidated interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and with instructions to Form 10-Q and Rule 10-01 of SEC Regulation S-X as they apply to interim financial information. Accordingly, the interim condensed consolidated financial statements do not include all of the information and notes required by GAAP for complete financial statements, although the Company believes that the disclosures made are adequate to make the information not misleading. The Company uses the accrual basis of accounting whereby revenues are recognized when earned, usually upon the date services are rendered, and expenses are recognized at the date services are rendered or goods are received.

The interim condensed consolidated financial statements are unaudited, but in the Company's opinion include all adjustments of a normal recurring nature or a description of the nature and amount of any adjustments other than normal recurring adjustments, operations and cash flows as of and for the periods presented. The interim financial results are not necessarily indicative of results that may be expected for any other interim period or the fiscal year.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of Repay Holdings Corporation and its (i) wholly owned subsidiary, **BT Intermediate, LLC**, and (ii) majority-owned subsidiary, Hawk Parent Holdings LLC, along with Hawk Parent Holdings **LLC's** wholly owned subsidiaries: Hawk Intermediate Holdings, LLC, Hawk Buyer Holdings, LLC, Repay Holdings, LLC, M&A Ventures, LLC, Repay Management Holdco Inc., Repay Management Services LLC, Sigma Acquisition, LLC, Wildcat Acquisition, LLC, Marlin Acquirer, LLC, REPAY International LLC, REPAY Canada Solutions ULC, TriSource Solutions, LLC ("TriSource"), Mesa Acquirer, LLC, CDT Technologies LTD ("Ventanex"), Viking GP Holdings, LLC, cPayPlus, LLC ("cPayPlus"), CPS Payment Services, LLC, Media Payments, LLC, ("MPI"), Custom Payment Systems, LLC, Electronic Payment Providers, LLC, Internet Payment Exchange, LLC, Stratus Payment Solutions, LLC, Clear Payment Solutions, LLC, Harbor Acquisition LLC, Payix Holdings Incorporated and Payix Incorporated. All significant intercompany accounts and transactions have been eliminated in consolidation.

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REPAY HOLDINGS CORPORATION

Notes to the Unaudited Condensed Consolidated Financial Statements

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported Condensed Consolidated Statements of Operations during the reporting period. Actual results could differ materially from those estimates.

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REPAY HOLDINGS CORPORATION

Notes to the Unaudited Condensed Consolidated Financial Statements

Reclassifications

The Company changed its presentation for Interest expense to Interest income (expense), net within the Condensed Consolidated Statements of Operations. Prior period amounts have been revised to conform to the current presentation.

Segment Reporting

Effective December 31, 2022, the Company revised the presentation of segment information to reflect changes in the way the Company manages and evaluates the business. Therefore, the Company reports operating results through two reportable segments: (1) Consumer Payments and (2) Business Payments, as further discussed in Note 14.13. Segments. Accordingly, segment information for the comparable prior year periods has been revised.

Recently Adopted Issued Accounting Pronouncements not yet Adopted

Reference Rate Reform Segment Reporting

In March 2020, November 2023, the FASB Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, No. 2023-07, "Reference Rate Reform Segment Reporting (Topic 848) 280: Facilitation of the Effects of Reference Rate Reform Improvements to Reportable Segment Disclosures ("ASU 2023-07)". ASU 2023-07 improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses, on Financial Reporting ("an annual and interim basis. ASU 2020-04") 2023-07 is effective for fiscal years beginning after December 15, 2023, which provides optional expedients and exceptions to contracts, hedging relationships and other transactions affected by the transition away from LIBOR to alternative reference rates. In January 2021, the FASB issued ASU 2021-01, "Reference Rate Reform (Topic 848): Scope" interim periods within fiscal years beginning after December 15, 2024, to expand the scope of this guidance to include derivatives. The guidance was effective upon issuance and may be applied prospectively to contract modifications made and hedging relationships entered into on or before December 31, 2022. In December 2022, the FASB issued ASU 2022-06, "Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848", which extends the period of time entities can utilize the reference rate reform relief guidance under ASU 2020-04 from December 31, 2022, to December 31, 2024.

with early adoption permitted. The Company adopted these ASUs for is currently in the revolving credit facility as process of February 9, 2023. Starting July 1, 2023, evaluating the Company applied Secured Overnight Financing Rate ("SOFR") to the Tax Receivable Agreement (the "TRA") fair value measurement. The adoption effects of these standards did not have a material impact ASU No. 2023-07 on the Company's its Consolidated Financial Statements.

Business Combinations Income Taxes

In August 2021, December 2023, the FASB issued Accounting Standards Update No. 2021-08, 2023-09, "Business Combinations Income Taxes (Topic 805) 740: Accounting for Contract Assets and Contract Liabilities from Contracts with Customers Improvements to Income Tax Disclosure ("s ("ASU 2021-08" 2023-09)". ASU 2021-08 2023-09 requires public business entities on an entity (acquirer) annual basis to recognize (1) disclose specific categories in the rate reconciliation and measure contract assets and contract liabilities acquired in (2) provide additional information for reconciling items that meet a business combination in accordance with Revenue (Topic 606), and quantitative threshold. ASU 2023-09 is effective for fiscal years, and for interim annual periods within those fiscal years, beginning after December 15, 2022 December 15, 2024, with early adoption permitted. Amendments within ASU 2021-08 are required to be applied prospectively to business combinations occurring on or after the effective date of the amendments.

The Company adopted is currently in the process of evaluating the effects of ASU 2021-08 as of January 1, 2023. The adoption of this standard did not have a material impact No. 2023-09 on the Company's its Consolidated Financial Statements.

3. Revenue

Disaggregation of revenue

The Company's revenue is from two types of relationships: (i) direct relationships and (ii) indirect relationships. The following table presents the Company's revenue disaggregated by segment and by the type of relationship for the periods indicated.

Three Months Ended March 31, 2024					
(\$ in thousands)	Consumer Payments	Business Payments	Elimination of intersegment revenues	Total	
Revenue					
Direct relationships	\$ 73,311	\$ 9,471	\$ (5,093)	\$ 77,689	
Indirect relationships	2,825	206	—	3,031	
Total Revenue	\$ 76,136	\$ 9,677	\$ (5,093)	\$ 80,720	

REPAY HOLDINGS CORPORATION
Notes to the Unaudited Condensed Consolidated Financial Statements

Three Months Ended September 30, 2023					
(\$ in thousands)	Consumer Payments	Business Payments	Elimination of intersegment revenues	Total	
Revenue					
Direct relationships	\$ 65,773	\$ 9,422	\$ (4,104)	\$ 71,091	
Indirect relationships	2,947	282	—	3,229	
Total Revenue	\$ 68,720	\$ 9,704	\$ (4,104)	\$ 74,320	
Three Months Ended September 30, 2022					
(\$ in thousands)	Consumer Payments	Business Payments	Elimination of intersegment revenues	Total	
Revenue					
Direct relationships	\$ 59,879	\$ 11,225	\$ (2,862)	\$ 68,242	
Indirect relationships	3,098	215	—	3,313	
Total Revenue	\$ 62,977	\$ 11,440	\$ (2,862)	\$ 71,555	
Nine Months Ended September 30, 2023					
(\$ in thousands)	Consumer Payments	Business Payments	Elimination of intersegment revenues	Total	
Revenue					
Direct relationships	\$ 195,183	\$ 27,348	\$ (12,152)	\$ 210,379	
Indirect relationships	9,439	822	—	10,261	
Total Revenue	\$ 204,622	\$ 28,170	\$ (12,152)	\$ 220,640	
Nine Months Ended September 30, 2022					
(\$ in thousands)	Consumer Payments	Business Payments	Elimination of intersegment revenues	Total	
Revenue					

Direct relationships	\$ 173,818	\$ 29,510	\$ (7,602)	\$ 195,726
Indirect relationships	10,072	756	—	10,828
Total Revenue	\$ 183,890	\$ 30,266	\$ (7,602)	\$ 206,554
Three Months Ended March 31, 2023				
Elimination of intersegment revenues				
<i>(\$ in thousands)</i>	Consumer Payments	Business Payments		Total
Revenue				
Direct relationships	\$ 66,473	\$ 8,434	\$ (4,078)	\$ 70,829
Indirect relationships	3,467	241	—	3,708
Total Revenue	\$ 69,940	\$ 8,675	\$ (4,078)	\$ 74,537

When the Company's right to consideration for performance is contingent upon a future event or satisfaction of additional performance obligations, the amount of revenues the Company has recognized in excess of the amount the Company has billed to the client is recognized as a contract asset. The contract asset balance was \$1.3 million and \$1.4 million as of March 31, 2024 and December 31, 2023, respectively, and is included within Prepaid expenses and other in the Consolidated Balance Sheets.

4. Earnings Per Share

During the three and nine months ended September 30, 2023, March 31, 2024 and 2023, basic and diluted net loss per common share are the same since the inclusion of the assumed exchange of all limited liability company interests of Hawk Parent ("Post-Merger Repay Units"), unvested share-based awards, outstanding stock options and the Company's Convertible Senior Notes due 2026 ("2026 Notes") would have been anti-dilutive.

The following table summarizes net income (loss) loss attributable to the Company and the weighted average basic and diluted shares outstanding:

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REPAY HOLDINGS CORPORATION					
Notes to the Unaudited Condensed Consolidated Financial Statements					
(\$ in thousands, except per share data)	Three Months Ended September		Nine Months Ended September		
	30,	30,	30,	30,	
	2023	2022	2023	2022	
Income (loss) before income tax benefit (expense)	\$ (8,482)	\$ 4,898	\$ (38,438)	\$ 23,320	
Less: Net loss attributable to non-controlling interests	(316)	(473)	(2,543)	(2,602)	
Income tax benefit (expense)	1,998	474	(1,308)	(6,414)	
Net income (loss) attributable to the Company	<u>\$ (6,168)</u>	<u>\$ 5,845</u>	<u>\$ (37,203)</u>	<u>\$ 19,508</u>	
Weighted average shares of Class A common stock outstanding - basic	91,160,415	88,735,518	89,658,318	88,749,417	
Add weighted average effect of dilutive common stock equivalent shares:					
Post-Merger Repay Units exchangeable for Class A common stock		7,883,048		7,883,048	
Unvested share-based awards of Class A common stock		396,827		1,059,661	
Outstanding ESPP purchase rights for Class A common stock		3,423		2,282	
2026 Notes convertible into Class A common stock		13,095,238		13,095,238	

Weighted average shares of Class A common stock outstanding - diluted	91,160,415	110,114,054	89,658,318	110,789,646
	<hr/>	<hr/>	<hr/>	<hr/>
Income (loss) per share of Class A common stock outstanding - basic	\$ (0.07)	\$ 0.07	\$ (0.41)	\$ 0.22
Income (loss) per share of Class A common stock outstanding - diluted	\$ (0.07)	\$ 0.05	\$ (0.41)	\$ 0.18

(\$ in thousands, except per share data)	Three Months Ended March 31,	
	2024	2023
Loss before income tax expense	\$ (5,063)	\$ (23,575)
Less: Net loss attributable to non-controlling interests	(153)	(1,540)
Income tax expense	(302)	(4,357)
Net loss attributable to the Company	\$ (5,212)	\$ (26,392)
Weighted average shares of Class A common stock outstanding - basic and diluted	91,218,208	88,615,760
Loss per share of Class A common stock outstanding - basic and diluted	\$ (0.06)	\$ (0.30)

For the three and nine months ended September 30, 2023, March 31, 2024 and 2023, the following common stock equivalent shares were excluded from the computation of the diluted loss per share, since their inclusion would have been anti-dilutive:

	Three Months Ended	Nine Months Ended	Three Months Ended March 31,	
	September 30, 2023	September 30, 2023	2024	2023
Post-Merger Repay Units exchangeable for Class A common stock	5,861,271	5,861,271	5,844,095	7,861,271
Unvested share-based awards of Class A common stock	5,618,759	5,618,759	6,072,126	5,906,580
Outstanding stock options for Class A common stock	1,148,822	1,148,822	1,148,822	1,148,822
2026 Notes convertible into Class A common stock	13,095,238	13,095,238	13,095,238	13,095,238
Share equivalents excluded from earnings (loss) per share	25,724,090	25,724,090		
Share equivalents excluded from loss per share			26,160,281	28,011,911

Shares of the Company's Class V common stock do not participate in the earnings or losses of the Company and, therefore, are not participating securities. As such, separate presentation of basic and diluted earnings per share of Class V common stock under the two-class method has not been presented. Each share of the Company's Class V common stock gives the holder the right to vote the number of shares corresponding to the number of Post-Merger Repay Units held by that holder, but shares of Class V common stock have no economic rights.

REPAY HOLDINGS CORPORATION
Notes to the Unaudited Condensed Consolidated Financial Statements

5. Business Combinations and Dispositions Disposition

On February 15, 2023, the Company sold Blue Cow Software, LLC and a related entity ("BCS") within the Consumer Payments segment for cash proceeds of \$41.9 million. During the **nine** **three** months ended **September 30, 2023** **March 31, 2023**, the Company recognized a loss of **\$10.0** **9.9** million associated with the sale, comprised of the difference between the consideration received and the net carrying amount of the assets and liabilities of the business within Loss on business disposition in the Company's Condensed Consolidated Statement of Operations.

In connection with the disposition of BCS, the Company recognized a reduction in goodwill of \$35.3 million within the Consumer Payments segment. See Note 8. Goodwill for further discussion. For the **nine** **three** months ended **September 30, 2023** **March 31, 2023**, BCS contributed \$1.2 million to the Consumer Payments segment revenue. For the three and nine

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REPAY HOLDINGS CORPORATION
Notes to the Unaudited Condensed Consolidated Financial Statements

months ended September 30, 2022, BCS contributed \$2.7 million and \$6.4 million to the Consumer Payments segment revenue, respectively.

Transaction Expenses

The Company incurred transaction expenses of \$0 and \$3.4 million for the three and nine months ended **September 30, 2023**, respectively, **March 31, 2023** related to the disposition of BCS. The Company incurred transaction expenses of \$2.5 million and \$6.7 million for the three and nine months ended September 30, 2022, respectively, related to the acquisitions of BillingTree, Kontrol and Payix. Transaction expenses are included within Selling, general and administrative expenses in the Condensed Consolidated Statements of Operations.

6. Fair Value

The following table summarizes, by level within the fair value hierarchy, estimated fair values of the Company's assets and liabilities measured at fair value on a recurring or nonrecurring basis or disclosed, but not carried, at fair value in the Condensed Consolidated Balance Sheets as of the dates presented. There were no transfers into, out of, or between levels within the fair value hierarchy during any of the periods presented.

(\$ in thousands)	September 30, 2023			March 31, 2024				
	Level	Level	Level	Level 1	Level 2	Level 3	Total	
	1	2	3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Cash and cash equivalents	117,		117,					
	\$ 730	\$ —	\$ —	\$ 730	\$ 128,318	\$ —	\$ —	\$ 128,318
Restricted cash					26,512			26,512
Other assets	2,50		2,50			2,500		2,500
	—	0	—	0			—	2,500
Total assets	117,	2,50	120,					
	\$ 730	\$ 0	\$ —	\$ 230	\$ 154,830	\$ 2,500	\$ —	\$ 157,330
Liabilities:								

Contingent consideration	\$ —	\$ —	\$ —	\$ —							
Borrowings		356,		356,							
	—	675	—	675	\$	—	\$	407,550	\$	—	\$ 407,550
Tax receivable agreement			185,	185,							
	—	—	901	901		—		—	191,244		191,244
Total liabilities		356,	185,	542,							
	\$ —	\$ 675	\$ 901	\$ 576	\$	—	\$	407,550	\$	191,244	\$ 598,794
	December 31, 2022				December 31, 2023						
	Level	Level	Level								
	1	2	3	Total		Level 1		Level 2		Level 3	
Assets:											
Cash and cash equivalents					\$	118,096	\$	—	\$	—	\$ 118,096
Restricted cash						26,049		—		—	26,049
Other assets		2,50		2,50							
	\$ —	\$ 0	\$ —	\$ 0		—		2,500		—	2,500
Total assets		2,50		2,50							
	\$ —	\$ 0	\$ —	\$ 0	\$	144,145	\$	2,500	\$	—	\$ 146,645
Liabilities:											
Contingent consideration			1,00	1,00							
Borrowings		344,		344,							
	—	280	—	280	\$	—	\$	375,650	\$	—	\$ 375,650
Tax receivable agreement			179,	179,							
	—	—	127	127		—		—	188,911		188,911
Total liabilities		344,	180,	524,							
	\$ —	\$ 280	\$ 127	\$ 407	\$	—	\$	375,650	\$	188,911	\$ 564,561

Cash and cash equivalents

Cash and cash equivalents contains operating cash and on hand, demand deposit accounts, money market funds, accounts and short term investments with original maturities of three months or less. They are classified within Level 1 of the fair value hierarchy, under Accounting Standard Codification ("ASC") 820, *Fair Value Measurements ("ASC 820")*, as the price is obtained from quoted market prices in an active market. The carrying amounts of the Company's cash and cash equivalents approximate their fair values due to the short maturities and highly liquid nature of these accounts.

REPAY HOLDINGS CORPORATION
Notes to the Unaudited Condensed Consolidated Financial Statements

Restricted Cash

Restricted cash is classified within Level 1 of the fair value hierarchy under ASC 820, as the primary component is cash that is used as collateral for debts. The carrying amounts of the Company's restricted cash approximate their fair values due to the highly liquid nature.

Other assets

Other assets contain a minority equity investment in a privately-held company. The Company elected a measurement alternative for measuring this investment, in which the carrying amount is adjusted based on any observable price changes in orderly transactions. The investment is classified as Level 2 as observable adjustments to value are infrequent and occur in an inactive market.

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REPAY HOLDINGS CORPORATION
Notes to the Unaudited Condensed Consolidated Financial Statements

Contingent consideration

Contingent consideration relates to potential payments that the Company may be required to make associated with acquisitions. The contingent consideration is recorded at fair value based on actuals or estimates of discounted future cash flows associated with the acquired businesses. To the extent that the valuation of these liabilities is based on inputs that are less observable or not observable in the market, the determination of fair value requires more judgment. Accordingly, the fair value of contingent consideration is classified within Level 3 of the fair value hierarchy, under ASC 820. The change in fair value is re-measured at each reporting period with the change in fair value being recognized in accordance with ASC 805, *Business Combinations* ("ASC 805").

As of September 30, 2023 and December 31, 2022, the present value of contingent consideration reflects the actual anticipated payments.

The following table provides a rollforward of the contingent consideration related to previous business acquisitions.

(\$ in thousands)	Nine Months Ended September 30,	
	2023	2022
Balance at beginning of period	\$ 1,000	\$ 17,047
Purchases	—	—
Payments	(1,000)	(12,747)
Valuation adjustment	—	(4,290)
Balance at end of period	\$ —	\$ 10

Borrowings

The revolving credit facility and 2026 Notes are measured at amortized cost, which the carrying value is unpaid principal net of unamortized debt discount and debt issuance costs. The estimated fair value of the revolving credit facility approximates the unpaid principal because its interest rate approximates market interest rates. The estimated fair value of the 2026 Notes is determined using the quoted prices from over-the-counter markets. The estimated fair value of the Company's borrowings is classified within Level 2 of the fair value hierarchy, as the market interest rates and quoted prices are generally observable and do not contain a high level of subjectivity. As of March 31, 2024 and December 31, 2023, the Company had \$0 drawn against the revolving credit facility.

The following table provides the carrying value and estimated fair value of borrowings. See Note 9. Borrowings for further discussion on borrowings.

(\$ in thousands)	September 30, 2023		December 31, 2022		March 31, 2024		December 31, 2023	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Revolving credit facility			20,0					
2026 Notes	\$ —	\$ —	\$ 18,177	\$ 00				
	433,45	356,	433,14	324,				
	4	675	2	280	\$ 434,877	\$ 407,550	\$ 434,166	\$ 375,650
Total	433,45	356,	451,31	344,				
	\$ 4	\$ 675	\$ 9	\$ 280				

Tax Receivable Agreement

Upon the completion of the Business Combination, the Company entered into the TRA with holders of Post-Merger Repay Units. As a result of the TRA, the Company established a liability in its condensed consolidated financial statements. The TRA is recorded at fair value based on estimates of discounted future cash flows associated with the estimated payments to the Post-Merger Repay Unit holders. These inputs are not observable in the market; thus, the TRA is classified within Level 3 of the fair value hierarchy, under ASC 820. The change in fair value is re-measured at each reporting period with the change in fair value being recognized in accordance with ASC 805, *Business Combinations*, which is recorded within Change in fair value of tax receivable liability in the Company's Condensed Consolidated Statements of Operations.

The Company used a discount rate, also referred to as the Early Termination Rate, as defined in the TRA, to determine the present value, based on a risk-free rate plus a spread, pursuant to the TRA. A rate of 7.03% was applied to the forecasted TRA payments at September 30, 2023 March 31, 2024, in order to determine the fair value. A significant increase or decrease in the discount rate could have resulted in a lower or higher balance, respectively, as of the measurement date. The During the three months ended March 31, 2024, the TRA balance was adjusted by \$3.7 million through a payment, accretion expense and a valuation adjustment, related to an increase in the

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REPAY HOLDINGS CORPORATION

Notes income tax rate used to measure the Unaudited Condensed Consolidated Financial Statements

TRA as of the Early Termination Date and a decrease in the discount rate, which was 6.48% as of December 31, 2022, and \$3.1 million through exchanges of Post-Merger Repay units occurring during the nine months ended September 30, 2023 December 31, 2023.

The following table provides a rollforward of the TRA related to the acquisition and exchanges of Post-Merger Repay Units. See Note 13. Taxation for further discussion on the TRA.

(\$ in thousands)	Nine Months Ended September 30,	
	2023	2022
Balance at beginning of period	\$ 179,127	\$ 245,828
Purchases	3,058	153
Accretion expense	—	5,017
Valuation adjustment	3,716	(60,497)

Balance at end of period	\$ 185,901	\$ 190,501
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REPAY HOLDINGS CORPORATION
Notes to the Unaudited Condensed Consolidated Financial Statements

(\$ in thousands)	Three Months Ended March 31,	
	2024	2023
Balance at beginning of period	\$ 188,911	\$ 179,127
Purchases	—	31
Payments	(580)	—
Accretion expense	3,324	—
Valuation adjustment	(411)	4,538
Balance at end of period	\$ 191,244	\$ 183,696

7. Intangible Assets

The Company holds definite and indefinite-lived intangible assets. As of **September 30, 2023** **March 31, 2024** and **December 31, 2023**, the indefinite-lived intangible assets consist of one trade name, arising from the **acquisitions** **acquisition** of Hawk Parent. **As of December 31, 2022, the indefinite-lived intangible assets consist of two trade names, arising from the acquisitions of Hawk Parent and MPI.**

Intangible assets consisted of the following:

(\$ in thousands)	Gross Value	Accumulated Amortization	Net Value	Weighted Average Useful Life (Years)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Useful Life (Years)
	Carrying Value	Amortization	Carrying Value	Useful Life (Years)	Carrying Value	Amortization	Carrying Value	Useful Life (Years)
Client relationships	523,850	\$ 1,439	345,491	6.55	\$ 523,850	\$ 203,770	\$ 320,080	6.07
Channel relationships	16,240	4,387	11,853	7.31	29,885	5,549	24,336	8.14
Software costs	234,288	9	67,249	0.87	257,938	190,770	67,168	0.78
Non-compete agreements	4,580	4,299	281	0.30	4,580	4,430	150	0.16
Trade name	20,000	—	20,000	—	20,000	—	20,000	—

Balance											
as of											
September 30, 2023	798,	354,13	444,								
	\$ 958	\$ 6	\$ 822		4.82						
Balance											
as of											
March 31, 2024						\$ 836,253	\$ 404,519	\$ 431,734		4.44	
Client relationships											
Channel relationships	539,	137,51	402,								
ps	\$ 850	\$ 5	\$ 335	7.40		\$ 523,850	\$ 190,591	\$ 333,259		6.32	
Software costs	196,	132,32	64,5			29,785	4,792	24,993		8.39	
Non-compete agreement	890	2	68	0.99		246,996	178,323	68,673		0.83	
Trade name	4,58										
s	0	4,030	550	0.54		4,580	4,364	216		0.23	
Trade name	20,0		20,0			20,000	—	20,000		—	
Balance as of December 31, 2022	777,	277,03	500,								
	\$ 610	\$ 5	\$ 575		5.71						
Balance as of December 31, 2023						\$ 825,211	\$ 378,070	\$ 447,141		4.68	

The Company's amortization expense for intangible assets was \$26.2 million and \$77.3 million for the three and nine months ended September 30, 2023, respectively. The Company's amortization expense for intangible assets was \$24.1 million March 31, 2024 and \$80.8 million for the three and nine months ended September 30, 2022, respectively.

The estimated amortization expense for the next five years and thereafter in the aggregate is as follows:

(\$ in thousands)	Estimated Future		Estimated Future	
	Year Ending December 31,	Amortization Expense	Amortization Expense	
2023	\$ 25,168			
2024	91,067	\$	72,126	
2025	74,257		74,071	
2026	59,876		67,199	
2027	55,941		55,024	
2028			55,167	

Thereafter	118,513	88,147
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REPAY HOLDINGS CORPORATION

Notes to the Unaudited Condensed Consolidated Financial Statements

8. Goodwill

The following table presents There were no changes to in the carrying amount of goodwill by business for either the Consumer Payments or Business Payments segment for during the nine three months ended September 30, 2023 March 31, 2024.

(\$ in thousands)	Consumer Payments	Business Payments	Total
Balance at December 31, 2022	\$ 609,139	\$ 218,674	\$ 827,813
Dispositions	(35,270)	—	(35,270)
Balance at September 30, 2023	\$ 573,869	\$ 218,674	\$ 792,543

During the nine months ended September 30, 2023, the Company recognized a reduction in goodwill of \$35.3 million related to the disposition of BCS.

The Company concluded that goodwill was not impaired for either the Consumer Payments or Business Payments segment as of September 30, 2023 March 31, 2024. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, there were no accumulated impairment losses were \$75.7 million for either the Consumer Payments or Business Payments segment.

REPAY HOLDINGS CORPORATION

Notes to the Unaudited Condensed Consolidated Financial Statements

9. Borrowings

Amended Credit Agreement

On February 3, 2021, the Company announced the closing of a new undrawn \$125.0 million senior secured revolving credit facility through Truist Bank (the "Amended Credit Agreement"). The Amended Credit Agreement replaced the Company's prior senior secured credit facility, which included an undrawn \$30.0 million revolving credit facility.

On December 29, 2021, the Company increased its existing senior secured credit facility by \$60.0 million to provide for a \$185.0 million revolving credit facility in favor of Hawk Parent pursuant to an amendment to the Amended Credit Agreement. The revolving credit facility is guaranteed by Repay Holdings Corporation and certain of its subsidiaries.

On February 9, 2023, the Company further amended the Amended Credit Agreement to replace London Inter-bank Offer Rate ("LIBOR") with term Secured Overnight Financing Rate ("SOFR") as the interest rate benchmark.

On February 28, 2023, the Company repaid in full the entire amount of \$20.0 million of the outstanding revolving credit facility. The undrawn capacity of the existing revolving credit facility under the Amended Credit Agreement became \$185.0 million after the repayment.

As of **September 30, 2023** **March 31, 2024**, the Company had \$0 drawn against the revolving credit facility. The Company's interest expense on the revolving credit facility, including unused commitment fees and amortization of deferred issuance costs, totaled \$0.9 million and \$**3.0** **1.2** million for the three and nine months ended **September 30, 2023**, respectively. Interest expense was \$**1.1** million **March 31, 2024** and \$**3.2** million for the three and nine months ended **September 30, 2022**, **2023**, respectively.

Convertible Senior Debt

On January 19, 2021, the Company issued \$440.0 million in aggregate principal amount of 0.00% Convertible Senior Notes due 2026 in a private placement. The **initial** conversion rate of any 2026 Notes was 29.7619 shares of Class A common stock per \$1,000 principal amount of 2026 Notes (equivalent to an initial conversion price of approximately \$33.60 per share of Class A common stock). Upon conversion of the 2026 Notes, the Company may choose to pay or deliver cash, shares of the Company's Class A common stock, or a combination of cash and shares of the Company's Class A common stock. The 2026 Notes will mature on February 1, 2026, unless earlier converted, repurchased or redeemed.

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Subject to Nasdaq requirements, the Company controls the conversion rights prior to November 3, 2025, unless a fundamental change or an event of default occurs.

During the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, the conversion contingencies of the 2026 Notes were not met, and the conversion terms of the 2026 Notes were not significantly changed.

The following table summarizes the total borrowings under the Amended Credit Agreement and 2026 Notes:

(\$ in thousands)	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Non-current indebtedness:				
Revolving Credit Facility ⁽¹⁾	\$ —	\$ 20,000		
Convertible Senior Debt	440,000	440,000	\$ 440,000	\$ 440,000
Total borrowings	440,000	460,000	440,000	440,000
Less: Long-term loan debt issuance cost ⁽²⁾	6,546	8,681		
Less: Long-term loan debt issuance cost ⁽¹⁾			5,123	5,834
Total non-current borrowings	\$ 433,454	\$ 451,319	\$ 434,877	\$ 434,166

⁽¹⁾ The revolving credit facility bears interest at a variable rate, which was 6.63% as of December 31, 2022.

⁽²⁾ The Company incurred \$0.7 million and \$2.1 million of interest expense for the amortization of deferred debt issuance costs for the three and nine months ended **September 30, 2023**, respectively. **March 31, 2024**. The Company incurred \$2.8 million of interest expense for the amortization of deferred debt issuance costs for the year ended **December 31, 2022** **December 31, 2023**.

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The following is a summary of principal maturities of long-term debt for each of the next five years ending December 31 and in the aggregate:

(\$ in thousands)	\$	\$
2023	—	—
2024	—	—
2025	—	—
2026	440,000	440,000
2027	—	—
2028	<hr/> <hr/> \$ 440,000	<hr/> <hr/> \$ 440,000

10. Commitments and Contingencies

Legal Matters

The Company is a party to various claims and lawsuits incidental to its business. In the Company's opinion, the liabilities, if any, which may ultimately result from the outcome of such matters, individually or in the aggregate, are not expected to have a material adverse effect on its financial position, liquidity, results of operations or cash flows.

Leases

The Company has commitments under operating leases for real estate leased from third parties under non-cancelable operating leases. The Company's leases typically have lease terms between three years and ten years, with the longest lease term having an expiration date in 2035. Most of these leases include one or more renewal options for five years or less, and certain leases also include lessee termination options. At lease commencement, the Company assesses whether it is reasonably certain to exercise a renewal option, or reasonably certain not to exercise a termination option, by considering various economic factors. Options that are reasonably certain of being exercised are factored into the determination of the lease term, and related payments are included in the calculation of the right-of-use ("ROU") asset and lease liability.

On **September 27, 2023** December 31, 2023, the Company entered an **agreement with a third party to sublease** amendment for one of the **operating leases**, **existing leases to relocate to another space within the building** commencing on **August 1, 2024**. The **Company performed an impairment analysis** **landlord provides a construction allowance, in the form of reimbursements, of up to \$1.4 million related to approved improvements** and **used renovations of the market approach** **landlord's property during the construction period between February 1, 2024 to calculate the fair value** **July 31, 2024**. As of **the March 31, 2024**, no significant construction has taken place.

14 During the three months ended March 31, 2024, the Company recognized sublease income of \$0.1 million within Other (loss) income in the Company's Consolidated Statements of Operations.

The components of lease cost are presented in the following table:

(\$ in thousands)	Three Months Ended March 31,	
	2024	2023
Components of total lease costs:		

Operating lease cost	\$ 428	\$ 659
Short-term lease cost	6	5
Variable lease cost	—	—
Total lease cost	\$ 434	\$ 664

Amounts reported in the Condensed Consolidated Balance Sheets were as follows:

(\$ in thousands)	March 31, 2024	December 31, 2023
Operating leases:		
ROU assets	\$ 5,939	\$ 8,023
Lease liability, current	1,241	1,629

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REPAY HOLDINGS CORPORATION
Notes to the Unaudited Condensed Consolidated Financial Statements

associated ROU asset. An impairment loss of \$0.1 million related to Consumer Payments segment was recorded within Other loss in the Company's Condensed Consolidated Statements of Operations as the result of the reassessment.

The components of lease cost are presented in the following table:

(\$ in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Components of total lease costs:				
Operating lease cost	\$ 580	\$ 682	\$ 1,960	\$ 2,050
Short-term lease cost	11	11	22	45
Variable lease cost	—	—	—	—
Total lease cost	\$ 591	\$ 693	\$ 1,982	\$ 2,095

Amounts reported in the Condensed Consolidated Balance Sheets were as follows:

(\$ in thousands)	September 30,	December 31,		
	2023	2022		
Operating leases:				
ROU assets	\$ 8,961	\$ 9,847		
Lease liability, current	1,786	2,263		
Lease liability, long-term	8,054	8,295	5,435	7,247
Total lease liabilities	\$ 9,840	\$ 10,558	\$ 6,676	\$ 8,876
Weighted-average remaining lease term (in years)	4.2	4.7	4.5	4.3
Weighted-average discount rate (annualized)	5.7 %	4.5 %	6.1 %	5.8 %

Other information related to leases are as follows:

(\$ in thousands)	Three Months				Three Months Ended March 31,			
	Ended		Nine Months					
	September	30,	September	30,				
	2023	2022	2023	2022				
Cash paid for amounts included in the measurement of lease liabilities:					2024			
Operating cash flows from operating leases	\$ 538	\$ 638	\$ 9	\$ 6	\$ 551	\$ 675		
ROU assets obtained in exchange for lease liabilities:					2023			
Operating leases	—	—	—	1	—	—		

The following table presents a maturity analysis of the Company's operating leases liabilities as of September 30, 2023 March 31, 2024:

(\$ in thousands)	\$ 584	\$ 1,356
2023	\$ 584	\$ 1,356
2024	2,246	1,390
2025	2,222	1,335
2026	2,188	924
2027	1,269	734
2028	—	2,808
Thereafter	3,542	8,547
Total undiscounted lease payments	12,051	1,871
Less: Imputed interest	2,211	\$ 6,676
Total lease liabilities	\$ 9,840	\$ 6,676

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11. Related Party Transactions

Related party payables consisted of the following:

(\$ in thousands)	September 30, 2023	December 31, 2022
CPS accrued earnout liability	\$ —	\$ 1,000
Other payables to related parties	—	—
	<u>\$ —</u>	<u>\$ 1,000</u>

The Company held receivables from related parties of \$0.3 million as of both September 30, 2023 and December 31, 2022. These amounts were due from employees, related to tax withholding on vesting of equity compensation. See Note 12. Share Based Compensation for more detail on these restricted share awards. Further, the Company owed employees \$0.0 million for amounts paid on behalf of the Company as of both September 30, 2023 and December 31, 2022.

The Company owed \$0 and \$1.0 million to related parties, in the form of contingent consideration payable to the sellers of CPS, who were employees of Repay, as of September 30, 2023 and December 31, 2022, respectively. In March 2023, the Company paid the CPS earnout payment of \$1.0 million.

12. Share Based Compensation

Omnibus Incentive Plan

At the 2019 Annual Shareholders Meeting of Thunder Bridge, the shareholders considered and approved the 2019 Omnibus Incentive Plan (the "Incentive Plan") which resulted in the reservation of 7,326,728 shares of Class A common stock for issuance thereunder. The Incentive Plan initially became effective immediately upon the closing of the Business Combination. In June 2022, the Incentive Plan was amended and restated to reserve a total of 13,826,728 shares of Class A common stock for issuance thereunder.

Under this plan, the Company currently has four types of share-based compensation awards outstanding: performance stock units ("PSUs"), restricted stock awards ("RSAs"), restricted stock units ("RSUs") and performance-based stock options ("PSOs").

Share-Based Awards

The following table summarizes share-based compensation expense and the related income tax benefit recognized for the Company's share-based compensation awards. Share-based compensation expenses are recorded within Selling, general and administrative in the Company's Condensed Consolidated Statement of Operations.

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Share-based compensation expense	\$ 5.7	\$ 5.3	\$ 16.3	\$ 14.3
Income tax benefit (expense)	0.2	(0.3)	1.5	1.9

Activity for RSAs for the nine months ended September 30, 2023 was as follows:

(\$ in millions)	Three Months Ended March 31,	
	2024	2023
Share-based compensation expense	\$ 6.3	\$ 4.1
Income tax benefit	2.2	1.1

	Weighted Average Grant Date	
	Class A Common Stock	Fair Value
Unvested at December 31, 2022	2,111,635	\$ 16.23
Granted	2,644,793	6.25
Forfeited ⁽¹⁾	472,062	13.01
Vested	573,511	15.81
Unvested at September 30, 2023	<u>3,710,855</u>	\$ 9.60

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Notes to the Unaudited Condensed Consolidated Financial Statements

Activity for RSAs for the three months ended March 31, 2024 was as follows:

	Class A Common Stock	Weighted Average Grant Date	
		Fair Value	
Unvested at December 31, 2023	3,550,365	\$	9.26
Granted	1,832,799		7.97
Forfeited ⁽¹⁾	275,405		11.28
Vested	689,808		10.70
Unvested at March 31, 2024	<u>4,417,951</u>	\$	<u>8.38</u>

Activity for RSUs for the ~~nine~~ three months ended ~~September 30, 2023~~ March 31, 2024 was as follows:

	Class A	Weighted Average Grant	Class A Common Stock	Weighted Average Grant Date	Fair Value
	Common Stock	Date Fair Value			
Unvested at					
December 31, 2022	108,909	\$ 13.22			
Unvested at					
December 31, 2023			171,384	\$	7.41
Granted	171,384	7.41		—	—
Forfeited	—	—		—	—
Vested	108,909	13.22		—	—
Unvested at					
September 30, 2023	<u>171,384</u>	<u>\$ 7.41</u>			
Unvested at March 31,					
2024			<u>171,384</u>	<u>\$</u>	<u>7.41</u>

Activity for PSUs for the ~~nine~~ three months ended ~~September 30, 2023~~ March 31, 2024 was as follows:

	Class A	Weighted Average Grant	Class A Common Stock ⁽²⁾	Weighted Average Grant Date	Fair Value
	Common Stock	Date Fair Value			
Unvested at					
December 31, 2022	634,023	\$ 19.19			
Unvested at					
December 31, 2023			1,482,791	\$	10.88
Granted	1,102,497	8.87		—	—
Forfeited	—	—		—	—

Vested	—	—	—
Unvested at			
September 30, 2023	<u>1,736,520</u>	\$ 12.64	
Unvested at March 31, 2024		<u>1,482,791</u>	\$ 10.88

(1) The forfeited shares include shares forfeited as a result of employee terminations and shares withheld to satisfy employees' tax withholding payment obligations in connection with the vesting of restricted stock awards under the Incentive Plan during the **nine** three months ended **September 30, 2023** **March 31, 2024**; further, these forfeited shares are added back to the amount of shares available for grant under the Incentive Plan.

(2) Represent shares to be paid out at **100%** target level.

For PSUs, RSAs, and RSUs vested during the three months ended March 31, 2024, the total fair value, based upon the Company's Class A common stock price at the date vested, was \$7.4 million. Unrecognized compensation expense related to unvested PSUs, RSAs and RSUs was \$30.4 **33.4** million at **September 30, 2023** **March 31, 2024**, which is expected to be recognized as expense over the weighted-average period of 2.0 years.

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Stock Options

Activity for PSOs for the **nine** three months ended **September 30, 2023** **March 31, 2024** was as follows:

	Weight ed	Weighted Average	Aggre gate					
	Averag e	Remaining	Contractual	Intrins ic	Weighted Average Options	Weighted Average Exercise Price	Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2022	—	\$ —	—	\$ —				
Outstanding at December 31, 2023			1,148,822	6.13		7.0	\$ 2,768,661	

Granted	2	6.13	—	—
Forfeited	—	—	—	—
Exercised	—	—	—	—
Outstanding at September 30, 2023	2	\$ 6.13	7.0	\$ 0
Outstanding at March 31, 2024			<u>1,148,822</u>	\$ 6.13
Options vested and exercisable at September 30, 2023	—	\$ —	—	\$ —
Options vested and exercisable at March 31, 2024			—	\$ —

The Company recognized compensation expense for PSOs of \$0.5 million and \$1.0 million during the three and nine months ended September 30, 2023, respectively. Unrecognized compensation expense related to outstanding PSOs was \$2.0 million at September 30, 2023 March 31, 2024, which is expected to be recognized as expense over the weighted-average period of 1.7 years.

The weighted average grant date fair value of PSOs granted during the nine months ended September 30, 2023 March 31, 2023 was \$2.61. Fair value was estimated on the date of grant using Monte Carlo simulation with the following weighted average assumptions:

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Risk-free interest rate	Nine Three Months Ended September 30, 2023	3.42%
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Expected volatility	52.82 %
Dividend yield	0 %
Expected term (in years)	4.5

The risk-free interest rate was based on the yield of a zero coupon zero-coupon U.S. Treasury security with a maturity equal to the contractual term of seven years. The assumption on expected volatility was based on the average of historical peer group volatilities using daily prices. The dividend yield assumption was determined as 0% since the Company pays no dividends. Expected term was based on the simplified method outlined in Staff Accounting Bulletin No. 14, Share-Based Payment due to the fact that Company does not have sufficient historical data upon which to estimate an expected term. Given that the Company's Class A common stock has been publicly traded for less than seven years, the Company believes that the simplified method is an applicable methodology to estimate the expected term of the options as of the grant date.

Employee Stock Purchase Plan

On August 18, 2021, the Company's stockholders approved the Repay Holdings Corporation 2021 Employee Stock Purchase Plan (the "ESPP"). The purpose of the ESPP is to provide eligible employees with the opportunity to purchase the Company's Class A common stock through accumulated payroll deductions. A total of 1,000,000 shares of the Company's Class A common stock are available for issuance under the ESPP. Under the ESPP, participants are offered the right to purchase shares of the Company's Class A common stock at a discount during a series of offering periods. The length of the offering periods under the ESPP will be determined by the administrator and may be up to twenty-seven months long.

13.12. Taxation

Repay Holdings Corporation is taxed as a corporation and is subject to paying corporate federal, state and local taxes on the income allocated to it from Hawk Parent, based upon Repay Holding Corporation's economic interest held in Hawk Parent, as well as any stand-alone income or loss it generates. Hawk Parent is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, Hawk Parent is not subject to U.S. federal and

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certain state and local income taxes. Hawk Parent's members, including Repay Holdings Corporation, are liable for federal, state and local income taxes based on their allocable share of Hawk Parent's pass-through taxable income.

The Company's effective tax rate was 24% and (36%) for the three and nine months ended September 30, 2023, respectively, March 31, 2024. The Company recorded an income tax benefit of \$2.0 million and an income tax expense of \$1.30.3 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024. The effective tax rate for the three and nine months ended September 30, 2023, March 31, 2024 includes a stock-based compensation adjustments net tax shortfall of \$2.41.6 million related to restricted stock awards vesting and a \$0.4 million state rate change impact on deferred taxes, which is required to be recorded discretely in the interim period in which it occurs. In addition, the effective tax rate includes a net tax impact of \$5.9 million related to the disposition of BCS, which is required to be recorded discretely in the interim period in which it occurs due to it being a significant, infrequently occurring item disclosed separately in the quarterly financial statements. The effective tax rate of the Company differs from the federal statutory rate of 21% primarily due to the tax structure of the Company, the relative weighting of the noncontrolling interest, and lower income from operations over the current relevant period, as well as the aforementioned items required to be reported discretely in the interim period. The Company's effective tax rate was (9.718%) and 27.5% for the three and nine months ended September 30, 2022, respectively, March 31, 2023. The Company recorded an income tax benefit of \$0.5 million and an income tax expense of \$6.44.4 million for

the three and nine months ended September 30, 2022, respectively. March 31, 2023. The effective tax rate for the three and nine months ended September 30, 2022 March 31, 2023 includes a stock-based compensation adjustments net tax shortfall of \$2.1 million related to restricted stock awards vesting, which is required to be recorded discretely in the interim period in which it occurs. In addition, the effective tax rate includes a net tax impact of \$5.8 million related to the disposition of BCS, which is required to be recorded discretely in the interim period in which it occurs due to it being a significant, infrequently occurring item disclosed separately in the quarterly financial statements.

The Company recognized adjustments an adjustment of \$2.0 million and \$1.3 million for the three and nine months ended September 30, 2023 March 31, 2024, respectively, of deferred tax assets related to the income tax benefit and expense, respectively, derived from the net operating income generated over the same period. The Company recognized \$(0.5 million and \$6.4) million for

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the three and nine months ended September 30, 2022 March 31, 2023, respectively, of deferred tax assets related to the income tax expense derived from the net operating income generated over the same period.

Deferred tax assets, net of \$138.1 million as of September 30, 2023 March 31, 2024, relates primarily to the basis difference in the Company's investment in Hawk Parent. The basis difference arose primarily as a result of the subsequent purchases of Post-Merger Repay Units by the Company pursuant to the Unit Purchase Agreements entered into in 2020 with CC Payment Holdings, LLC, an entity controlled by Corsair, and the subsequent exchanges of Post-Merger Repay Units for shares of the Company's Class A common stock in accordance with the Exchange Agreement. In addition, as a result of the merger with BillingTree on June 15, 2021, an estimated opening deferred tax liability net of \$36.1 million, as adjusted, was recorded. The merger was recognized as a Qualified Stock Purchase within the meaning of Internal Revenue Code (the "Code") Section 338(d)(3). As such, no step up in the tax asset basis was permitted creating an estimated net deferred tax liability related to the tax asset basis difference in the investment in Hawk Parent on the opening balance sheet date.

The Company did not recognize any adjustment to the deferred tax asset ("DTA") and offsetting deferred tax liability ("DTL") recorded as a result of the ceiling rule limitation arising under Code Sec. 704(c) for the three and nine months ended September 30, 2023 March 31, 2024, to account for the portion of the Company's outside basis in the partnership interest that it will not recover through tax deductions. As the ceiling rule causes taxable income allocations to be in excess of 704(b) book allocations the DTL will unwind, leaving only the DTA, which may only be recovered through the sale of the partnership interest in Hawk Parent. The Company has concluded, based on the weight of all positive and negative evidence, that all of the DTA associated with the ceiling rule limitation is not likely to be realized. As such, a 100% valuation allowance was recognized.

No uncertain tax positions existed as of September 30, 2023 March 31, 2024.

Tax Receivable Agreement Liability

Pursuant to the Company's election under Section 754 of the Code, the Company expects to obtain an increase in its share of the tax basis in the net assets of Hawk Parent when Post-Merger Repay Units are redeemed or exchanged for Class A common stock of Repay Holdings Corporation. The Company intends to treat any redemptions and exchanges of Post-Merger Repay Units as direct purchases for U.S. federal income tax purposes. These increases in tax basis may reduce the amounts that the Company would otherwise pay in the future to various tax authorities. They may also decrease gains (or increase losses) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets.

On July 11, 2019, the Company entered into a TRA that provides for the payment by the Company of 100% of the amount of any tax benefits realized, or in some cases are deemed to realize, as a result of (i) increases in its share of the tax basis in the net assets of Hawk Parent resulting from any redemptions or exchanges of Post-Merger Repay Units and from its acquisition of the equity of the selling Hawk Parent members,

(ii) tax basis increases attributable to payments made under the TRA, and (iii) deductions attributable to imputed interest pursuant to the TRA (the "TRA Payments"). The

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TRA Payments are not conditioned upon any continued ownership interest in Hawk Parent or the Company. The rights of each party under the TRA other than the Company are assignable. The timing and amount of aggregate payments due under the TRA may vary based on a number of factors, including the timing and amount of taxable income generated by the Company each year, as well as the tax rate then applicable, among other factors.

As of **September 30, 2023** **March 31, 2024**, the Company had a liability of **\$185.9** **191.2** million related to its projected obligations under the TRA, which is captioned as tax receivable agreement liability in the Company's Unaudited Condensed Consolidated Balance Sheet. The increase of **\$6.8** **2.3** million in the TRA liability for the **ninethree** months ended **September 30, 2023** **March 31, 2024**, was primarily a result of **subsequent exchanges** **the decrease in the Early Termination Rate and accretion, partially offset by a decrease in the tax rate and a payment of Post-Merger Repay Units occurring during the period, as well as an increase to current portion of the TRA liability, as a result of accretion and changes in reported at December 31, 2023, over the Early Termination Rate** **same period**.

14.13. Segments

For performance assessment and resource allocation purposes, The Company organizes its business structure around two operating segments based on review of discrete financial results for each of the operating segments by the Company's chief operating decision maker ("CODM") reviews discrete financial results, for performance assessment and resource allocation purposes. Each of the Company's operating segments represents a reportable segment based on ASC 280, Segment Reporting. The Company's two operating reportable segments are as of December 31, 2022: follows: (1) Consumer Payments and (2) Business Payments. These operating segments represent reportable segments based on ASC 280, Segment Reporting. Prior year amounts have been reclassified to conform to the current presentation.

Consumer Payments

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The Consumer Payments segment provides payment processing solutions (including debit and credit card processing, ACH processing and other electronic payment acceptance solutions, as well as our loan disbursement product) that enable the Company's clients to collect payments and disburse funds to consumers and includes the Company's clearing and settlement solutions ("RCS") **offering**. RCS is the Company's proprietary clearing and settlement platform through which the Company markets customizable payment processing programs to other **ISOs** **Independent Sales Organizations ("ISOs")** and payment facilitators. The strategic vertical markets served by the Consumer Payments segment primarily include personal loans, automotive loans, receivables management, credit unions, mortgage servicing, consumer healthcare and diversified retail. The Consumer Payments segment represented approximately **87** **88** percent of the Company's total revenue after any intersegment eliminations for **both the three and nine months ended September 30, 2023** **March 31, 2024**.

Business Payments

The Business Payments segment provides payment processing solutions (including accounts payable automation, debit and credit card processing, virtual credit card processing, ACH processing and other electronic payment acceptance solutions) that enable the Company's clients to collect or send payments to other businesses. The strategic vertical markets served within the Business Payments segment primarily include retail automotive, education, field services, governments and municipalities, healthcare, media, HOA management and hospitality. The Business Payments segment represented approximately 13% of the Company's total revenue after any intersegment eliminations for both the three and nine months ended September 30, 2023 March 31, 2024.

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The following table presents revenue and gross profit for each reportable segment.

(\$ in thousand)	Three Months				Nine Months		Three Months Ended March 31,	
	Ended		Ended		2024			
	September	30,	September	30,				
2023	2022	2023	2022				2023	
Revenue								
Consumer	68,7	62,9	204,	183,				
Payments	\$ 20	\$ 77	\$ 622	\$ 890	\$	76,136	\$ 69,940	
Business	9,70	11,4	28,1	30,2				
Payments	4	40	70	66		9,677	8,675	
Elimination of intersegment revenues (1)	(4,1	(2,8	(12,	(7,6				
	04)	62)	152)	02)		(5,093)	(4,078)	
Total revenue	74,3	71,5	220,	206,	\$	80,720	\$ 74,537	
Gross profit (2)	\$ 20	\$ 55	\$ 640	\$ 554	\$			
Consumer	53,5	49,7	159,	143,				
Payments	\$ 99	\$ 24	\$ 929	\$ 295	\$	59,591	\$ 54,625	
Business	7,18	8,05	20,4	20,9				
Payments	8	9	21	31		7,047	6,025	
Elimination of intersegment revenues	(4,1	(2,8	(12,	(7,6				
	04)	62)	152)	02)		(5,093)	(4,078)	
Total gross profit	56,6	54,9	168,	156,	\$	61,545	\$ 56,572	
	\$ 83	\$ 21	\$ 198	\$ 624				

Total other operating expenses (3)	61,8	60,3	201,	185,	\$	64,049	\$	74,536
Total other income (expense)	(3,3)	10,3	(5,4)	52,2		(2,559)		(5,611)
Income (loss)								
before income tax	(8,4)	4,89	(38,	23,3				
benefit (expense)	82)	8	438)	20				
Income tax	1,99		(1,3	(6,4				
benefit (expense)	8	474	08)	14)				
Net income	(6,4)	5,37	(39,	16,9				
(loss)	\$ 84)	\$ 2	\$ 746)	\$ 06				
Loss before income tax expense					(5,063)			(23,575)
Income tax expense					(302)			(4,357)
Net loss					\$ (5,365)		\$	(27,932)

(1) Represents intercompany eliminations between segments for consolidation purpose.

(2) Represents revenue less costs of services, services (exclusive of depreciation and amortization).

(3) Represents total operating expenses less costs of services, services (exclusive of depreciation and amortization).

Revenue and costs of services are attributed directly to each segment. There is no significant concentration of revenue or assets in foreign countries as of **September 30, 2023** **March 31, 2024**. The CODM reporting package does not include **interest income (expense)**, **net, depreciation and amortization, income tax benefit (expense)** and discrete asset details of the operating segments as this information is not considered by the CODM for resource allocation or other segment analysis purposes.

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REPAY HOLDINGS CORPORATION

Notes to the Unaudited Condensed Consolidated Financial Statements

15.14. Subsequent events

Management has evaluated subsequent events and their potential effects on these unaudited condensed consolidated financial statements. Based upon the review, management did not identify any subsequent events that would have required adjustment or disclosure in the financial statements.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For purposes of this section, "Repay", the "Company", "we", or "our" refer to Repay Holdings Corporation and its subsidiaries, unless the context otherwise requires. Certain figures have been rounded for ease of presentation and may not sum due to rounding.

Cautionary Note Regarding Forward-Looking Statements

Statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding our financial position, business strategy and the plans and objectives of management for future operations, are forward-looking statements. Actual results could differ materially from those contemplated by the forward-looking statements as a result of certain factors, including those set forth under Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

Overview

We provide integrated payment processing solutions to industry-oriented markets in which clients have specific transaction processing needs. We refer to these markets as "vertical markets" or "verticals." Our proprietary, integrated payment technology platform reduces the complexity of the electronic payments process for businesses, while enhancing their consumers' overall experience. We are a payments innovator, differentiated by our proprietary, integrated payment technology platform and our ability to reduce the complexity of the electronic payments for businesses. We intend to continue to strategically target verticals where we believe our ability to tailor payment solutions to our client needs, our deep knowledge of our vertical markets and the embedded nature of our integrated payment solutions will drive strong growth by attracting new clients and fostering long-term client relationships.

Since a significant portion of our revenue is derived from volume-based payment processing fees, card payment volume is a key operating metric that we use to evaluate our business. We processed approximately \$6.4 billion and \$19.2 billion of total card payment volume for the three and nine months ended September 30, 2023, respectively. Our card payment volume decreased by approximately 0.2% over the three months ended September 30, 2022, primarily due to a decrease in our media payments business related to the cyclical political media spending associated with the 2022 mid-term elections in the prior period. Our card payment volume increased by approximately 1.2% over the nine months ended September 30, 2022. This increase was the result of newly signed clients and the growth of our existing clients, partially offset by a decrease in our media payments business due to the cyclical political media spending associated with the 2022 mid-term elections in the prior period.

We report our financial results based on two reportable segments.

Consumer Payments – Our Consumer Payments segment provides payment processing solutions (including debit and credit card processing, ACH processing and other electronic payment acceptance solutions, as well as our loan disbursement product) that enable our clients to collect payments and disburse funds to consumers and includes our clearing and settlement solutions ("RCS"). RCS offering. RCS is our proprietary clearing and settlement platform through which we market customizable payment processing programs to other ISOs and payment facilitators. The strategic vertical markets served by our Consumer Payments segment primarily include personal loans, automotive loans, receivables management, credit unions, mortgage servicing, consumer healthcare and diversified retail.

Business Payments – Our Business Payments segment provides payment processing solutions (including accounts payable automation, debit and credit card processing, virtual credit card processing, ACH processing and other electronic payment acceptance solutions) that enable our clients to collect or send payments to other businesses. The strategic vertical markets served within our Business Payments segment primarily include retail automotive, education, field services, governments and municipalities, healthcare, HOA management and hospitality.

Macroeconomic Conditions

We have been monitoring the current economic environment in the U.S. and globally – characterized by heightened inflation (including changes in wages), rising interest rates, supply chain issues, slower growth and recent banking system volatility. Such macroeconomic conditions may continue to evolve in ways that are difficult to fully

anticipate and may also include increased levels of unemployment and/or a recession. Some or all of these market factors have and could continue to adversely affect our payment volumes from the consumer loan market, the receivables management industry and consumer and commercial spending.

The effect of these events on our financial condition, results of operations and cash flows is uncertain and cannot be predicted at this time. Finally, the impact of all of these various events on our results in the first **nine** **three** months of **2023** **2024** may not be necessarily indicative of their impact on our results for the remainder of **2023**, **2024**.

Business Combination

The Company was formed upon closing of the merger of Hawk Parent with a subsidiary of Thunder Bridge, a special purpose acquisition company, on July 11, 2019. On the closing of the Business Combination, Thunder Bridge changed its name to "Repay Holdings Corporation."

Key Factors Affecting Our Business

Key factors that we believe impact our business, results of operations and financial condition include, but are not limited to, the following:

- the dollar amount volume and the number of transactions that are processed by the clients that we currently serve;
- our ability to attract new clients and onboard them as active processing clients;
- our ability to (i) successfully integrate recent acquisitions and (ii) complete future acquisitions;
- our ability to offer new and competitive payment technology solutions to our clients; and
- general economic conditions and consumer finance trends.

Key Components of Our Revenues and Expenses

Revenues

Revenue. As our clients process increased volumes of payments, our revenues increase as a result of the fees we charge for processing these payments. Most of our revenues are derived from volume-based payment processing fees ("discount fees") and other related fixed per transaction fees. Discount fees represent a percentage of the dollar amount of each credit or debit transaction processed and include fees relating to processing and services that we provide. The transaction price for such processing services is determined, based on the judgment of management, considering factors such as margin objectives, pricing practices and controls, client segment pricing strategies, the product life cycle and the observable price of the service charged to similarly situated clients. During the **three** and **nine** months ended **September 30, 2023** **March 31, 2024** and **2022**, **2023**, our chargeback rate was less than 1% of our card payment volume.

Expenses

Costs of services. Costs of services primarily include commissions to our software integration partners and other third-party processing costs, such as front and back-end processing costs and sponsor bank fees.

Selling, general and administrative. Selling, general and administrative expenses include salaries, share-based compensation and other employment costs, professional service fees, rent and utilities, and other operating costs.

Depreciation and amortization. Depreciation expense consists of depreciation on our investments in property, equipment and computer hardware. Depreciation expense is recognized on a straight-line basis over the estimated useful life of the asset. Amortization expense for software development costs and purchased software is recognized on the straight-line method over a three-year estimated useful life, between eight to ten

years estimated useful life for client relationships and channel relationships, and between two to five years estimated useful life for non-compete agreements.

Interest expense, income (expense), net. Interest income consists of interest received on our cash and cash equivalents. Interest expense consists of interest paid in respect of our indebtedness under the Amended Credit Agreement.

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Change in fair value of tax receivable liability. This amount represents the change in fair value of the tax receivable agreement liability. The TRA liability is carried at fair value; so, any change to the valuation of this liability is recognized through this line in other expense. The change in fair value can result from the redemption or exchange of Post-Merger Repay Units for Class A common stock of Repay Holdings Corporation, or through accretion of the discounted fair value of the expected future cash payments, or changes to the discount rate, or Early Termination Rate, used to determine the fair value of the liability.

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Results of Operations (Unaudited)

(in \$ thousands, except per share data)	Three Months ended September		Nine Months ended September		Three Months ended March 31,	
	30, 2023	2022	30, 2023	2022		
	\$ 0	\$ 71,555	\$ 40	\$ 4	\$	\$ 74,537
Revenue	74,32		220,6	206,55		
Operating expenses						
Costs of services (exclusive of depreciation and amortization shown separately below)	17,63		52,44			
	7	16,634	2	49,930		19,175
Selling, general and administrative	35,27		111,9	107,37		
	9	36,032	74	9		37,021
Depreciation and amortization	26,52		79,14			
	3	24,662	6	82,442		27,028
Change in fair value of contingent consideration	—	(340)	—	(4,290)		
Loss on business disposition			10,02			
	—	—	7	—		9,878
Total operating expenses	79,43		253,5	235,46		
	9	76,988	89	1		83,224
Loss from operations			(32,94	(28,90		
	(5,119)	(5,433)	9)	7)		(2,504)
						(17,964)

Other income (expense)						
Interest (expense) income, net	(103)	(1,100)	(1,413)	(3,128)		
Interest income (expense), net					380	(923)
Change in fair value of tax receivable liability	(3,234)	11,411	(3,716)	55,481		(2,913)
Other (loss) income	(26)	20	(360)	(126)		(4,538)
Other (loss) income, net					(26)	(150)
Total other income (expense)	(3,363)	10,331	(5,489)	52,227		(2,559)
Income (loss) before income tax benefit (expense)			(38,43)			
Income tax benefit (expense)	(8,482)	4,898	8	23,320		
Net income (loss)	1,998	474	(1,308)	(6,414)		
			(39,74)			
	\$ (6,484)	\$ 5,372	\$ 6	\$ 16,906		
Loss before income tax expense					(5,063)	(23,575)
Income tax expense					(302)	(4,357)
Net loss					\$ (5,365)	\$ (27,932)
Net loss attributable to non-controlling interest	(316)	(473)	(2,543)	(2,602)		(153)
Net income (loss) attributable to the Company			(37,20)			
Net loss attributable to the Company			\$ (6,168)	\$ 5,845	\$ 3)	\$ 19,508
					\$ (5,212)	\$ (26,392)
Weighted-average shares of Class A common stock outstanding - basic	91,16	88,735,	89,65	88,749,		
Weighted-average shares of Class A common stock outstanding - diluted	0,415	518	8,318	417		
Weighted-average shares of Class A common stock outstanding - basic and diluted	91,16	110,11	89,65	110,78		
	0,415	4,054	8,318	9,646		
Weighted-average shares of Class A common stock outstanding - basic and diluted					91,218,208	88,615,760
Income (loss) per Class A share - basic	\$ (0.07)	\$ 0.07	\$ (0.41)	\$ 0.22		
Income (loss) per Class A share - diluted	\$ (0.07)	\$ 0.05	\$ (0.41)	\$ 0.18		
Loss per Class A share - basic and diluted					\$ (0.06)	\$ (0.30)

Three Months Ended September 30, 2023 March 31, 2024 Compared to Three Months Ended September 30, 2022 March 31, 2023

Revenue

Total revenue was \$74.3 million \$80.7 million for the three months ended September 30, 2023 March 31, 2024 and \$71.6 million \$74.5 million for the three months ended September 30, 2022 March 31, 2023, an increase of \$2.8 million \$6.2 million or 3.9% 8.3%. This increase was the result of newly signed clients and the growth of our existing clients, partially offset by a decrease in our media payments business due to the cyclical political media spending associated with the 2022 mid-term elections in the prior period. clients. For the three months ended September 30, 2022 March 31, 2023, revenues of approximately \$2.7 million \$1.2 million are attributable to BCS.

Costs of Services

Costs of services were \$17.6 million \$19.2 million for the three months ended September 30, 2023 March 31, 2024 and \$16.6 million \$18.0 million for the three months ended September 30, 2022 March 31, 2023, an increase of \$1.0 million \$1.2 million or 6.0% 6.7%. This increase was the result of newly signed clients and the growth of our existing clients, partially offset by a decrease in our media payments business due to the cyclical political media spending associated with the 2022 mid-term elections in the prior period. clients. For the three months ended September 30, 2022 March 31, 2023, costs of services of less than \$0.1 million are attributable to BCS.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were \$35.3 million \$37.0 million for the three months ended September 30, 2023 March 31, 2024 and \$36.0 million \$38.5 million for the three months ended September 30, 2022 March 31, 2023, a decrease of \$0.8 million \$1.5 million or 2.1% 3.9%, primarily due to a \$2.8 million decrease in transaction expenses.

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expenses related to the disposition of BCS in the prior year period, partially offset by a \$0.9 million increase in compensation expenses and a \$0.5 million increase in software and technological services expenses related to the integration of acquired businesses.

Depreciation and Amortization Expenses

Depreciation and amortization expenses were \$26.5 million \$27.0 million for the three months ended September 30, 2023 March 31, 2024 and \$24.7 million \$26.1 million for the three months ended September 30, 2022 March 31, 2023, an increase of \$1.9 million \$0.9 million or 7.5% 3.4%. This increase was driven by additional amortization related to newly capitalized software.

Interest Income (Expense) Income, net

Interest income (expense) income, net was (\$0.1) million \$0.4 million for the three months ended September 30, 2023 March 31, 2024, and included \$1.3 million of interest income and (\$0.9) million of interest expense and \$0.8 million of interest income expense. Interest income (expense) income, net was (\$1.1) 0.9 million for the

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three months ended September 30, 2022 March 31, 2023, and included \$0.3 million of interest income and (\$1.1) 1.2 million of interest expense. Interest income increased by \$1.0 million compared to prior year period, due to higher average interest rates earned on our cash and \$0.0 million of interest income cash equivalents. Interest expense decreased by \$0.2 million \$0.3 million compared to the prior year period, due to a lower outstanding principal balance under our Amended Credit Agreement. Interest income increased by \$0.8 million compared to the prior year period, due to higher average interest rates earned on our cash and cash equivalents.

Change in Fair Value of Tax Receivable Liability

We incurred a net loss, related to accretion expense and fair value adjustment of the tax receivable liability of \$3.2 million \$2.9 million for the three months ended September 30, 2023 March 31, 2024, compared to a \$11.4 million net gain \$4.5 million loss for the three months ended

September 30, 2022 March 31, 2023, a decrease of \$14.6 million \$1.6 million. This decrease was due to lower fair value adjustments related to the tax receivable liability, primarily as a result of changes to the discount rate, or Early Termination rate, Rate, used to determine the fair value of the liability.

Income Tax Benefit Expense

The income tax benefit expense was \$2.0 million \$0.3 million for the three months ended September 30, 2023 March 31, 2024. This was a result of the operating loss incurred by us, primarily driven by the change in fair value of the tax receivable liability, stock-based compensation deductions and the amortization of assets acquired in the Business Combination and prior acquisitions, offset by stock-based compensation expense net tax shortfall and the state rate change impact of the BCS disposition on deferred taxes which are both required to be reported discretely in the interim period in which they occur. The income tax benefit expense was \$0.5 million \$4.4 million for the three months ended September 30, 2022 March 31, 2023, which reflected the expected income tax benefit to be received on the net earnings related to our economic interest in Hawk Parent.

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

Revenue

Total revenue was \$220.6 million for the nine months ended September 30, 2023 and \$206.6 million for the nine months ended September 30, 2022, an increase of \$14.1 million or 6.8%. This increase was the result of newly signed clients and the growth of our existing clients, partially offset by a decrease in our media payments business due to the cyclical political media spending associated with the 2022 mid-term elections in the prior period. For the nine months ended September 30, 2022, incremental revenues of approximately \$5.4 million are attributable to BCS.

Costs of Services

Costs of services were \$52.4 million for the nine months ended September 30, 2023 and \$49.9 million for the nine months ended September 30, 2022, an increase of \$2.5 million or 5.0%. This increase was the result of newly signed clients and the growth of our existing clients, partially offset by a decrease in our media payments business due to the cyclical political media spending associated with the 2022 mid-term elections in the prior period. For the nine months ended September 30, 2022, incremental costs of services of approximately \$0.1 million are attributable to BCS.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were \$112.0 million for the nine months ended September 30, 2023 and \$107.4 million for the nine months ended September 30, 2022, an increase of \$4.6 million or 4.3%, primarily due to a \$2.0 million increase in equity compensation expense related to restricted shares and stock options granted and a \$1.6 million increase in software and technological services expenses related to the integration of acquired businesses.

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Depreciation and Amortization Expenses

Depreciation and amortization expenses were \$79.1 million for the nine months ended September 30, 2023 and \$82.4 million for the nine months ended September 30, 2022, a decrease of \$3.3 million or 4.0%. This decrease was driven by a significant component of capitalized software related to the Business Combination being fully amortized in the prior year, partially offset by additional amortization related to newly capitalized software.

Interest (Expense) Income, net

Interest (expense) income, net was (\$1.4) million for the nine months ended September 30, 2023, and included (\$3.0) million of interest expense and \$1.6 million of interest income. Interest (expense) income, net was (\$3.1) million for the nine months ended September 30, 2022, and included (\$3.2) million of interest expense and \$0.1 million of interest income. Interest expense decreased by \$0.2 million compared to the prior year period, due to a lower outstanding principal balance under our Amended Credit Agreement. Interest income increased by \$1.5 million compared to prior year period, due to higher average interest rates earned on our cash and cash equivalents.

Change in Fair Value of Tax Receivable Liability

We incurred a net loss, related to accretion expense and fair value adjustment of the tax receivable liability of \$3.7 million for the nine months ended September 30, 2023, compared to a \$55.5 million net gain for the nine months ended September 30, 2022, a decrease of \$59.2 million. This decrease was due to lower fair value adjustments related to the tax receivable liability, primarily as a result of changes to the discount rate, or Early Termination rate, used to determine the fair value of the liability.

Income Tax Expense

The income tax expense was \$1.3 million for the nine months ended September 30, 2023. This was a result of the operating loss incurred by us, the Company, primarily driven by the change in fair value of the tax receivable liability, stock-based compensation deductions and the amortization of assets acquired in the Business Combination and prior acquisitions, offset by stock-based compensation expense net tax shortfall adjustments and the impact of the BCS disposition which are both required to be reported discretely in the interim period in which they occur. The income tax expense was \$6.4 million for the nine months ended September 30, 2022, which reflected the expected income tax benefit to be received on the net earnings related to our economic interest in Hawk Parent.

Segments

We provided our services through two reportable segments: (1) Consumer Payments and (2) Business Payments.

The following table presents our segment revenue and selected performance measures.

(\$ in thousand)	Three Months Ended		Nine Months Ended		Three Months Ended March 31,	
	September 30,		September 30,			
	2023	2022	2023	2022	2024	2023
Revenue						
Consumer	68,72	62,97	204,6	183,8		
Payments	\$ 0	\$ 7	\$ 22	\$ 90	\$ 76,136	\$ 69,940
Business		11,44	28,17	30,26		
Payments	9,704	0	0	6	9,677	8,675
Elimination of intersegment revenues	(4,10	(12,1				
	4)	(2,862)	52)	(7,602)	(5,093)	(4,078)
	74,32	71,55	220,6	206,5		
Total revenue	\$ 0	\$ 5	\$ 40	\$ 54	\$ 80,720	\$ 74,537
Gross profit (1)						
Consumer	53,59	49,72	159,9	143,2		
Payments	\$ 9	\$ 4	\$ 29	\$ 95	\$ 59,591	\$ 54,625
Business			20,42	20,93		
Payments	7,188	8,059	1	1	7,047	6,025
Elimination of intersegment revenues	(4,10	(12,1				
	4)	(2,862)	52)	(7,602)	(5,093)	(4,078)
	56,68	54,92	168,1	156,6		
Total gross profit	\$ 3	\$ 1	\$ 98	\$ 24	\$ 61,545	\$ 56,572
Total gross profit margin (2)	76%	77%	76%	76%	76%	76%

⁽¹⁾ Gross profit represents revenue less cost of services, services (exclusive of depreciation and amortization).
⁽²⁾ Gross profit margin represents total gross profit / total revenue.

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Three Months Ended September 30, 2023 March 31, 2024 Compared to Three Months Ended September 30, 2022 March 31, 2023

Consumer Payments

Revenue for the Consumer Payments segment was \$68.7 million \$76.1 million for the three months ended September 30, 2023 March 31, 2024 and \$63.0 million \$69.9 million for the three months ended September 30, 2022 March 31, 2023, representing a \$5.7 million \$6.2 million or 8.9% year-over-year increase. This increase was the result of newly signed clients and the growth of existing clients. For the three months ended March 31, 2023, revenues of approximately \$1.2 million are attributable to BCS.

Gross profit for the Consumer Payments segment was \$59.6 million for the three months ended March 31, 2024 and \$54.6 million for three months ended March 31, 2023, representing a \$5.0 million or 9.1% year-over-year increase. This increase was the result of newly signed clients and the growth of existing clients. For the three months ended September 30, 2022, revenues of approximately \$2.7 million are attributable to BCS.

Gross profit for the Consumer Payments segment was \$53.6 million for the three months ended September 30, 2023 and \$49.7 million for three months ended September 30, 2022, representing a \$3.9 million or 7.8% year-over-year increase. This increase was the result of newly signed clients and the growth of existing clients. For the three months ended September 30, 2022 March 31, 2023, gross profit of approximately \$2.7 million \$1.2 million is attributable to BCS.

Business Payments

Revenue for the Business Payments segment was \$9.7 million for the three months ended September 30, 2023 March 31, 2024 and \$11.4 million \$8.7 million for the three months ended September 30, 2022 March 31, 2023, representing a \$1.7 million or 15.2% year-over-year decrease. Growth from newly signed clients and existing clients was more than offset by declines in our media payments business due to the cyclical political media spending associated with the 2022 mid-term elections in the prior period.

Gross profit for the Business Payments segment was \$7.2 million for the three months ended September 30, 2023 and \$8.1 million for the three months ended September 30, 2022, representing a \$0.9 million or 10.8% year-over-year decrease. Growth from newly signed and existing clients was more than offset by declines in our media payments business due to the cyclical political media spending associated with the 2022 mid-term elections in the prior period.

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

Consumer Payments

Revenue for the Consumer Payments segment was \$204.6 million for the nine months ended September 30, 2023 and \$183.9 million for the nine months ended September 30, 2022, representing a \$20.7 million or 11.3% year-over-year increase. This increase was the result of newly signed clients and the growth of existing clients. For the nine months ended September 30, 2022, incremental revenues of approximately \$5.4 million are attributable to BCS.

Gross profit for the Consumer Payments segment was \$159.9 million for the nine months ended September 30, 2023 and \$143.3 million for nine months ended September 30, 2022, representing a \$16.6 million \$1.0 million or 11.6% year-over-year increase. This increase was the result of newly signed clients and the growth of our existing clients. For the nine months ended September 30, 2022, incremental gross profit of approximately \$5.3 million is attributable to BCS.

Business Payments

Revenue for the Business Payments segment was \$28.2 million for the nine months ended September 30, 2023 and \$30.3 million for the nine months ended September 30, 2022, representing a \$2.1 million or 6.9% year-over-year decrease. Growth from newly signed clients and existing clients was more than offset by declines in our media payments business due to the cyclical political media spending associated with the 2022 mid-term elections in the prior period.

Gross profit for the Business Payments segment was \$20.4 million \$7.0 million for the nine three months ended September 30, 2023 March 31, 2024 and \$20.9 million \$6.0 million for the nine three months ended September 30, 2022 March 31, 2023, representing a \$0.5 million \$1.0 million or 2.4% 17.0% year-over-year decrease. Growth from increase. This increase was the result of newly signed clients and the growth of our existing clients was more than offset by declines in our media payments business due to the cyclical political media spending associated with the 2022 mid-term elections in the prior period. clients.

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Non-GAAP Financial Measures

This report includes certain non-GAAP financial measures that management uses to evaluate our operating business, measure our performance and make strategic decisions.

Adjusted EBITDA is a non-GAAP financial measure that represents net income prior to interest expense, tax expense, depreciation and amortization, as adjusted to add back certain charges deemed to not be part of normal operating expenses, non-cash charges and/or non-recurring charges, such as loss on business disposition, non-cash change in fair value of contingent consideration, non-cash impairment loss, non-cash change in fair value of assets and liabilities, share-based compensation charges, transaction expenses, restructuring and other strategic initiative costs and other non-recurring charges.

Adjusted Net Income is a non-GAAP financial measure that represents net income prior to amortization of acquisition-related intangibles, as adjusted to add back certain charges deemed to not be part of normal operating expenses, non-cash charges and/or non-recurring charges, such as loss on business disposition, non-cash change in fair value of contingent consideration, non-cash impairment loss, non-cash change in fair value of assets and liabilities, share-based compensation expense, transaction expenses, restructuring and other strategic initiative costs, other non-recurring charges, non-cash interest expense and net of tax effect associated with these adjustments. Adjusted Net Income is adjusted to exclude amortization of all acquisition-related intangibles as such amounts are inconsistent in amount and frequency and are significantly impacted by the timing and/or size of acquisitions. Management believes that the adjustment of acquisition-related intangible amortization supplements GAAP financial measures because it allows for greater comparability of operating performance. Although we exclude amortization from acquisition-related intangibles from our non-GAAP expenses, management believes that it is important for investors to understand that such intangibles were recorded as part of purchase accounting and contribute to revenue generation.

Adjusted Net Income per share is a non-GAAP financial measure that represents Adjusted Net Income divided by the weighted average number of shares of Class A common stock outstanding (on an as-converted basis assuming conversion of the outstanding Post-Merger Repay Units) for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** (excluding shares subject to forfeiture).

We believe that Adjusted EBITDA, Adjusted Net Income and Adjusted Net Income per share provide useful information to investors and others in understanding and evaluating its operating results in the same manner as management. However, Adjusted EBITDA, Adjusted Net Income and Adjusted Net Income per share are not financial measures calculated in accordance with GAAP and should not be considered as a substitute for net income, operating profit or any other operating performance measure calculated in accordance with GAAP. Using these non-GAAP financial measures to analyze our business has material limitations because the calculations are based on the subjective determination of management regarding the nature and classification of events and circumstances that investors may find significant. In addition, although other companies in our industry may report measures titled Adjusted EBITDA, Adjusted Net Income, Adjusted Net Income per share or similar measures, such non-GAAP financial measures may be calculated differently from how we calculate our non-GAAP financial measures, which reduces their overall usefulness as comparative measures. Because of these limitations, you should consider Adjusted EBITDA, Adjusted Net Income and Adjusted Net Income per share alongside other financial performance measures, including net income and our other financial results presented in accordance with GAAP.

The following tables set forth a reconciliation of our results of operations for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022**, **2023**.

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REPAY HOLDINGS CORPORATION
Reconciliation of GAAP Net Income to Non-GAAP Adjusted EBITDA
For the three months ended **September 30, 2023 **March 31, 2024** and **2022** **2023****
(Unaudited)

(in \$ thousands)	Three Months ended September 30,		Three Months ended March 31,	
	2023	2022	2024	2023
	\$ 74,320	\$ 71,555	\$ 80,720	\$ 74,537
Revenue				
Operating expenses				
Costs of services (exclusive of depreciation and amortization shown separately below)	\$ 17,637	\$ 16,634	\$ 19,175	\$ 17,965
Selling, general and administrative	35,279	36,032	37,021	38,518
Depreciation and amortization	26,523	24,662	27,028	26,140
Change in fair value of contingent consideration	—	(340)		
Loss on business disposition			—	9,878
Total operating expenses	\$ 79,439	\$ 76,988	\$ 83,224	\$ 92,501

Loss from operations	\$ (5,119)	\$ (5,433)	\$ (2,504)	\$ (17,964)
Other income (expense)				
Interest (expense) income, net	(103)	(1,100)		
Interest income (expense), net			380	(923)
Change in fair value of tax receivable liability	(3,234)	11,411	(2,913)	(4,538)
Other (loss) income	(26)	20		
Other (loss) income, net			(26)	(150)
Total other income (expense)	(3,363)	10,331	(2,559)	(5,611)
Income (loss) before income tax benefit (expense)	(8,482)	4,898		
Income tax benefit (expense)	1,998	474		
Net income (loss)	\$ (6,484)	\$ 5,372		
Loss before income tax expense			(5,063)	(23,575)
Income tax expense			(302)	(4,357)
Net loss			\$ (5,365)	\$ (27,932)
Add:				
Interest expense (income), net	103	1,100	(380)	923
Depreciation and amortization ^(a)	26,523	24,662	27,028	26,140
Income tax (benefit) expense	(1,998)	(474)		
Income tax expense			302	4,357
EBITDA	\$ 18,144	\$ 30,660	\$ 21,585	\$ 3,488
Non-cash change in fair value of contingent consideration ^(b)	—	(340)		
Loss on business disposition ^(b)			—	9,878
Non-cash change in fair value of assets and liabilities ^(c)	3,234	(11,411)	2,913	4,538
Share-based compensation expense ^(d)	5,686	5,250	6,923	4,054
Transaction expenses ^(e)	812	4,117	677	5,997
Restructuring and other strategic initiative costs ^(f)	3,084	1,484	2,184	1,411
Other non-recurring charges ^(g)	894	1,903	1,231	1,572
Adjusted EBITDA	\$ 31,854	\$ 31,663	\$ 35,513	\$ 30,938

REPAY HOLDINGS CORPORATION

Reconciliation of GAAP Net Income to Non-GAAP Adjusted EBITDA

For the nine months ended September 30, 2023 and 2022

(Unaudited)

(in \$ thousands)	Nine Months ended September 30,	
	2023	2022
Revenue	\$ 220,640	\$ 206,554
Operating expenses		
Costs of services (exclusive of depreciation and amortization shown separately below)	\$ 52,442	\$ 49,930
Selling, general and administrative	111,974	107,379
Depreciation and amortization	79,146	82,442
Change in fair value of contingent consideration	—	(4,290)
Loss on business disposition	10,027	—
Total operating expenses	\$ 253,589	\$ 235,461
Loss from operations	\$ (32,949)	\$ (28,907)
Other income (expense)		
Interest (expense) income, net	(1,413)	(3,128)
Change in fair value of tax receivable liability	(3,716)	55,481
Other (loss) income	(360)	(126)
Total other income (expense)	(5,489)	52,227
Income (loss) before income tax benefit (expense)	(38,438)	23,320
Income tax benefit (expense)	(1,308)	(6,414)
Net income (loss)	\$ (39,746)	\$ 16,906
Add:		
Interest expense (income), net	1,413	3,128
Depreciation and amortization ^(a)	79,146	82,442
Income tax (benefit) expense	1,308	6,414
EBITDA	\$ 42,121	\$ 108,890
Loss on business disposition ^(h)	10,027	—
Non-cash change in fair value of contingent consideration ^(b)	—	(4,290)
Non-cash impairment loss ⁽ⁱ⁾	50	—
Non-cash change in fair value of assets and liabilities ^(c)	3,716	(55,481)
Share-based compensation expense ^(d)	16,257	14,542
Transaction expenses ^(e)	7,602	16,116
Restructuring and other strategic initiative costs ^(f)	8,536	4,165
Other non-recurring charges ^(g)	5,008	4,671
Adjusted EBITDA	\$ 93,317	\$ 88,613

REPAY HOLDINGS CORPORATION
Reconciliation of GAAP Net Income to Non-GAAP Adjusted Net Income
For the three months ended September 30, 2023 March 31, 2024 and 2022 2023
(Unaudited)

(in \$ thousands)	Three Months ended September 30,	
	2023	2022
Revenue	\$ 74,320	\$ 71,555
Operating expenses		
Costs of services (exclusive of depreciation and amortization shown separately below)	\$ 17,637	\$ 16,634
Selling, general and administrative	35,279	36,032
Depreciation and amortization	26,523	24,662
Change in fair value of contingent consideration	—	(340)
Total operating expenses	\$ 79,439	\$ 76,988
Loss from operations	\$ (5,119)	\$ (5,433)
Interest (expense) income, net	(103)	(1,100)
Change in fair value of tax receivable liability	(3,234)	11,411
Other (loss) income	(26)	20
Total other income (expense)	(3,363)	10,331
Income (loss) before income tax benefit (expense)	(8,482)	4,898
Income tax benefit (expense)	1,998	474
Net income (loss)	\$ (6,484)	\$ 5,372
Add:		
Amortization of acquisition-related intangibles (i)	19,786	20,847
Non-cash change in fair value of contingent consideration (b)	—	(340)
Non-cash change in fair value of assets and liabilities (c)	3,234	(11,411)
Share-based compensation expense (d)	5,686	5,250
Transaction expenses (e)	812	4,117
Restructuring and other strategic initiative costs (f)	3,084	1,484
Other non-recurring charges (g)	894	1,903
Non-cash interest expense (k)	712	712
Pro forma taxes at effective rate (l)	(7,828)	(5,152)
Adjusted Net Income	\$ 19,896	\$ 22,782
Shares of Class A common stock outstanding (on an as-converted basis) (m)	97,052,574	96,618,566
Adjusted Net Income per share	\$ 0.21	\$ 0.24

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REPAY HOLDINGS CORPORATION
Reconciliation of GAAP Net Income to Non-GAAP Adjusted Net Income
For the nine months ended September 30, 2023 and 2022

		(Unaudited)			
		Nine Months ended		Three Months ended March 31,	
		September 30,			
(in \$ thousands)		2023	2022	2024	2023
Revenue		\$ 220,640	\$ 206,554	\$ 80,720	\$ 74,537
Operating expenses					
Costs of services (exclusive of depreciation and amortization shown separately below)		\$ 52,442	\$ 49,930	\$ 19,175	\$ 17,965
Selling, general and administrative		111,974	107,379	37,021	38,518
Depreciation and amortization		79,146	82,442	27,028	26,140
Change in fair value of contingent consideration		—	(4,290)		
Loss on business disposition		10,027	—	—	9,878
Total operating expenses		\$ 253,589	\$ 235,461	\$ 83,224	\$ 92,501
Loss from operations		\$ (32,949)	\$ (28,907)	\$ (2,504)	\$ (17,964)
Other expenses					
Interest (expense) income, net		(1,413)	(3,128)		
Interest income (expense), net				380	(923)
Change in fair value of tax receivable liability		(3,716)	55,481	(2,913)	(4,538)
Other income		—	—		
Other (loss) income		(360)	(126)		
Other (loss) income, net				(26)	(150)
Total other income (expense)		\$ (5,489)	\$ 52,227	\$ (2,559)	\$ (5,611)
Income (loss) before income tax benefit (expense)		\$ (38,438)	\$ 23,320		
Income tax benefit (expense)		(1,308)	(6,414)		
Net income (loss)		\$ (39,746)	\$ 16,906		
Loss before income tax expense				\$ (5,063)	\$ (23,575)
Income tax expense				(302)	(4,357)
Net loss				\$ (5,365)	\$ (27,932)
Add:					
Amortization of acquisition-related intangibles (i)		60,673	69,924		
Loss on business disposition (h)		10,027	—		
Non-cash change in fair value of contingent consideration (b)		—	(4,290)		
Non-cash impairment loss (i)		50	—		
Amortization of acquisition-related intangibles (h)				19,736	19,924
Loss on business disposition (b)				—	9,878
Non-cash change in fair value of assets and liabilities (c)		3,716	(55,481)	2,913	4,538
Share-based compensation expense (d)		16,257	14,542	6,923	4,054
Transaction expenses (e)		7,602	16,116	677	5,997
Restructuring and other strategic initiative costs (f)		8,536	4,165	2,184	1,411
Other non-recurring charges (g)		5,008	4,671	1,231	1,572
Non-cash interest expense (k)		2,136	2,123		

Pro forma taxes at effective rate ^(j)	(15,658)	(10,714)		
Non-cash interest expense ^(j)			712	712
Pro forma taxes at effective rate ^(j)			(6,633)	(961)
Adjusted Net Income	\$ 58,601	\$ 57,962	\$ 22,378	\$ 19,193
Shares of Class A common stock outstanding (on an as-converted basis) ^(m)	96,778,735	96,646,974		
Shares of Class A common stock outstanding (on an as-converted basis) ^(k)			97,062,303	96,481,208
Adjusted Net Income per share	\$ 0.61	\$ 0.60	\$ 0.23	\$ 0.20

- (a) See footnote ^(j) ^(h) for details on amortization and depreciation expenses.
- (b) Reflects the changes in management's estimates loss recognized related to the disposition of future cash consideration to be paid in connection with prior acquisitions from the amount estimated as of the most recent balance sheet date. BCS.
- (c) Reflects the changes in management's estimates of the fair value of the liability relating to TRA.
- (d) Represents compensation expense associated with equity compensation plans, totaling \$5.7 million and \$16.3 million for the three and nine months ended September 30, 2023, respectively, and totaling \$5.3 million and \$14.5 million for the three and nine months ended September 30, 2022, respectively, plans.
- (e) Primarily consists of (i) during the three and nine months ended September 30, 2023 March 31, 2024, professional service fees incurred in connection with prior transactions, and (ii) during the three months ended March 31, 2023, professional service fees and other costs incurred in connection with the disposition of BCS, and (ii) during the three and nine months ended September 30, 2022, professional service fees and costs incurred in connection with the acquisitions of BillingTree, Kontrol and Payix. BCS.
- (f) Reflects costs associated with reorganization of operations, consulting fees related to processing services and other operational improvements including restructuring and integration activities related to acquired businesses, that were not in the ordinary course during the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023.

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- (g) For the three and nine months ended September 30, 2023 March 31, 2024, reflects non-recurring legal and other litigation expenses, payments made to third-parties in connection with an expansion of our personnel, and franchise taxes and other non-income based taxes and one-time payments to certain partners. For the three and nine months ended September 30, 2022 March 31, 2023, reflects one-time payments to certain clients and partners, non-recurring payments made to third-parties in connection with a significant expansion of our personnel, franchise taxes and other non-income based taxes, other one-time payments related to COVID-19 and non-cash rent expense. Beginning in the period ended September 30, 2023, no longer reflects non-cash rent expense. certain partners.
- (h) Reflects the loss recognized related to the disposition of BCS.
- (i) Reflects impairment loss related to trade name write-off of MPI.
- (j) For the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, reflects amortization of client relationships, compete agreement, software, and channel relationship intangibles acquired through the Business Combination, and client relationships, compete agreement, and software intangibles acquired through our acquisitions of TriSource, APS, Ventanex, cPayPlus, CPS, Billing Kontrol and Payix. This adjustment excludes the amortization of other intangible assets which were acquired in the regular course of business such as capitalized

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internally developed software and purchased software. See additional information below for an analysis of our amortization expenses:

(in \$ thousands)	Three Months		Nine Months		Three Months ended March 31,	
	ended		ended			
	September 30,		September 30,			
2023	2022	2023	2022	2024	2023	
Acquisition-related intangibles	19,78	20,84	60,67	69,92	\$ 19,736	\$ 19,924
Software	\$ 6	\$ 7	\$ 3	\$ 4	6,713	5,475
Amortization	6,391	3,209	9	5		
	26,17	24,05	77,31	80,77	\$ 26,449	\$ 25,399
Depreciation	346	606	1,834	1,663	579	741
Total Depreciation and amortization	26,52	24,66	79,14	82,44		
(1)	\$ 3	\$ 2	\$ 6	\$ 2	\$ 27,028	\$ 26,140

(1) Adjusted Net Income is adjusted to exclude amortization of all acquisition-related intangibles as such amounts are inconsistent in amount, frequency and are significantly impacted by the timing and/or size of acquisitions (see corresponding adjustments in the reconciliation of income to Adjusted Net Income presented above). Management believes that the adjustment of acquisition-related intangible amortization supplements GAAP financial measures because it allows for greater comparability of operating performance. Although we exclude amortization from acquisition-related intangibles from our non-GAAP expenses, management believes that it is important for investors to understand such intangibles were recorded as part of purchase accounting and contribute to revenue generation. Amortization of intangibles that relate to past acquisitions will recur in future periods until such intangibles have been fully amortized. Any future acquisitions may result in amortization of additional intangibles.

(k) (i) Represents amortization of non-cash deferred debt issuance costs.

(l) (j) Represents pro forma income tax adjustment effect associated with items adjusted above.

(m) (k) Represents the weighted average number of shares of Class A common stock outstanding (on an as-converted basis assuming conversion of outstanding Post-Merger Repay Units) for the three and nine months ended September 30, 2023 March 31, 2024 and 2022. These numbers do not include any shares issuable upon conversion of our 2026 Notes. See the reconciliation of basic weighted average shares outstanding to the non-GAAP Class A common stock outstanding on an as-converted basis for each respective period below:

	Three Months ended September 30,		Nine Months ended September 30,	
	2023	2022	2023	2022
Weighted average shares of Class A common stock outstanding - basic	91,160,415	88,735,518	89,658,318	88,749,417
Add: Non-controlling interests				
Weighted average Post-Merger Repay Units exchangeable for Class A common stock	5,892,159	7,883,048	7,120,417	7,897,557
Shares of Class A common stock outstanding (on an as-converted basis)	97,052,574	96,618,566	96,778,735	96,646,974

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	Three Months ended March 31,	
	2024	2023
Weighted average shares of Class A common stock outstanding - basic	91,218,208	88,615,760
Add: Non-controlling interests		

Weighted average Post-Merger Repay Units exchangeable for Class A common stock	5,844,095	7,865,448
Shares of Class A common stock outstanding (on an as-converted basis)	97,062,303	96,481,208

Adjusted EBITDA for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 was \$31.9 million \$35.5 million and \$31.7 million \$30.9 million, respectively, representing a 0.6% 14.8% year-over-year increase. Adjusted EBITDA for the nine months ended September 30, 2023 and 2022 was \$93.3 million and \$88.6 million, respectively, representing a 5.3% year-over-year increase.

Adjusted Net Income for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 was \$19.9 million \$22.4 million and \$22.8 million \$19.2 million, respectively, representing a 12.7% 16.6% year-over-year decrease. Adjusted increase. Net Income for the nine months ended September 30, 2023 and 2022 was \$58.6 million and \$58.0 million, respectively, representing a 1.1% year-over-year increase.

Our net income (loss) loss attributable to the Company for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 was (\$6.2) million \$5.2 million and \$5.8 million \$26.4 million, respectively, representing a (205.5%) 80.3% year-over-year decrease. Our net income (loss) attributable to the Company for the nine months ended September 30, 2023 and 2022 was (\$37.2) million and \$19.5 million, respectively, representing a (290.7%) year-over-year decrease. improvement in our profitability.

The increases in Adjusted EBITDA and Adjusted Net Income and improvement in net loss attributable to the Company for the three and nine months ended September 30, 2023 March 31, 2024 were primarily due to the organic growth of our business, which was partially offset from the disposition and cost savings initiatives that reduced both cost of BCS services and declines in our media payments business.

The decrease in Adjusted Net Income for the three months ended September 30, 2023 was primarily due to the loss in fair value adjustment selling, general and administrative expenses as a percentage of the tax receivable liability compared to a net gain in prior year period. The increase in Adjusted Net Income for the nine months ended September 30, 2023 was primarily due to the organic growth of our business, which was partially offset from the disposition of BCS and declines in our media payments business.

The decrease in net income (loss) attributable to the Company for the three and nine months ended September 30, 2023 was primarily due to the disposition of BCS and a loss in fair value adjustment of the tax receivable liability compared to a net gain in prior year. revenue.

Seasonality

We have experienced in the past, and may continue to experience, seasonal fluctuations in our volumes and revenues as a result of consumer spending patterns. Volumes and revenues Revenues during the first quarter of the calendar year tend to increase in comparison to the remaining three quarters of the calendar year. This increase is due to consumers' receipt of tax refunds and the increases

in repayment activity levels that follow. Operating expenses show less seasonal fluctuation, with the result that net income is subject to the similar seasonal factors as our volumes and revenues.

Liquidity and Capital Resources

We have historically financed our operations and working capital through net cash from operating activities. As of September 30, 2023 March 31, 2024, we had \$117.7 million \$128.3 million of cash and cash equivalents and available borrowing capacity of \$185.0 million under the Amended Credit Agreement. This balance does not include restricted cash, which reflects cash accounts holding reserves for potential losses and client

settlement funds of **\$23.7 million** **\$26.5 million** as of **September 30, 2023** **March 31, 2024**. Our primary cash needs are to fund working capital requirements, invest in technology development, fund acquisitions and related contingent consideration, make scheduled principal payments and interest payments on our outstanding indebtedness and pay tax distributions to members of Hawk Parent. We expect that our cash flow from operations, current cash and cash equivalents and available borrowing capacity under the Amended Credit Agreement will be sufficient to fund our operations and planned capital expenditures and to service our debt obligations for the next twelve months and the following five years.

We are a holding company with no operations and depend on our subsidiaries for cash to fund all of our consolidated operations, including future dividend payments, if any. We depend on the payment of distributions by our current subsidiaries, including Hawk Parent, which distributions may be restricted by law or contractual agreements, including agreements governing their indebtedness. For a discussion of those considerations and restrictions, refer to Part I, Item 1A "Risk Factors - Risks Related to Our Class A Common Stock" in our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**.

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On May 16, 2022, our board of directors approved a share repurchase program under which we may repurchase up to \$50 million of our outstanding Class A common stock (the "Share Repurchase Program"). The Share Repurchase Program has no expiration date but may be modified, suspended or discontinued at any time at our discretion. **As of March 31, 2024, we have \$37.5 million remaining capacity under the Share Repurchase Program.**

Cash Flows

The following table presents a summary of cash flows from operating, investing and financing activities for the periods indicated:

(in \$ thousands)	Nine Months ended September 30,		Three Months ended March 31,	
	2023	2022	2024	2023
	\$ 68,751	\$ 52,392	\$ 24,801	\$ 20,831
Net cash provided by operating activities				
Net cash provided by (used in) investing activities	2,533	(28,855)		
Net cash (used in) provided by investing activities			(11,129)	26,694
Net cash used in financing activities	(23,457)	(13,151)	(2,987)	(22,259)

Cash Flow from Operating Activities

Net cash provided by operating activities was **\$68.8 million** **\$24.8 million** and **\$52.4 million** **\$20.8 million** for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022**, **2023**, respectively, which reflects net income as adjusted for non-cash operating items including depreciation and amortization, share-based compensation, and changes in working capital accounts.

Cash Flow from Investing Activities

Net cash used in investing activities was \$11.1 million for the three months ended March 31, 2024, due to the capitalization of software development activities.

Net cash provided by investing activities was **\$2.5 million** **\$26.7 million** for the **nine** **three** months ended **September 30, 2023** **March 31, 2023**, due to cash received from the disposition of BCS, partially offset by the capitalization of software development activities.

Net cash used in investing activities was \$28.9 million for the nine months ended September 30, 2022, due to the capitalization of software development activities.

Cash Flow from Financing Activities

Net cash used in financing activities was \$23.5 million \$3.0 million for the nine three months ended September 30, 2023 March 31, 2024, due to the payments for tax withholding related to shares vesting under Incentive Plan.

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Net cash used in financing activities was \$22.3 million for the three months ended March 31, 2023, due to the repayment of the outstanding revolving credit facility balance shares repurchased under the Incentive Plan and ESPP and the CPS earnout payment.

Net cash used in financing activities was \$13.2 million for the nine months ended September 30, 2022, due to the shares repurchased under the Incentive Plan, ESPP and Share Repurchase Program, as well as the Ventanex earnout payment.

Indebtedness

Amended Credit Agreement

On February 3, 2021, we announced the closing of a new an undrawn \$125.0 million senior secured revolving credit facility through Truist Bank. The Amended Credit Agreement replaced our prior senior secured credit facility, which included an undrawn \$30.0 million revolving credit facility.

On December 29, 2021, we increased our existing senior secured credit facilities by \$60.0 million to provide for a \$185.0 million revolving credit facility pursuant to an amendment to the Amended Credit Agreement. On February 9, 2023, we further amended the Amended Credit Agreement to replace LIBOR with term SOFR as the interest rate benchmark.

On February 28, 2023, we repaid in full the entire amount of \$20.0 million of the outstanding revolving credit facility. The undrawn capacity of the existing revolving credit facility under the Amended Credit Agreement became \$185.0 million after the repayment.

As of September 30, 2023 March 31, 2024, the Amended Credit Agreement provides for a revolving credit facility of \$185.0 million. As of September 30, 2023 March 31, 2024, we had \$0 million drawn against the revolving credit facility. We paid \$0.1 million

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and \$0.4 million \$0.1 million in fees related to unused commitments for the three and nine months ended September 30, 2023, respectively. We paid \$0.1 million March 31, 2024 and \$0.3 million in fees related to unused commitments for the three and nine months ended September 30, 2022, 2023, respectively.

Convertible Senior Debt

On January 19, 2021, we issued \$440.0 million in aggregate principal amount of 0.00% Convertible Senior Notes due 2026 in a private placement (the "Notes Offering") to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. \$40.0 million in aggregate principal amount of such 2026 Notes were sold in the Notes Offering in connection with the full exercise of the initial purchasers' option to purchase such additional 2026 Notes pursuant to the purchase agreement. Upon conversion, we may choose to pay or deliver cash, shares of our Class A Common Stock, or a combination of cash and shares of our Class A Common Stock. The 2026 Notes will mature on February 1, 2026, unless earlier converted, repurchased or redeemed.

As of **September 30, 2023** **March 31, 2024**, we had convertible senior debt outstanding of **\$433.5 million** **\$434.9 million**, net of deferred issuance costs, under the 2026 Notes. We were in compliance with the related restrictive financial covenants. Additionally, we currently expect that we will remain in compliance with the restrictive financial covenants under the 2026 Notes and the Amended Credit Agreement, prospectively.

Tax Receivable Agreement

Upon the completion of the Business Combination, we entered into the TRA with holders of Post-Merger Repay Units. As a result of the TRA, we established a liability in our condensed consolidated financial statements. Such liability, which will increase upon the redemptions or exchanges of Post-Merger Repay Units for our Class A common stock, generally represents 100% of the estimated future tax benefit, if any, relating to the increase in tax basis that will result from redemptions or exchanges of the Post-Merger Repay Units for shares of Class A common stock pursuant to the Exchange Agreement and certain other tax attributes of the Company and tax benefits of entering into the TRA, including tax benefits attributable to payments under the TRA.

Under the terms of the TRA, we may elect to terminate the TRA early but will be required to make an immediate payment equal to the present value of the anticipated future cash tax savings. As a result, the associated liability reported on our condensed consolidated financial statements may be increased. We expect that the payment obligations required under the TRA will be substantial. The actual increase in tax basis, as well as the amount and timing of any payments under the TRA, will vary depending upon a number of factors, including the timing of redemptions or exchanges by the holders of Post-Merger Repay Units, the price of our Class A common stock at the time of the redemption or exchange, whether such redemptions or exchanges are taxable, the amount and timing of the taxable income we generate in the future, the tax rate then applicable and the portion of our payments under the TRA constituting imputed interest. We expect to fund the payment of the amounts due under the TRA out of the cash savings that we actually realize in respect of the

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attributes to which TRA relates. However, the payments required to be made could be in excess of the actual tax benefits that we realize and there can be no assurance that we will be able to finance our obligations under the TRA.

Critical Accounting Policies and Recently Issued Accounting Pronouncements

There have been no significant changes to our critical accounting policies and critical accounting estimates for the **nine** **three** months ended **September 30, 2023** **March 31, 2024**. See Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**, for a complete discussion of critical accounting policies and critical accounting estimates.

For information related to recent accounting pronouncements and the impact of these pronouncements on our condensed consolidated financial statements, see Note 2. Basis of Presentation and Summary of Significant Accounting Policies, to our Notes to Condensed Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Effects of Inflation

While inflation may impact our revenues and cost of services, 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.

Interest Rate Risk

Interest rates are highly sensitive to many factors, including U.S. fiscal and monetary policies and domestic and international economic and political considerations, as well as other factors beyond our control. Interest rate risk is the exposure to loss resulting from changes in the level of interest rates and the spread between different interest rates. We are exposed to market risk from changes in interest rates on debt, which bears interest at variable rates. Our debt has floating interest rates. We are exposed to changes in the level of interest rates and to changes in the relationship or spread between interest rates for its floating rate debt. Our floating rate debt requires payments based on variable interest rates such as the federal funds rate, prime rate, eurocurrency rate, and SOFR. Therefore, increases in interest rates may reduce our net income or loss by increasing the cost of debt. As of **September 30, 2023** **March 31, 2024**, we had convertible senior debt of **\$433.5 million** **\$434.9 million**, net of deferred issuance costs **outstanding under the respective debt agreement** **outstanding**. As of **December 31, 2022** **December 31, 2023**, we had convertible senior debt of **\$433.1 million**, net of deferred issuance costs, and revolving credit facility borrowings of **\$18.2 million** **\$434.2 million**, net of deferred issuance costs, outstanding. The borrowings under the Amended Credit Agreement accrue interest at either base rate, described above under "Liquidity and Capital Resources — Indebtedness," plus a margin of 1.50% to 2.50% or at an adjusted SOFR rate plus a margin of 2.50% to 3.50% under the Amended Credit Agreement, in each case depending on the total net leverage ratio, as defined in the Amended Credit Agreement.

We may incur additional borrowings from time to time for general corporate purposes, including working capital and capital expenditures.

Foreign Currency Exchange Rate Risk

Invoices for our services are denominated in U.S. dollars and Canadian dollars. We do not expect our future operating results to be significantly affected by foreign currency transaction risk.

ITEM 4. CONTROLS AND PROCEDURES

Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, or the Exchange Act, is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

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Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, we conducted an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on the evaluation of these disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer concluded that, as of **September 30, 2023** **March 31, 2024**, our disclosure controls and procedures were

effective to ensure that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

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Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) during the quarter ended **September 30, 2023** **March 31, 2024** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time we are named as a defendant in legal actions arising from our normal business activities. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against us, we do not believe any currently pending legal proceeding to which we are a party will have a material adverse effect on our business, prospects, financial condition, cash flows or results of operations.

ITEM 1A. RISK FACTORS

There have been no material changes with respect to the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022, except as set forth below. The disclosure set forth below supplements and updates, and should be read together with the risk factors in such Form 10-K.

Actual or perceived adverse developments affecting financial institutions could have a material and adverse impact on our business, financial condition or results of operations.

In our business, we maintain relationships with financial institutions in various capacities. Our cash and cash equivalents are held in accounts with banks or other financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") December 31, 2023. In most cases, the amounts held in these accounts exceed the FDIC insurance limits. We also rely on financial institutions to act as our sponsor banks in order to enable us to process electronic payment transactions for our clients. In this regard, we maintain relationships with multiple sponsor banks in an effort to secure competitive pricing for our clients and to maintain redundancy. In addition, our clients include credit unions, banks and non-bank lenders who utilize our payment technology solutions in exchange for processing fees.

Since March 2023, Silicon Valley Bank, Signature Bank and First Republic Bank were each closed by their applicable regulators and the FDIC was appointed as receiver. We did not use Silicon Valley Bank, Signature Bank or First Republic Bank for any of our depository or investment accounts nor did we have any payment processing relationships with these particular financial institutions. However, we cannot guarantee that there will not be similar issues with any of the financial institutions with whom we maintain relationships.

The failure of or any other adverse development impacting one or more of our financial institution relationships (or rumors or concerns about such events) could adversely affect our liquidity, our ability to process transactions for our clients or our client relationships. Similarly, our clients could be adversely affected by any bank failure or other adverse event involving their financial institution relationships, which could result in a decrease in the amount of payment volume we receive from these clients.

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ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES

The following table summarizes such purchases of Class A common stock made by us or any "affiliate purchaser" (as defined in Rule 10b-18(a)(3) of the Exchange Act) for the three months ended **September 30, 2023** **March 31, 2024**:

	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares	Approximate Dollar Value of Shares that May yet be Purchased Under the Plans
			Purchased as Part of Publicly Announced Plans or Programs (2)	
				or Programs
July 1 - 31, 2023	6,490	\$ 7.66	—	\$ 40,000,000
August 1 - 31, 2023	9,275	8.47	—	—
September 1 - 30, 2023	2,526	8.13	—	—
Total	18,291	\$ 8.14	—	\$ 40,000,000

	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares	Approximate Dollar Value of Shares that May yet be Purchased Under the Plans
			Purchased as Part of Publicly Announced Plans or Programs (2)	
				or Programs
January 1 - 31, 2024	—	\$ —	—	\$ 37,471,576
February 1 - 29, 2024	79,395	8.33	—	—
March 1 - 31, 2024	165,981	10.53	—	—
Total	245,376	\$ 9.82	—	\$ 37,471,576

(1) Reflects 245,376 shares that we withheld pursuant to the Incentive Plan in order to satisfy employees' tax withholding and payment obligations in connection with the vesting of awards of restricted stock under the Incentive Plan, which we withheld at fair market value on the applicable vesting date or purchase date.

(2) On May 16, 2022, our board of directors approved the Share Repurchase Program under which we may repurchase up to \$50 million of outstanding Class A common stock. The Share Repurchase Program has no expiration date but may be modified, suspended or discontinued at time at our discretion. Repurchases under the Share Repurchase Program may be made in the open market, in privately negotiated transactions otherwise, with the amount and timing of repurchases depending on market conditions and corporate needs.

ITEM 3. DEFAULT UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

During the three months ended **September 30, 2023** **March 31, 2024**, none of the Company, our directors or our officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended) adopted, modified or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933), except as follows:

On August 27, 2023, Tim Murphy, our Chief Financial Officer, terminated a Rule 10b5-1 trading arrangement that was intended to satisfy the affirmative defense of Rule 10b5-1(c) and that provided for the sale of up to 176,000 shares of our Class A common stock. The duration of that trading arrangement was until February 29, 2024 (or earlier if all transactions under the trading arrangement had been completed or certain other events occurred).

On August 28, 2023, Mr. Murphy adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 250,000 shares of our Class A common stock. The duration of this trading arrangement is until August 31, 2024 (or earlier if all transactions under the trading arrangement have been completed or certain other events occur).

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ITEM 6. EXHIBITS

The exhibits listed in the following exhibit index are furnished as part of this report.

EXHIBIT INDEX

Exhibit Number	Exhibit Description
3.1	Certificate of Corporate Domestication of Repay Holdings Corporation (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed on July 17, 2019).
3.2(a)	Certificate of Incorporation of Repay Holdings Corporation (incorporated by reference to Exhibit 3.2 to the Company's Form 8-K filed on July 17, 2019).
3.2(b)	Amendment to the Certificate of Incorporation of Repay Holdings Corporation (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed on June 9, 2022).
3.3	Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.1 of the Company's Form 8-K, filed on February 24, 2023).

31.1* [Certification of Principal Executive Officer of Repay Holdings Corporation pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)

31.2* [Certification of Principal Financial Officer of Repay Holdings Corporation pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)

32.1* [Certification of Principal Executive Officer of Repay Holdings Corporation pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)

32.2* [Certification of Principal Financial Officer of Repay Holdings Corporation pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)

101* The following financial statements from the Company's Form 10-Q for the quarter ended **September 30, 2023** **March 31, 2024**, formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Changes In Equity, (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to the Unaudited Condensed Consolidated Financial Statements.

104* Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

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SIGNATURES

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

REPAY HOLDINGS CORPORATION
(Registrant)

Date: **November 9, 2023** **May 9, 2024**

By: /s/ John Morris

John Morris

Chief Executive Officer
(Principal Executive Officer)

Timothy J. Murphy

Chief Financial Officer

(Principal Financial Officer)

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Exhibit 31.1

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, John Morris, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Repay Holdings Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-1 for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2023 May 9, 2024

By: _____ /s/ John Morris
John Morris
Chief Executive Officer

Exhibit 31.2

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Timothy J. Murphy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Repay Holdings Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-1 for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably

likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **November 9, 2023** **May 9, 2024**

By: _____ **/s/ Timothy J. Murphy**

Timothy J. Murphy
Chief Financial Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Repay Holdings Corporation (the "Company") on Form 10-Q for the period ending **September 30, 2023** **March 31, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Morris, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **November 9, 2023** **May 9, 2024**

By: _____ **/s/ John Morris**

John Morris
Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Repay Holdings Corporation (the "Company") on Form 10-Q for the period ending **September 30, 2023** **March 31, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Timothy J. Murphy, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **November 9, 2023** **May 9, 2024**

By: _____ **/s/ Timothy J. Murphy**

Timothy J. Murphy
Chief Financial Officer

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