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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 22, 2018

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

Delaware
(State or other jurisdiction
of incorporation)

001-38053
(Commission
File Number)

81-4619427
(IRS Employer
Identification No.)

3344 Highway 149
Eagan, MN
(Address of principal executive offices)

55121
(Zip Code)

Registrant's telephone number, including area code: (888) 321-6227

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company ☒

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

Introductory Note

On February 22, 2018, C1 Investment Corp. and Forum Merger Corporation (“**Forum**”) consummated the transactions contemplated by the Agreement and Plan of Merger (as defined below) (the “**Transactions**”), following the approval at the special meeting of the stockholders of Forum held on February 20, 2018 (the “**Special Meeting**”). In connection with the Closing (as defined below) of the Merger, the registrant changed its name from Forum Merger Corporation to ConvergeOne Holdings, Inc. (“**ConvergeOne**”). Certain terms used in this Current Report on Form 8-K have the same meaning as set forth in the final prospectus and definitive proxy statement (the “**Proxy Statement/Prospectus**”) filed with the Securities and Exchange Commission (the “**Commission**”) on February 5, 2018 by Forum.

Item 1.01. Entry into Material Definitive Agreement.

Agreement and Plan of Merger

As disclosed under the sections titled “*The Business Combination Proposal*” and “*The Merger Agreement*” of the Proxy Statement/Prospectus, on November 30, 2017, the parties entered into an Agreement and Plan of Merger, dated as of November 30, 2017 (“**Merger Agreement**”), by and among Forum, FMC Merger Subsidiary Corp., a newly-formed Delaware corporation and wholly-owned subsidiary of Forum (the “**Merger Sub I**”), FMC Merger Subsidiary LLC, a newly formed Delaware limited liability company and wholly-owned subsidiary of Forum (the “**Merger Sub II**”), C1 Investment Corp., a Delaware corporation (“**C1**”), and Clearlake Capital Management III, L.P., in the capacity as the Seller Representative (“**Clearlake**”).

The Transactions involved the merger of Merger Sub I with and into C1, with C1 continuing as the surviving corporation (the “**Surviving Subsidiary**”) and as a wholly-owned subsidiary of Forum (the “**First Merger**”) and (b) the merger of the Surviving Subsidiary of the First Merger with and into Merger Sub II, ceasing the separate existence of the Surviving Subsidiary (the “**Second Merger**”) and together with the First Merger, the “**Business Combination**”). Merger Sub II continued as the surviving entity in the Second Merger, and Merger Sub II, continued as the surviving entity, and is referred to as the Surviving Entity (the “**Combined Entity**”).

Item 2.01 of this Current Report discusses the consummation of the Business Combination and various other Transactions and events contemplated by the Merger Agreement which took place on February 22, 2018 (the “**Closing**”), and is incorporated herein by reference.

Amended and Restated Registration Rights Agreement

On April 6, 2017, Forum Investors I, LLC, Forum’s sponsor (the “**Sponsor**”), entered into a registration rights agreement with Forum (now ConvergeOne), pursuant to which the Sponsor was granted certain rights relating to the registration of shares of common stock, Founders’ Units (as defined therein) and Working Capital Units (as defined therein) held by them.

Upon the Closing, ConvergeOne and certain C1 Securityholders and the Sponsor entered into an amended and restated registration rights agreement (the “**Registration Rights Agreement**”). Under the Registration Rights Agreement, certain C1 Securityholders and the Sponsor hold registration rights that obligate ConvergeOne to register for resale under the Securities Act of 1933, as amended (the “**Securities Act**”), all or any portion of the common stock issued as merger consideration under the Merger Agreement, including any Earnout Stock Payments, as well as shares of common stock held by the Sponsor or issuable upon the exercise of warrants held by the Sponsor. Stockholders holding a majority-in-interest of all such registrable securities will be entitled to make a written demand for registration under the Securities Act of all or part of the their registrable securities, so long as such shares are not then restricted under the Lock-Up Agreement (as more completely described in the Proxy Statement/Prospectus). Subject to certain exceptions, if any time after the Closing, ConvergeOne proposes to file a registration statement under the Securities Act with respect to its securities, under the Registration Rights Agreement, ConvergeOne shall give notice to the C1 Securityholders and the Sponsor as to the proposed filing and offer such stockholders an opportunity to register the sale of such number of their registrable securities as they request in writing. In addition, subject to certain exceptions, such stockholders will be entitled under the Registration Rights Agreement to request in writing that ConvergeOne register the resale of any or all of their registrable securities on Form S-3 and any similar short-form registration statement that may be available at such time.

Under the Registration Rights Agreement, ConvergeOne will agree to indemnify such stockholders and certain persons or entities related to such stockholders against any losses or damages resulting from any untrue statement or omission of a material fact in any registration statement or prospectus pursuant to which they sell registrable securities, unless such liability arose from their misstatement or omission, and such stockholders including registrable securities in any registration statement or prospectus will agree to indemnify ConvergeOne and certain persons or entities related to ConvergeOne against all losses caused by their misstatements or omissions in those documents.

This summary is qualified in its entirety by reference to the text of the Registration Rights Agreement, which is included as Exhibit 10.16 to this Current Report and is incorporated herein by reference.

Sponsor Earnout Letter and Amendment to Escrow Agreement

In connection with the execution of the Merger Agreement, Forum, C1, the Sponsor, and Clearlake Capital Management III, L.P. entered into the Sponsor Earnout Letter and Amendment to Escrow Agreement, dated November 30, 2017, (“***Sponsor Earnout Letter***”) which amends the Escrow Agreement dated April 6, 2017, by and among Sponsor, Forum and Continental Stock Transfer & Trust Company, to release 4,312,500 shares of Class F Common Stock of Forum (“***Founders Shares***”) purchased by the Sponsor prior to the Forum IPO from escrow to:

- forfeit 1,078,125 Founders Shares immediately upon the consummation of the Business Combination;
- subject 2,156,250 Founders Shares to forfeiture in the event the Earnout Targets in the Merger Agreement are not met by ConvergeOne and to a 180-day lock-up period; and
- release of 1,078,125 Founders Shares from escrow immediately upon the consummation of the Business Combination.

This summary is qualified in its entirety by reference to the text of the Sponsor Earnout Letter, which is included as Exhibit 10.13 to this Current Report and is incorporated herein by reference.

Amendment to Credit Agreement

On June 20, 2017, C1 Holdings Corp. and C1 Intermediate Corp. entered into a Revolving Loan Credit Agreement (the “***Revolver Agreement***”) with Wells Fargo Commercial Distribution Finance, LLC (“***Wells Fargo***”) as the administrative agent and collateral agent and as FloorPlan Funding Agent. The Revolver Agreement initially provided a senior secured revolving loan facility of \$150,000,000 aggregate principal amount of revolving loans. On February 13, 2018, the Revolver Agreement was amended to increase the revolving loan facility amount to \$200,000,000 (the “***Credit Agreement Amendment***”). Other than the Credit Agreement Amendment described herein, all other terms of the Revolver Agreement are unchanged and remain in full force and effect. This summary is qualified in its entirety by reference to the text of the Credit Agreement Amendment, which is included as Exhibit 10.33 to this Current Report and is incorporated herein by reference.

Item 2.01. Completion of Acquisition or Disposition of Assets.

On February 20, 2018, Forum held a Special Meeting at which the Forum stockholders considered and adopted, among other matters, the Merger Agreement. On February 22, 2018, the parties consummated the Transactions.

At the Special Meeting, holders of 16,940,909 shares of Forum common stock sold in its initial public offering (“***Public Shares***”) exercised their right to redeem those shares for cash at a price of \$10.154326 per share, for an aggregate of approximately \$172 million. Immediately after giving effect to the Transactions (including as a result of the redemptions described above, certain forfeitures of Forum common stock immediately prior to the Closing, and the issuance of an additional 16,459,375 shares of common stock for an aggregate purchase price of \$131,675,000 pursuant to subscription agreements entered into in connection with the Transactions), there were approximately 69.7 million shares of common stock and warrants to purchase approximately 8.9 million shares of

common stock of ConvergeOne issued and outstanding. Upon the Closing, Forum's rights, and units ceased trading, and ConvergeOne's common stock and warrants began trading on The Nasdaq Stock Market ("Nasdaq") under the symbols "CVON" and "CVONW," respectively. As of the closing date, entities affiliated with Clearlake beneficially owned approximately 54.7% of ConvergeOne's outstanding shares of common stock and the former securityholders of Forum beneficially owned approximately 8.8% of ConvergeOne's outstanding shares. As a result, ConvergeOne is a "controlled company" within the meaning of the Nasdaq listing rules and expects to take advantage of certain rules that provide exemptions from certain corporate governance rules of Nasdaq applicable to listed companies.

As noted above, the per share redemption price of \$10.154326 for holders of Public Shares electing redemption was paid out of Forum's trust account, which after taking into account the redemption, had a balance immediately prior to the Closing of approximately \$3.1 million. In addition, approximately \$0.5 million remained in Forum's operating account immediately prior to the Closing and approximately \$131.7 million in proceeds from the PIPE Investment, as more completely described in Item 3.02 below, remained in escrow immediately prior to the Closing, which, together with approximately \$35.0 million of cash of C1, was used to pay the cash component of the consideration of approximately \$170.6 million to be paid to C1 Securityholders in connection with the Closing.

FORM 10 INFORMATION

Item 2.01(f) of Form 8-K states that if the predecessor registrant was a shell company, as Forum was immediately before the Transactions, then the registrant must disclose the information that would be required if the registrant were filing a general form for registration of securities on Form 10. Accordingly, ConvergeOne, as the successor issuer to Forum, is providing the information below that would be included in a Form 10 if ConvergeOne were to file a Form 10. Please note that the information provided below relates to the combined company after Forum's acquisition of ConvergeOne in connection with the consummation of the Transactions, unless otherwise specifically indicated or the context otherwise requires.

Forward-Looking Statements

This current Report on Form 8-K contains forward-looking statements. Forward-looking statements provide ConvergeOne's current expectations or forecasts of future events. Forward-looking statements include statements about ConvergeOne's expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not historical facts. The words "anticipates," "believe," "continue," "could," "estimate," "expect," "intends," "may," "might," "plan," "possible," "potential," "predicts," "project," "should," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this Current Report include, but are not limited to, statements about ConvergeOne's:

- ability to grow and retain ConvergeOne's client base;
- ability to provide effective client support and induce our clients to renew and upgrade the technology offerings and services ConvergeOne provides for them;
- ability to expand ConvergeOne's sales organization to address effectively existing and new markets that it intends to target;
- ability to forecast and maintain an adequate rate of revenue growth and appropriately plan its expenses;
- expectations regarding future expenditures;
- future mix of revenue and effect on gross margins;
- attraction and retention of qualified employees and key personnel;
- ability to compete effectively in a competitive industry;

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- ability to protect and enhance our corporate reputation and brand;
 - expectations concerning our relationships and actions with our technology partners and other third parties;
 - impact from future regulatory, judicial, and legislative changes in ConvergeOne's industry;
 - ability to locate and acquire complementary technologies or services and integrate those into ConvergeOne's business; and
 - future arrangements with, or investments in, other entities or associations.

These forward-looking statements are based on information available as of the date of this Current Report, and current expectations, forecasts and assumptions, and involve a number of risks and uncertainties. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

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

You should not place undue reliance on these forward-looking statements. As a result of a number of known and unknown risks and uncertainties, our actual results or performance may be materially different from those expressed or implied by these forward-looking statements.

Business

The business of ConvergeOne is described in the Proxy Statement/Prospectus in the section titled "*Information About CI*" and that information is incorporated herein by reference.

Risk Factors

The risks associated with ConvergeOne's business are described in the Proxy Statement/Prospectus in the section titled "*Risk Factors*" and are incorporated herein by reference.

Financial Information

Reference is made to the disclosure set forth in Item 9.01 of this Report concerning the financial information of ConvergeOne. Reference is further made to the disclosure contained in the Proxy Statement/Prospectus in the section titled "*Selected Consolidated Financial and Other Data of CI*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations of CI*" and is incorporated herein by reference.

Properties

The facilities of ConvergeOne are described in the Proxy Statement/Prospectus in the section titled "*Information About CI—Facilities*" and is incorporated herein by reference.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information regarding the beneficial ownership of shares of Common Stock of ConvergeOne upon the closing of the Business Combination by:

- each person known by Forum to be the beneficial owner of more than 5% of the Common Stock of ConvergeOne upon the closing of the Business Combination;
- each of ConvergeOne's officers and directors; and
- all executive officers and directors of ConvergeOne as a group upon the closing of the Business Combination.

Beneficial ownership is determined according to the rules of the SEC, which generally provide that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power over that security, including options and warrants that are currently exercisable or exercisable within 60 days.

Unless otherwise indicated, ConvergeOne believes that all persons named in the table have sole voting and investment power with respect to all shares of Common Stock of ConvergeOne beneficially owned by them.

Name and Address of Beneficial Owner (1)	Beneficial Ownership	
	Number of Shares	%
Clearlake Capital Partners III (Master) LP (2)	38,129,813	54.7%
John A. McKenna, Jr (4)	3,219,709	4.6
Jeffrey Nachbor	735,039	1.1
Paul Maier (5)	637,127	*
John F. Lyons	1,252,279	1.8
David Boris (6)	886,953	1.3
Richard Katzman (3)	180,875	*
Keith W. F. Bradley	235,310	*
Behdad Eghbali (2)	38,129,813	54.7
Jose E. Feliciano (2)	38,129,813	54.7
Christopher Jurasek	236,221	*
Prashant Mehrotra	—	*
James Pade	—	*
Timothy J. Pawlenty	235,310	*
All directors and executive officers as a group (13 individuals)	45,748,636	65.6

* Less than one percent.

- (1) Unless otherwise indicated, the business address of each of the individuals is c/o ConvergeOne Holdings, Inc., 3344 Highway 149 Eagan, MN, 55121.
- (2) Represents shares held by Clearlake Capital Partners III (Master), L.P., a Delaware limited partnership, or CCPIII. CCPIII is managed by Clearlake Capital Management III, L.P., a Delaware limited partnership, or CCMIII. CCMIII's general partner is Clearlake Capital Group, L.P., whose general partner is CCG Operations, L.L.C., a Delaware limited liability company, or CCG Ops. CCPIII's general partner is Clearlake Capital Partners III GP, L.P., a Delaware limited partnership, or CCPIII GP. CCPIII GP's general partner is Clearlake Capital Partners, LLC, a Delaware limited liability company, or CCP. CCP's managing member is CCG Ops. José E. Feliciano and Behdad Eghbali are managers of CCG Ops and may be deemed to share voting and dispositive power of the shares held of record by CCPIII. The address of Messrs. Feliciano and Eghbali and the entities named in this footnote is c/o Clearlake Capital Group, 233 Wilshire Blvd, Suite 800, Santa Monica, CA 90401.
- (3) Includes (i) 7,500 shares issuable upon the exercise of a warrant held by Mr. Katzman, (ii) 48,375 shares held by Mr. Katzman and (iii) 125,000 shares of common stock purchased in the PIPE Investment held by Katzman Family LLC of which Richard Katzman is the investment manager.
- (4) Includes (i) 2,353,137 shares directly held by Mr. McKenna and (ii) 866,572 shares held by The John Arthur McKenna, Jr. Irrevocable Trust, dated August 27, 2014, of which Mr. McKenna's wife is the sole trustee.
- (5) Includes 637,127 shares held by Mr. Maier as trustee of Paul K. Maier Living Trust DTD 1/31/2008.
- (6) Includes (i) 12,500 shares issuable upon exercise of a warrant held by Mr. Boris and (ii) 874,453 shares held by Mr. Boris.

Directors and Executive Officers

ConvergeOne's directors and executive officers after the Closing are described in the Proxy Statement/Prospectus in the section titled "*Management After the Business Combination*" and is incorporated herein by reference.

Executive Compensation

The executive compensation of ConvergeOne's executive officers and directors is described in the Proxy Statement/Prospectus in the section titled "*Executive Compensation of CI*" and is incorporated herein by reference.

Certain Relationships and Related Transactions

The certain relationships and related party transactions of ConvergeOne are described in the Proxy Statement/Prospectus in the section titled "*Certain Relationships and Related Person Transactions*" and are incorporated herein by reference.

Legal Proceedings

Reference is made to the disclosure regarding legal proceedings in the section of the Proxy Statement/Prospectus titled "*Information About CI— Legal Proceedings*" and is incorporated herein by reference.

Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters

ConvergeOne's common stock began trading on the Nasdaq under the symbol "CVON" and its warrants began trading on the Nasdaq American under the symbol "CVONW" on February 23, 2018, subject to ongoing review of ConvergeOne's satisfaction of all listing criteria post-business combination. ConvergeOne intends to adopt a stated dividend policy and to use its commercially reasonable efforts to declare and pay a dividend in such amount as to provide an annual dividend yield to ConvergeOne's stockholders of at least 1%, subject to the determination by ConvergeOne's board of directors (i) that such dividend payment is permitted by applicable law and (ii) that ConvergeOne and its subsidiaries, on a consolidated basis, have a sufficient amount of unrestricted cash to make such dividend payment and still satisfy their respective existing liabilities and have sufficient reserves for future contingencies or future needs of the business of ConvergeOne and its subsidiaries. ConvergeOne has not paid any cash dividends on its common stock to date.

Information regarding Forum's common stock, rights and units and related stockholder matters are described in the Proxy Statement/Prospectus in the section titled "*Price Range and Dividends of Securities*" and such information is incorporated herein by reference.

Recent Sales of Unregistered Securities

Reference is made to the disclosure set forth under Item 3.02 of this Report concerning the issuance of ConvergeOne's common stock to certain accredited investors, which is incorporated herein by reference.

Description of Registrant's Securities

The description of ConvergeOne's securities is contained in the Proxy Statement/Prospectus in the sections titled "*Description of Securities After the Business Combination*" and "*Comparison of Stockholder Rights*" and is incorporated herein by reference.

Indemnification of Directors and Officers

The description of the indemnification arrangements with ConvergeOne's directors and officers is contained in the Proxy Statement/Prospectus in the section titled "*Description of Securities of Forum—Limitation on Liability and Indemnification of Directors and Officers*", which is incorporated herein by reference.

Financial Statements and Supplementary Data

Reference is made to the disclosure set forth under Item 9.01 of this current Report concerning the financial statements and supplementary data of ConvergeOne and its affiliates.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Reference is made to the disclosure contained in Item 4.01 of this Report, which is incorporated herein by reference.

Financial Statements and Exhibits

Reference is made to the disclosure set forth under Item 9.01 of this Report concerning the financial information of ConvergeOne and its affiliates.

Item 2.02. Results of Operations and Financial Condition.

Certain annual and quarterly financial information regarding ConvergeOne was included in the Proxy Statement/Prospectus, in the section titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations of C1*”, which is incorporated herein by reference. The disclosure contained in Item 2.01 of this Report is also incorporated herein by reference.

Item 3.02. Unregistered Sales of Equity Securities

In connection with the Transactions, on November 30, 2017, Forum entered into subscription agreements (the “***Subscription Agreements***”), whereby the investors named therein committed to purchase 17,959,375 shares of Class A Common Stock for an aggregate purchase price of \$143,675,000 (the “***PIPE Investment***”). The PIPE Investment was predicated on:

- the Sponsor’s agreement to cancel 1,078,125 Founder Shares immediately upon the Closing of the Business Combination;
- the Sponsor’s agreement to subject 2,156,250 Founder Shares to forfeiture in the event the Earnout Targets in the Merger Agreement are not met by the Combined Entity; and
- C1’s agreement to reduce the Merger Consideration by 499,752 shares of Forum Common Stock.

The initial closing of the PIPE Investment and the issuance of an aggregate of 16,459,375 shares of Class A Common Stock to 54 accredited investors occurred immediately prior to the consummation of the Business Combination. The sale and issuance was made in reliance on Rule 506 of Regulation D under the Securities Act of 1933, as amended. We paid the placement agents for the PIPE Investment an aggregate fee of \$2.2 million.

At the Special Meeting, as the issuance of up to 17,959,375 shares of Class A Common Stock pursuant to the Subscription Agreements in connection with the PIPE Investment exceeded 20% of Forum’s then issued and outstanding common stock, in order to comply with the Nasdaq Listing Rules applicable to Forum, the Forum stockholders approved the issuance of the Class A Common Stock in the PIPE Investment.

Upon the Closing of the Transactions, all shares of Class A Common Stock were reclassified to common stock of ConvergeOne.

This summary is qualified in its entirety by reference to the text of the form of Subscription Agreement, which is included as Exhibit 10.12 to this Current Report and is incorporated herein by reference.

Item 3.03. Material Modification to Rights of Security Holders***Pre-Closing Amendment to Certificate of Incorporation***

Immediately prior to the Closing of the Business Combination, Forum's certificate of incorporation was amended to increase the number of authorized shares of Class A Common Stock from 40,000,000 to 200,000,000 shares for the purposes of carrying out the PIPE Investment. The amendment to the certificate of incorporation is filed as Exhibit 3.1 hereto and incorporated herein by reference.

Amended and Restated Certificate of Incorporation

Upon the Closing of the Business Combination, Forum's certificate of incorporation was further amended and restated to:

- (a) to divide the board of directors into three classes with staggered three-year terms;
- (b) to provide that any amendment to provisions of the certificate of incorporation will require the approval of the holders of a majority of all of the then-outstanding capital stock entitled to vote generally in the election of directors so long as Clearlake holds at least a majority of the then-outstanding shares of capital stock entitled to vote generally at an election of directors, and thereafter any such amendment will require the approval of the holders of at least $66 \frac{2}{3}$ % of the then-outstanding shares of capital stock entitled to vote generally at an election of directors;
- (c) to provide that we opt out of Section 203 of the Delaware General Corporation Law, which prevents certain Delaware corporations, under certain circumstances, from engaging in a "business combination" with certain "interested stockholders" and their affiliates;
- (d) to provide that we may not engage in certain "business combinations" with any "interested stockholder" (which excludes Clearlake and any of their direct or indirect transferees and any group as to which such persons) for a three-year period following the time that the stockholder became an interested stockholder, unless (1) prior to the date of the transaction, the board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder; (2) the interested stockholder owned at least 85% of the voting stock outstanding upon consummation of the transaction, excluding for purposes of determining the number of shares outstanding (x) shares owned by persons who are directors and also officers and (y) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or (3) on or subsequent to the consummation of the transaction, the Business Combination is approved by the Combined Entity's board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least $66 \frac{2}{3}$ % of the outstanding voting stock which is not owned by the interested stockholder;
- (e) to provide that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act of 1933, as amended;
- (f) to provide that, subject to the limitations imposed by applicable law, directors may be removed with or without cause, by the holders of at least a majority of the then-outstanding shares of capital stock entitled to vote generally at an election of directors for so long as Clearlake, which, together with its affiliates and related persons, holds at least a majority of the then-outstanding shares of capital stock entitled to vote generally at an election of directors, and thereafter solely with cause by the holders of at least $66 \frac{2}{3}$ % of all of the then-outstanding shares of the capital stock entitled to vote generally at an election of directors;
- (g) to provide that any action to be taken by the Combined Entity's stockholders may be taken by written consent or electronic transmission pursuant to Section 228 of the Delaware General Corporation Law only so long as Clearlake holds a majority of the Combined Entity's then-outstanding capital stock entitled to vote generally at an election of directors;

- (h) to change our name to “ConvergeOne Holdings, Inc.” from “Forum Merger Corporation”;
- (i) to reclassify all shares of Class A Common Stock as “Common Stock”;
- (j) to increase the authorized shares of Common Stock to 1,000,000,000 shares;
- (k) to increase the authorized shares of “blank check” preferred stock that the board of directors could issue to discourage a takeover attempt to 10,000,000 shares; and
- (l) to make our corporate existence perpetual as opposed to Forum’s corporate existence terminating 24 months following the closing if its initial public offering and to remove the various provisions applicable only to specified purpose acquisition corporations contained in the prior amended and restated certificate of incorporation.

This summary is qualified in its entirety by reference to the text of the amended and restated certificate of incorporation, which is included as Exhibit 3.2 to this Current Report and incorporated herein by reference.

Amended and Restated Bylaws

Upon the Closing of the Merger, Forum’s bylaws were amended and restated to be consistent with our amended and restated certificate of incorporation and to make certain other changes that our board of directors deems appropriate for a public operating company. The amended and restated bylaws are filed as Exhibit 3.3 hereto and incorporated herein by reference.

Item 4.01. Changes in Registrant’s Certifying Accountant.

Marcum, LLP (“**Marcum**”) served as the independent registered public accounting firm for Forum (and its subsidiaries) from its inception through the Closing. The firm of RSM LLP (“**RSM**”) served as the independent registered public accounting firm for privately-held C1. Upon the Closing, RSM became the independent registered public accounting firm for the renamed combined entity ConvergeOne. The decision to engage RSM effective upon the closing of the Business Combination was made by the board of directors of Forum on February 20, 2018 because the historical financial statements of ConvergeOne became the historical financial statements of the Combined Entity following the Closing.

Marcum’s report on Forum’s financial statements as of December 31, 2017 and 2016, and for the year ended December 31, 2017 and for the period from November 17, 2016 (inception) to December 31, 2016 did not contain an adverse opinion or disclaimer of opinion, nor were such reports qualified or modified as to uncertainty, audit scope, or accounting principles. During the period of Marcum’s engagement by Forum, and the subsequent interim period preceding Marcum’s dismissal, there were no disagreements with Marcum on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements if not resolved to the satisfaction of Marcum, would have caused it to make a reference to the subject matter of the disagreement in connection with its reports covering such periods. In addition, no “reportable events,” as defined in Item 304(a)(1)(v) of Regulation S-K, occurred within the period of Marcum’s engagement and the subsequent interim period preceding Marcum’s dismissal.

During the period from November 17, 2016 (Forum’s inception) through December 31, 2017 and the subsequent interim period preceding the engagement of RSM, Forum did not consult RSM regarding either: (i) the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on Forum’s financial statements, and neither a written report was provided to ConvergeOne or oral advice was provided that RSM concluded was an important factor considered by ConvergeOne in reaching a decision as to the accounting, auditing or financial reporting issue; or (ii) any matter that was the subject of a disagreement (as described in Item 304(a)(1)(iv) of Regulation S-K) or a “reportable event” (as described in Item 304(a)(1)(v) of Regulation S-K).

ConvergeOne provided Marcum with a copy of the disclosures made pursuant to this Item 4.01 prior to the filing of this Report and requested that Marcum furnish a letter addressed to the Commission, which is attached hereto as Exhibit 16.1, stating whether it agrees with such disclosures, and, if not, stating the respects in which it does not agree.

Item 5.01. Changes in Control of Registrant.

Reference is made to the disclosure in the Proxy Statement/Prospectus in the section titled “*The Business Combination Proposal*” and “*The Merger Agreement*” which is incorporated herein by reference. Further reference is made to the information contained in Item 2.01 to this Report, which is incorporated by reference.

Immediately after giving effect to the Transactions, there were approximately 69.7 million shares of common stock of ConvergeOne outstanding. As of such time, entities affiliated with Clearlake held 54.7% of the outstanding shares of common stock of ConvergeOne.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Appointment of Directors and Officers

The following persons are serving as executive officers and directors following the Closing. For biographical information concerning the executive officers and directors, see the disclosure in the Proxy Statement/Prospectus in the sections titled “*Executive Officers and Directors of C1*” and “*Forum’s Management*,” which are incorporated by reference.

<u>Name</u>	<u>Age</u>	<u>Position(s)</u>
John A. McKenna, Jr.	62	President and Chief Executive Officer and Chairman of the Board (Class III Director)
Jeffrey Nachbor	53	Chief Financial Officer
Paul Maier	58	President, Services Organization
John F. Lyons	64	President, Field Organization
David Boris	57	Class II Director
Richard Katzman	61	Class I Director
Keith W. F. Bradley	54	Class I Director
Behdad Eghbali	41	Class III Director
José E. Feliciano	44	Class III Director
Christopher Jurasek	52	Class III Director
Prashant Mehrotra	40	Class II Director
James Pade	33	Class I Director
Timothy J. Pawlenty	57	Class II Director

Effective upon the Closing, each of Stephen A. Vogel, Marshall Kiev and David Boris resigned as executive officers of Forum, and each of Jerry Elliott, Neil Goldberg and Steven Berns resigned as directors of Forum.

2018 Equity Incentive Plan

At the Special Meeting, the Forum stockholders considered and approved the 2018 Equity Incentive Plan, or the Equity Incentive Plan, and reserved 10,000,000 shares of common stock for issuance thereunder. The Equity Incentive Plan was previously approved, subject to stockholder approval, by the board of directors on February 1, 2018. The Equity Incentive Plan became effective immediately upon the Closing of the Merger. The number of shares of common stock reserved for issuance under the Equity Incentive Plan will automatically increase on January 1 of each year, beginning on January 1, 2019 and continuing through January 1, 2028, by 4.0% of the total number of shares of common stock outstanding on December 31 of the preceding year, or a lesser number of shares as may be determined by the board of directors. The maximum number of shares of common stock that may be issued pursuant to the exercise of incentive options under the Equity Incentive Plan is 30,000,000.

A more complete summary of the terms of the Equity Incentive Plan is set forth in the Proxy Statement/Prospectus. That summary and the foregoing description are qualified in their entirety by reference to the text of the Equity Incentive Plan, which is filed as Exhibit 10.17 hereto and incorporated herein by reference.

2018 Employee Stock Purchase Plan

At the Special Meeting, the Forum stockholders considered and approved the 2018 Employee Stock Purchase Plan, or the ESPP, and reserved 1,500,000 shares of common stock for issuance thereunder. The ESPP was previously approved, subject to stockholder approval, by the board of directors on February 1, 2018. The ESPP became effective immediately upon the Closing of the Merger. The number of shares of common stock reserved for issuance under the Equity Incentive Plan will automatically increase on January 1 of each year, beginning on January 1, 2019 and continuing through January 1, 2028, by the lesser of (i) 1.0% of the total number of shares of common stock outstanding on December 31 of the preceding year; (ii) 1,500,000 shares of common stock; or (iii) a lesser number of shares as may be determined by the board of directors.

A more complete summary of the terms of the ESPP is set forth in the Proxy Statement/Prospectus. That summary and the foregoing description are qualified in their entirety by reference to the text of the ESPP, which is filed as Exhibit 10.20 hereto and incorporated herein by reference.

Offer Letters

As a result of the Transactions, the Combined Entity (through its subsidiaries) is now party to offer letter agreements with each of the Combined Entity's executive officers: John A. McKenna, Jr., President and Chief Executive Officer, Chairman of the Board, Jeffrey Nachbor, Chief Financial Officer, John F. Lyons, President, Field Organization, and Paul Maier, President, Services Organization. The offer letter agreements generally provide for at-will employment and set forth the executive officer's initial base salary, discretionary performance bonus target, annual management incentive fee, severance eligibility, eligibility for other employment benefits, and pre-dispute arbitration agreement. A description of the offer letters is included in the Proxy Statement/Prospectus under the section titled "Executive Compensation of C1," and the text of the offer letters is filed as Exhibits 10.21, 10.22, 10.23 and 10.24 hereto. Such description and the text of such offer letters is incorporated herein by reference.

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

The information set forth in Item 3.03 is incorporated by reference into this Item 5.03.

Item 5.06. Change in Shell Company Status.

As a result of the Transactions, Forum ceased being a shell company. Reference is made to the disclosure in the Proxy Statement/Prospectus in the sections titled "*The Business Combination Proposal*" and "*The Merger Agreement*" and is incorporated herein by reference. Further reference is made to the information contained in Item 2.01 to this Form 8-K.

Item 8.01. Other Events

As a result of the Merger and by operation of Rule 12g-3(a) promulgated under the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"), ConvergeOne is a successor issuer to Forum. ConvergeOne hereby reports this succession in accordance with Rule 12g-3(f) under the Exchange Act.

Item 9.01. Financial Statement and Exhibits.

(a)-(b) Financial Statements.

Information responsive to Item 9.01(a) and (b) of Form 8-K is set forth in the financial statements included in the Proxy Statement/Prospectus beginning on page F-1, and under "*Unaudited Pro Forma Condensed Combined Financial Statements*" and is incorporated herein by reference.

The audited financial statements of SPS Holdco, LLC for the years ended December 27, 2015 and December 25, 2016, and the unaudited financial statements of SPS Holdco, LLC for the six months ended June 30, 2017 are filed as Exhibit 99.1 to this Form 8-K and incorporated herein by reference.

The audited financial statements of AOS, Inc. for the years ended December 27, 2015 and December 25, 2016 are filed as Exhibit 99.2 to this Form 8-K and incorporated herein by reference.

The unaudited financial statements of AOS, Inc. for the nine month period ended October 1, 2017 are filed as Exhibit 99.3 to this Form 8-K and incorporated herein by reference.

The unaudited pro forma financial statements are filed as Exhibit 99.4 to this Form 8-K and incorporated herein by reference.

Exhibit Number	Description of Document	Incorporated by Reference			
		Schedule/Form	File Number	Exhibits	Filing Date
2.1*	Agreement and Plan of Merger, dated as of November 30, 2017, by and among Forum Merger Corporation, FMC Merger Subsidiary Corp., FMC Merger Subsidiary LLC, Clearlake Capital Management III, L.P., and CI Investment Corp.	Form 8-K	001-38053	2.1	December 1, 2017
3.1**	Certificate of Amendment of Certificate of Incorporation				
3.2**	Amended and Restated Certificate of Incorporation				
3.3	Amended and Restated Bylaws	Form S-4	333-221848	3.5	February 1, 2018
4.1	Specimen Warrant Certificate	Form S-1	333-217187	4.3	March 29, 2017
4.2**	Warrant Agreement, dated February 22, 2018, between Continental Stock Transfer & Trust Company and ConvergeOne Holdings, Inc.				
4.3	Specimen Common Stock Certificate	Form S-4	333-221848	4.7	February 1, 2018
10.1	Stock Escrow Agreement, dated April 6, 2017 between Forum, Forum Investors I, LLC and Continental Stock Transfer & Trust Company	Form 8-K	001-38053	10.3	April 12, 2017
10.2	Registration Rights Agreement among Forum and Forum Investors I, LLC	Form 8-K	001-38053	10.4	April 12, 2017
10.3	Sponsor Earnout Letter and Amendment to Escrow Agreement, dated November 30, 2017	Form 8-K	001-38053	10.3	December 1, 2017
10.4**	Amended and Restated Registration Rights Agreement by and among Forum, Forum Investors I, LLC, Clearlake Capital Management III, L.P. and other stockholders				
10.5†**	2018 Equity Incentive Plan				
10.6†	Form of Stock Option Agreement, Notice of Exercise and Stock Option Grant Notice under the 2018 Equity Incentive Plan	Form S-4	333-221848	10.16	February 1, 2018
10.7†	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Award Agreement under the 2018 Equity Incentive Plan	Form S-4	333-221848	10.17	February 1, 2018

Exhibit Number	Description of Document	Incorporated by Reference			
		Schedule/Form	File Number	Exhibits	Filing Date
10.8†**	2018 Employee Stock Purchase Plan				
10.9†	Offer letter dated June 16, 2014 between C1 Holdings Corp. and John A. McKenna, Jr.	Form S-4	333-221848	10.19	December 1, 2017
10.10†	Offer letter dated June 16, 2014 between C1 Holdings Corp. and Jeffrey Nachbor	Form S-4	333-221848	10.20	December 1, 2017
10.11†	Offer letter dated June 16, 2014 between C1 Holdings Corp. and John Lyons	Form S-4	333-221848	10.21	December 1, 2017
10.12†	Offer letter dated June 16, 2014 between C1 Holdings Corp. and Paul Maier	Form S-4	333-221848	10.22	December 1, 2017
10.13†	Form of Indemnity Agreement	Form S-4	333-221848	10.23	February 1, 2018
10.14	Revolving Loan Credit Agreement dated June 20, 2017 among C1 Intermediate Corp., C1 Holdings Corp., ConvergeOne, Inc., the Lenders party thereto, Wells Fargo Commercial Distribution Finance, LLC, and Wells Fargo Bank, N.A.	Form S-4	333-221848	10.24	December 1, 2017
10.15	Guarantee and Collateral Agreement dated June 20, 2017 among C1 Intermediate Corp., ConvergeOne, Inc., C1 Holdings Corp., the Subsidiaries of C1 Holdings Corp. from time to time party thereto, and Wells Fargo Commercial Distribution Finance, LLC	Form S-4	333-221848	10.25	December 1, 2017
10.16	Term Loan Agreement dated June 20, 2017 among C1 Holdings Corp., C1 Intermediate Corp., the Lenders party thereto, and JPMorgan Chase Bank, N.A.	Form S-4	333-221848	10.26	December 1, 2017
10.17	Incremental Amendment dated July 28, 2017 among C1 Intermediate Corp., C1 Holdings Corp., the Guarantors party thereto, Credit Suisse AG, Cayman Islands Branch and JPMorgan Chase Bank, N.A.	Form S-4	333-221848	10.27	December 1, 2017
10.18	Incremental Amendment dated October 25, 2017 among C1 Intermediate Corp., C1 Holdings Corp., the Guarantors party thereto, Credit Suisse AG, Cayman Islands Branch and JPMorgan Chase Bank, N.A.	Form S-4	333-221848	10.28	December 1, 2017
10.19	Guarantee and Collateral Agreement dated June 20, 2017 among C1 Intermediate Corp., C1 Holdings Corp., the Subsidiaries of C1 Holdings Corp. from time to time party thereto, and JPMorgan Chase Bank, N.A.	Form S-4	333-221848	10.29	December 1, 2017
10.20	First Amendment to Revolving Loan Credit Agreement dated January 18, 2018 among C1 Intermediate Corp., C1 Holdings Corp., ConvergeOne, Inc., Annese & Associates, Inc., SPS Holdco, LLC, Strategic Products and Services, LLC, Providea Conferencing, LLC, RGTS, Inc., RGT Utilities, Inc., and Wells Fargo Commercial Distribution Finance, LLC	Form S-4	333-221848	10.30	January 26, 2018

Exhibit Number	Description of Document	Incorporated by Reference			
		Schedule/Form	File Number	Exhibits	Filing Date
10.21**	Second Amendment to Revolving Loan Credit Agreement dated February 13, 2018 among C1 Intermediate Corp., C1 Holdings Corp., ConvergeOne, Inc., Annese & Associates, Inc., SPS Holdco, LLC, Strategic Products and Services, LLC, Providea Conferencing, LLC, RGTS, Inc., RGT Utilities, Inc., and Wells Fargo Commercial Distribution Finance, LLC				
10.22	First Amendment to Term Loan Agreement dated January 18, 2018 among C1 Intermediate Corp., C1 Holdings Corp., the Guarantors party thereto, and JPMorgan Chase Bank, N.A.	Form S-4	333-221848	10.31	January 26, 2018
10.23††	Avaya Inc. Reseller Master Terms and Conditions dated July 3, 2002 by and between Avaya Inc. and North American Communications Resource, Inc. dba NACR, Inc.	Form S-4	333-221848	10.30	January 12, 2018
10.24††	Third Amendment to Avaya Inc. Reseller Master Terms and Conditions dated November 3, 2004 by and between Avaya Inc. and North American Communications Resource, Inc.	Form S-4	333-221848	10.31	January 12, 2018
10.25††	Fourth Amendment to Avaya Inc. Reseller Master Terms and Conditions dated March 7, 2007 by and between Avaya Inc. and North American Communications Resource, Inc.	Form S-4	333-221848	10.32	January 12, 2018
10.26††	Fifth Amendment to Avaya Inc. Reseller Master Terms and Conditions by and between Avaya Inc. and North American Communications Resource, Inc., dated May 14, 2007	Form S-4	333-221848	10.33	January 12, 2018
10.27††	Sixth Amendment to Avaya Inc. Reseller Master Terms and Conditions by and between Avaya Inc. and North American Communications Resource, Inc., dated September 28, 2007	Form S-4	333-221848	10.34	January 12, 2018
10.28††	Systems Integrator Agreement dated June 20, 2016 between Cisco Systems, Inc. and ConvergeOne, Inc.	Form S-4	333-221848	10.35	January 12, 2018
10.29††	Amendment No. 1 to the Systems Integrator Agreement dated June 30, 2016 between Cisco Systems, Inc. and ConvergeOne, Inc.	Form S-4	333-221848	10.36	January 12, 2018
16.1**	Letter re Change in Certifying Accountant				
21.1**	List of Subsidiaries				
99.1**	SPS Holdco, LLC audited financial statements for the years ended December 31, 2015 and 2016, and unaudited financial statements for the six months ended June 30, 2017				
99.2**	AOS, Inc. audited financial statements for the years ended December 27, 2015 and December 25, 2016				

Exhibit Number	Description of Document	Incorporated by Reference			
		Schedule/Form	File Number	Exhibits	Filing Date
99.3**	AOS, Inc. unaudited financial statements for the nine month period ended October 1, 2017				
99.4**	Unaudited pro forma financial statements				

* The annexes, schedules, and certain exhibits to the Agreement and Plan of Merger have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Forum hereby agrees to furnish supplementally a copy of any omitted annex, schedule or exhibit to the Commission upon request.

** Filed herewith.

† Indicates a management contract or compensatory plan, contract or arrangement.

†† Confidential treatment has been granted for certain provisions omitted from this Exhibit pursuant to Rule 406 promulgated under the Securities Act. The omitted information has been filed separately with the Securities and Exchange Commission.

SIGNATURES

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

ConvergeOne Holdings, Inc.

Dated: February 26, 2018

By: /s/ John A. McKenna, Jr.

John A. McKenna, Jr.

President and Chief Executive Officer

**CERTIFICATE OF AMENDMENT TO AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
FORUM MERGER
CORPORATION.**

FORUM MERGER CORPORATION., a corporation organized and existing under the laws of the State of Delaware (the “**Corporation**”), by its Chief Executive Officer, does hereby certify as follows:

FIRST: The date of filing the original Certificate of Incorporation of the Company with the Secretary of State of the State of Delaware was November 17, 2016.

SECOND: The Board of Directors of the Company, acting in accordance with the provisions of Sections 141 and 242 of the General Corporation Law of the State of Delaware (“**DGCL**”), adopted resolutions amending the Company’s Amended and Restated Certificate of Incorporation (the “**Restated Certificate**”), as follows:

1. The first paragraph of Article Fourth on page 1 of the Restated Certificate is hereby amended and restated to read in its entirety as follows:

“FOURTH: The total number of shares of all classes of capital stock which the Corporation is authorized to issue is 206,000,000 shares, consisting of (a) 205,000,000 shares of common stock, par value \$0.0001 per share (the “**Common Stock**”), including (i) 200,000,000 shares of Class A Common Stock (the “**Class A Common Stock**”) and (ii) 5,000,000 shares of Class F Common Stock (the “**Class F Common Stock**”) and (b) 1,000,000 shares of preferred stock, par value \$0.0001 per share (the “**Preferred Stock**”).

THIRD: This Certificate of Amendment was duly adopted by the stockholders of the Company in accordance with the provisions of Sections 228 and 242 of the DGCL.

[S IGNATURE P AGE F OLLOWS]

I N W I T N E S S W H E R E O F , a duly authorized officer of the Company has executed this **C E R T I F I C A T E O F**
A M E N D M E N T on this 22nd day of February, 2018.

F O R U M M E R G E R C O R P O R A T I O N .

By: /s/ David Boris
David Boris
Co-Chief Executive Officer and Chief
Financial Officer

**A MENDED AND R ESTATED
C ERTIFICATE OF I NCORPORATION
OF
F ORUM M ERGER C ORPORATION**

John A. McKenna, Jr. hereby certifies that:

ONE: The name of this company is Forum Merger Corporation and date of filing the original Certificate of Incorporation of this corporation with the Secretary of State of Delaware was November 17, 2016.

TWO: He is the duly elected and acting Chief Executive Officer of Forum Merger Corporation, a Delaware corporation.

THREE: The Certificate of Incorporation of this corporation is hereby amended and restated to read as follows:

I.

The name of this corporation is ConvergeOne Holdings, Inc. (the “*Company*”).

II.

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

III.

The purpose of the Company is to engage in any lawful act or activity for which a corporation may be organized under the Delaware General Corporation Law (“*DGCL*”).

IV.

A. The Company is authorized to issue two classes of stock to be designated, respectively, “*Common Stock*” and “*Preferred Stock*.” The total number of shares which the Company is authorized to issue is 1,010,000,000 shares. 1,000,000,000 shares shall be Common Stock, each having a par value of one-hundredth of one cent (\$0.0001). 10,000,000 shares shall be Preferred Stock, each having a par value of one-hundredth of one cent (\$0.0001).

B. Effective immediately upon the filing and effectiveness of this Amended and Restated Certificate of Incorporation with the Office of the Secretary of State of the State of Delaware (the “*Effective Time*”), each one share of the Company’s Class A Common Stock, par value \$0.0001 per share (the “*Class A Common Stock*”), that was issued and outstanding immediately prior to the Effective Time shall automatically be reclassified, redesignated and changed into (a) one validly issued, fully paid and non-assessable share of Common Stock of the Company, par value \$0.0001 per share (the “*Common Stock*”), without any further action by the Company or any stockholder thereof. Each certificate that immediately prior to the Effective Time represented shares of Class A Common Stock (each, a “*Prior Certificate*”) shall, until surrendered to the Company in exchange for a certificate representing the same number of shares of Common Stock, automatically represent that number of shares of Common Stock into which the shares of Class A Common Stock represented by the Prior Certificate shall have been reclassified and redesignated.

C. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors of the Company (the “**Board of Directors**”) is hereby expressly authorized to provide for the issue of all or any number of the shares of the Preferred Stock in one or more series, and to fix the number of shares and to determine or alter for each such series, such voting powers, full or limited, or no voting powers, and such designation, preferences, and relative, participating, optional, or other rights and such qualifications, limitations, or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the issuance of such shares and as may be permitted by the DGCL. The Board of Directors is also expressly authorized to increase or decrease the number of shares of any series subsequent to the issuance of shares of that series, but not below the number of shares of such series then outstanding. In case the number of shares of any series shall be decreased in accordance with the foregoing sentence, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series. The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of the stock of the Company entitled to vote thereon, without a separate vote of the holders of the Preferred Stock, or of any series thereof, unless a vote of any such holders is required pursuant to the terms of any certificate of designation filed with respect to any series of Preferred Stock.

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

V.

For the management of the business and for the conduct of the affairs of the Company, and in further definition, limitation and regulation of the powers of the Company, of its directors and of its stockholders or any class thereof, as the case may be, it is further provided that:

A.

1. The management of the business and the conduct of the affairs of the Company shall be vested in the Board of Directors. The number of directors which shall constitute the Board of Directors shall be fixed exclusively by resolutions adopted by a majority of the authorized number of directors constituting the Board of Directors.

2. BOARD OF DIRECTORS

Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the directors shall be divided into three classes designated as Class I, Class II and Class III, respectively. The Board of Directors is authorized to assign members of the Board of Directors already in office to such classes at the time the classification becomes effective. At the first annual meeting of stockholders following the initial classification of the Board of Directors, the term of office of the Class I directors shall expire and Class I directors shall be elected for a full term of three years. At the second annual meeting of stockholders following such initial classification, the term of office of the Class II directors shall expire and Class II directors shall be elected for a full term of three years. At the third annual meeting of stockholders following such initial classification, the term of office of the Class III directors shall expire and Class III directors shall be elected for a full term of three years. At each succeeding annual meeting of stockholders, directors shall be elected for a full term of three years to succeed the directors of the class whose terms expire at such annual meeting.

Notwithstanding the foregoing provisions of this section, each director shall serve until his successor is duly elected and qualified or until his earlier death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

3. REMOVAL OF DIRECTORS . Subject to any limitations imposed by applicable law, any individual director or directors may be removed (a) with or without cause, for so long as one or more funds managed by, and/or Affiliates (as defined in Article VIII below) of, Clearlake Capital Group, L.P. (collectively, “*Clearlake*”) holds or beneficially owns a majority of the voting power of all then-outstanding shares if capital stock of the Company entitled to vote generally at an election of directors (such period, the “*Control Period*”), by the affirmative vote of the holders of a majority of the voting power of all then-outstanding shares of capital stock of the Company entitled to vote generally at an election of directors, or (b) with cause by the affirmative vote of the holders of at least 66 2/3% of the voting power of all then-outstanding shares of capital stock of the Company entitled to vote generally at an election of directors.

4. VACANCIES . Subject to any limitations imposed by applicable law and subject to the rights of the holders of any series of Preferred Stock, any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other causes and any newly created directorships resulting from any increase in the number of directors, shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by the stockholders and except as otherwise provided by applicable law, be filled only by the affirmative vote of a majority of the directors then in office, even though less than a quorum of the Board of Directors, and not by the stockholders. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director’s successor shall have been elected and qualified.

B.

1. BYLAWS AMENDMENTS . The Board of Directors is expressly empowered to adopt, amend or repeal the Bylaws of the Company. Any adoption, amendment or repeal of the Bylaws of the Company by the Board of Directors shall require the approval of a majority of the authorized number of directors. The stockholders shall also have power to adopt, amend or repeal the Bylaws of the Company; *provided, however,* that, in addition to any vote of the holders of any class or series of stock of the Company required by law or by this Amended and Restated Certificate of Incorporation, such action by stockholders shall require (a) the affirmative vote of the holders of a majority of the voting power of all of the then-outstanding shares of the capital stock of the Company entitled to vote generally in the election of directors, voting together as a single class during the Control Period or (b) the affirmative vote of the holders of at least 66 2/3% of the voting power of all of the then-outstanding shares of the capital stock of the Company entitled to vote generally in the election of directors, voting together as a single class.

2. The directors of the Company need not be elected by written ballot unless the Bylaws so provide.

3. No action shall be taken by the stockholders of the Company except at an annual or special meeting of stockholders called in accordance with the Bylaws and, at any time other than during the Control Period, no action shall be taken by the stockholders by written consent or electronic transmission.

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

VI.

A. The liability of the directors for monetary damages shall be eliminated to the fullest extent permitted by applicable law.

B. To the fullest extent permitted by applicable law, the Company is authorized to provide indemnification of (and advancement of expenses to) directors, officers and agents of the Company (and any other persons to which applicable law permits the Company to provide indemnification) through Bylaw provisions, agreements with such agents or other persons, vote of stockholders or disinterested directors or otherwise in excess of the indemnification

and advancement otherwise permitted by such applicable law. If applicable law is amended after approval by the stockholders of this Article VI to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director to the Company shall be eliminated or limited to the fullest extent permitted by applicable law as so amended.

C. Any repeal or modification of this Article VI shall only be prospective and shall not affect the rights or protections or increase the liability of any director under this Article VI in effect at the time of the alleged occurrence of any act or omission to act giving rise to liability or indemnification.

VII.

A. Unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for (1) any derivative action or proceeding brought on behalf of the Company; (2) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Company to the Company or the Company's stockholders; (3) any action asserting a claim against the Company or any director or officer or other employee of the Company arising pursuant to any provision of the DGCL, the Company's Amended and Restated Certificate of Incorporation or the Bylaws of the Company; or (4) any action asserting a claim against the Company or any director or officer or other employee of the Company governed by the internal affairs doctrine.

B. Unless the Company consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended.

C. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Company shall be deemed to have notice of and to have consented to the provisions of this Article VII.

VIII.

A. The Company hereby expressly elects not to be governed by Section 203 of the DGCL.

B. Notwithstanding the foregoing, the Company shall not engage in any Business Combination (as defined below), at any point in time at which the Common Stock is registered under Section 12(b) or 12(g) of the Exchange Act of 1934, as amended (the "**Exchange Act**"), with any Interested Stockholder (as defined below) for a period of three years following the time that such stockholder became an Interested Stockholder, unless:

1. prior to such time, the Board of Directors approved either the business combination or the transaction which resulted in the stockholder becoming an Interested Stockholder, or
2. upon consummation of the transaction that resulted in the stockholder becoming an Interested Stockholder, the Interested Stockholder owned at least 85% of the Voting Stock (as defined below) of the Company outstanding at the time the transaction commenced, excluding for purposes of determining the Voting Stock outstanding (but not the outstanding voting stock owned by the Interested Stockholder) those shares owned (a) by persons who are directors and also officers and (b) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer, or
3. at or subsequent to such time, the Business Combination is approved by the Board of Directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding Voting Stock of the Company that is not owned by the interested stockholder.

C. For purposes of this Article VIII, references to:

1. “ **Affiliate** ” means a person that directly, or indirectly through one or more intermediaries, Controls, or is Controlled by, or is under common Control with, another person.

2. “ **Associate** ”, when used to indicate a relationship with any person, means: (a) any corporation, partnership, unincorporated association or other entity of which such person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of Voting Stock; (b) any trust or other estate in which such person has at least a 20% beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; and (c) any relative or spouse of such person, or any relative of such spouse, who has the same residence as such person.

3. “ **Business Combination** ”, when used in reference to the Company and any Interested Stockholder of the Company, means: (a) any merger or consolidation of the Corporation or any direct or indirect majority owned subsidiary of the Company (i) with the Interested Stockholder, or (ii) with any other corporation, partnership, unincorporated association or other entity if the merger or consolidation is caused by the Interested Stockholder and, as a result of such merger or consolidation, Section (B) of this Article VIII is not applicable to the surviving entity; (b) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), except proportionately as a stockholder of the Company, to or with the Interested Stockholder, whether as part of a dissolution or otherwise, of assets of the Company or of any direct or indirect majority owned subsidiary of the Company which assets have an aggregate market value equal to 10% or more of either the aggregate market value of all the assets of the Company determined on a consolidated basis or the aggregate market value of all the outstanding stock of the Company; (c) any transaction which results in the issuance or transfer by the Company or by any direct or indirect majority owned subsidiary of the Company of any stock of the Company or of such subsidiary to the Interested Stockholder, except: (i) pursuant to the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into stock of the Company or any such subsidiary which securities were outstanding prior to the time that the interested stockholder became such; (ii) pursuant to a merger under Section 251(g) of the DGCL; (iii) pursuant to a dividend or distribution paid or made, or the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into stock of the Company or any such subsidiary which security is distributed, pro rata to all holders of a class or series of stock of the Company subsequent to the time the Interested Stockholder became such; (iv) pursuant to an exchange offer by the Company to purchase stock made on the same terms to all holders of said stock; or (v) any issuance or transfer of stock by the Company; *provided, however*, that in no case under items (iii)-(v) of this subsection (c) shall there be an increase in the Interested Stockholder’s proportionate share of the stock of any class or series of the Company or of the Voting Stock of the Company (except as a result of immaterial changes due to fractional share adjustments); (d) any transaction involving the Company or any direct or indirect majority owned subsidiary of the Company which has the effect, directly or indirectly, of increasing the proportionate share of the stock of any class or series, or securities convertible into the stock of any class or series, of the Company or of any such subsidiary which is owned by the Interested Stockholder, except as a result of immaterial changes due to fractional share adjustments or as a result of any purchase or redemption of any shares of stock not caused, directly or indirectly, by the Interested Stockholder; or (e) any receipt by the Interested Stockholder of the benefit, directly or indirectly (except proportionately as a stockholder of the Company), of any loans, advances, guarantees, pledges, or other financial benefits (other than those expressly permitted in subsections (a)-(d) above) provided by or through the Company or any direct or indirect majority owned subsidiary.

4. “ **Clearlake Direct Transferee** ” means any person that acquires (other than in a registered public offering) directly from Clearlake or any of its Affiliates or successors or any “group”, or any member of any such group, of which such persons are a party under Rule 13d-5 of the Exchange Act beneficial ownership of 15% or more of the then outstanding Voting Stock of the Company.

5. “ **Clearlake Indirect Transferee** ” means any person that acquires (other than in a registered public offering) directly from any Clearlake Direct Transferee or any other Clearlake Indirect Transferee beneficial ownership of 15% or more of the then outstanding Voting Stock of the Company.

6. “ **Control** ”, including the terms “ **Controlling** ”, “ **Controlled by** ”, and “ **under common Control with** ”, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of Voting Stock, by contract, or otherwise. A person who is the owner of 20% or more of the outstanding Voting Stock of the Company, partnership, unincorporated association

or other entity shall be presumed to have control of such entity, in the absence of proof by a preponderance of the evidence to the contrary. Notwithstanding the foregoing, a presumption of control shall not apply where such person holds voting stock, in good faith and not for the purpose of circumventing this Section, as an agent, bank, broker, nominee, custodian or trustee for one or more owners who do not individually or as a group have control of such entity.

7. “**Interested Stockholder**” means any person (other than the Company or any direct or indirect majority owned subsidiary of the Company) that (a) is the owner of 15% or more of the outstanding Voting Stock of the Company, or (b) is an Affiliate or Associate of the Company and was the owner of 15% or more of the outstanding Voting Stock of the Company at any time within the three year period immediately prior to the date on which it is sought to be determined whether such person is an Interested Stockholder; and the Affiliates and Associates of such person; but “Interested Stockholder” shall not include (i) Clearlake, any Clearlake Direct Transferee, any Clearlake Indirect Transferee or any of their respective Affiliates or successors or any “group”, or any member of any such group, to which such persons are a party under Rule 13d-5 of the Exchange Act, or (ii) any person whose ownership of shares in excess of the 15% limitation set forth herein is the result of any action taken solely by the Corporation, *provided* that such person shall be an Interested Stockholder if thereafter such person acquires additional shares of Voting Stock of the Company, except as a result of further corporate action not caused, directly or indirectly, by such person. For the purpose of determining whether a person is an Interested Stockholder, the voting stock of the Company deemed to be outstanding shall include stock deemed to be owned by the person through application of the definition of Owner but shall not include any other unissued stock of the Company which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

8. “**owner**,” including the terms “**own**” and “**owned**,” when used with respect to any stock, means a person that individually or with or through any of its Affiliates or Associates (a) beneficially owns such stock, directly or indirectly; (b) has (i) the right to acquire such stock (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; *provided, however*, that a person shall not be deemed the owner of stock tendered pursuant to a tender or exchange offer made by such person or any of such person’s Affiliates or Associates until such tendered stock is accepted for purchase or exchange; or (ii) the right to vote such stock pursuant to any agreement, arrangement or understanding; *provided, however*, that a person shall not be deemed the owner of any stock because of such person’s right to vote such stock if the agreement, arrangement or understanding to vote such stock arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made to 10 or more persons; or (c) has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent as described in item (ii) of subsection (b) above), or disposing of such stock with any other person that beneficially owns, or whose Affiliates or Associates beneficially own, directly or indirectly, such stock.

9. “**person**” means any individual, corporation, partnership, unincorporated association or other entity.

10. “**stock**” means, with respect to any corporation, capital stock and, with respect to any other entity, any equity interest.

11. “**Voting Stock**” means stock of any class or series entitled to vote generally in the election of directors.

IX.

A. The Company reserves the right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, except as provided in paragraph B. of this Article IX, and all rights conferred upon the stockholders herein are granted subject to this reservation.

B. Notwithstanding any other provisions of this Amended and Restated Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the Company required by law or by this Amended and Restated Certificate of Incorporation or any certificate of designation filed with respect to a series of Preferred Stock, the affirmative vote of (a) the holders of a majority of the voting power of all of the then-outstanding shares of capital stock of the Company entitled to vote generally in the election of directors, voting together as a single class during the Control Period or (b) the holders of at least 66 2/3% of the voting power of all of the then-outstanding shares of capital stock of the Company entitled to vote generally in the election of directors, voting together as a single class, at any time other than during the Control Period, shall be required to alter, amend or repeal Articles V, VI, VII, VIII or IX.

* * * *

FOUR: This Amended and Restated Certificate of Incorporation has been duly approved by the Board of Directors of the Company.

FIVE: This Amended and Restated Certificate of Incorporation was approved by the holders of the requisite number of shares of the Company in accordance with Section 228 of the DGCL. This Amended and Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Sections 242 and 245 of the DGCL by the stockholders of the Company.

[Signature Page Follows]

I N W I T N E S S W H E R E O F , the undersigned has caused this Amended and Restated Certificate of Incorporation to be signed on this 22nd day of February, 2018.

F O R U M M E R G E R C O R P O R A T I O N

/s/ John A. McKenna, Jr.

J O H N A . M C K E N N A , J R .

President

WARRANT AGREEMENT

THIS WARRANT AGREEMENT (“Agreement”) dated as of February 22, 2018 is between ConvergeOne Holdings, Inc., a Delaware corporation, (“Company”), and Continental Stock Transfer & Trust Company, a New York corporation (“Warrant Agent”).

WHEREAS, the Company has received a binding commitment from its sponsor to purchase an aggregate of 555,000 units (or up to 622,500 units if the underwriters’ over-allotment is exercised in full), each unit (“Unit”) comprised of one share of Class A common stock of the Company, \$0.0001 par value (“Common Stock”), one right to receive one-tenth of one share of Common Stock and one warrant to purchase one half of one share of Common Stock for \$11.50 per whole share, subject to adjustment as described herein, pursuant to a Founder Unit Purchase Agreement (the “Founder Unit Purchase Agreement”), and in connection therewith, will issue and deliver up to an aggregate of 277,500 warrants (or up to 311,250 warrants if the underwriters’ over-allotment is exercised in full) (“Founders’ Warrants”), upon consummation of such private placement (the “Private Offering”); and

WHEREAS, the Company is engaged in a public offering (“Public Offering”) of Units and, in connection therewith, will issue and deliver up to 7,500,000 warrants (or up to 8,625,000 warrants if the underwriters’ over-allotment is exercised in full) (“Public Warrants”) to the public investors and (ii) 562,500 warrants (underlying unit purchase options) to EarlyBirdCapital, Inc. (“EBC”) or its designees (“EBC Warrants” and, together with the Founders’ Warrants and Public Warrants, the “Warrants”); and

WHEREAS, the Company has filed with the Securities and Exchange Commission Registration Statements on Form S-1, Nos. 333-216842 and 333-217187 (collectively, the “Registration Statement”) for the registration, under the Securities Act of 1933, as amended (“Act”), of, among other securities, the Warrants; and

WHEREAS, the Company desires the Warrant Agent to act on behalf of the Company, and the Warrant Agent is willing to so act, in connection with the issuance, registration, transfer, exchange, redemption and exercise of the Warrants; and

WHEREAS, the Company desires to provide for the form and provisions of the Warrants, the terms upon which they shall be issued and exercised, and the respective rights, limitation of rights, and immunities of the Company, the Warrant Agent, and the holders of the Warrants; and

WHEREAS, all acts and things have been done and performed which are necessary to make the Warrants, when executed on behalf of the Company and countersigned by or on behalf of the Warrant Agent, as provided herein, the valid, binding and legal obligations of the Company, and to authorize the execution and delivery of this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the parties hereto agree as follows:

1. Appointment of Warrant Agent. The Company hereby appoints the Warrant Agent to act as agent for the Company for the Warrants, and the Warrant Agent hereby accepts such appointment and agrees to perform the same in accordance with the terms and conditions set forth in this Agreement.

2. Warrants.

2.1. Form of Warrant. Each Warrant shall be issued in registered form only, shall be in substantially the form of Exhibit A hereto, the provisions of which are incorporated herein and shall be signed by, or bear the facsimile signature of, the Chairman of the Board of Directors or Chief Executive Officer and Treasurer, Secretary or Assistant Secretary of the Company and shall bear a facsimile of the Company's seal. In the event the person whose facsimile signature has been placed upon any Warrant shall have ceased to serve in the capacity in which such person signed the Warrant before such Warrant is issued, it may be issued with the same effect as if he or she had not ceased to be such at the date of issuance.

2.2. Uncertificated Warrants. Notwithstanding anything herein to the contrary, any Warrant, or portion thereof, may be issued as part of, and be represented by, a Unit, and any Warrant may be issued in uncertificated or book-entry form through the Warrant Agent and/or the facilities of The Depository Trust Company (the "Depository") or other book-entry depositary system, in each case as determined by the Board of Directors of the Company or by an authorized committee thereof. Any Warrant so issued shall have the same terms, force and effect as a certificated Warrant that has been duly countersigned by the Warrant Agent in accordance with the terms of this Agreement.

2.3. Effect of Countersignature. Except with respect to uncertificated Warrants as described above, unless and until countersigned by the Warrant Agent pursuant to this Agreement, a Warrant shall be invalid and of no effect and may not be exercised by the holder thereof.

2.4. Registration.

2.4.1. Warrant Register. The Warrant Agent shall maintain books ("Warrant Register") for the registration of original issuance and the registration of transfer of the Warrants. Upon the initial issuance of the Warrants, the Warrant Agent shall issue and register the Warrants in the names of the respective holders thereof in such denominations and otherwise in accordance with instructions delivered to the Warrant Agent by the Company.

2.4.2. Registered Holder. Prior to due presentment for registration of transfer of any Warrant, the Company and the Warrant Agent may deem and treat the person in whose name such Warrant is then registered in the Warrant Register ("registered holder") as the absolute owner of such Warrant and of each Warrant represented thereby (notwithstanding any notation of ownership or other writing on the Warrant certificate made by anyone other than the Company or the Warrant Agent), for the purpose of any exercise thereof, and for all other purposes, and neither the Company nor the Warrant Agent shall be affected by any notice to the contrary.

2.5. Detachability of Warrants. The securities comprising the Units will not be separately transferable until the 90th day following the date of the prospectus or, if such 90th day is not on a day, other than Saturday, Sunday or federal holiday, on which banks in New York City are generally open for normal business (a "Business Day"), then on the immediately succeeding Business Day following such date, or earlier with the consent of EBC, but in no event will EBC allow separate trading of the securities comprising the Units until (i) the Company has filed a Current Report on Form 8-K which includes an audited balance sheet reflecting the receipt by the Company of the gross proceeds of the Public Offering including the proceeds received by the Company from the exercise of the underwriters' over-allotment option in the Public Offering, if the over-allotment option is exercised prior to the filing of the Form 8-K, and (ii) the Company has issued a press release and has filed a Current Report on Form 8-K announcing when such separate trading shall begin (the "Detachment Date").

2.6. Founders' Warrant Attributes. The Founders' Warrants will be issued in the same form as the Public Warrants but they (i) will not be redeemable by the Company and (ii) may be exercised for cash or on a cashless basis at the holder's option, in either case as long as the Founders' Warrants are held by the

initial purchaser or its affiliates and permitted transferees (as prescribed in Section 5.6 hereof). Once a Founders' Warrant is transferred to a holder other than an affiliate or permitted transferee, it shall be treated as a Public Warrant hereunder for all purposes.

2.7. EBC Warrants. The EBC Warrants shall be exercisable only upon the exercise of the purchase option issued to EBC and shall have the same terms and be in the same form as the Public Warrants. The provisions of this Section 2.7 may not be modified, amended or deleted without the prior written consent of EBC.

3. Terms and Exercise of Warrants

3.1. Warrant Price. Each whole Warrant shall, when countersigned by the Warrant Agent, entitle the registered holder thereof, subject to the provisions of such Warrant and of this Agreement, to purchase from the Company the number of shares of Common Stock stated therein, at the price of \$11.50 per share, subject to the adjustments provided in Section 4 hereof and in the last sentence of this Section 3.1. The term "Warrant Price" as used in this Agreement refers to the price per share at which the shares of Common Stock may be purchased at the time a Warrant is exercised. The Company in its sole discretion may lower the Warrant Price at any time prior to the Expiration Date (as defined below) for a period of not less than twenty (20) Business Days; provided, that the Company shall provide at least twenty (20) days prior written notice of such reduction to registered holders of the Warrants and, provided further that any such reduction shall be applied consistently to all of the Warrants.

3.2. Duration of Warrants. A Warrant may be exercised only during the period ("Exercise Period") commencing on the later of 30 days after the consummation by the Company of a merger, share exchange, asset acquisition, stock purchase, recapitalization, reorganization or other similar business combination with one or more businesses or entities ("Business Combination") (as described more fully in the Registration Statement) or 12 months from the closing of the Public Offering, and terminating at 5:00 p.m., New York City time on the earlier to occur of (i) five years from the consummation of a Business Combination and (ii) the Redemption Date as provided in Section 6.2 of this Agreement ("Expiration Date"). The period of time from the date the Warrants will first become exercisable until the expiration of the Warrants shall hereafter be referred to as the "Exercise Period." Except with respect to the right to receive the Redemption Price (as set forth in Section 6 hereunder), each Warrant not exercised on or before the Expiration Date shall become void, and all rights thereunder and all rights in respect thereof under this Agreement shall cease at the close of business on the Expiration Date. The Company in its sole discretion may extend the duration of the Warrants by delaying the Expiration Date; provided, however, that the Company will provide at least twenty (20) days prior written notice of any such extension to registered holders and, provided further that any such extension shall be applied consistently to all of the Warrants.

3.3. Exercise of Warrants.

3.3.1. Payment. Subject to the provisions of the Warrant and this Agreement, a Warrant, when countersigned by the Warrant Agent, may be exercised by the registered holder thereof by surrendering it, at the office of the Warrant Agent, or at the office of its successor as Warrant Agent, in the Borough of Manhattan, City and State of New York, with the subscription form, as set forth in the Warrant, duly executed, and by paying in full the Warrant Price for each share of Common Stock as to which the Warrant is exercised and any and all applicable taxes due in connection with the exercise of the Warrant, as follows:

- (a) by good certified check or good bank draft payable to the order of the Warrant Agent (or as otherwise agreed to by the Company); or

(b) in the event of redemption pursuant to Section 6 hereof in which the Company's management has elected to force all holders of Warrants to exercise such Warrants on a "cashless basis," by surrendering the Warrants for that number of shares of Common Stock equal to the quotient obtained by dividing (x) the product of the number of shares of Common Stock underlying the Warrants, multiplied by the difference between the Warrant Price and the "Fair Market Value" (defined below) by (y) the Fair Market Value. Solely for purposes of this Section 3.3.1(b), the "Fair Market Value" shall mean the average reported last sale price of the Common Stock for the five (5) trading days ending on the third trading day prior to the date on which the notice of redemption is sent to holders of the Warrants pursuant to Section 6 hereof; or

(c) with respect to any Founders' Warrants, so long as such Founders' Warrants are held by the initial purchaser of the Founders' Warrants or its permitted transferees, by surrendering such Founders' Warrants for that number of shares of Common Stock equal to the quotient obtained by dividing (x) the product of the number of shares of Common Stock underlying the Warrants, multiplied by the difference between the exercise price of the Warrants and the "Fair Market Value" by (y) the Fair Market Value; provided, however, that no cashless exercise shall be permitted unless the Fair Market Value is equal to or higher than the exercise price. Solely for purposes of this Section 3.3.1(c), the "Fair Market Value" shall mean the average reported last sale price of the Common Stock for the five (5) trading days ending on the third trading day prior to the date of exercise; or

(d) in the event the registration statement required by Section 7.4 hereof is not effective and current within ninety (90) days after the closing of a Business Combination, by surrendering such Warrants for that number of shares of Common Stock equal to the quotient obtained by dividing (x) the product of the number of shares of Common Stock underlying the Warrants, multiplied by the difference between the exercise price of the Warrants and the "Fair Market Value" by (y) the Fair Market Value; provided, however, that no cashless exercise shall be permitted unless the Fair Market Value is equal to or higher than the exercise price. Solely for purposes of this Section 3.3.1(d), the "Fair Market Value" shall mean the average reported last sale price of the Common Stock for the five (5) trading days ending on the day prior to the date of exercise.

3.3.2. Issuance of Certificates. As soon as practicable after the exercise of any Warrant and the clearance of the funds in payment of the Warrant Price (if any), the Company shall issue to the registered holder of such Warrant a certificate or certificates for the number of shares of Common Stock to which he, she or it is entitled, registered in such name or names as may be directed by him, her or it, and if such Warrant shall not have been exercised in full, a new countersigned Warrant for the number of shares as to which such Warrant shall not have been exercised. Notwithstanding the foregoing, in no event will the Company be required to net cash settle the Warrant exercise. No Warrant shall be exercisable and the Company shall not be obligated to issue shares of Common Stock upon exercise of a Warrant unless the Common Stock issuable upon such Warrant exercise has been registered, qualified or deemed to be exempt under the securities laws of the state of residence of the registered holder of the Warrants. In the event that the condition in the immediately preceding sentence is not satisfied with respect to a Warrant, the holder of such Warrant shall not be entitled to exercise such Warrant and such Warrant may have no value and expire worthless, in which case the purchaser of a Unit containing such Public Warrants shall have paid the full purchase price for the Unit solely for the shares of Common Stock and rights to receive shares of Common Stock underlying such Unit. Warrants may not be exercised by, or securities issued to, any registered holder in any state in which such exercise would be unlawful.

3.3.3. Valid Issuance. All shares of Common Stock issued upon the proper exercise of a Warrant in conformity with this Agreement shall be validly issued, fully paid and nonassessable.

3.3.4. Date of Issuance. Each person in whose name any such certificate for shares of Common Stock is issued shall for all purposes be deemed to have become the holder of record of such shares on the date on which the Warrant was surrendered and payment of the Warrant Price was made, irrespective of the date of delivery of such certificate, except that, if the date of such surrender and payment is a date when the share transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the close of business on the next succeeding date on which the share transfer books are open.

3.3.5. Maximum Percentage. A holder of a Warrant may notify the Company in writing in the event it elects to be subject to the provisions contained in this subsection 3.3.5; however, no holder of a Warrant shall be subject to this subsection 3.3.5 unless he, she or it makes such election. If the election is made by a holder, the Warrant Agent shall not effect the exercise of the holder's Warrant, and such holder shall not have the right to exercise such Warrant, to the extent that after giving effect to such exercise, such person (together with such person's affiliates), to the Warrant Agent's actual knowledge, would beneficially own in excess of 9.8% (the "Maximum Percentage") of the shares of Common Stock outstanding immediately after giving effect to such exercise. For purposes of the foregoing sentence, the aggregate number of shares of Common Stock beneficially owned by such person and its affiliates shall include the number of shares of Common Stock issuable upon exercise of the Warrant with respect to which the determination of such sentence is being made, but shall exclude shares of Common Stock that would be issuable upon (x) exercise of the remaining, unexercised portion of the Warrant beneficially owned by such person and its affiliates and (y) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company beneficially owned by such person and its affiliates (including, without limitation, any convertible notes or convertible preferred stock or warrants) subject to a limitation on conversion or exercise analogous to the limitation contained herein. Except as set forth in the preceding sentence, for purposes of this paragraph, beneficial ownership shall be calculated in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). For purposes of the Warrant, in determining the number of outstanding shares of Common Stock, the holder may rely on the number of outstanding shares of Common Stock as reflected in (1) the Company's most recent annual report on Form 10-K, quarterly report on Form 10-Q, current report on Form 8-K or other public filing with the Securities and Exchange Commission as the case may be, (2) a more recent public announcement by the Company or (3) any other notice by the Company or Continental Stock Transfer & Trust Company setting forth the number of shares of Common Stock outstanding. For any reason at any time, upon the written request of the holder of the Warrant, the Company shall, within two (2) Business Days, confirm orally and in writing to such holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of equity securities of the Company by the holder and its affiliates since the date as of which such number of outstanding shares of Common Stock was reported. By written notice to the Company, the holder of a Warrant may from time to time increase or decrease the Maximum Percentage applicable to such holder to any other percentage specified in such notice; provided, however, that any such increase shall not be effective until the sixty-first (61st) day after such notice is delivered to the Company.

4. Adjustments.

4.1. Stock Dividends; Split Ups. If after the date hereof, the number of outstanding shares of Common Stock is increased by a stock dividend payable in shares of Common Stock, or by a split up of shares of Common Stock, or other similar event, then, on the effective date of such stock dividend, split up or similar event, the number of shares of Common Stock issuable on exercise of each Warrant shall be increased in proportion to such increase in outstanding shares of Common Stock.

4.2. Aggregation of Shares. If after the date hereof, the number of outstanding shares of Common Stock is decreased by a consolidation, combination, reverse stock split or reclassification of shares of Common Stock or other similar event, then, on the effective date of such consolidation, combination, reverse stock split, reclassification or similar event, the number of shares of Common Stock issuable on exercise of each Warrant shall be decreased in proportion to such decrease in outstanding shares of Common Stock.

4.3 Extraordinary Dividends. If the Company, at any time while the Warrants are outstanding and unexpired, shall pay a dividend or make a distribution in cash, securities or other assets to the holders of the shares of Common Stock or other shares of the Company's capital stock into which the Warrants are convertible (an "Extraordinary Dividend"), then the Warrant Price shall be decreased, effective immediately after the effective date of such Extraordinary Dividend, by the amount of cash and the fair market value (as determined by the Company's Board of Directors, in good faith) of any securities or other assets paid on each share of Common Stock in respect of such Extraordinary Dividend; provided, however, that none of the following shall be deemed an Extraordinary Dividend for purposes of this provision: (a) any adjustment described in subsection 4.1 above, (b) any cash dividends or cash distributions which, when combined on a per share basis with all other cash dividends and cash distributions paid on the Common Stock during the 365-day period ending on the date of declaration of such dividend or distribution does not exceed \$0.50 (as adjusted to appropriately reflect any of the events referred to in other subsections of this Section 4 and excluding cash dividends or cash distributions that resulted in an adjustment to the Warrant Price or to the number of shares of Common Stock issuable on exercise of each Warrant) but only with respect to the amount of the aggregate cash dividends or cash distributions equal to or less than \$0.50, (c) any payment to satisfy the conversion rights of the holders of the shares of Common Stock in connection with a proposed initial Business Combination or (d) any payment in connection with the Company's liquidation and the distribution of its assets upon its failure to consummate a Business Combination. Solely for purposes of illustration, if the Company, at a time while the Warrants are outstanding and unexpired, pays a cash dividend of \$0.35 and previously paid an aggregate of \$0.40 of cash dividends and cash distributions on the Common Stock during the 365-day period ending on the date of declaration of such \$0.35 dividend, then the Warrant Price will be decreased, effectively immediately after the effective date of such \$0.35 dividend, by \$0.25 (the absolute value of the difference between \$0.75 (the aggregate amount of all cash dividends and cash distributions paid or made in such 365-day period, including such \$0.35 dividend) and \$0.50 (the greater of (x) \$0.50 and (y) the aggregate amount of all cash dividends and cash distributions paid or made in such 365-day period prior to such \$0.35 dividend)).

4.4 Adjustments in Exercise Price. Whenever the number of shares of Common Stock purchasable upon the exercise of the Warrants is adjusted, as provided in Sections 4.1 and 4.2 above, the Warrant Price shall be adjusted (to the nearest cent) by multiplying such Warrant Price immediately prior to such adjustment by a fraction (x) the numerator of which shall be the number of shares of Common Stock purchasable upon the exercise of the Warrants immediately prior to such adjustment, and (y) the denominator of which shall be the number of shares of Common Stock so purchasable immediately thereafter.

4.5. Replacement of Securities upon Reorganization, etc. In case of any reclassification or reorganization of the outstanding shares of Common Stock (other than a change covered by Section 4.1, 4.2 or 4.3 hereof or that solely affects the par value of the Common Stock), or in the case of any merger or consolidation of the Company with or into another corporation (other than a consolidation or merger in which the Company is the continuing corporation and that does not result in any reclassification or

reorganization of the outstanding Common Stock), or in the case of any sale or conveyance to another corporation or entity of the assets or other property of the Company as an entirety or substantially as an entirety in connection with which the Company is dissolved, the Warrant holders shall thereafter have the right to purchase and receive, upon the basis and upon the terms and conditions specified in the Warrants and in lieu of the shares of Common Stock of the Company immediately theretofore purchasable and receivable upon the exercise of the rights represented thereby, the kind and amount of shares of stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or transfer, that the Warrant holder would have received if such Warrant holder had exercised his, her or its Warrant(s) immediately prior to such event; and if any reclassification also results in a change in the Common Stock covered by Section 4.1, 4.2 or 4.3, then such adjustment shall be made pursuant to Sections 4.1, 4.2, 4.3, 4.4 and this Section 4.5. The provisions of this Section 4.5 shall similarly apply to successive reclassifications, reorganizations, mergers or consolidations, sales or other transfers.

4.6. Notices of Changes in Warrant. Upon every adjustment of the Warrant Price or the number of shares issuable upon exercise of a Warrant, the Company shall give written notice thereof to the Warrant Agent, which notice shall state the Warrant Price resulting from such adjustment and the increase or decrease, if any, in the number of shares purchasable at such price upon the exercise of a Warrant, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Upon the occurrence of any event specified in Sections 4.1, 4.2, 4.3, 4.4 or 4.5, then, in any such event, the Company shall give written notice to each Warrant holder, at the last address set forth for such holder in the Warrant Register, of the record date or the effective date of the event. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such event.

4.7. No Fractional Warrants or Shares. No fractional Warrants will be issued hereunder. Additionally, notwithstanding any provision contained in this Agreement to the contrary, the Company shall not issue fractional shares upon exercise of Warrants. If, by reason of any adjustment made pursuant to this Section 4, the holder of any Warrant would be entitled, upon the exercise of such Warrant, to receive a fractional interest in a share, the Company shall, upon such exercise, round up to the nearest whole number of shares of Common Stock to be issued to the Warrant holder.

4.8. Form of Warrant. The form of Warrant need not be changed because of any adjustment pursuant to this Section 4, and Warrants issued after such adjustment may state the same Warrant Price and the same number of shares as is stated in the Warrants initially issued pursuant to this Agreement. However, the Company may at any time in its sole discretion make any change in the form of Warrant that the Company may deem appropriate and that does not affect the substance thereof, and any Warrant thereafter issued or countersigned, whether in exchange or substitution for an outstanding Warrant or otherwise, may be in the form as so changed.

4.9. Other Events. In case any event shall occur affecting the Company as to which none of the provisions of preceding subsections of this Section 4 are strictly applicable, but which would require an adjustment to the terms of the Warrants in order to (i) avoid an adverse impact on the Warrants and (ii) effectuate the intent and purpose of this Section 4, then, in each such case, the Company shall appoint a firm of independent public accountants, investment banking or other appraisal firm of recognized national standing, which shall give its opinion as to whether or not any adjustment to the rights represented by the Warrants is necessary to effectuate the intent and purpose of this Section 4 and, if they determine that an adjustment is necessary, the terms of such adjustment. The Company shall adjust the terms of the Warrants in a manner that is consistent with any adjustment recommended in such opinion.

5. Transfer and Exchange of Warrants.

5.1. Registration of Transfer. The Warrant Agent shall register the transfer, from time to time, of any outstanding Warrant upon the Warrant Register, upon surrender of such Warrant for transfer, properly endorsed with signatures properly guaranteed and accompanied by appropriate instructions for transfer. Upon any such transfer, a new Warrant representing an equal aggregate number of Warrants shall be issued and the old Warrant shall be cancelled by the Warrant Agent. The Warrants so cancelled shall be delivered by the Warrant Agent to the Company from time to time upon request.

5.2. Procedure for Surrender of Warrants. Warrants may be surrendered to the Warrant Agent, together with a written request for exchange or transfer, and thereupon the Warrant Agent shall issue in exchange therefor one or more new Warrants as requested by the registered holder of the Warrants so surrendered, representing an equal aggregate number of Warrants; provided, however, that in the event that a Warrant surrendered for transfer bears a restrictive legend, the Warrant Agent shall not cancel such Warrant and issue new Warrants in exchange therefor until the Warrant Agent has received an opinion of counsel for the Company stating that such transfer may be made and indicating whether the new Warrants must also bear a restrictive legend.

5.3. Fractional Warrants. The Warrant Agent shall not be required to effect any registration of transfer or exchange which will result in the issuance of a warrant certificate for a fraction of a warrant.

5.4. Service Charges. No service charge shall be made for any exchange or registration of transfer of Warrants.

5.5. Warrant Execution and Countersignature. The Warrant Agent is hereby authorized to countersign and to deliver, in accordance with the terms of this Agreement, the Warrants required to be issued pursuant to the provisions of this Section 5, and the Company, whenever required by the Warrant Agent, will supply the Warrant Agent with Warrants duly executed on behalf of the Company for such purpose.

5.6. Founders' Warrants. The Warrant Agent shall not register any transfer of Founders' Warrants until 30 days after the consummation by the Company of an initial Business Combination, except for transfers (i) to the Company's officers, directors, employees, consultants or their affiliates, (ii) to a holder's officers, directors, employees or members, in each case if the holder is an entity, (iii) by bona fide gift to a member of the holder's immediate family or to a trust, the beneficiary of which is the holder or a member of the holder's immediate family for estate planning purposes, (iv) by virtue of the laws of descent and distribution upon death, (v) pursuant to a qualified domestic relations order, (vi) to the Company for no value for cancellation in connection with the consummation of a Business Combination or (vii) by private sales made at or prior to the consummation of a Business Combination at prices no greater than the price at which the Founders' Warrants were originally purchased, in each case (except for clause (vi)) on the condition that prior to such registration for transfer, the Warrant Agent shall be presented with written documentation pursuant to which each transferee or the trustee or legal guardian for such transferee agrees to be bound by the terms of the Founder Warrants Purchase Agreement and any other applicable agreement the transferor is bound by.

5.7. Transfers prior to Detachment. Prior to the Detachment Date, the Public Warrants may be transferred or exchanged only together with the Unit in which such Warrant is included, and only for the purpose of effecting, or in conjunction with, a transfer or exchange of such Unit. Furthermore, each transfer of a Unit on the register relating to such Units shall operate also to transfer the Warrants included in such Unit. Notwithstanding the foregoing, the provisions of this Section 5.7 shall have no effect on any transfer of Warrants on or after the Detachment Date.

6. Redemption.

6.1. Redemption. Subject to Section 6.4 hereof, not less than all of the outstanding Public Warrants may be redeemed, at the option of the Company, at any time during the Exercise Period (so long as there is a current registration statement in effect with respect to the shares of Common Stock underlying the Warrants), at the office of the Warrant Agent, upon the notice referred to in Section 6.2, at the price of \$0.01 per Warrant ("Redemption Price"), provided that the last sales price of the Common Stock equals or exceeds \$18.00 per share (subject to adjustment in accordance with Section 4 hereof), on each of twenty (20) trading days within any thirty (30) trading day period ending on the third business day prior to the date on which notice of redemption is given.

6.2. Date Fixed for, and Notice of, Redemption. In the event the Company shall elect to redeem all of the Public Warrants, the Company shall fix a date for the redemption (the "Redemption Date"). Notice of redemption shall be mailed by first class mail, postage prepaid, by the Company not less than thirty (30) days prior to the Redemption Date to the registered holders of the Warrants to be redeemed at their last addresses as they shall appear on the registration books. Any notice mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the registered holder received such notice.

6.3. Exercise After Notice of Redemption. The Public Warrants may be exercised, for cash (or on a "cashless basis" in accordance with Section 3 of this Agreement) at any time after notice of redemption shall have been given by the Company pursuant to Section 6.2 hereof and prior to the Redemption Date. In the event the Company determines to require all holders of Public Warrants to exercise their Warrants on a "cashless basis" pursuant to Section 3.3.1(b), the notice of redemption will contain the information necessary to calculate the number of shares of Common Stock to be received upon exercise of the Warrants, including the "Fair Market Value" in such case. On and after the Redemption Date, the record holder of the Warrants shall have no further rights except to receive, upon surrender of the Warrants, the Redemption Price.

6.4. Exclusion of Founders' Warrants. The Company agrees that the redemption rights provided in this Section 6 shall not apply to the Founders' Warrants if at the time of the redemption such Founders' Warrants continue to be held by the initial purchaser or its permitted transferees. However, once such Founders' Warrants are transferred (other than to permitted transferees under Section 5.6), the Company may redeem the Founders' Warrants in the same manner as the Public Warrants. The EBC Warrants shall not be redeemable until after the exercise of the purchase option issued to EBC. The provisions of this Section 6.4 may not be modified, amended or deleted without the prior written consent of EBC.

7. Other Provisions Relating to Rights of Holders of Warrants.

7.1. No Rights as Stockholder. A Warrant does not entitle the registered holder thereof to any of the rights of a stockholder of the Company, including, without limitation, the right to receive dividends, or other distributions, exercise any preemptive rights to vote or to consent or to receive notice as stockholders in respect of the meetings of stockholders or the election of directors of the Company or any other matter.

7.2. Lost, Stolen, Mutilated, or Destroyed Warrants. If any Warrant is lost, stolen, mutilated, or destroyed, the Company and the Warrant Agent may on such terms as to indemnity or otherwise as they may in their discretion impose (which shall, in the case of a mutilated Warrant, include the surrender thereof), issue a new Warrant of like denomination, tenor, and date as the Warrant so lost, stolen, mutilated, or destroyed. Any such new Warrant shall constitute a substitute contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated, or destroyed Warrant shall be at any time enforceable by anyone.

7.3. Reservation of Shares of Common Stock. The Company shall at all times reserve and keep available a number of its authorized but unissued shares of Common Stock that will be sufficient to permit the exercise in full of all outstanding Warrants issued pursuant to this Agreement.

7.4. Registration of Shares of Common Stock. The Company agrees that as soon as practicable after the closing of its initial Business Combination, but in no event later than fifteen (15) business days after such closing, it shall use its best efforts to file with the Securities and Exchange Commission a registration statement for the registration, under the Act, of the shares of Common Stock issuable upon exercise of the Warrants, and it shall use its best efforts to take such action as is necessary to register or qualify for sale, in those states in which the Warrants were initially offered by the Company and in those states where holders of Warrants then reside, the shares of Common Stock issuable upon exercise of the Warrants, to the extent an exemption is not available. The Company will use its best efforts to cause the same to become effective and to maintain the effectiveness of such registration statement until the expiration of the Warrants in accordance with the provisions of this Agreement. If any such registration statement has not been declared effective by the 90th day following the closing of the Business Combination, holders of the Warrants shall have the right, during the period beginning on the 91st day after the closing of the Business Combination and ending upon such registration statement being declared effective by the Securities and Exchange Commission, and during any other period when the Company shall fail to have maintained an effective registration statement covering the shares of Common Stock issuable upon exercise of the Warrants, to exercise such Warrants on a “cashless basis” as determined in accordance with Section 3.3.1(d). The Company shall provide the Warrant Agent with an opinion of counsel for the Company (which shall be an outside law firm with securities law experience) stating that (i) the exercise of the Warrants on a cashless basis in accordance with this Section 7.4 is not required to be registered under the Act and (ii) the shares of Common Stock issued upon such exercise will be freely tradable under U.S. federal securities laws by anyone who is not an affiliate (as such term is defined in Rule 144 under the Act) of the Company and, accordingly, will not be required to bear a restrictive legend. For the avoidance of any doubt, unless and until all of the Warrants have been exercised on a cashless basis, the Company shall continue to be obligated to comply with its registration obligations under the first three sentences of this Section 7.4. The provisions of this Section 7.4 may not be modified, amended or deleted without the prior written consent of EBC.

8. Concerning the Warrant Agent and Other Matters.

8.1. Payment of Taxes. The Company will from time to time promptly pay all taxes and charges that may be imposed upon the Company or the Warrant Agent in respect of the issuance or delivery of shares of Common Stock upon the exercise of Warrants, but the Company shall not be obligated to pay any transfer taxes in respect of the Warrants or such shares.

8.2. Resignation, Consolidation, or Merger of Warrant Agent.

8.2.1. Appointment of Successor Warrant Agent. The Warrant Agent, or any successor to it hereafter appointed, may resign its duties and be discharged from all further duties and liabilities hereunder after giving sixty (60) days’ notice in writing to the Company. If the office of the Warrant Agent becomes vacant by resignation or incapacity to act or otherwise, the Company shall appoint in writing a successor Warrant Agent in place of the Warrant Agent. If the Company shall fail to make such appointment within a period of thirty (30) days after it has been notified in writing of such resignation or incapacity by the Warrant Agent or by the holder of the Warrant (who shall, with such notice, submit his Warrant for inspection by the Company), then the holder of any Warrant may apply to the Supreme Court of the State of New York for the County of New York for the appointment of a successor Warrant Agent at the Company’s cost. Any successor Warrant Agent, whether appointed by the Company or by such

court, shall be a corporation organized and existing under the laws of the State of New York, in good standing and having its principal office in the Borough of Manhattan, City and State of New York, and authorized under such laws to exercise corporate trust powers and subject to supervision or examination by federal or state authority. After appointment, any successor Warrant Agent shall be vested with all the authority, powers, rights, immunities, duties, and obligations of its predecessor Warrant Agent with like effect as if originally named as Warrant Agent hereunder, without any further act or deed; but if for any reason it becomes necessary or appropriate, the predecessor Warrant Agent shall execute and deliver, at the expense of the Company, an instrument transferring to such successor Warrant Agent all the authority, powers, and rights of such predecessor Warrant Agent hereunder; and upon request of any successor Warrant Agent the Company shall make, execute, acknowledge, and deliver any and all instruments in writing for more fully and effectually vesting in and confirming to such successor Warrant Agent all such authority, powers, rights, immunities, duties, and obligations.

8.2.2. Notice of Successor Warrant Agent. In the event a successor Warrant Agent shall be appointed, the Company shall give notice thereof to the predecessor Warrant Agent and the transfer agent for the shares of Common Stock not later than the effective date of any such appointment.

8.2.3. Merger or Consolidation of Warrant Agent. Any corporation into which the Warrant Agent may be merged or with which it may be consolidated or any corporation resulting from any merger or consolidation to which the Warrant Agent shall be a party shall be the successor Warrant Agent under this Agreement without any further act.

8.3. Fees and Expenses of Warrant Agent.

8.3.1. Remuneration. The Company agrees to pay the Warrant Agent reasonable remuneration for its services as such Warrant Agent hereunder and will reimburse the Warrant Agent upon demand for all expenditures that the Warrant Agent may reasonably incur in the execution of its duties hereunder.

8.3.2. Further Assurances. The Company agrees to perform, execute, acknowledge, and deliver or cause to be performed, executed, acknowledged, and delivered all such further and other acts, instruments, and assurances as may reasonably be required by the Warrant Agent for the carrying out or performing of the provisions of this Agreement.

8.4. Liability of Warrant Agent.

8.4.1. Reliance on Company Statement. Whenever in the performance of its duties under this Agreement, the Warrant Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Company prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a statement signed by the Chief Executive Officer or Chairman of the Board of Directors of the Company and delivered to the Warrant Agent. The Warrant Agent may rely upon such statement for any action taken or suffered in good faith by it pursuant to the provisions of this Agreement.

8.4.2. Indemnity. The Warrant Agent shall be liable hereunder only for its own gross negligence, willful misconduct or bad faith. The Company agrees to indemnify the Warrant Agent and save it harmless against any and all liabilities, including judgments, costs and reasonable counsel fees, for anything done or omitted by the Warrant Agent in the execution of this Agreement except as a result of the Warrant Agent's gross negligence, willful misconduct, or bad faith.

8.4.3. Exclusions. The Warrant Agent shall have no responsibility with respect to the validity of this Agreement or with respect to the validity or execution of any Warrant (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Warrant; nor shall it be responsible to make any adjustments required under the provisions of Section 4 hereof or responsible for the manner, method, or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment; nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any shares of Common Stock to be issued pursuant to this Agreement or any Warrant or as to whether any shares of Common Stock will, when issued, be valid and fully paid and nonassessable.

8.5. Acceptance of Agency. The Warrant Agent hereby accepts the agency established by this Agreement and agrees to perform the same upon the terms and conditions herein set forth and among other things, shall account promptly to the Company with respect to Warrants exercised and concurrently account for, and pay to the Company, all monies received by the Warrant Agent for the purchase of shares of Common Stock through the exercise of Warrants.

9. Miscellaneous Provisions.

9.1. Successors. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Warrant Agent shall bind and inure to the benefit of their respective successors and assigns.

9.2. Notices. Any notice, statement or demand authorized by this Agreement to be given or made by the Warrant Agent or by the holder of any Warrant to or on the Company shall be sufficiently given when so delivered if by hand or overnight delivery or if sent by certified mail or private courier service within five (5) days after deposit of such notice, postage prepaid, addressed (until another address is filed in writing by the Company with the Warrant Agent), as follows:

ConvergeOne Holdings, Inc.
c/o C1 Investment Inc.
3344 Highway 149
Eagan, Minnesota 55121
Attention: Jeff Nachbor
Phone: (651) 393-3632

Any notice, statement or demand authorized by this Agreement to be given or made by the holder of any Warrant or by the Company to or on the Warrant Agent shall be sufficiently given when so delivered if by hand or overnight delivery or if sent by certified mail or private courier service within five days after deposit of such notice, postage prepaid, addressed (until another address is filed in writing by the Warrant Agent with the Company), as follows:

Continental Stock Transfer & Trust Company
17 Battery Place
New York, New York 10004
Attn: Compliance Department

with a copy in each case to:

Graubard Miller
The Chrysler Building
405 Lexington Avenue
New York, New York 10174
Attn: David Alan Miller, Esq.

and

Cooley LLP
3175 Hanover Street
Palo Alto, CA 94304-1130
Attn: Mehdi Khodadad, Esq.
Attn: John T. McKenna, Esq.
Facsimile No.: (650) 849-7400
Telephone No.: (650) 843-5000

and

EarlyBirdCapital, Inc.
366 Madison Avenue, 8th Floor
New York, New York 10017
Attn: General Counsel

9.3. Applicable Law. The validity, interpretation, and performance of this Agreement and of the Warrants shall be governed in all respects by the laws of the State of New York, without giving effect to conflicts of law principles that would result in the application of the substantive laws of another jurisdiction. The Company hereby agrees that any action, proceeding or claim against it arising out of or relating in any way to this Agreement shall be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. The Company hereby waives any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Any such process or summons to be served upon the Company may be served by transmitting a copy thereof by registered or certified mail, return receipt requested, postage prepaid, addressed to it at the address set forth in Section 9.2 hereof. Such mailing shall be deemed personal service and shall be legal and binding upon the Company in any action, proceeding or claim.

9.4. Persons Having Rights under this Agreement. Nothing in this Agreement expressed and nothing that may be implied from any of the provisions hereof is intended, or shall be construed, to confer upon, or give to, any person or corporation other than the parties hereto and the registered holders of the Warrants and, for the purposes of Sections 2.7, 6.4, 7.4, 9.4 and 9.8 hereof, EBC, any right, remedy, or claim under or by reason of this Agreement or of any covenant, condition, stipulation, promise, or agreement hereof. EBC shall be deemed to be a third-party beneficiary of this Agreement with respect to Sections 2.7, 6.4, 7.4, 9.4 and 9.8 hereof. All covenants, conditions, stipulations, promises, and agreements contained in this Agreement shall be for the sole and exclusive benefit of the parties hereto (and EBC with respect to the Sections 2.7, 6.4, 7.4, 9.4 and 9.8 hereof) and their successors and assigns and of the registered holders of the Warrants.

9.5. Examination of the Warrant Agreement. A copy of this Agreement shall be available at all reasonable times at the office of the Warrant Agent in the Borough of Manhattan, City and State of New York, for inspection by the registered holder of any Warrant. The Warrant Agent may require any such holder to submit his Warrant for inspection by it.

9.6. Counterparts. This Agreement may be executed in any number of original or facsimile counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

9.7. Effect of Headings. The section headings herein are for convenience only and are not part of this Agreement and shall not affect the interpretation thereof.

9.8. Amendments. This Agreement may be amended by the parties hereto without the consent of any registered holder for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained herein or adding or changing any other provisions with respect to matters or questions arising under this Agreement as the parties may deem necessary or desirable and that the parties deem shall not adversely affect the interest of the registered holders. All other modifications or amendments, including any amendment to increase the Warrant Price or shorten the Exercise Period, shall require the written consent or vote of the registered holders of a majority of the then outstanding Warrants. Notwithstanding the foregoing, the Company may lower the Warrant Price or extend the duration of the Exercise Period pursuant to Sections 3.1 and 3.2, respectively, without the consent of the registered holders. The provisions of this Section 9.8 may not be modified, amended or deleted without the prior written consent of EBC.

9.9. Trust Account Waiver. The Warrant Agent acknowledges and agrees that it shall not make any claims or proceed against the trust account established by the Company in connection with the Public Offering (as more fully described in the Registration Statement) ("Trust Account"), including by way of set-off, and shall not be entitled to any funds in the Trust Account under any circumstance. In the event that the Warrant Agent has a claim against the Company under this Agreement, the Warrant Agent will pursue such claim solely against the Company and not against the property held in the Trust Account.

9.10. Severability. This Agreement shall be deemed severable, and the invalidity or unenforceability of any term or provision hereof shall not affect the validity or enforceability of this Agreement or of any other term or provision hereof. Furthermore, in lieu of any such invalid or unenforceable term or provision, the parties hereto intend that there shall be added as a part of this Agreement a provision as similar in terms to such invalid or unenforceable provision as may be possible and be valid and enforceable.

[signature page follows]

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the day and year first above written.

ConvergeOne Holdings, Inc.

By: /s/ John A. McKenna, Jr

Name: John A. McKenna, Jr

Title: President and Chief Executive Officer

CONTINENTAL STOCK TRANSFER & TRUST COMPANY

By: /s/ Henry Farrell

Name: Henry Farrell

Title: Vice President

[Signature Page to Warrant Agreement]

**AMENDED AND RESTATED
REGISTRATION RIGHTS AGREEMENT**

T HIS A MENDED AND R ESTATED R EGISTRATION R IGH TS A GREEMENT (this “*Agreement*”) is entered into as of the 22nd day of February, 2018, by and among **F ORUM M ERGER C ORPORATION**, a Delaware corporation (the “*Company*”), and the parties set forth on **Exhibit A** hereto (collectively the “*Investors*”).

W HEREAS, the Company, C1 Investment Corp., a Delaware corporation (“*CI*”), FMC Merger Subsidiary Corp., a Delaware corporation and a wholly-owned subsidiary of the Company (“*Merger Sub*”), and the other parties named therein have entered into that certain Merger Agreement, dated as of November 30, 2017 (as amended from time to time in accordance with the terms thereof, the “*Merger Agreement*”), pursuant to which Merger Sub will merge with and into C1, with C1 continuing as the surviving entity (the “*Merger*”);

W HEREAS, Forum Investors I, LLC (the “*Sponsor*”) is a party to a Registration Rights Agreement dated as of April 6, 2017, by and between the Sponsor and the Company (the “*Prior Agreement*”), pursuant to which the Company provided the Sponsor with certain rights relating to the registration of shares of Common Stock, Founders’ Units (as defined in the Prior Agreement) and Working Capital Units (as defined in the Prior Agreement) held by them;

W HEREAS, as a condition to the willingness of C1 to enter into the Merger Agreement and to consummate the Merger, the Company has agreed to amend and restate the Prior Agreement in order to provide rights relating to the registration of shares of Common Stock issued or issuable to the holders of C1’s Class A Common Stock pursuant to the Merger; and

W HEREAS, the parties to the Prior Agreement desire to amend and restate the Prior Agreement and accept the rights and covenants hereof in lieu of their rights and covenants under the Prior Agreement.

N OW , T HEREFOR E, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

A. The Prior Agreement is hereby amended in its entirety and restated herein. Such amendment and restatement is effective upon the execution of this Agreement by the Company and the Sponsor, which holds sixty-six and two-thirds percent of all of the outstanding Registrable Securities (as defined under the Prior Agreement) under the Prior Agreement as of the date of this Agreement. Upon such execution, all provisions of, rights granted and covenants made in the Prior Agreement are hereby waived, released and superseded in their entirety and shall have no further force or effect, including, without limitation, all rights of first refusal and any notice period associated therewith otherwise applicable to the transactions contemplated by the Merger Agreement (provided, that for the avoidance of doubt, the foregoing will not affect the rights of the Sponsor under the Sponsor Earnout Letter and Escrow Agreement Amendment (as defined in the Merger Agreement)).

1. D EFINITIONS. The following capitalized terms used herein have the following meanings:

“*Agreement*” means this Agreement, as amended, restated, supplemented, or otherwise modified from time to time.

“*Commission*” means the U.S. Securities and Exchange Commission, or any other federal agency then administering the Securities Act or the Exchange Act.

“*Common Stock*” means the Class A Common Stock, par value \$0.0001 per share, of the Company, including without limitation any shares of Class F Common Stock, par value \$0.0001 per share, of the Company that converted into shares of Class A Common Stock, par value \$0.0001 per share of the Company upon the consummation of the Merger.

“*Company*” is defined in the preamble to this Agreement.

“**Demand Registration**” is defined in Section 2.1.1.

“**Demanding Holder**” is defined in Section 2.1.1.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder, all as the same shall be in effect at the time.

“**Form S-3**” is defined in Section 2.3.

“**Indemnified Party**” is defined in Section 4.3.

“**Indemnifying Party**” is defined in Section 4.3.

“**Investor Indemnified Party**” is defined in Section 4.1.

“**Investors**” is defined in the preamble to this Agreement.

“**Maximum Number of Shares**” is defined in Section 2.1.4.

“**Notices**” is defined in Section 6.3.

“**Piggy-Back Registration**” is defined in Section 2.2.1.

“**Private Warrants**” means the warrants that were included as part of the units issued in a private placement to the Sponsor at the time of the consummation of the Company’s initial public offering and any warrants underlying any units held by the Sponsor, or officers or directors of the Company, or their affiliates, which may have been issued in payment of working capital loans made to the Company.

“**Register**,” “**Registered**” and “**Registration**” mean a registration effected by preparing and filing a registration statement or similar document in compliance with the requirements of the Securities Act, and the applicable rules and regulations promulgated thereunder, and such registration statement becoming effective.

“**Registrable Securities**” means (i) shares of Common Stock issued or issuable to Investors in exchange for shares of Class A Common Stock of C1 upon the closing of the Merger (including without limitation any shares of Common Stock to be issued after the closing of the Merger pursuant to the Merger Agreement) and (ii) shares of Common Stock (including shares of Common Stock issuable upon exercise of Private Warrants) held by the Sponsor immediately after the closing of the Merger (including without limitation, giving effect to the conversion of (x) any shares of Class F Common Stock of the Company in shares of Class A Common Stock of the Company upon the closing of the Company’s initial business combination, and (y) any rights that were included as part of the units issued in a private placement to the Sponsor at the time of the consummation of the Company’s initial public offering into shares of Common Stock). Registrable Securities include any warrants, shares of capital stock or other securities of the Company issued as a dividend or other distribution with respect to or in exchange for or in replacement of such shares of Common Stock (including shares of Common Stock issuable upon exercise of Private Warrants). As to any particular Registrable Securities, such securities shall cease to be Registrable Securities when: (a) a Registration Statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been sold, transferred, disposed of or exchanged in accordance with such Registration Statement; (b) such securities shall have been otherwise transferred, new certificates for them not bearing a legend restricting further transfer shall have been delivered by the Company and subsequent public distribution of them shall not require registration under the Securities Act; (c) such securities shall have ceased to be outstanding; or (d) such securities are freely saleable under Rule 144 without volume limitations.

“**Registration Statement**” means a registration statement filed by the Company with the Commission in compliance with the Securities Act and the rules and regulations promulgated thereunder for a public offering and sale of Common Stock (other than a registration statement on Form S-4 or Form S-8, or their successors, or any registration statement covering only securities proposed to be issued in exchange for securities or assets of another entity).

“ **Rule 144** ” means Rule 144 promulgated under the Securities Act.

“ **Securities Act** ” means the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder, all as the same shall be in effect at the time.

“ **Sponsor** ” is defined in the preamble to this Agreement.

“ **Underwriter** ” means a securities dealer who purchases any Registrable Securities as principal in an underwritten offering and not as part of such dealer’s market-making activities.

2. REGISTRATION RIGHTS .

2.1 Demand Registration .

2.1.1 Request for Registration . At any time and from time to time on or after the date of this Agreement, the holders of a majority-in-interest of the Registrable Securities, as the case may be, held by the Investors or their affiliates, or the permitted transferees of the Investors, may make a written demand for registration under the Securities Act of all or part of the Registrable Securities, as the case may be (a “ **Demand Registration** ”). Any demand for a Demand Registration shall specify the number of shares of Registrable Securities proposed to be sold and the intended method(s) of distribution thereof. The Company will within 10 days of the Company’s receipt of the Demand Registration notify all holders of Registrable Securities of the demand, and each holder of Registrable Securities who wishes to include all or a portion of such holder’s Registrable Securities in the Demand Registration (each such holder including shares of Registrable Securities in such registration, a “ **Demanding Holder** ”) shall so notify the Company within ten (10) days after the receipt by the holder of the notice from the Company. Upon any such request, the Demanding Holders shall be entitled to have their Registrable Securities included in the Demand Registration, subject to Section 2.1.4 and the provisos set forth in Section 3.1.1. Notwithstanding the foregoing, the Company shall not be obligated to effect any such registration pursuant to this Section 2.1 if the holders of the Registrable Securities, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at any aggregate price to the public of less than \$1,000,000.

2.1.2 Effective Registration . A registration will not count as a Demand Registration until the Registration Statement filed with the Commission with respect to such Demand Registration has been declared effective and the Company has complied with all of its obligations under this Agreement with respect thereto; provided, however, that if, after such Registration Statement has been declared effective, the offering of Registrable Securities pursuant to a Demand Registration is interfered with by any stop order or injunction of the Commission or any other governmental agency or court, the Registration Statement with respect to such Demand Registration will be deemed not to have been declared effective, unless and until, (i) such stop order or injunction is removed, rescinded or otherwise terminated, and (ii) a majority-in-interest of the Demanding Holders thereafter affirmatively elect to continue the offering and notify the Company in writing, but in no event later than five (5) days of such election; provided, further, that the Company shall not be obligated to file a second Registration Statement until a Registration Statement that has been filed is counted as a Demand Registration or is terminated.

2.1.3 Underwritten Offering . If a majority-in-interest of the Demanding Holders so elect and such holders so advise the Company as part of their written demand for a Demand Registration, the offering of such Registrable Securities pursuant to such Demand Registration shall be in the form of an underwritten offering. In such event, the right of any holder to include its Registrable Securities in such registration shall be conditioned upon such holder’s participation in such underwriting and the inclusion of such holder’s Registrable Securities in the underwriting to the extent provided herein. All Demanding Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the Underwriter or Underwriters selected for such underwriting by a majority-in-interest of the holders initiating the Demand Registration.

2.1.4 Reduction of Offering . If the managing Underwriter or Underwriters for a Demand Registration that is to be an underwritten offering, in good faith, advises the Company and the Demanding Holders in writing that the dollar amount or number of shares of Registrable Securities which the Demanding Holders desire to sell, taken together with all other shares of Common Stock or other securities which the Company desires to sell and the shares of Common Stock, if any, as to which registration has been requested pursuant to written contractual piggy-back registration rights held by other stockholders of the Company who desire to sell, exceeds the maximum dollar amount or maximum number of shares that can be sold in such offering without adversely affecting the proposed offering price, the timing, the distribution method, or the probability of success of such offering (such maximum dollar amount or maximum number of shares, as applicable, the “**Maximum Number of Shares**”), then the Company shall include in such registration: (i) the Registrable Securities as to which Demand Registration has been requested by the Demanding Holders (pro rata in accordance with the number of shares that each such Demanding Holder has requested be included in such registration, regardless of the number of shares held by each such Demanding Holder (such proportion is referred to herein as “**Pro Rata**”)) that can be sold without exceeding the Maximum Number of Shares; (ii) to the extent that the Maximum Number of Shares has not been reached under the foregoing clause (i), the Registrable Securities of holders exercising their rights to register their Registrable Securities pursuant to Section 2.2; (iii) to the extent that the Maximum Number of Shares has not been reached under the foregoing clauses (i) and (ii), the shares of Common Stock or other securities that the Company desires to sell that can be sold without exceeding the Maximum Number of Shares; (iv) to the extent that the Maximum Number of Shares has not been reached under the foregoing clauses (i), (ii) and (iii), the shares of Common Stock or other securities registrable pursuant to the terms of the Unit Purchase Option issued to EarlyBirdCapital, Inc. or its designees in connection with the Company’s initial public offering (the “**Unit Purchase Option**” and such registrable securities, the “**Option Securities**”) as to which “**piggy-back**” registration has been requested by the holders thereof, Pro Rata, that can be sold without exceeding the Maximum Number of Shares and (v) to the extent that the Maximum Number of Shares have not been reached under the foregoing clauses (i), (ii), (iii) and (iv), the shares of Common Stock or other securities for the account of other persons that the Company is obligated to register pursuant to written contractual arrangements with such persons and that can be sold without exceeding the Maximum Number of Shares.

2.1.5 Withdrawal . If a majority-in-interest of the Demanding Holders disapprove of the terms of any underwriting or are not entitled to include all of their Registrable Securities in any offering, such majority-in-interest of the Demanding Holders may elect to withdraw from such offering by giving written notice to the Company and the Underwriter or Underwriters of their request to withdraw prior to the effectiveness of the Registration Statement filed with the Commission with respect to such Demand Registration. If the majority-in-interest of the Demanding Holders withdraws from a proposed offering relating to a Demand Registration, then such registration shall not count as a Demand Registration provided for in this Section 2.1.

2.2 Piggy-Back Registration .

2.2.1 Piggy-Back Rights . If at any time on or after the date the date hereof proposes to file a Registration Statement under the Securities Act with respect to an offering of equity securities, or securities or other obligations exercisable or exchangeable for, or convertible into, equity securities, by the Company for its own account or for stockholders of the Company for their account (or by the Company and by stockholders of the Company including, without limitation, pursuant to Section 2.1), other than a Registration Statement (i) filed in connection with any employee stock option or other benefit plan, (ii) for an exchange offer or offering of securities solely to the Company’s existing stockholders, (iii) for an offering of debt that is convertible into equity securities of the Company or (iv) for a dividend reinvestment plan, then the Company shall (x) give written notice of such proposed filing to the holders of Registrable Securities as soon as practicable but in no event less than ten (10) days before the anticipated filing date, which notice shall describe the amount and type of securities to be included in such offering, the intended method(s) of distribution, and the name of the proposed managing Underwriter or Underwriters, if any, of the offering, and (y) offer to the holders of Registrable Securities in such notice the opportunity to register the sale of such number of shares of Registrable Securities as such holders may request in writing within five (5) days following receipt of such notice (a “**Piggy-Back Registration**”). The Company shall, in good faith, cause such Registrable Securities to be included in such

registration and shall use its best efforts to cause the managing Underwriter or Underwriters of a proposed underwritten offering to permit the Registrable Securities requested to be included in a Piggy-Back Registration on the same terms and conditions as any similar securities of the Company and to permit the sale or other disposition of such Registrable Securities in accordance with the intended method(s) of distribution thereof. All holders of Registrable Securities proposing to distribute their securities through a Piggy-Back Registration that involves an Underwriter or Underwriters shall enter into an underwriting agreement in customary form with the Underwriter or Underwriters selected for such Piggy-Back Registration.

2.2.2 Reduction of Offering . If the managing Underwriter or Underwriters for a Piggy-Back Registration that is to be an underwritten offering advises the Company and the holders of Registrable Securities in writing that the dollar amount or number of shares of Common Stock which the Company desires to sell, taken together with shares of Common Stock, if any, as to which registration has been demanded pursuant to separate written contractual arrangements with persons or entities other than the holders of Registrable Securities hereunder, the Registrable Securities as to which registration has been requested under this Section 2.2, and the shares of Common Stock, if any, as to which registration has been requested pursuant to the written contractual piggy-back registration rights of other stockholders of the Company, exceeds the Maximum Number of Shares, then the Company shall include in any such registration:

(a) If the registration is undertaken for the Company's account: (A) the shares of Common Stock or other securities that the Company desires to sell that can be sold without exceeding the Maximum Number of Shares; (B) to the extent that the Maximum Number of Shares has not been reached under the foregoing clause (A), the shares of Common Stock or other securities, if any, comprised of Registrable Securities and Option Securities, as to which registration has been requested pursuant to the applicable written contractual piggy-back registration rights of such security holders, Pro Rata, that can be sold without exceeding the Maximum Number of Shares; and (C) to the extent that the Maximum Number of Shares has not been reached under the foregoing clauses (A) and (B), the shares of Common Stock or other securities for the account of other persons that the Company is obligated to register pursuant to written contractual piggy-back registration rights with such persons and that can be sold without exceeding the Maximum Number of Shares; and

(b) If the registration is a "demand" registration undertaken at the demand of holders of Option Securities, (A) the shares of Common Stock or other securities for the account of the demanding persons that can be sold without exceeding the Maximum Number of Shares; (B) to the extent that the Maximum Number of Shares has not been reached under the foregoing clause (A), the shares of Common Stock or other securities that the Company desires to sell that can be sold without exceeding the Maximum Number of Shares; (C) to the extent that the Maximum Number of Shares has not been reached under the foregoing clauses (A) and (B), the shares of Common Stock or other securities comprised of Registrable Securities, Pro Rata, as to which registration has been requested pursuant to the terms hereof that can be sold without exceeding the Maximum Number of Shares; and (D) to the extent that the Maximum Number of Shares has not been reached under the foregoing clauses (A), (B) and (C), the shares of Common Stock or other securities for the account of other persons that the Company is obligated to register pursuant to written contractual arrangements with such persons, that can be sold without exceeding the Maximum Number of Shares.

(c) If the registration is a "demand" registration undertaken at the demand of persons or entities other than the holders of Registrable Securities or Option Securities, (A) the shares of Common Stock or other securities for the account of the demanding persons that can be sold without exceeding the Maximum Number of Shares; (B) to the extent that the Maximum Number of Shares has not been reached under the foregoing clause (A), the shares of Common Stock or other securities that the Company desires to sell that can be sold without exceeding the Maximum Number of Shares; (C) to the extent that the Maximum Number of Shares has not been reached under the foregoing clauses (A) and (B), the shares of Common Stock or other securities comprised of Registrable Securities and Option Securities, Pro Rata, as to which registration has been requested pursuant to the terms hereof and the Unit Purchase Option, as applicable, that can be sold without exceeding the Maximum Number of Shares; and (D) to the extent that the Maximum Number of Shares has not been reached under the foregoing clauses (A), (B) and (C), the shares of Common Stock or other securities for the account of other

persons that the Company is obligated to register pursuant to written contractual arrangements with such persons, that can be sold without exceeding the Maximum Number of Shares.

2.2.3 Withdrawal . Any holder of Registrable Securities may elect to withdraw such holder's request for inclusion of Registrable Securities in any Piggy-Back Registration by giving written notice to the Company of such request to withdraw prior to the effectiveness of the Registration Statement. The Company (whether on its own determination or as the result of a withdrawal by persons making a demand pursuant to written contractual obligations) may withdraw a registration statement at any time prior to the effectiveness of the Registration Statement. Notwithstanding any such withdrawal, the Company shall pay all expenses incurred by the holders of Registrable Securities in connection with such Piggy-Back Registration as provided in Section 3.3.

2.2.4 Unlimited Piggy-Back Registration Rights . For purposes of clarity, any registration effected pursuant to Section 2.2 hereof shall not be counted as a registration pursuant to a Demand Registration effected under Section 2.1 hereof.

2.3 Registrations on Form S-3 . The holders of a majority-in-interest of the Registrable Securities may at any time and from time to time, request in writing that the Company register the resale of any or all of such Registrable Securities on Form S-3 or any similar short-form registration which may be available at such time ("**Form S-3**"). Upon receipt of such written request, the Company will promptly give written notice of the proposed registration to all other holders of Registrable Securities, and each holder of Registrable Securities who thereafter wishes to include all or a portion of such holder's Registrable Securities in such registration shall so notify the Company, in writing, within ten (10) days after the receipt by the holder of the notice from the Company, and, as soon as practicable thereafter but not more than twelve (12) days after the Company's initial receipt of such written request for a registration, effect the registration of all or such portion of such holder's or holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities or other securities of the Company, if any, of any other holder or holders joining in such request; provided, however, that the Company shall not be obligated to effect any such registration pursuant to this Section 2.3 if: (i) Form S-3 is not available for such offering; or (ii) the holders of the Registrable Securities, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at any aggregate price to the public of less than \$500,000. Registrations effected pursuant to this Section 2.3.1 shall not be counted as Demand Registrations effected pursuant to Section 2.1.

3. Registration Procedures.

3.1 Filings; Information . Whenever the Company is required to effect the registration of any Registrable Securities pursuant to Section 2, the Company shall use its best efforts to effect the registration and sale of such Registrable Securities in accordance with the intended method(s) of distribution thereof as expeditiously as practicable, and in connection with any such request:

3.1.1 Filing Registration Statement . The Company shall, as expeditiously as possible and in any event within sixty (60) days after receipt of a request for a Demand Registration pursuant to Section 2.1, prepare and file with the Commission a Registration Statement on any form for which the Company then qualifies or which counsel for the Company shall deem appropriate and which form shall be available for the sale of all Registrable Securities to be registered thereunder in accordance with the intended method(s) of distribution thereof, and shall use its best efforts to cause such Registration Statement to become and remain effective for the period required by Section 3.1.3; provided, however, that the Company shall have the right to defer any Demand Registration for up to thirty (30) days, and any Piggy-Back Registration for such period as may be applicable to deferment of any demand registration to which such Piggy-Back Registration relates, in each case if the Company shall furnish to the holders a certificate signed by the Chairman of the Board of Directors or Chief Executive Officer of the Company stating that, in the good faith judgment of the Board of Directors of the Company, it would be materially detrimental to the Company and its stockholders for such Registration Statement to be effected at such time; provided further, however, that the Company shall not have the right to

exercise the right set forth in the immediately preceding proviso more than once in any 365-day period in respect of a Demand Registration hereunder.

3.1.2 Copies . The Company shall, prior to filing a Registration Statement or prospectus, or any amendment or supplement thereto, furnish without charge to the holders of Registrable Securities included in such registration, and such holders' legal counsel, copies of such Registration Statement as proposed to be filed, each amendment and supplement to such Registration Statement (in each case including all exhibits thereto and documents incorporated by reference therein), the prospectus included in such Registration Statement (including each preliminary prospectus), and such other documents as the holders of Registrable Securities included in such registration or legal counsel for any such holders may request in order to facilitate the disposition of the Registrable Securities owned by such holders.

3.1.3 Amendments and Supplements . The Company shall prepare and file with the Commission such amendments, including post-effective amendments, and supplements to such Registration Statement and the prospectus used in connection therewith as may be necessary to keep such Registration Statement effective and in compliance with the provisions of the Securities Act until all Registrable Securities and other securities covered by such Registration Statement have been disposed of in accordance with the intended method(s) of distribution set forth in such Registration Statement (which period shall not exceed the sum of one hundred eighty (180) days plus any period during which any such disposition is interfered with by any stop order or injunction of the Commission or any governmental agency or court) or such securities have been withdrawn.

3.1.4 Notification . After the filing of a Registration Statement, the Company shall promptly, and in no event more than two (2) business days after such filing, notify the holders of Registrable Securities included in such Registration Statement of such filing, and shall further notify such holders promptly and confirm such advice in writing in all events within two (2) business days of the occurrence of any of the following: (i) when such Registration Statement becomes effective; (ii) when any post-effective amendment to such Registration Statement becomes effective; (iii) the issuance or threatened issuance by the Commission of any stop order (and the Company shall take all actions required to prevent the entry of such stop order or to remove it if entered); and (iv) any request by the Commission for any amendment or supplement to such Registration Statement or any prospectus relating thereto or for additional information or of the occurrence of an event requiring the preparation of a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of the securities covered by such Registration Statement, such prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and promptly make available to the holders of Registrable Securities included in such Registration Statement any such supplement or amendment; except that before filing with the Commission a Registration Statement or prospectus or any amendment or supplement thereto, including documents incorporated by reference, the Company shall furnish to the holders of Registrable Securities included in such Registration Statement and to the legal counsel for any such holders, copies of all such documents proposed to be filed sufficiently in advance of filing to provide such holders and legal counsel with a reasonable opportunity to review such documents and comment thereon, and the Company shall not file any Registration Statement or prospectus or amendment or supplement thereto, including documents incorporated by reference, to which such holders or their legal counsel shall reasonably object.

3.1.5 Securities Laws Compliance . The Company shall use its best efforts to (i) register or qualify the Registrable Securities covered by the Registration Statement under such securities or “*blue sky*” laws of such jurisdictions in the United States as the holders of Registrable Securities included in such Registration Statement (in light of their intended plan of distribution) may request and (ii) take such action necessary to cause such Registrable Securities covered by the Registration Statement to be registered with or approved by such other governmental authorities or securities exchanges as may be necessary by virtue of the business and operations of the Company and do any and all other acts and things that may be necessary or advisable to enable the holders of Registrable Securities included in such Registration Statement to consummate the disposition of such Registrable Securities in such jurisdictions; provided, however, that the Company shall not be required to qualify generally to

do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph or subject itself to taxation in any such jurisdiction.

3.1.6 Agreements for Disposition . The Company shall enter into customary agreements (including, if applicable, an underwriting agreement in customary form) and take such other actions as are reasonably required in order to expedite or facilitate the disposition of such Registrable Securities. The representations, warranties and covenants of the Company in any underwriting agreement which are made to or for the benefit of any Underwriters, to the extent applicable, shall also be made to and for the benefit of the holders of Registrable Securities included in such registration statement. No holder of Registrable Securities included in such registration statement shall be required to make any representations or warranties in the underwriting agreement except as reasonably requested by the Underwriters and, if applicable, with respect to such holder's organization, good standing, authority, title to Registrable Securities, lack of conflict of such sale with such holder's material agreements and organizational documents, and with respect to written information relating to such holder that such holder has furnished in writing expressly for inclusion in such Registration Statement.

3.1.7 Cooperation . The principal executive officer of the Company, the principal financial officer of the Company, the principal accounting officer of the Company and all other officers and members of the management of the Company shall cooperate fully in any offering of Registrable Securities hereunder, which cooperation shall include, without limitation, the preparation of the Registration Statement with respect to such offering and all other offering materials and related documents, and participation in meetings with Underwriters, attorneys, accountants and potential investors.

3.1.8 Records . The Company shall make available for inspection by the holders of Registrable Securities included in such Registration Statement, any Underwriter participating in any disposition pursuant to such registration statement and any attorney, accountant or other professional retained by any holder of Registrable Securities included in such Registration Statement or any Underwriter, all financial and other records, pertinent corporate documents and properties of the Company, as shall be necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors and employees to supply all information requested by any of them in connection with such Registration Statement.

3.1.9 Earnings Statement . The Company shall comply with all applicable rules and regulations of the Commission and the Securities Act, and make available to its stockholders, as soon as reasonably practicable, an earnings statement covering a period of twelve (12) months, beginning within three (3) months after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder.

3.1.10 Listing . The Company shall use its best efforts to cause all Registrable Securities included in any registration to be listed on such exchanges or otherwise designated for trading in the same manner as similar securities issued by the Company are then listed or designated or, if no such similar securities are then listed or designated, in a manner satisfactory to the holders of a majority of the Registrable Securities included in such registration.

3.1.11 Transfer Agent . The Company shall provide a transfer agent or warrant agent, as applicable, and registrar for all such Registrable Securities no later than the effective date of the registration statement.

3.1.12 Misstatements . The Company shall notify the holders at any time when a prospectus relating to such registration statement is required to be delivered under the Securities Act, of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or an omission to state a material fact required to be stated in a registration statement or prospectus, or necessary to make the statements therein in the light of the circumstances under which they were made not misleading (a "**Misstatement**"), and then to correct such Misstatement.

3.2 Obligation to Suspend Distribution . Upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3.1.4(iv), or, in the case of a resale registration on Form S-3 pursuant

to Section 2.3 hereof, upon any suspension by the Company, pursuant to a written insider trading compliance program adopted by the Company's Board of Directors, of the ability of all "**insiders**" covered by such program to transact in the Company's securities because of the existence of material non-public information, each holder of Registrable Securities included in any registration shall immediately discontinue disposition of such Registrable Securities pursuant to the Registration Statement covering such Registrable Securities until such holder receives the supplemented or amended prospectus contemplated by Section 3.1.4(iv) or the restriction on the ability of "**insiders**" to transact in the Company's securities is removed, as applicable, and, if so directed by the Company, each such holder will deliver to the Company all copies, other than permanent file copies then in such holder's possession, of the most recent prospectus covering such Registrable Securities at the time of receipt of such notice.

3.3 Registration Expenses . The Company shall bear all costs and expenses incurred in connection with any Demand Registration pursuant to Section 2.1, any Piggy-Back Registration pursuant to Section 2.2, and any registration on Form S-3 effected pursuant to Section 2.3, and all expenses incurred in performing or complying with its other obligations under this Agreement, whether or not the Registration Statement becomes effective, including, without limitation: (i) all registration and filing fees and fees of any securities exchange on which the Common Stock is then listed; (ii) fees and expenses of compliance with securities or "**blue sky**" laws (including fees and disbursements of counsel for the Underwriters in connection with blue sky qualifications of the Registrable Securities); (iii) printing, messenger, telephone and delivery expenses; (iv) the Company's internal expenses (including, without limitation, all salaries and expenses of its officers and employees); (v) the fees and expenses incurred in connection with the listing of the Registrable Securities as required by Section 3.1.11; (vi) Financial Industry Regulatory Authority fees; (vii) fees and disbursements of counsel for the Company and fees and expenses for independent certified public accountants retained by the Company (including the expenses or costs associated with the delivery of any opinions or comfort letters requested pursuant to Section 3.1.9); (viii) the fees and expenses of any special experts retained by the Company in connection with such registration; and (ix) the fees and expenses of one legal counsel selected by the holders of a majority-in-interest of the Registrable Securities included in such registration. The Company shall have no obligation to pay any underwriting discounts or selling commissions attributable to the Registrable Securities being sold by the holders thereof, which underwriting discounts or selling commissions shall be borne by such holders. Additionally, in an underwritten offering, all selling stockholders and the Company shall bear the expenses of the underwriter pro rata in proportion to the respective amount of shares each is selling in such offering.

3.4 Information . The holders of Registrable Securities shall provide such information as may reasonably be requested by the Company, or the managing Underwriter, if any, in connection with the preparation of any Registration Statement, including amendments and supplements thereto, in order to effect the registration of any Registrable Securities under the Securities Act pursuant to Section 2 and in connection with the Company's obligation to comply with federal and applicable state securities laws.

3.5 Requirements for Participation in Underwritten Offerings . No person may participate in any underwritten offering for equity securities of the Company pursuant to a registration initiated by the Company hereunder unless such person (i) agrees to sell such person's securities on the basis provided in any underwriting arrangements approved by the Company and (ii) completes and executes all customary questionnaires, powers of attorney, indemnities, lock-up agreements, underwriting agreements and other customary documents as may be reasonably required under the terms of such underwriting arrangements.

3.6 Suspension of Sales; Adverse Disclosure . Upon receipt of written notice from the Company that a registration statement or prospectus contains a Misstatement, each of the Holders shall forthwith discontinue disposition of Registrable Securities until it has received copies of a supplemented or amended prospectus correcting the Misstatement (it being understood that the Company hereby covenants to prepare and file such supplement or amendment as soon as practicable after the time of such notice), or until it is advised in writing by the Company that the use of the prospectus may be resumed. If the filing, initial effectiveness or continued use of a registration statement in respect of any registration at any time would require the Company to make an Adverse Disclosure (as defined below) or would require the inclusion in such registration statement of financial

statements that are unavailable to the Company for reasons beyond the Company's control, the Company may, upon giving prompt written notice of such action to the holders, delay the filing or initial effectiveness of, or suspend use of, such registration statement for the shortest period of time, but in no event more than thirty (30) days, determined in good faith by the Company to be necessary for such purpose. In the event the Company exercises its rights under the preceding sentence, the holders agree to suspend, immediately upon their receipt of the notice referred to above, their use of the prospectus relating to any registration in connection with any sale or offer to sell Registrable Securities. The Company shall immediately notify the Holders of the expiration of any period during which it exercised its rights under this Section 3.6. "**Adverse Disclosure**" shall mean any public disclosure of material non-public information, which disclosure, in the good faith judgment of the principal executive officer or principal financial officer of the Company, after consultation with counsel to the Company, (i) would be required to be made in any registration statement or prospectus in order for the applicable registration statement or prospectus not to contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein (in the case of any prospectus and any preliminary prospectus, in the light of the circumstances under which they were made) not misleading, (ii) would not be required to be made at such time if the registration statement were not being filed, and (iii) the Company has a bona fide business purpose for not making such information public.

3.7 Reporting Obligations . As long as any holder shall own Registrable Securities, the Company, at all times while it shall be reporting under the Exchange Act, covenants to file timely (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Company after the date hereof pursuant to Sections 13(a) or 15(d) of the Exchange Act. The Company further covenants that it shall take such further action as any holder may reasonably request, all to the extent required from time to time to enable such holder to sell shares of the Common Stock held by such holder without registration under the Securities Act within the limitation of the exemptions provided by Rule 144 promulgated under the Securities Act, including providing any legal opinions. Upon the request of any holder, the Company shall deliver to such holder a written certification of a duly authorized officer as to whether it has complied with such requirements.

4. INDEMNIFICATION AND CONTRIBUTION .

4.1 Indemnification by the Company . The Company agrees to indemnify and hold harmless each Investor and each other holder of Registrable Securities, and each of their respective officers, employees, affiliates, directors, partners, members, attorneys and agents, and each person, if any, who controls an Investor and each other holder of Registrable Securities (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) (each, an "**Investor Indemnified Party**"), from and against any expenses, losses, judgments, claims, damages or liabilities, whether joint or several, arising out of or based upon any untrue statement (or allegedly untrue statement) of a material fact contained in any Registration Statement under which the sale of such Registrable Securities was registered under the Securities Act, any preliminary prospectus, final prospectus or summary prospectus contained in the Registration Statement, or any amendment or supplement to such Registration Statement, or arising out of or based upon any omission (or alleged omission) to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or any violation by the Company of the Securities Act or any rule or regulation promulgated thereunder applicable to the Company and relating to action or inaction required of the Company in connection with any such registration; and the Company shall promptly reimburse the Investor Indemnified Party for any legal and any other expenses reasonably incurred by such Investor Indemnified Party in connection with investigating and defending any such expense, loss, judgment, claim, damage, liability or action; provided, however, that the Company will not be liable in any such case to the extent that any such expense, loss, claim, damage or liability arises out of or is based upon any untrue statement or allegedly untrue statement or omission or alleged omission made in such Registration Statement, preliminary prospectus, final prospectus, or summary prospectus, or any such amendment or supplement, in reliance upon and in conformity with information furnished to the Company, in writing, by such selling holder expressly for use therein. The Company also shall indemnify any Underwriter of the Registrable Securities, their officers, affiliates, directors, partners, members and agents and each person who controls such Underwriter on substantially the same basis as that of the indemnification provided above in this Section 4.1.

4.2 Indemnification by Holders of Registrable Securities . Each selling holder of Registrable Securities will, in the event that any registration is being effected under the Securities Act pursuant to this Agreement of any Registrable Securities held by such selling holder, indemnify and hold harmless the Company, each of its directors and officers and each underwriter (if any), and each other selling holder and each other person, if any, who controls another selling holder or such underwriter within the meaning of the Securities Act, against any losses, claims, judgments, damages or liabilities, whether joint or several, insofar as such losses, claims, judgments, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or allegedly untrue statement of a material fact contained in any Registration Statement under which the sale of such Registrable Securities was registered under the Securities Act, any preliminary prospectus, final prospectus or summary prospectus contained in the Registration Statement, or any amendment or supplement to the Registration Statement, or arise out of or are based upon any omission or the alleged omission to state a material fact required to be stated therein or necessary to make the statement therein not misleading, if the statement or omission was made in reliance upon and in conformity with information furnished in writing to the Company by such selling holder expressly for use therein, and shall reimburse the Company, its directors and officers, and each other selling holder or controlling person for any legal or other expenses reasonably incurred by any of them in connection with investigation or defending any such loss, claim, damage, liability or action. Each selling holder's indemnification obligations hereunder shall be several and not joint and shall be limited to the amount of any net proceeds actually received by such selling holder. Each selling holder of Registrable Securities shall indemnify any Underwriter of the Registrable Securities, their officers, affiliates, directors, partners, members and agents and each person who controls such Underwriter to the same extent as provided in the foregoing with respect to indemnification of the Company.

4.3 Conduct of Indemnification Proceedings . Promptly after receipt by any person of any notice of any loss, claim, damage or liability or any action in respect of which indemnity may be sought pursuant to Section 4.1 or 4.2, such person (the “**Indemnified Party**”) shall, if a claim in respect thereof is to be made against any other person for indemnification hereunder, notify such other person (the “**Indemnifying Party**”) in writing of the loss, claim, judgment, damage, liability or action; provided, however, that the failure by the Indemnified Party to notify the Indemnifying Party shall not relieve the Indemnifying Party from any liability which the Indemnifying Party may have to such Indemnified Party hereunder, except and solely to the extent the Indemnifying Party is actually prejudiced by such failure. If the Indemnified Party is seeking indemnification with respect to any claim or action brought against the Indemnified Party, then the Indemnifying Party shall be entitled to participate in such claim or action, and, to the extent that it wishes, jointly with all other Indemnifying Parties, to assume control of the defense thereof with counsel satisfactory to the Indemnified Party. After notice from the Indemnifying Party to the Indemnified Party of its election to assume control of the defense of such claim or action, the Indemnifying Party shall not be liable to the Indemnified Party for any legal or other expenses subsequently incurred by the Indemnified Party in connection with the defense thereof other than reasonable costs of investigation; provided, however, that in any action in which both the Indemnified Party and the Indemnifying Party are named as defendants, the Indemnified Party shall have the right to employ separate counsel (but no more than one such separate counsel) to represent the Indemnified Party and its controlling persons who may be subject to liability arising out of any claim in respect of which indemnity may be sought by the Indemnified Party against the Indemnifying Party, with the fees and expenses of such counsel to be paid by such Indemnifying Party if, based upon the written opinion of counsel of such Indemnified Party, representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, consent to entry of judgment or effect any settlement of any claim or pending or threatened proceeding in respect of which the Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such judgment or settlement includes an unconditional release of such Indemnified Party from all liability arising out of such claim or proceeding.

4.4 Contribution .

4.4.1 If the indemnification provided for in the foregoing Sections 4.1, 4.2 and 4.3 is unavailable to any Indemnified Party in respect of any loss, claim, damage, liability or action referred to herein, then each such

Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such loss, claim, damage, liability or action in such proportion as is appropriate to reflect the relative fault of the Indemnified Parties and the Indemnifying Parties in connection with the actions or omissions which resulted in such loss, claim, damage, liability or action, as well as any other relevant equitable considerations. The relative fault of any Indemnified Party and any Indemnifying Party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by such Indemnified Party or such Indemnifying Party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

4.4.2 The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 4.4 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding Section 4.4.1. The amount paid or payable by an Indemnified Party as a result of any loss, claim, damage, liability or action referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 4.4, no holder of Registrable Securities shall be required to contribute any amount in excess of the dollar amount of the net proceeds (after payment of any underwriting fees, discounts, commissions or taxes) actually received by such holder from the sale of Registrable Securities which gave rise to such contribution obligation. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

4.5 Survival . The indemnification provided for under this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Party or any officer, director or controlling person of such Indemnified Party and shall survive the transfer of securities.

5. RESERVED .

6. MISCELLANEOUS .

6.1 Other Registration Rights . The Company represents and warrants that no person, other than a holder of the Registrable Securities and EarlyBirdCapital, Inc. pursuant to the Unit Purchase Option and the Underwriting Agreement, dated as of April 6, 2017, by and between EarlyBirdCapital, Inc. and the Company, has any right to require the Company to register any shares of the Company's capital stock for sale or to include shares of the Company's capital stock in any registration filed by the Company for the sale of shares of capital stock for its own account or for the account of any other person. Further, the Company represents and warrants that this Agreement supersedes any other registration rights agreement or agreement with similar terms and conditions and in the event of a conflict between any such agreement or agreements and this Agreement, the terms of this Agreement shall prevail.

6.2 Assignment; No Third-Party Beneficiaries . This Agreement and the rights, duties and obligations of the Company hereunder may not be assigned or delegated by the Company in whole or in part. This Agreement and the rights, duties and obligations of the holders of Registrable Securities hereunder may be freely assigned or delegated by a holder of Registrable Securities to a transferee or assignee of Registrable Securities (for so long as such shares remain Registrable Securities) that (a) is a subsidiary, parent, general partner, limited partner, retired partner, member or retired member, or stockholder of a Holder that is a corporation, partnership or limited liability company, (b) is a Holder's family member or trust for the benefit of an individual Holder, or (c) acquires at least 400,000 shares of Registrable Securities (as adjusted for stock splits and combinations) (including shares of Common Stock issuable upon exercise of Private Warrants); or (d) is an entity affiliated by common control (or other related entity) with such Holder; *provided, however*, (i) the transferor shall, within ten (10) days after such transfer, furnish to the Company written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned and (ii) such transferee shall agree to be subject to all restrictions set forth in this Agreement in conjunction with and to the extent of any transfer of

Registrable Securities by any such holder. This Agreement and the provisions hereof shall be binding upon and shall inure to the benefit of each of the parties and the permitted assigns of the Investor or holder of Registrable Securities or of any assignee of the Investor or holder of Registrable Securities. This Agreement is not intended to confer any rights or benefits on any persons that are not party hereto other than as expressly set forth in Article 4 and this Section 6.2. No assignment by any party hereto of such party's rights, duties and obligations hereunder shall be binding upon or obligate the Company unless and until the Company shall have received (i) written notice of such assignment and (ii) the written agreement of the assignee, in a form reasonably satisfactory to the Company, to be bound by the terms and provisions of this Agreement (which may be accomplished by an addendum or certificate of joinder to this Agreement).

6.3 Notices . All notices, demands, requests, consents, approvals or other communications (collectively, "**Notices**") required or permitted to be given hereunder or which are given with respect to this Agreement shall be in writing and shall be personally served, delivered by reputable air courier service with charges prepaid, or transmitted by hand delivery, telegram, telex or facsimile, addressed as set forth below (with respect to the Company) or on Exhibit A hereto (with respect to the Investors), or to such other address as such party shall have specified most recently by written notice. Notice shall be deemed given on the date of service or transmission if personally served or transmitted by telegram, telex or facsimile; provided, that if such service or transmission is not on a business day or is after normal business hours, then such notice shall be deemed given on the next business day. Notice otherwise sent as provided herein shall be deemed given on the next business day following timely delivery of such notice to a reputable air courier service with an order for next-day delivery.

To the Company:

ConvergeOne, Inc.
3344 Highway 149
Eagan, MN 55121
Attn: Board of Directors

with a copy to:

Cooley LLP 3175 Hanover Street
Palo Alto, CA 94304-1130
Attn: Mehdi Khodadad, Esq.
John T. McKenna, Esq.
Facsimile No.: (650) 849-7400
Telephone No.: (650) 843-5000
Email: mkhodadad@cooley.com
jmckenna@cooley.com

and

Ellenoff Grossman & Schole LLP
1345 Avenue of the Americas, 11th Floor
New York, New York 10105
Attn: Douglas Ellenoff, Esq.
Tamar Donikyan, Esq.
Facsimile No.: (212) 370-7889
Telephone No.: (212) 370-1300
Email: ellenoff@egsllp.com
tdonikyan@egsllp.com

6.4 Severability . This Agreement shall be deemed severable, and the invalidity or unenforceability of any term or provision hereof shall not affect the validity or enforceability of this Agreement or of any other term or provision hereof. Furthermore, in lieu of any such invalid or unenforceable term or provision, the parties hereto intend that there shall be added as a part of this Agreement a provision as similar in terms to such invalid or unenforceable provision as may be possible that is valid and enforceable.

6.5 Counterparts . This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

6.6 Entire Agreement . This Agreement (including all agreements entered into pursuant hereto and all certificates and instruments delivered pursuant hereto and thereto) constitute the entire agreement of the parties with respect to the subject matter hereof and supersede all prior and contemporaneous agreements, representations, understandings, negotiations and discussions between the parties, whether oral or written.

6.7 Modifications and Amendments . Upon the written consent of the Company and the holders of at least a majority of the Registrable Securities at the time in question, compliance with any of the provisions, covenants and conditions set forth in this Agreement may be waived, or any of such provisions, covenants or conditions may be amended or modified; provided, however, that notwithstanding the foregoing, any amendment hereto or waiver hereof that adversely affects one holder of Registrable Securities, solely in its capacity as a holder of the shares of Common Stock (including shares of Common Stock issuable upon exercise of Private Warrants) of the Company, in a manner that is materially different from the other holders of Registrable Securities (in such capacity) shall require the consent of the holder so affected. No course of dealing between any holders of Registrable Securities or the Company and any other party hereto or any failure or delay on the part of a holder of Registrable Securities or the Company in exercising any rights or remedies under this Agreement shall operate as a waiver of any rights or remedies of any holder of Registrable Securities or the Company. No single or partial exercise of any rights or remedies under this Agreement by a party shall operate as a waiver or preclude the exercise of any other rights or remedies hereunder or thereunder by such party.

6.8 Titles and Headings . Titles and headings of sections of this Agreement are for convenience only and shall not affect the construction of any provision of this Agreement.

6.9 Waivers and Extensions . Any party to this Agreement may waive any right, breach or default which such party has the right to waive, provided that such waiver will not be effective against the waiving party unless it is in writing, is signed by such party, and specifically refers to this Agreement. Waivers may be made in advance or after the right waived has arisen or the breach or default waived has occurred. Any waiver may be conditional. No waiver of any breach of any agreement or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof nor of any other agreement or provision herein contained. No waiver or extension of time for performance of any obligations or acts shall be deemed a waiver or extension of the time for performance of any other obligations or acts.

6.10 Remedies Cumulative . In the event that the Company fails to observe or perform any covenant or agreement to be observed or performed under this Agreement, the Investor or any other holder of Registrable Securities may proceed to protect and enforce its rights by suit in equity or action at law, whether for specific performance of any term contained in this Agreement or for an injunction against the breach of any such term or in aid of the exercise of any power granted in this Agreement or to enforce any other legal or equitable right, or to take any one or more of such actions, without being required to post a bond. None of the rights, powers or remedies conferred under this Agreement shall be mutually exclusive, and each such right, power or remedy shall be cumulative and in addition to any other right, power or remedy, whether conferred by this Agreement or now or hereafter available at law, in equity, by statute or otherwise.

6.11 Governing Law . This Agreement shall be governed by, interpreted under, and construed in accordance with the internal laws of the State of New York applicable to agreements made and to be performed within the State of New York, without giving effect to any choice-of-law provisions thereof that would compel the application of the substantive laws of any other jurisdiction.

6.12 Waiver of Trial by Jury . Each party hereby irrevocably and unconditionally waives the right to a trial by jury in any action, suit, counterclaim or other proceeding (whether based on contract, tort or otherwise) arising out of, connected with or relating to this Agreement, the transactions contemplated hereby, or the actions of the Investors in the negotiation, administration, performance or enforcement hereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

I N W ITNESS W HEREOF , the parties have caused this Registration Rights Agreement to be executed and delivered by their duly authorized representatives as of the date first written above.

The Company:

FORUM MERGER CORPORATION

By: /s/ David Boris
Name: David Boris
Title: Co-Chief Executive Officer and Chief Financial Officer

The Investors:

FORUM INVESTORS I, LLC

By: Forum Capital Management, LLC,
its managing member

By: /s/ David Boris
Name: David Boris
Title: Co-Chief Executive Officer and Chief Financial Officer

**CLEARLAKE CAPITAL PARTNERS III (MASTER),
L.P.**

By: Clearlake Capital Partners III, GP, L.P.
Its: General Partner
By: Clearlake Capital Partners, LLC
Its: General Partner
By: CCG Operations, LLC
Its: Managing Member

By: /s/ Behdad Eghbali
Name: Behdad Eghbali
Title: Manager
Address: 233 Wilshire Blvd., Suite 800
Santa Monica, CA 90401

I N W ITNESS W HEREOF , the parties have caused this Registration Rights Agreement to be executed and delivered by their duly authorized representatives as of the date first written above.

The Investors (continued):

Name of Investor: Erik Cline

By: /s/ Erik Cline

Name: Erik Cline

Title: Vice President

Address for Notice:

Address: _____

Facsimile No.: _____

Telephone No.: _____

Email: _____

I N W ITNESS W HEREOF , the parties have caused this Registration Rights Agreement to be executed and delivered by their duly authorized representatives as of the date first written above.

The Investors (continued):

Name of Investor: Adam Cooperman

By: /s/ Adam Cooperman
Name: Adam Cooperman
Title: Vice President

Address for Notice:

Address: _____

Facsimile No.: _____

Telephone No.: _____

Email: _____

I N W ITNESS W HEREOF , the parties have caused this Registration Rights Agreement to be executed and delivered by their duly authorized representatives as of the date first written above.

The Investors (continued):

Name of Investor: Richard S. Ford

By: /s/ Richard S. Ford
Name: Richard S. Ford
Title: Vice President

Address for Notice:

Address: _____

Facsimile No.: _____

Telephone No.: _____

Email: _____

I N W ITNESS W HEREOF , the parties have caused this Registration Rights Agreement to be executed and delivered by their duly authorized representatives as of the date first written above.

The Investors (continued):

Name of Investor: John Lyons

By: /s/ John Lyons
Name: John Lyons
Title: President, Field Organization

Address for Notice:

Address: _____

Facsimile No.: _____
Telephone No.: _____
Email: _____

I N W ITNESS W HEREOF , the parties have caused this Registration Rights Agreement to be executed and delivered by their duly authorized representatives as of the date first written above.

The Investors (continued):

Name of Investor: Paul K. Maier Revocable Trust

By: /s/ Paul Maier
Name: Paul Maier, as trustee of the Paul K. Maier
Revocable Trust
Title: President, Services Organization

Address for Notice:

Address: _____

Facsimile No.: _____

Telephone No.: _____

Email: _____

I N W ITNESS W HEREOF , the parties have caused this Registration Rights Agreement to be executed and delivered by their duly authorized representatives as of the date first written above.

The Investors (continued):

Name of Investor: Gerald G. Pearce, Jr.

By: /s/ Gerald G. Pearce, Jr.
Name: Gerald G. Pearce, Jr.
Title: _____

Address for Notice:

Address: _____

Facsimile No.: _____
Telephone No.: _____
Email: _____

I N W ITNESS W HEREOF , the parties have caused this Registration Rights Agreement to be executed and delivered by their duly authorized representatives as of the date first written above.

The Investors (continued):

Name of Investor: The John Arthur McKenna, Jr.
Irrevocable Trust, dated August 27,
2014

By: /s/ John Arthur McKenna, Jr.
Name: John Arthur McKenna, Jr., as trustee of
The John Arthur McKenna, Jr.
Irrevocable Trust, dated August 27,
2014
Title: Chief Executive Officer

Address for Notice:

Address: _____

Facsimile No.: _____

Telephone No.: _____

Email: _____

I N W ITNESS W HEREOF , the parties have caused this Registration Rights Agreement to be executed and delivered by their duly authorized representatives as of the date first written above.

The Investors (continued):

Name of Investor: Jeffrey Nachbor

By: /s/ Jeffrey Nachbor
Name: Jeffrey Nachbor
Title: Chief Financial Officer

Address for Notice:

Address: _____

Facsimile No.: _____

Telephone No.: _____

Email: _____

EXHIBIT A
INVESTORS

Name
Forum Investors I, LLC
Clearlake Capital Partners III (Master), L.P.
The John A. McKenna, Jr. Irrevocable Trust, dated August 27, 2014
John Lyons
Jeffrey Nachbor
Paul K. Maier Revocable Trust
Gerald G. Pearce, Jr.
Richard S. Ford
Adam Cooperman
Erik Cline

FORUM MERGER CORPORATION

2018 EQUITY INCENTIVE PLAN

ADOPTED BY THE BOARD OF DIRECTORS : FEBRUARY 1, 2018
 APPROVED BY THE STOCKHOLDERS : FEBRUARY 20, 2018
 EFFECTIVE DATE : FEBRUARY 22, 2018

1. GENERAL.

(a) **Eligible Award Recipients.** Employees, Directors and Consultants are eligible to receive Awards.

(b) **Available Awards.** The Plan provides for the grant of the following types of Awards: (i) Incentive Stock Options, (ii) Nonstatutory Stock Options, (iii) Stock Appreciation Rights (iv) Restricted Stock Awards, (v) Restricted Stock Unit Awards, (vi) Performance Stock Awards, (vii) Performance Cash Awards, and (viii) Other Stock Awards.

(c) **Purpose.** The Plan, through the granting of Awards, is intended to help the Company secure and retain the services of eligible award recipients, provide incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate and provide a means by which the eligible recipients may benefit from increases in value of the Common Stock.

2. ADMINISTRATION.

(a) **Administration by Board.** The Board will administer the Plan. The Board may delegate administration of the Plan to a Committee or Committees, as provided in Section 2(c).

(b) **Powers of Board.** The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine (A) who will be granted Awards; (B) when and how each Award will be granted; (C) what type of Award will be granted; (D) the provisions of each Award (which need not be identical), including when a person will be permitted to exercise or otherwise receive cash or Common Stock under the Award; (E) the number of shares of Common Stock subject to, or the cash value of, an Award; and (F) the Fair Market Value applicable to a Stock Award.

(ii) To construe and interpret the Plan and Awards granted under it, and to establish, amend and revoke rules and regulations for administration of the Plan and Awards. The Board, in the exercise of these powers, may correct any defect, omission or inconsistency in the Plan or in any Award Agreement or in the written terms of a Performance Cash Award, in a manner and to the extent it will deem necessary or expedient to make the Plan or Award fully effective.

(iii) To settle all controversies regarding the Plan and Awards granted under it.

(iv) To accelerate, in whole or in part, the time at which an Award may be exercised or vest (or at which cash or shares of Common Stock may be issued).

(v) To suspend or terminate the Plan at any time. Except as otherwise provided in the Plan or an Award Agreement, suspension or termination of the Plan will not materially impair a Participant's rights under his or her then-outstanding Award without his or her written consent except as provided in subsection (viii) below.

(vi) To amend the Plan in any respect the Board deems necessary or advisable, including, without limitation, by adopting amendments relating to Incentive Stock Options and certain nonqualified deferred compensation under Section 409A of the Code and/or to make the Plan or Awards granted under the Plan compliant with the requirements for Incentive Stock Options or exempt from or compliant with the requirements for nonqualified deferred compensation under Section 409A of the Code, subject to the limitations, if any, of applicable law. However, if required by applicable law or listing requirements, and except as provided in Section 9(a) relating to Capitalization Adjustments, the Company will seek stockholder approval of any amendment of the Plan that (A) materially increases the number of shares of Common Stock available for issuance under the Plan, (B) materially expands the class of individuals eligible to receive Awards under the Plan, (C) materially increases the benefits accruing to Participants under the Plan, (D) materially reduces the price at which shares of Common Stock may be issued or purchased under the Plan, (E) materially extends the term of the Plan, or (F) materially expands the types of Awards available for issuance under the Plan. Except as provided in the Plan (including subsection (viii) below) or an Award Agreement, no amendment of the Plan will materially impair a Participant's rights under an outstanding Award unless (1) the Company requests the consent of the affected Participant, and (2) such Participant consents in writing.

(vii) To submit any amendment to the Plan for stockholder approval, including, but not limited to, amendments to the Plan intended to satisfy the requirements of (A) Section 422 of the Code regarding incentive stock options or (B) Rule 16b-3.

(viii) To approve forms of Award Agreements for use under the Plan and to amend the terms of any one or more Awards, including, but not limited to, amendments to provide terms more favorable to the Participant than previously provided in the Award Agreement, subject to any specified limits in the Plan that are not subject to Board discretion; *provided however*, that a Participant's rights under any Award will not be impaired by any such amendment unless (A) the Company requests the consent of the affected Participant, and (B) such Participant consents in writing. Notwithstanding the foregoing, (1) a Participant's rights will not be deemed to have been impaired by any such amendment if the Board, in its sole discretion, determines that the amendment, taken as a whole, does not materially impair the Participant's rights, and (2) subject to the limitations of applicable law, if any, the Board may amend the terms of any one or more Awards without the affected Participant's consent (A) to maintain the qualified status of the Award as an Incentive Stock Option under Section 422 of the Code; (B) to change the terms of an Incentive Stock Option, if such change results in impairment of the Award solely because it impairs the qualified status of the Award as an Incentive Stock Option under Section 422 of the Code; (C) to clarify the manner of exemption from, or to bring the Award into compliance with, Section 409A of the Code; or (D) to comply with other applicable laws or listing requirements.

(ix) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan or Awards.

(x) To adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by Employees, Directors or Consultants who are foreign nationals or employed outside the United States (provided that Board approval will not be necessary for immaterial modifications to the Plan or any Award Agreement that are required for compliance with the laws of the relevant foreign jurisdiction).

(xi) To effect, with the consent of any adversely affected Participant, (A) the reduction of the exercise, purchase or strike price of any outstanding Stock Award; (B) the cancellation of any outstanding Stock Award and the grant in substitution therefor of a new (1) Option or SAR, (2) Restricted Stock Award, (3) Restricted Stock Unit Award, (4) Other Stock Award, (5) cash and/or (6) other valuable consideration determined by the Board, in its sole discretion, with any such substituted award (x) covering the same or a different number of shares of Common Stock as the cancelled Stock Award and (y) granted under the Plan or another equity or compensatory plan of the Company; or (C) any other action that is treated as a repricing under generally accepted accounting principles.

(c) Delegation to Committee.

(i) General. The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration of the Plan is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee of the Committee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board will thereafter be construed as being to the Committee or subcommittee, as applicable). Any delegation of administrative powers will be reflected in resolutions, not inconsistent with the provisions of the Plan, adopted from time to time by the Board or Committee (as applicable). The Committee may, at any time, abolish the subcommittee and/or revest in the Committee any powers delegated to the subcommittee. The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revest in the Board some or all of the powers previously delegated.

(ii) Rule 16b-3 Compliance. The Committee may consist solely of two or more Non-Employee Directors, in accordance with Rule 16b-3.

(d) Delegation to an Officer . The Board may delegate to one or more Officers the authority to do one or both of the following (i) designate Employees who are not Officers to be recipients of Options and SARs (and, to the extent permitted by applicable law, other Stock Awards) and, to the extent permitted by applicable law, the terms of such Awards, and (ii) determine the number of shares of Common Stock to be subject to such Stock Awards granted to such Employees; *provided, however* , that the Board resolutions regarding such delegation will specify the total number of shares of Common Stock that may be subject to the Stock Awards granted by such Officer and that such Officer may not grant a Stock Award to himself or herself. Any such Stock Awards will be granted on the form of Award Agreement most recently approved for use by the Committee or the Board, unless otherwise provided in the resolutions approving the delegation authority. The Board may not delegate authority to an Officer who is acting solely in the capacity of an Officer (and not also as a Director) to determine the Fair Market Value pursuant to Section 13(y)(iii) below.

(e) Effect of Board's Decision. All determinations, interpretations and constructions made by the Board in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

3. SHARES SUBJECT TO THE PLAN .

(a) Share Reserve. Subject to Section 9(a) relating to Capitalization Adjustments, and the following sentence regarding the annual increase, the aggregate number of shares of Common Stock that may be issued pursuant to Stock Awards will not exceed 10,000,000 shares (the “ *Share Reserve* ”). In addition, the Share Reserve will automatically increase on January 1st of each year, for a period of not more than ten years, commencing on January 1st of the year following the year in which the Effective

Date occurs and ending on (and including) January 1, 2027, in an amount equal to 4.0% of the total number of shares of Capital Stock outstanding on December 31st of the preceding calendar year. Notwithstanding the foregoing, the Board may act prior to January 1st of a given year to provide that there will be no January 1st increase in the Share Reserve for such year or that the increase in the Share Reserve for such year will be a lesser number of shares of Common Stock than would otherwise occur pursuant to the preceding sentence.

For clarity, the Share Reserve in this Section 3(a) is a limitation on the number of shares of Common Stock that may be issued pursuant to the Plan. Accordingly, this Section 3(a) does not limit the granting of Stock Awards except as provided in Section 7(a). Shares may be issued in connection with a merger or acquisition as permitted by NASDAQ Listing Rule 5635(c) or, if applicable, NYSE Listed Company Manual Section 303A.08, AMEX Company Guide Section 711 or other applicable rule, and such issuance will not reduce the number of shares available for issuance under the Plan.

(b) Reversion of Shares to the Share Reserve. If a Stock Award or any portion thereof (i) expires or otherwise terminates without all of the shares covered by such Stock Award having been issued or (ii) is settled in cash (*i.e.* , the Participant receives cash rather than stock), such expiration, termination or settlement will not reduce (or otherwise offset) the number of shares of Common Stock that may be available for issuance under the Plan. If any shares of Common Stock issued pursuant to a Stock Award are forfeited back to or repurchased by the Company because of the failure to meet a contingency or condition required to vest such shares in the Participant, then the shares that are forfeited or repurchased will revert to and again become available for issuance under the Plan. Any shares reacquired by the Company in satisfaction of tax withholding obligations on a Stock Award or as consideration for the exercise or purchase price of a Stock Award will again become available for issuance under the Plan.

(c) Incentive Stock Option Limit. Subject to the Share Reserve and Section 9(a) relating to Capitalization Adjustments, the aggregate maximum number of shares of Common Stock that may be issued pursuant to the exercise of Incentive Stock Options will be 30,000,000 shares of Common Stock.

(d) Limitation on Grants to Non-Employee Directors. The maximum number of shares subject to Stock Awards granted under this Plan or under any other equity plan maintained by the Company during a single calendar year to any Non-Employee Director, taken together with any cash fees paid by the Company to such Non-Employee Director during such calendar year for service on the Board, will not exceed six hundred thousand dollars (\$600,000) in total value (calculating the value of any such Stock Awards based on the grant date fair value of such Stock Awards for financial reporting purposes), or, with respect to the calendar year in which a Non-Employee Director is first appointed or elected to the Board, nine hundred thousand dollars (\$900,000).

(e) Source of Shares. The stock issuable under the Plan will be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market or otherwise.

4. ELIGIBILITY .

(a) Eligibility for Specific Stock Awards . Incentive Stock Options may be granted only to employees of the Company or a “parent corporation” or “subsidiary corporation” thereof (as such terms are defined in Sections 424(e) and 424(f) of the Code). Stock Awards other than Incentive Stock Options may be granted to Employees, Directors and Consultants; provided, however, that Stock Awards may not be granted to Employees, Directors and Consultants who are providing Continuous Service only to any “parent” of the Company, as such term is defined in Rule 405, unless (i) the stock underlying such Stock Awards is treated as “service recipient stock” under Section 409A of the Code (for example, because the

Stock Awards are granted pursuant to a Transaction such as a spin off transaction), (ii) the Company, in consultation with its legal counsel, has determined that such Stock Awards are otherwise exempt from Section 409A of the Code, or (iii) the Company, in consultation with its legal counsel, has determined that such Stock Awards comply with the distribution requirements of Section 409A of the Code.

(b) Ten Percent Stockholders. A Ten Percent Stockholder will not be granted an Incentive Stock Option unless the exercise price of such Option is at least 110% of the Fair Market Value on the date of grant and the Option is not exercisable after the expiration of five years from the date of grant.

5. PROVISIONS RELATING TO OPTIONS AND STOCK APPRECIATION RIGHTS .

Each Option or SAR will be in such form and will contain such terms and conditions as the Board deems appropriate. All Options will be separately designated Incentive Stock Options or Nonstatutory Stock Options at the time of grant, and, if certificates are issued, a separate certificate or certificates will be issued for shares of Common Stock purchased on exercise of each type of Option. If an Option is not specifically designated as an Incentive Stock Option, or if an Option is designated as an Incentive Stock Option but some portion or all of the Option fails to qualify as an Incentive Stock Option under the applicable rules, then the Option (or portion thereof) will be a Nonstatutory Stock Option. The provisions of separate Options or SARs need not be identical; *provided, however* , that each Award Agreement will conform to (through incorporation of provisions hereof by reference in the applicable Award Agreement or otherwise) the substance of each of the following provisions:

(a) Term. Subject to the provisions of Section 4(b) regarding Ten Percent Stockholders, no Option or SAR will be exercisable after the expiration of ten (10) years from the date of its grant or such shorter period specified in the Award Agreement.

(b) Exercise Price. Subject to the provisions of Section 4(b) regarding Ten Percent Stockholders, the exercise or strike price of each Option or SAR will be not less than 100% of the Fair Market Value of the Common Stock subject to the Option or SAR on the date the Award is granted. Notwithstanding the foregoing, an Option or SAR may be granted with an exercise or strike price lower than 100% of the Fair Market Value of the Common Stock subject to the Award if such Award is granted pursuant to an assumption of or substitution for another option or stock appreciation right pursuant to a Transaction and in a manner consistent with the provisions of Section 409A of the Code and, if applicable, Section 424(a) of the Code. Each SAR will be denominated in shares of Common Stock equivalents.

(c) Purchase Price for Options. The purchase price of Common Stock acquired pursuant to the exercise of an Option may be paid, to the extent permitted by applicable law and as determined by the Board in its sole discretion, by any combination of the methods of payment set forth below. The Board will have the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to use a particular method of payment. The permitted methods of payment are as follows:

(i) by cash, check, bank draft or money order payable to the Company;

(ii) pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of the stock subject to the Option, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds;

(iii) by delivery to the Company (either by actual delivery or attestation) of shares of Common Stock;

(iv) if an Option is a Nonstatutory Stock Option, by a “net exercise” arrangement pursuant to which the Company will reduce the number of shares of Common Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; *provided, however*, that the Company will accept a cash or other payment from the Participant to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued. Shares of Common Stock will no longer be subject to an Option and will not be exercisable thereafter to the extent that (A) shares issuable upon exercise are used to pay the exercise price pursuant to the “net exercise,” (B) shares are delivered to the Participant as a result of such exercise, and (C) shares are withheld to satisfy tax withholding obligations; or

(v) in any other form of legal consideration that may be acceptable to the Board and specified in the applicable Award Agreement.

(d) Exercise and Payment of a SAR. To exercise any outstanding SAR, the Participant must provide written notice of exercise to the Company in compliance with the provisions of the Stock Appreciation Right Agreement evidencing such SAR. The appreciation distribution payable on the exercise of a SAR will be not greater than an amount equal to the excess of (A) the aggregate Fair Market Value (on the date of the exercise of the SAR) of a number of shares of Common Stock equal to the number of Common Stock equivalents in which the Participant is vested under such SAR, and with respect to which the Participant is exercising the SAR on such date, over (B) the aggregate strike price of the number of Common Stock equivalents with respect to which the Participant is exercising the SAR on such date. The appreciation distribution may be paid in Common Stock, in cash, in any combination of the two or in any other form of consideration, as determined by the Board and contained in the Award Agreement evidencing such SAR.

(e) Transferability of Options and SARs. The Board may, in its sole discretion, impose such limitations on the transferability of Options and SARs as the Board will determine. In the absence of such a determination by the Board to the contrary, the following restrictions on the transferability of Options and SARs will apply:

(i) Restrictions on Transfer. An Option or SAR will not be transferable except by will or by the laws of descent and distribution (and pursuant to subsections (ii) and (iii) below), and will be exercisable during the lifetime of the Participant only by the Participant. The Board may permit transfer of the Option or SAR in a manner that is not prohibited by applicable tax and securities laws. Except as explicitly provided herein, neither an Option nor a SAR may be transferred for consideration.

(ii) Domestic Relations Orders. Subject to the approval of the Board or a duly authorized Officer, an Option or SAR may be transferred pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulation Section 1.421-1(b)(2). If an Option is an Incentive Stock Option, such Option may be deemed to be a Nonstatutory Stock Option as a result of such transfer.

(iii) Beneficiary Designation. Subject to the approval of the Board or a duly authorized Officer, a Participant may, by delivering written notice to the Company, in a form approved by the Company (or the designated broker), designate a third party who, upon the death of the Participant, will thereafter be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, upon the death of the Participant, the executor or administrator of the Participant’s estate will be entitled to exercise the Option

or SAR and receive the Common Stock or other consideration resulting from such exercise. However, the Company may prohibit designation of a beneficiary at any time, including due to any conclusion by the Company that such designation would be inconsistent with the provisions of applicable laws.

(f) Vesting Generally. The total number of shares of Common Stock subject to an Option or SAR may vest and therefore become exercisable in periodic installments that may or may not be equal. The Option or SAR may be subject to such other terms and conditions on the time or times when it may or may not be exercised (which may be based on the satisfaction of Performance Goals or other criteria) as the Board may deem appropriate. The vesting provisions of individual Options or SARs may vary. The provisions of this Section 5(f) are subject to any Option or SAR provisions governing the minimum number of shares of Common Stock as to which an Option or SAR may be exercised.

(g) Termination of Continuous Service. Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates (other than for Cause and other than upon the Participant's death or Disability), the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Award as of the date of termination of Continuous Service) within the period of time ending on the earlier of (i) the date three (3) months following the termination of the Participant's Continuous Service (or such longer or shorter period specified in the applicable Award Agreement) and (ii) the expiration of the term of the Option or SAR as set forth in the Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR (as applicable) within the applicable time frame, the Option or SAR will terminate.

(h) Extension of Termination Date. If the exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause and other than upon the Participant's death or Disability) would be prohibited at any time solely because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act, then the Option or SAR will terminate on the earlier of (i) the expiration of a total period of time (that need not be consecutive) equal to the applicable post termination exercise period after the termination of the Participant's Continuous Service during which the exercise of the Option or SAR would not be in violation of such registration requirements, and (ii) the expiration of the term of the Option or SAR as set forth in the applicable Award Agreement. In addition, unless otherwise provided in a Participant's Award Agreement, if the sale of any Common Stock received on exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause) would violate the Company's insider trading policy, then the Option or SAR will terminate on the earlier of (i) the expiration of a period of months (that need not be consecutive) equal to the applicable post-termination exercise period after the termination of the Participant's Continuous Service during which the sale of the Common Stock received upon exercise of the Option or SAR would not be in violation of the Company's insider trading policy, or (ii) the expiration of the term of the Option or SAR as set forth in the applicable Award Agreement.

(i) Disability of Participant. Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates as a result of the Participant's Disability, the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Option or SAR as of the date of termination of Continuous Service), but only within such period of time ending on the earlier of (i) the date twelve (12) months following such termination of Continuous Service (or such longer or shorter period specified in the Award Agreement) and (ii) the expiration of the term of the Option or SAR as set forth in the Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the applicable time frame, the Option or SAR (as applicable) will terminate.

(j) Death of Participant. Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company, if (i) a Participant's Continuous Service terminates as a result of the Participant's death, or (ii) the Participant dies within the period (if any) specified in the Award Agreement for exercisability after the termination of the Participant's Continuous Service for a reason other than death, then the Option or SAR may be exercised (to the extent the Participant was entitled to exercise such Option or SAR as of the date of death) by the Participant's estate, by a person who acquired the right to exercise the Option or SAR by bequest or inheritance or by a person designated to exercise the Option or SAR upon the Participant's death, but only within the period ending on the earlier of (i) the date eighteen (18) months following the date of death (or such longer or shorter period specified in the Award Agreement) and (ii) the expiration of the term of such Option or SAR as set forth in the Award Agreement. If, after the Participant's death, the Option or SAR is not exercised within the applicable time frame, the Option or SAR (as applicable) will terminate.

(k) Termination for Cause. Except as explicitly provided otherwise in a Participant's Award Agreement or other individual written agreement between the Company or any Affiliate and the Participant, if a Participant's Continuous Service is terminated for Cause, the Option or SAR will terminate immediately upon such Participant's termination of Continuous Service, and the Participant will be prohibited from exercising his or her Option or SAR from and after the time of such termination of Continuous Service.

(l) Non-Exempt Employees . If an Option or SAR is granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, the Option or SAR will not be first exercisable for any shares of Common Stock until at least six (6) months following the date of grant of the Option or SAR (although the Award may vest prior to such date). Consistent with the provisions of the Worker Economic Opportunity Act, (i) if such non-exempt Employee dies or suffers a Disability, (ii) upon a Corporate Transaction in which such Option or SAR is not assumed, continued, or substituted, (iii) upon a Change in Control, or (iv) upon the Participant's retirement (as such term may be defined in the Participant's Award Agreement, in another agreement between the Participant and the Company, or, if no such definition, in accordance with the Company's then current employment policies and guidelines), the vested portion of any Options and SARs may be exercised earlier than six (6) months following the date of grant. The foregoing provision is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or SAR will be exempt from his or her regular rate of pay. To the extent permitted and/or required for compliance with the Worker Economic Opportunity Act to ensure that any income derived by a non-exempt employee in connection with the exercise, vesting or issuance of any shares under any other Stock Award will be exempt from the employee's regular rate of pay, the provisions of this Section 5(l) will apply to all Stock Awards and are hereby incorporated by reference into such Stock Award Agreements.

(m) Early Exercise of Options. An Option may, but need not, include a provision whereby the Optionholder may elect at any time before the Optionholder's Continuous Service terminates to exercise the Option as to any part or all of the shares of Common Stock subject to the Option prior to the full vesting of the Option. Any unvested shares of Common Stock so purchased may be subject to a repurchase right in favor of the Company or to any other restriction the Board determines to be appropriate. The Company will not be required to exercise its repurchase right until at least six (6) months (or such longer or shorter period of time required to avoid classification of the Option as a liability for financial accounting purposes) have elapsed following exercise of the Option unless the Board otherwise specifically provides in the Option Agreement.

6. PROVISIONS OF STOCK AWARDS OTHER THAN OPTIONS AND SARs.

(a) Restricted Stock Awards. Each Restricted Stock Award Agreement will be in such form and will contain such terms and conditions as the Board deems appropriate. To the extent consistent with the Company's bylaws, at the Board's election, shares of Common Stock may be (i) held in book entry form subject to the Company's instructions until any restrictions relating to the Restricted Stock Award lapse; or (ii) evidenced by a certificate, which certificate will be held in such form and manner as determined by the Board. The terms and conditions of Restricted Stock Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Award Agreements need not be identical. Each Restricted Stock Award Agreement will conform to (through incorporation of the provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) Consideration. A Restricted Stock Award may be awarded in consideration for (A) cash, check, bank draft or money order payable to the Company, (B) past services to the Company or an Affiliate, or (C) any other form of legal consideration (including future services) that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.

(ii) Vesting. Shares of Common Stock awarded under the Restricted Stock Award Agreement may be subject to forfeiture to the Company in accordance with a vesting schedule to be determined by the Board.

(iii) Termination of Participant's Continuous Service. If a Participant's Continuous Service terminates, the Company may receive through a forfeiture condition or a repurchase right any or all of the shares of Common Stock held by the Participant that have not vested as of the date of termination of Continuous Service under the terms of the Restricted Stock Award Agreement.

(iv) Transferability. Rights to acquire shares of Common Stock under the Restricted Stock Award Agreement will be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Stock Award Agreement, as the Board will determine in its sole discretion, so long as Common Stock awarded under the Restricted Stock Award Agreement remains subject to the terms of the Restricted Stock Award Agreement.

(v) Dividends. A Restricted Stock Award Agreement may provide that any dividends paid on Restricted Stock will be subject to the same vesting and forfeiture restrictions as apply to the shares subject to the Restricted Stock Award to which they relate.

(b) Restricted Stock Unit Awards. Each Restricted Stock Unit Award Agreement will be in such form and will contain such terms and conditions as the Board deems appropriate. The terms and conditions of Restricted Stock Unit Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Unit Award Agreements need not be identical. Each Restricted Stock Unit Award Agreement will conform to (through incorporation of the provisions hereof by reference in the Agreement or otherwise) the substance of each of the following provisions:

(i) Consideration. At the time of grant of a Restricted Stock Unit Award, the Board will determine the consideration, if any, to be paid by the Participant upon delivery of each share of Common Stock subject to the Restricted Stock Unit Award. The consideration to be paid (if any) by the Participant for each share of Common Stock subject to a Restricted Stock Unit Award may be paid in any form of legal consideration that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.

(ii) Vesting. At the time of the grant of a Restricted Stock Unit Award, the Board may impose such restrictions on or conditions to the vesting of the Restricted Stock Unit Award as it, in its sole discretion, deems appropriate.

(iii) Payment . A Restricted Stock Unit Award may be settled by the delivery of shares of Common Stock, their cash equivalent, any combination thereof or in any other form of consideration, as determined by the Board and contained in the Restricted Stock Unit Award Agreement.

(iv) Additional Restrictions. At the time of the grant of a Restricted Stock Unit Award, the Board, as it deems appropriate, may impose such restrictions or conditions that delay the delivery of the shares of Common Stock (or their cash equivalent) subject to a Restricted Stock Unit Award to a time after the vesting of such Restricted Stock Unit Award.

(v) Dividend Equivalents. Dividend equivalents may be credited in respect of shares of Common Stock covered by a Restricted Stock Unit Award, as determined by the Board and contained in the Restricted Stock Unit Award Agreement. At the sole discretion of the Board, such dividend equivalents may be converted into additional shares of Common Stock covered by the Restricted Stock Unit Award in such manner as determined by the Board. Any additional shares covered by the Restricted Stock Unit Award credited by reason of such dividend equivalents will be subject to all of the same terms and conditions of the underlying Restricted Stock Unit Award Agreement to which they relate.

(vi) Termination of Participant ' s Continuous Service. Except as otherwise provided in the applicable Restricted Stock Unit Award Agreement or other written agreement between a Participant and the Company or an Affiliate, such portion of the Restricted Stock Unit Award that has not vested will be forfeited upon the Participant's termination of Continuous Service.

(c) Performance Awards .

(i) Performance Stock Awards . A Performance Stock Award is a Stock Award that is payable (including that may be granted, vest or exercised) contingent upon the attainment during a Performance Period of certain Performance Goals. A Performance Stock Award may, but need not, require the completion of a specified period of Continuous Service. The length of any Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained will be conclusively determined by the Board or Committee , in its sole discretion. In addition, to the extent permitted by applicable law and the applicable Award Agreement, the Board or the Committee may determine that cash may be used in payment of Performance Stock Awards.

(ii) Performance Cash Awards . A Performance Cash Award is a cash award that is payable contingent upon the attainment during a Performance Period of certain Performance Goals. A Performance Cash Award may also require the completion of a specified period of Continuous Service. At the time of grant of a Performance Cash Award, the length of any Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained will be conclusively determined by the Board or Committee, in its sole discretion. The Board or the Committee may specify the form of payment of Performance Cash Awards, which may be cash or other property, or may provide for a Participant to have the option for his or her Performance Cash Award, or such portion thereof as the Board may specify, to be paid in whole or in part in cash or other property.

(iii) Board Discretion . The Board retains the discretion to adjust or eliminate the compensation or economic benefit due upon attainment of Performance Goals and to define the manner of calculating the Performance Criteria it selects to use for a Performance Period. Partial achievement of the specified criteria may result in the payment or vesting corresponding to the degree of achievement as specified in the Stock Award Agreement or the written terms of a Performance Cash Award.

(d) Other Stock Awards . Other forms of Stock Awards valued in whole or in part by reference to, or otherwise based on, Common Stock, including the appreciation in value thereof (e.g., options or stock rights with an exercise price or strike price less than 100% of the Fair Market Value of the Common Stock at the time of grant) may be granted either alone or in addition to Stock Awards provided for under Section 5 and the preceding provisions of this Section 6. Subject to the provisions of the Plan, the Board will have sole and complete authority to determine the persons to whom and the time or times at which such Other Stock Awards will be granted, the number of shares of Common Stock (or the cash equivalent thereof) to be granted pursuant to such Other Stock Awards and all other terms and conditions of such Other Stock Awards.

7. COVENANTS OF THE COMPANY .

(a) Availability of Shares. The Company will keep available at all times the number of shares of Common Stock reasonably required to satisfy then-outstanding Stock Awards.

(b) Securities Law Compliance. The Company will seek to obtain from each regulatory commission or agency having jurisdiction over the Plan, as necessary, such authority as may be required to grant Stock Awards and to issue and sell shares of Common Stock upon exercise or vesting of the Stock Awards; *provided, however* , that this undertaking will not require the Company to register under the Securities Act or other securities or applicable laws, the Plan, any Stock Award or any Common Stock issued or issuable pursuant to any such Stock Award. If, after reasonable efforts and at a reasonable cost, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary or advisable for the lawful issuance and sale of Common Stock under the Plan, the Company will be relieved from any liability for failure to issue and sell Common Stock upon exercise or vesting of such Stock Awards unless and until such authority is obtained. A Participant will not be eligible for the grant of an Award or the subsequent issuance of cash or Common Stock pursuant to the Award if such grant or issuance would be in violation of any applicable securities law.

(c) No Obligation to Notify or Minimize Taxes. The Company will have no duty or obligation to any Participant to advise such holder as to the tax treatment or time or manner of exercising such Stock Award. Furthermore, the Company will have no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of an Award or a possible period in which the Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of an Award to the holder of such Award.

8. MISCELLANEOUS .

(a) Use of Proceeds from Sales of Common Stock. Proceeds from the sale of shares of Common Stock pursuant to Stock Awards will constitute general funds of the Company.

(b) Corporate Action Constituting Grant of Awards. Corporate action constituting a grant by the Company of an Award to any Participant will be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Award is communicated to, or actually received or accepted by, the

Participant. In the event that the corporate records (e.g., Board consents, resolutions or minutes) documenting the corporate action approving the grant contain terms (e.g., exercise price, vesting schedule or number of shares) that are inconsistent with those in the Award Agreement or related grant documents as a result of a clerical error in the papering of the Award Agreement or related grant documents, the corporate records will control and the Participant will have no legally binding right to the incorrect term in the Award Agreement or related grant documents.

(c) Stockholder Rights. No Participant will be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to an Award unless and until (i) such Participant has satisfied all requirements for exercise of, or the issuance of shares of Common Stock under, the Award pursuant to its terms, and (ii) the issuance of the Common Stock subject to such Award has been entered into the books and records of the Company.

(d) No Employment or Other Service Rights. Nothing in the Plan, any Award Agreement or any other instrument executed thereunder or in connection with any Award granted pursuant thereto will confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Award was granted or will affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state or foreign jurisdiction in which the Company or the Affiliate is domiciled or incorporated, as the case may be.

(e) Change in Time Commitment . In the event a Participant's regular level of time commitment in the performance of his or her services for the Company and any Affiliates is reduced (for example, and without limitation, if the Participant is an Employee of the Company and the Employee has a change in status from a full-time Employee to a part-time Employee or takes an extended leave of absence) after the date of grant of any Award to the Participant, the Board has the right in its sole discretion to (x) make a corresponding reduction in the number of shares or cash amount subject to any portion of such Award that is scheduled to vest or become payable after the date of such change in time commitment, and (y) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Award. In the event of any such reduction, the Participant will have no right with respect to any portion of the Award that is so reduced or extended.

(f) Incentive Stock Option Limitations. To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and any Affiliates) exceeds \$100,000 (or such other limit established in the Code) or otherwise does not comply with the rules governing Incentive Stock Options, the Options or portions thereof that exceed such limit (according to the order in which they were granted) or otherwise do not comply with such rules will be treated as Nonstatutory Stock Options, notwithstanding any contrary provision of the applicable Option Agreement(s).

(g) Investment Assurances. The Company may require a Participant, as a condition of exercising or acquiring Common Stock under any Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Award; and (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Common Stock subject to the Award for the Participant's own account and not with any present intention of selling or otherwise

distributing the Common Stock. The foregoing requirements, and any assurances given pursuant to such requirements, will be inoperative if (A) the issuance of the shares upon the exercise or acquisition of Common Stock under the Stock Award has been registered under a then currently effective registration statement under the Securities Act, or (B) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Common Stock.

(h) Withholding Obligations. Unless prohibited by the terms of an Award Agreement, the Company may, in its sole discretion, satisfy any federal, state or local tax withholding obligation relating to an Award by any of the following means or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to the Participant in connection with the Stock Award; *provided, however*, that no shares of Common Stock are withheld with a value exceeding the maximum amount of tax required to be withheld by law (or such lesser amount as may be necessary to avoid classification of the Stock Award as a liability for financial accounting purposes); (iii) withholding cash from an Award settled in cash; (iv) withholding payment from any amounts otherwise payable to the Participant; or (v) by such other method as may be set forth in the Award Agreement.

(i) Electronic Delivery . Any reference herein to a “written” agreement or document will include any agreement or document delivered electronically, filed publicly at www.sec.gov (or any successor website thereto) or posted on the Company’s intranet (or other shared electronic medium controlled by the Company to which the Participant has access).

(j) Deferrals. To the extent permitted by applicable law, the Board, in its sole discretion, may determine that the delivery of Common Stock or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Award may be deferred and may establish programs and procedures for deferral elections to be made by Participants. Deferrals by Participants will be made in accordance with Section 409A of the Code. Consistent with Section 409A of the Code, the Board may provide for distributions while a Participant is still an employee or otherwise providing services to the Company. The Board is authorized to make deferrals of Awards and determine when, and in what annual percentages, Participants may receive payments, including lump sum payments, following the Participant’s termination of Continuous Service, and implement such other terms and conditions consistent with the provisions of the Plan and in accordance with applicable law.

(k) Clawback/Recovery . All Awards granted under the Plan will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company’s securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law. In addition, the Board may impose such other clawback, recovery or recoupment provisions in an Award Agreement as the Board determines necessary or appropriate, including but not limited to a reacquisition right in respect of previously acquired shares of Common Stock or other cash or property upon the occurrence of Cause. No recovery of compensation under such a clawback policy will be an event giving rise to a right to voluntary terminate employment upon a “resignation for good reason,” or for a “constructive termination” or any similar term under any plan or agreement with the Company.

(l) Compliance with Section 409A of the Code. Unless otherwise expressly provided for in an Award Agreement, the Plan and Award Agreements will be interpreted to the greatest extent possible

in a manner that makes the Plan and the Awards granted hereunder exempt from Section 409A of the Code, and, to the extent not so exempt, in compliance with Section 409A of the Code. If the Board determines that any Award granted hereunder is not exempt from and is therefore subject to Section 409A of the Code, the Award Agreement evidencing such Award will incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code, and to the extent an Award Agreement is silent on terms necessary for compliance, such terms are hereby incorporated by reference into the Award Agreement. Notwithstanding anything to the contrary in this Plan (and unless the Award Agreement specifically provides otherwise), if the shares of Common Stock are publicly traded, and if a Participant holding an Award that constitutes “deferred compensation” under Section 409A of the Code is a “specified employee” for purposes of Section 409A of the Code, no distribution or payment of any amount that is due because of a “separation from service” (as defined in Section 409A of the Code without regard to alternative definitions thereunder) will be issued or paid before the date that is six months following the date of such Participant’s “separation from service” or, if earlier, the date of the Participant’s death, unless such distribution or payment can be made in a manner that complies with Section 409A of the Code, and any amounts so deferred will be paid in a lump sum on the day after such six month period elapses, with the balance paid thereafter on the original schedule.

9. ADJUSTMENTS UPON CHANGES IN COMMON STOCK ; OTHER CORPORATE EVENTS .

(a) Capitalization Adjustments . In the event of a Capitalization Adjustment, the Board will appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a), (ii) the class(es) and maximum number of securities that may be issued pursuant to the exercise of Incentive Stock Options pursuant to Section 3(c), (iii) the class(es) and maximum number of securities that may be awarded to any Non-Employee Director pursuant to Section 3(d), and (iv) the class(es) and number of securities and price per share of stock subject to outstanding Stock Awards. The Board will make such adjustments, and its determination will be final, binding and conclusive.

(b) Dissolution . Except as otherwise provided in the Stock Award Agreement, in the event of a Dissolution of the Company, all outstanding Stock Awards (other than Stock Awards consisting of vested and outstanding shares of Common Stock not subject to a forfeiture condition or the Company’s right of repurchase) will terminate immediately prior to the completion of such Dissolution, and the shares of Common Stock subject to the Company’s repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Stock Award is providing Continuous Service; *provided, however*, that the Board may, in its sole discretion, cause some or all Stock Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent such Stock Awards have not previously expired or terminated) before the Dissolution is completed but contingent on its completion.

(c) Transaction. The following provisions will apply to Stock Awards in the event of a Transaction unless otherwise provided in the instrument evidencing the Stock Award or any other written agreement between the Company or any Affiliate and the Participant or unless otherwise expressly provided by the Board at the time of grant of a Stock Award. In the event of a Transaction, then, notwithstanding any other provision of the Plan, the Board may take one or more of the following actions with respect to Stock Awards, contingent upon the closing or completion of the Transaction:

(i) arrange for the surviving corporation or acquiring corporation (or the surviving or acquiring corporation’s parent company) to assume or continue the Stock Award or to substitute a similar stock award for the Stock Award (including, but not limited to, an award to acquire the same consideration paid to the stockholders of the Company pursuant to the Transaction);

(ii) arrange for the assignment of any reacquisition or repurchase rights held by the Company in respect of Common Stock issued pursuant to the Stock Award to the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company);

(iii) accelerate the vesting, in whole or in part, of the Stock Award (and, if applicable, the time at which the Stock Award may be exercised) to a date prior to the effective time of such Transaction as the Board determines (or, if the Board does not determine such a date, to the date that is five days prior to the effective date of the Transaction), with such Stock Award terminating if not exercised (if applicable) at or prior to the effective time of the Transaction; *provided, however*, that the Board may require Participants to complete and deliver to the Company a notice of exercise before the effective date of a Transaction, which exercise is contingent upon the effectiveness of such Transaction;

(iv) arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by the Company with respect to the Stock Award;

(v) cancel or arrange for the cancellation of the Stock Award, to the extent not vested or not exercised prior to the effective time of the Transaction, in exchange for such cash consideration, if any, as the Board, in its sole discretion, may consider appropriate; and

(vi) make a payment, in such form as may be determined by the Board equal to the excess, if any, of (A) the value of the property the Participant would have received upon the exercise of the Stock Award immediately prior to the effective time of the Transaction, over (B) any exercise price payable by such holder in connection with such exercise. For clarity, this payment may be \$0 if the value of the property is equal to or less than the exercise price. Payments under this provision may be delayed to the same extent that payment of consideration to the holders of the Company's Common Stock in connection with the Transaction is delayed as a result of escrows, earn outs, holdbacks or any other contingencies.

The Board need not take the same action or actions with respect to all Stock Awards or portions thereof or with respect to all Participants. The Board may take different actions with respect to the vested and unvested portions of a Stock Award. Unless otherwise provided in the instrument evidencing a Performance Cash Award or any other written agreement between the Company or any Affiliate and the Participant or unless otherwise expressly provided by the Board, in the event of a Transaction, then all Performance Cash Awards outstanding under the Plan will terminate prior to the effective time of such Transaction.

(d) Change in Control. A Stock Award may be subject to additional acceleration of vesting and exercisability upon or after a Change in Control as may be provided in the Stock Award Agreement for such Stock Award or as may be provided in any other written agreement between the Company or any Affiliate and the Participant, but in the absence of such provision, no such acceleration will occur.

10. TERMINATION OR SUSPENSION OF THE PLAN.

(a) The Board may suspend or terminate the Plan at any time. No Incentive Stock Option will be granted after the tenth anniversary of the earlier of (i) the Adoption Date, or (ii) the date the Plan is approved by the stockholders of the Company. No Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) No Impairment of Rights. Suspension or termination of the Plan will not materially impair rights and obligations under any Award granted while the Plan is in effect except with the written consent of the affected Participant or as otherwise permitted in the Plan (including Section 2(b)(viii)) or an Award Agreement.

11. EFFECTIVE DATE OF PLAN.

The Plan will become effective on the Effective Date.

12. CHOICE OF LAW.

The laws of the State of Delaware will govern all questions concerning the construction, validity and interpretation of this Plan, without regard to that state's conflict of laws rules.

13. DEFINITIONS. As used in the Plan, the following definitions will apply to the capitalized terms indicated below:

(a) “**Adoption Date**” means the date the Plan is adopted by the Board.

(b) “**Affiliate**” means, at the time of determination, any “parent” or “subsidiary” of the Company as such terms are defined in Rule 405. The Board will have the authority to determine the time or times at which “parent” or “subsidiary” status is determined within the foregoing definition.

(c) “**Award**” means a Stock Award or a Performance Cash Award.

(d) “**Award Agreement**” means a written agreement between the Company and a Participant evidencing the terms and conditions of an Award.

(e) “**Board**” means the Board of Directors of the Company.

(f) “**Capital Stock**” means each and every class of common stock of the Company, regardless of the number of votes per share.

(g) “**Capitalization Adjustment**” means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Stock Award after the Adoption Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, reverse stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

(h) “**Cause**” will have the meaning ascribed to such term in any written agreement between the Participant and the Company defining such term and, in the absence of such agreement, such term means, with respect to a Participant, the occurrence of any of the following events: (i) such Participant's commission of any felony or any crime involving fraud, embezzlement, dishonesty or moral turpitude under the laws of the United States or any state thereof; (ii) such Participant's attempted commission of, or participation in, a fraud, embezzlement or act of dishonesty against the Company or an Affiliate; (iii) such Participant's intentional, material violation of any contract or agreement between the Participant and the Company or an Affiliate or of any statutory duty owed to the Company or an Affiliate; (iv) such Participant's unauthorized use or disclosure of the Company's or an Affiliate's confidential information or trade secrets; (v) the refusal or omission by the Participant to perform any duties required of him or her

if such duties are consistent with duties customary for the position held with the Company or an Affiliate or persistent unsatisfactory performance or neglect of his or her job duties; or (vi) such Participant's gross misconduct. The determination that a termination of the Participant's Continuous Service is either for Cause or without Cause will be made by the Company, in its sole discretion. Any determination by the Company that the Continuous Service of a Participant was terminated with or without Cause for the purposes of outstanding Awards held by such Participant will have no effect upon any determination of the rights or obligations of the Company or such Participant for any other purpose.

(i) "**Change in Control**" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control will not be deemed to occur (A) on account of the acquisition of securities of the Company directly from the Company, (B) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that acquires the Company's securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities, or (C) solely because the level of Ownership held by any Exchange Act Person (the "**Subject Person**") exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control will be deemed to occur;

(ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction;

(iii) the stockholders of the Company approve or the Board approves a plan of complete dissolution or liquidation of the Company, or a complete dissolution or liquidation of the Company will otherwise occur, except for a liquidation into a parent corporation;

(iv) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than 50% of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; or

(v) individuals who, on the date the Plan is adopted by the Board, are members of the Board (the “**Incumbent Board**”) cease for any reason to constitute at least a majority of the members of the Board; *provided, however*, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Plan, be considered as a member of the Incumbent Board.

Notwithstanding the foregoing or any other provision of this Plan, (A) the term Change in Control will not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company, and (B) the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant will supersede the foregoing definition with respect to Awards subject to such agreement; *provided, however*, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition will apply. To the extent required for compliance with Section 409A of the Code, in no event will a Change in Control be deemed to have occurred if such transaction is not also a “change in the ownership or effective control of” the Company or “a change in the ownership of a substantial portion of the assets of” the Company as determined under Treasury Regulations Section 1.409A-3(i)(5) (without regard to any alternative definition thereunder). The Board may, in its sole discretion and without a Participant’s consent, amend the definition of “Change in Control” to conform to the definition of “Change in Control” under Section 409A of the Code, and the regulations thereunder.

(j) “**Code**” means the Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

(k) “**Committee**” means a committee of one or more Directors to whom authority has been delegated by the Board in accordance with Section 2(c).

(l) “**Common Stock**” means the Class A common stock of the Company.

(m) “**Company**” means Forum Merger Corporation, a Delaware corporation.

(n) “**Consultant**” means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service, will not cause a Director to be considered a “Consultant” for purposes of the Plan. Notwithstanding the foregoing, a person is treated as a Consultant under this Plan only if a Form S-8 Registration Statement under the Securities Act is available to register either the offer or the sale of the Company’s securities to such person.

(o) “**Continuous Service**” means that the Participant’s service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Director or Consultant or a change in the Entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant’s service with the Company or an Affiliate, will not terminate a Participant’s Continuous Service; *provided, however*, that if the Entity for which a Participant is rendering services ceases to qualify as an Affiliate, as determined by the Board, in its sole discretion, such Participant’s Continuous Service will be considered to have terminated on the date such Entity ceases to qualify as an Affiliate. For example, a change in status from an Employee of the Company to a Consultant of an Affiliate or to a Director will not constitute an interruption of Continuous Service. To the extent permitted by law, the Board or the chief executive officer of the Company, in that party’s sole discretion, may determine whether Continuous Service will be considered interrupted in the

case of (i) any leave of absence approved by the Board or chief executive officer, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors. Notwithstanding the foregoing, a leave of absence will be treated as Continuous Service for purposes of vesting in an Award only to such extent as may be provided in the Company's leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by law. In addition, to the extent required for exemption from or compliance with Section 409A of the Code, the determination of whether there has been a termination of Continuous Service will be made, and such term will be construed, in a manner that is consistent with the definition of "separation from service" as defined under Treasury Regulation Section 1.409A-1(h) (without regard to any alternative definition thereunder).

(p) "**Corporate Transaction**" means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board, in its sole discretion, of the consolidated assets of the Company and its Subsidiaries;

(ii) a sale or other disposition of more than 50% of the outstanding securities of the Company;

(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(q) "**Director**" means a member of the Board.

(r) "**Disability**" means, with respect to a Participant, the inability of such Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months, as provided in Sections 22(e)(3) and 409A(a)(2)(c)(i) of the Code, and will be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

(s) "**Dissolution**" means when the Company, after having executed a certificate of dissolution with the State of Delaware (or other applicable state), has completely wound up its affairs. Conversion of the Company into a Limited Liability Company (or any other pass-through entity) will not be considered a "Dissolution" for purposes of the Plan.

(t) "**Effective Date**" means the effective date of this Plan, which is the date of the closing of the transactions contemplated by the Agreement and Plan of Merger among the Company, FMC Merger Subsidiary Corp., FMC Merger Subsidiary LLC, Clearlake Capital Management III, L.P., and C1 Investment Corp., dated as of November 30, 2017, provided that this Plan is approved by the Company's stockholders on or prior to such date.

(u) “ **Employee** ” means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an “Employee” for purposes of the Plan.

(v) “ **Entity** ” means a corporation, partnership, limited liability company or other entity.

(w) “ **Exchange Act** ” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(x) “ **Exchange Act Person** ” means any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that “Exchange Act Person” will not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to a registered public offering of such securities, (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company; or (v) any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date, is the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company’s then outstanding securities.

(y) “ **Fair Market Value** ” means, as of any date, the value of the Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or traded on any established market, the Fair Market Value of a share of Common Stock will be, unless otherwise determined by the Board, the closing sales price for such stock as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) on the date of determination, as reported in a source the Board deems reliable.

(ii) Unless otherwise provided by the Board, if there is no closing sales price for the Common Stock on the date of determination, then the Fair Market Value will be the closing selling price on the last preceding date for which such quotation exists.

(iii) In the absence of such markets for the Common Stock, the Fair Market Value will be determined by the Board in good faith and in a manner that complies with Sections 409A and 422 of the Code.

(z) “ **Incentive Stock Option** ” means an option granted pursuant to Section 5 of the Plan that is intended to be, and that qualifies as, an “incentive stock option” within the meaning of Section 422 of

(aa) “ **Non-Employee Director** ” means a Director who either (i) is not a current employee or officer of the Company or an Affiliate, does not receive compensation, either directly or indirectly, from the Company or an Affiliate for services rendered as a consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K promulgated pursuant to the Securities Act (“ **Regulation S-K** ”)), does not possess an interest in any other transaction for which disclosure would be required under Item 404(a) of Regulation S-K, and is not engaged in a business relationship for which disclosure would be required pursuant to Item 404(b) of Regulation S-K; or (ii) is otherwise considered a “non-employee director” for purposes of Rule 16b-3.

(bb) “ **Nonstatutory Stock Option** ” means any option granted pursuant to Section 5 of the Plan that does not qualify as an Incentive Stock Option.

(cc) “ **Officer** ” means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act.

(dd) “ **Option** ” means an Incentive Stock Option or a Nonstatutory Stock Option to purchase shares of Common Stock granted pursuant to the Plan.

(ee) “ **Option Agreement** ” means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an Option grant. Each Option Agreement will be subject to the terms and conditions of the Plan.

(ff) “ **Optionholder** ” means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(gg) “ **Other Stock Award** ” means an award based in whole or in part by reference to the Common Stock which is granted pursuant to the terms and conditions of Section 6(d).

(hh) “ **Other Stock Award Agreement** ” means a written agreement between the Company and a holder of an Other Stock Award evidencing the terms and conditions of an Other Stock Award grant. Each Other Stock Award Agreement will be subject to the terms and conditions of the Plan.

(ii) “ **Own,** ” “ **Owned,** ” “ **Owner,** ” “ **Ownership** ” A person or Entity will be deemed to “Own,” to have “Owned,” to be the “Owner” of, or to have acquired “Ownership” of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(jj) “ **Participant** ” means a person to whom an Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Stock Award.

(kk) “ **Performance Cash Award** ” means an award of cash granted pursuant to the terms and conditions of Section 6(c)(ii).

(ll) “ **Performance Criteria** ” means the one or more criteria that the Board will select for purposes of establishing the Performance Goals for a Performance Period. The Performance Criteria that will be used to establish such Performance Goals may be based on any one of, or combination of, the following as determined by the Board: (i) earnings (including earnings per share and net earnings); (ii) earnings before interest, taxes and depreciation; (iii) earnings before interest, taxes, depreciation and amortization; (iv) earnings before interest, taxes, depreciation, amortization and legal settlements; (v) earnings before interest, taxes, depreciation, amortization, legal settlements and other income (expense); (vi) earnings before interest, taxes, depreciation, amortization, legal settlements, other income (expense) and stock-based compensation; (vii) earnings before interest, taxes, depreciation, amortization, legal settlements, other income (expense), stock-based compensation and changes in deferred revenue; (viii) earnings before interest, taxes, depreciation, amortization, legal settlements, other income (expense), stock-based compensation, other non-cash expenses and changes in deferred revenue; (ix) total stockholder return; (x) return on equity or average stockholder’s equity; (xi) return on assets, investment, or capital employed; (xii) stock price; (xiii) margin (including gross margin); (xiv) income (before or after taxes); (xv) operating income; (xvi) operating income after taxes; (xvii) pre-tax profit; (xviii) operating cash flow; (xix) sales or revenue targets; (xx) increases in revenue or product revenue; (xxi) expenses and

cost reduction goals; (xxii) improvement in or attainment of working capital levels; (xxiii) economic value added (or an equivalent metric); (xxiv) market share; (xxv) cash flow; (xxvi) cash flow per share; (xxvii) cash balance; (xxviii) cash burn; (xxix) cash collections; (xxx) share price performance; (xxxi) debt reduction; (xxxii) implementation or completion of projects or processes; (xxxiii) stockholders' equity; (xxxiv) capital expenditures; (xxxv) debt levels; (xxxvi) operating profit or net operating profit; (xxxvii) workforce diversity; (xxxviii) growth of net income or operating income; (xxxix) billings; (xl) bookings; (xli) employee retention; (xlii) acquisition of new customers, including institutional accounts; (xliii) customer retention and/or repeat order rate; (xliv) number of users, including institutional customer accounts (xlv) budget management; (xlvi) partner satisfaction; (xlvii) strategic partnerships or transactions (including in-licensing and out-licensing of intellectual property; (xlviii) customer satisfaction; and (xlix) other measures of performance selected by the Board.

(mm) “**Performance Goals**” means, for a Performance Period, the one or more goals established by the Board for the Performance Period based upon the Performance Criteria. Performance Goals may be based on a Company-wide basis, with respect to one or more business units, divisions, Affiliates, or business segments, and in either absolute terms or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise by the Board (i) in the Award Agreement at the time the Award is granted or (ii) in such other document setting forth the Performance Goals at the time the Performance Goals are established, the Board will appropriately make adjustments in the method of calculating the attainment of Performance Goals for a Performance Period as follows: (1) to exclude restructuring and/or other nonrecurring charges; (2) to exclude exchange rate effects; (3) to exclude the effects of changes to generally accepted accounting principles; (4) to exclude the effects of any statutory adjustments to corporate tax rates; (5) to exclude the effects of any items that are unusual in nature or occur infrequently as determined under generally accepted accounting principles; (6) to exclude the dilutive effects of acquisitions or joint ventures; (7) to assume that any business divested by the Company achieved performance objectives at targeted levels during the balance of a Performance Period following such divestiture; (8) to exclude the effect of any change in the outstanding shares of common stock of the Company by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common stockholders other than regular cash dividends; (9) to exclude the effects of stock based compensation and the award of bonuses under the Company's bonus plans; (10) to exclude costs incurred in connection with potential acquisitions or divestitures that are required to be expensed under generally accepted accounting principles; (11) to exclude the goodwill and intangible asset impairment charges that are required to be recorded under generally accepted accounting principles; and (12) to exclude the effect of any other unusual, non-recurring gain or loss or other extraordinary item. In addition, the Board retains the discretion to reduce or eliminate the compensation or economic benefit due upon attainment of Performance Goals and to define the manner of calculating the Performance Criteria it selects to use for such Performance Period. Partial achievement of the specified criteria may result in the payment or vesting corresponding to the degree of achievement as specified in the Stock Award Agreement or the written terms of a Performance Cash Award.

(nn) “**Performance Period**” means the period of time selected by the Board over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to and the payment of a Stock Award or a Performance Cash Award. Performance Periods may be of varying and overlapping duration, at the sole discretion of the Board.

(oo) “**Performance Stock Award**” means a Stock Award granted under the terms and conditions of Section 6(c)(i).

(pp) “**Plan**” means this Forum Merger Corporation 2018 Equity Incentive Plan.

(qq) “ **Restricted Stock Award** ” means an award of shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(a).

(rr) “ **Restricted Stock Award Agreement** ” means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award grant. Each Restricted Stock Award Agreement will be subject to the terms and conditions of the Plan.

(ss) “ **Restricted Stock Unit Award** ” means a right to receive shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(b).

(tt) “ **Restricted Stock Unit Award Agreement** ” means a written agreement between the Company and a holder of a Restricted Stock Unit Award evidencing the terms and conditions of a Restricted Stock Unit Award grant. Each Restricted Stock Unit Award Agreement will be subject to the terms and conditions of the Plan.

(uu) “ **Rule 16b-3** ” means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.

(vv) “ **Rule 405** ” means Rule 405 promulgated under the Securities Act.

(ww) “ **Securities Act** ” means the Securities Act of 1933, as amended.

(xx) “ **Stock Appreciation Right** ” or “ **SAR** ” means a right to receive the appreciation on Common Stock that is granted pursuant to the terms and conditions of Section 5.

(yy) “ **Stock Appreciation Right Agreement** ” means a written agreement between the Company and a holder of a Stock Appreciation Right evidencing the terms and conditions of a Stock Appreciation Right grant. Each Stock Appreciation Right Agreement will be subject to the terms and conditions of the Plan.

(zz) “ **Stock Award** ” means any right to receive Common Stock granted under the Plan, including an Incentive Stock Option, a Nonstatutory Stock Option, a Restricted Stock Award, a Restricted Stock Unit Award, a Stock Appreciation Right, a Performance Stock Award or any Other Stock Award.

(aaa) “ **Stock Award Agreement** ” means a written agreement between the Company and a Participant evidencing the terms and conditions of a Stock Award grant. Each Stock Award Agreement will be subject to the terms and conditions of the Plan.

(bbb) “ **Subsidiary** ” means, with respect to the Company, (i) any corporation of which more than 50% of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than 50%.

(ccc) “ **Ten Percent Stockholder** ” means a person who Owns (or is deemed to Own pursuant to Section 424(d) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any Affiliate.

(ddd) “ *Transaction* ” means a Corporate Transaction or a Change in Control.

F O R U M M E R G E R C O R P O R A T I O N
2018 E M P L O Y E E S T O C K P U R C H A S E P L A N

A D O P T E D B Y T H E B O A R D O F D I R E C T O R S : F E B R U A R Y 1, 2018
A P P R O V E D B Y T H E S T O C K H O L D E R S : F E B R U A R Y 20, 2018

1. G E N E R A L ; P U R P O S E .

(a) The Plan provides a means by which Eligible Employees of the Company and certain designated Related Corporations may be given an opportunity to purchase shares of Common Stock. The Plan permits the Company to grant a series of Purchase Rights to Eligible Employees under an Employee Stock Purchase Plan.

(b) The Company, by means of the Plan, seeks to retain the services of such Employees, to secure and retain the services of new Employees and to provide incentives for such persons to exert maximum efforts for the success of the Company and its Related Corporations.

2. A D M I N I S T R A T I O N .

(a) The Board will administer the Plan. The Board may delegate administration of the Plan to a Committee or Committees, as provided in Section 2(c).

(b) The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine when and how Purchase Rights will be granted and the provisions of each Offering (which need not be identical).

(ii) To designate from time to time which Related Corporations will be eligible to participate in the Plan.

(iii) To construe and interpret the Plan and Purchase Rights, and to establish, amend and revoke rules and regulations for the administration of the Plan. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, in a manner and to the extent it deems necessary or expedient to make the Plan fully effective.

(iv) To settle all controversies regarding the Plan and Purchase Rights.

(v) To amend the Plan at any time as provided in Section 12.

(vi) To suspend or terminate the Plan at any time as provided in Section 12.

(vii) Generally, to exercise such powers and to perform such acts as it deems necessary or expedient to promote the best interests of the Company and its Related Corporations and to carry out the intent that the Plan be treated as an Employee Stock Purchase Plan.

(viii) To adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by Employees who are foreign nationals or employed outside the United States.

(c) The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise (and references to the Board in this Plan and in any applicable Offering Document will thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revert in the Board some or all of the powers previously delegated. Whether or not the Board has delegated administration of the Plan to a Committee, the Board will have the final power to determine all questions of policy and expediency that may arise in the administration of the Plan.

(d) All determinations, interpretations and constructions made by the Board in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

3. SHARES OF COMMON STOCK SUBJECT TO THE PLAN .

(a) Subject to Section 11(a) relating to Capitalization Adjustments, the aggregate number of shares of Common Stock that may be issued under the Plan will not exceed 1,500,000 shares of Common Stock, plus the number of shares of Common Stock that are automatically added on January 1st of each year for a period of up to ten years, commencing on the first January 1st following the Effective Date and ending on (and including) January 1, 2027, in an amount equal to the lesser of (i) 1.0% of the total number of shares of Capital Stock outstanding on December 31st of the preceding calendar year, and (ii) 1,500,000 shares of Common Stock. Notwithstanding the foregoing, the Board may act prior to the first day of any calendar year to provide that there will be no January 1st increase in the share reserve for such calendar year or that the increase in the share reserve for such calendar year will be a lesser number of shares of Common Stock than would otherwise occur pursuant to the preceding sentence.

(b) If any Purchase Right terminates without having been exercised in full, the shares of Common Stock not purchased under such Purchase Right will again become available for issuance under the Plan.

(c) The stock issuable under the Plan will be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market.

4. GRANT OF PURCHASE RIGHTS ; OFFERING .

(a) The Board may from time to time grant or provide for the grant of Purchase Rights to Eligible Employees under an Offering (consisting of one or more Purchase Periods) on an Offering Date or Offering Dates selected by the Board. Each Offering will be in such form and will contain such terms and conditions as the Board will deem appropriate and will comply

with the requirement of Section 423(b)(5) of the Code that all Employees granted Purchase Rights will have the same rights and privileges. The terms and conditions of an Offering will be incorporated by reference into the Plan and treated as part of the Plan. The provisions of separate Offerings need not be identical, but each Offering will include (through incorporation of the provisions of this Plan by reference in the document comprising the Offering or otherwise) the period during which the Offering will be effective, which period will not exceed twenty-seven (27) months beginning with the Offering Date, and the substance of the provisions contained in Sections 5 through 8, inclusive.

(b) If a Participant has more than one Purchase Right outstanding under the Plan, unless he or she otherwise indicates in forms delivered to the Company: (i) each form will apply to all of his or her Purchase Rights under the Plan, and (ii) a Purchase Right with a lower exercise price (or an earlier-granted Purchase Right, if different Purchase Rights have identical exercise prices) will be exercised to the fullest possible extent before a Purchase Right with a higher exercise price (or a later-granted Purchase Right if different Purchase Rights have identical exercise prices) will be exercised.

(c) The Board will have the discretion to structure an Offering so that if the Fair Market Value of a share of Common Stock on any Purchase Date during an Offering is less than or equal to the Fair Market Value of a share of Common Stock on the Offering Date for that Offering, then (i) that Offering will terminate immediately following the purchase of shares of Common Stock on such Purchase Date, and (ii) the Participants in such terminated Offering will be automatically enrolled in a new Offering that begins immediately after such Purchase Date.

5. ELIGIBILITY .

(a) Purchase Rights may be granted only to Employees of the Company or, as the Board may designate in accordance with Section 2(b), to Employees of a Related Corporation. Except as provided in Section 5(b), an Employee will not be eligible to be granted Purchase Rights unless, on the Offering Date, the Employee has been in the employ of the Company or the Related Corporation, as the case may be, for such continuous period preceding such Offering Date as the Board may require, but in no event will the required period of continuous employment be equal to or greater than two (2) years. In addition, the Board may provide that no Employee will be eligible to be granted Purchase Rights unless, on the Offering Date, such Employee's customary employment with the Company or the Related Corporation is more than twenty (20) hours per week and more than five (5) months per calendar year or such other criteria as the Board may determine consistent with Section 423 of the Code.

(b) The Board may provide that each person who, during the course of an Offering, first becomes an Eligible Employee will, on a date or dates specified in the Offering which coincides with the day on which such person becomes an Eligible Employee or which occurs thereafter, receive a Purchase Right under that Offering, which Purchase Right will thereafter be deemed to be a part of that Offering. Such Purchase Right will have the same characteristics as any Purchase Rights originally granted under that Offering, as described herein, except that:

(i) the date on which such Purchase Right is granted will be the “Offering Date” of such Purchase Right for all purposes, including determination of the exercise price of such Purchase Right;

(ii) the period of the Offering with respect to such Purchase Right will begin on its Offering Date and end coincident with the end of such Offering; and

(iii) the Board may provide that if such person first becomes an Eligible Employee within a specified period of time before the end of the Offering, he or she will not receive any Purchase Right under that Offering.

(c) No Employee will be eligible for the grant of any Purchase Rights if, immediately after any such Purchase Rights are granted, such Employee owns stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or of any Related Corporation. For purposes of this Section 5(c), the rules of Section 424(d) of the Code will apply in determining the stock ownership of any Employee, and stock which such Employee may purchase under all outstanding Purchase Rights and options will be treated as stock owned by such Employee.

(d) As specified by Section 423(b)(8) of the Code, an Eligible Employee may be granted Purchase Rights only if such Purchase Rights, together with any other rights granted under all Employee Stock Purchase Plans of the Company and any Related Corporations, do not permit such Eligible Employee’s rights to purchase stock of the Company or any Related Corporation to accrue at a rate which exceeds twenty-five thousand dollars (\$25,000) of Fair Market Value of such stock (determined at the time such rights are granted, and which, with respect to the Plan, will be determined as of their respective Offering Dates) for each calendar year in which such rights are outstanding at any time.

(e) Officers of the Company and any designated Related Corporation, if they are otherwise Eligible Employees, will be eligible to participate in Offerings under the Plan. Notwithstanding the foregoing, the Board may provide in an Offering that Employees who are highly compensated Employees within the meaning of Section 423(b)(4)(D) of the Code will not be eligible to participate.

6. PURCHASE RIGHTS ; PURCHASE PRICE .

(a) On each Offering Date, each Eligible Employee, pursuant to an Offering made under the Plan, will be granted a Purchase Right to purchase up to that number of shares of Common Stock purchasable either with a percentage or with a maximum dollar amount, as designated by the Board, but in either case not exceeding fifteen percent (15%) of such Employee’s earnings (as defined by the Board in each Offering) during the period that begins on the Offering Date (or such later date as the Board determines for a particular Offering) and ends on the date stated in the Offering, which date will be no later than the end of the Offering.

(b) The Board will establish one (1) or more Purchase Dates during an Offering on which Purchase Rights granted pursuant to that Offering will be exercised and shares of Common Stock will be purchased in accordance with such Offering.

(c) In connection with each Offering made under the Plan, the Board may specify (i) a maximum number of shares of Common Stock that may be purchased by any Participant pursuant to such Offering, (ii) a maximum number of shares of Common Stock that may be purchased by any Participant on any Purchase Date pursuant to such Offering, (iii) a maximum aggregate number of shares of Common Stock that may be purchased by all Participants pursuant to such Offering, and/or (iv) a maximum aggregate number of shares of Common Stock that may be purchased by all Participants on any Purchase Date pursuant to such Offering. If the aggregate purchase of shares of Common Stock issuable upon exercise of Purchase Rights granted under such Offering would exceed any such maximum aggregate number, then, in the absence of any Board action otherwise, a pro rata (based on each Participant's accumulated Contributions) allocation of the shares of Common Stock available will be made in as nearly a uniform manner as will be practicable and equitable.

(d) The purchase price of shares of Common Stock acquired pursuant to Purchase Rights shall be an amount equal to ninety-five percent (95%) of the Fair Market Value of a share of Common Stock on the applicable Purchase Date of the Offering; provided, however, that the Board may determine a different per share purchase price, so long as such per share purchase price is communicated to Participants prior to the beginning of the Offering; and provided, further, that in no event shall such per share purchase price be less than the lesser of (i) 85% of the Fair Market Value of a share of Common Stock on the applicable Offering Date or (ii) 85% of the Fair Market Value of a share of Common Stock on the applicable Purchase Date.

7. PARTICIPATION ; WITHDRAWAL ; TERMINATION .

(a) An Eligible Employee may elect to authorize payroll deductions as the means of making Contributions by completing and delivering to the Company, within the time specified in the Offering, an enrollment form provided by the Company. The enrollment form will specify the amount of Contributions not to exceed the maximum amount specified by the Board. Each Participant's Contributions will be credited to a bookkeeping account for such Participant under the Plan and will be deposited with the general funds of the Company except where applicable law requires that Contributions be deposited with a third party. To the extent provided in the Offering, a Participant may begin such Contributions on or after the Offering Date. To the extent provided in the Offering, a Participant may thereafter decrease (including to zero) or increase his or her Contributions. To the extent specifically provided in the Offering, in addition to or instead of making Contributions by payroll deductions, a Participant may make Contributions through payment by cash or check prior to a Purchase Date.

(b) During an Offering, a Participant may cease making Contributions and withdraw from the Offering by delivering to the Company a withdrawal form provided by the Company. The Company may impose a deadline before a Purchase Date for withdrawing. Upon such withdrawal, such Participant's Purchase Right in that Offering will immediately terminate and the Company will distribute to such Participant all of his or her accumulated but unused Contributions without interest. A Participant's withdrawal from an Offering will have no effect upon his or her eligibility to participate in any other Offerings under the Plan, but such Participant will be required to deliver a new enrollment form to participate in subsequent Offerings.

(c) Purchase Rights granted pursuant to any Offering under the Plan will terminate immediately if the Participant either (i) is no longer an Employee for any reason or for no reason (subject to any post-employment participation period required by law) or (ii) is otherwise no longer eligible to participate. The Company will distribute to such individual all of his or her accumulated but unused Contributions without interest.

(d) Neither payroll deductions credited to a Participant's account nor any rights with regard to the exercise of a Purchase Right or to receive shares of Common Stock under this Plan may be assigned, transferred, pledged, or otherwise disposed of in any way (other than as set forth in Section 10 with respect to the delivery of cash and shares of Common Stock) by the Participant. Any such attempt at assignment, transfer, pledge, or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw from an Offering. Purchase Rights may be exercised only by a Participant.

(e) Unless otherwise specified in an Offering, the Company will have no obligation to pay interest on Contributions.

8. EXERCISE OF PURCHASE RIGHTS .

(a) On each Purchase Date, each Participant's accumulated Contributions will be applied to the purchase of shares of Common Stock, up to the maximum number of shares of Common Stock permitted by the Plan and the applicable Offering, at the purchase price specified in the Offering. No fractional shares will be issued upon the exercise of Purchase Rights unless specifically provided for in the Offering.

(b) If any amount of accumulated Contributions remains in a Participant's account after the purchase of shares of Common Stock on the final Purchase Date of an Offering, then such remaining amount will not roll over to the next Offering and will instead be distributed in full to such Participant after the final Purchase Date of such Offering without interest.

(c) No Purchase Rights may be exercised to any extent unless the shares of Common Stock to be issued upon such exercise under the Plan are covered by an effective registration statement pursuant to the Securities Act and the Plan is in material compliance with all applicable federal, state, foreign and other securities and other laws applicable to the Plan. If, on a Purchase Date, the shares of Common Stock are not so registered or the Plan is not in such compliance, no Purchase Rights will be exercised on such Purchase Date, and the Purchase Date will be delayed until the shares of Common Stock are subject to such an effective registration statement and the Plan is in such compliance, except that the Purchase Date will not be delayed more than twelve (12) months and the Purchase Date will in no event be more than twenty-seven (27) months from the Offering Date. If, on the Purchase Date, as delayed to the maximum extent permissible, the shares of Common Stock are not so registered or the Plan is not in such compliance, no Purchase Rights will be exercised and all accumulated but unused Contributions will be distributed to the Participants without interest.

9. COVENANTS OF THE COMPANY .

The Company will seek to obtain from each federal, state, foreign or other regulatory commission or agency having jurisdiction over the Plan such authority as may be required to

grant Purchase Rights and issue and sell shares of Common Stock thereunder. If, after commercially reasonable efforts, the Company is unable to obtain the authority that counsel for the Company deems necessary for the grant of Purchase Rights or the lawful issuance and sale of Common Stock under the Plan, and at a commercially reasonable cost, the Company will be relieved from any liability for failure to grant Purchase Rights and/or to issue and sell Common Stock upon exercise of such Purchase Rights.

10. DESIGNATION OF BENEFICIARY .

(a) The Company may, but is not obligated to, permit a Participant to submit a form designating a beneficiary who will receive any shares of Common Stock and/or Contributions from the Participant's account under the Plan if the Participant dies before such shares and/or Contributions are delivered to the Participant. The Company may, but is not obligated to, permit the Participant to change such designation of beneficiary. Any such designation and/or change must be on a form approved by the Company.

(b) If a Participant dies, and in the absence of a valid beneficiary designation, the Company will deliver any shares of Common Stock and/or Contributions to the executor or administrator of the estate of the Participant. If no executor or administrator has been appointed (to the knowledge of the Company), the Company, in its sole discretion, may deliver such shares of Common Stock and/or Contributions to the Participant's spouse, dependents or relatives, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

11. ADJUSTMENTS UPON CHANGES IN COMMON STOCK ; CORPORATE TRANSACTIONS .

(a) In the event of a Capitalization Adjustment, the Board will appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a); (ii) the class(es) and maximum number of securities by which the share reserve is to increase automatically each year pursuant to Section 3(a); (iii) the class(es) and number of securities subject to, and the purchase price applicable to, outstanding Offerings and Purchase Rights; and (iv) the class(es) and number of securities that are the subject of the purchase limits under each ongoing Offering. The Board will make these adjustments, and its determination will be final, binding and conclusive.

(b) In the event of a Corporate Transaction, (i) any surviving or acquiring corporation (or its parent company) may assume or continue outstanding Purchase Rights or may substitute similar rights (including a right to acquire the same consideration paid to the stockholders in the Corporate Transaction) for outstanding Purchase Rights, or (ii) if any surviving or acquiring corporation (or its parent company) does not assume or continue outstanding Purchase Rights or does not substitute similar rights for outstanding Purchase Rights, then the Participants' accumulated Contributions will be used to purchase shares of Common Stock within ten (10) business days prior to the Corporate Transaction under such Purchase Rights, and such Purchase Rights will terminate immediately after such purchase.

12. A MENDMENT , S USPENSION OR T ERMINATION OF THE P LAN .

(a) The Board may amend the Plan at any time in any respect the Board deems necessary or advisable. However, except as provided in Section 11(a) relating to Capitalization Adjustments, stockholder approval will be required for any amendment of the Plan for which stockholder approval is required by applicable law or listing requirements.

(b) The Board may suspend or terminate the Plan at any time. No Purchase Rights may be granted under the Plan while the Plan is suspended or after it is terminated.

(c) Any benefits, privileges, entitlements and obligations under any outstanding Purchase Rights granted before an amendment, suspension or termination of the Plan will not be materially impaired by any such amendment, suspension or termination except (i) with the consent of the person to whom such Purchase Rights were granted, (ii) as necessary to comply with any laws, listing requirements, or governmental regulations (including, without limitation, the provisions of Section 423 of the Code and the regulations and other interpretive guidance issued thereunder relating to Employee Stock Purchase Plans) including, without limitation, any such regulations or other guidance that may be issued or amended after the Adoption Date, or (iii) as necessary to obtain or maintain favorable tax, listing, or regulatory treatment. To be clear, the Board may amend outstanding Purchase Rights without a Participant's consent if such amendment is necessary to ensure that the Purchase Right and/or the Plan complies with the requirements of Section 423 of the Code.

Notwithstanding anything in the Plan or any Offering Document to the contrary, the Board will be entitled to: (i) establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars; (ii) permit Contributions in excess of the amount designated by a Participant in order to adjust for mistakes in the Company's processing of properly completed Contribution elections; (iii) establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with amounts withheld from the Participant's Contributions; (iv) amend any outstanding Purchase Rights or clarify any ambiguities regarding the terms of any Offering to enable the Purchase Rights to qualify under and/or comply with Section 423 of the Code; and (v) establish other limitations or procedures as the Board determines in its sole discretion advisable that are consistent with the Plan. The actions of the Board pursuant to this paragraph will not be considered to alter or impair any Purchase Rights granted under an Offering as they are part of the initial terms of each Offering and the Purchase Rights granted under each Offering.

13. E FFECTIVE D ATE OF P LAN .

The Plan will become effective on the Effective Date. No Purchase Rights will be exercised unless and until the Plan has been approved by the stockholders of the Company, which approval must be within 12 months before or after the Adoption Date (or if required under Section 12(a), the date of any material amendment of the Plan).

14. MISCELLANEOUS PROVISIONS .

(a) Proceeds from the sale of shares of Common Stock pursuant to Purchase Rights will constitute general funds of the Company.

(b) A Participant will not be deemed to be the holder of, or to have any of the rights of a holder with respect to, shares of Common Stock subject to Purchase Rights unless and until the Participant's shares of Common Stock acquired upon exercise of Purchase Rights are recorded in the books of the Company (or its transfer agent).

(c) The Plan and Offering do not constitute an employment contract. Nothing in the Plan or in the Offering will in any way alter the at will nature of a Participant's employment or be deemed to create in any way whatsoever any obligation on the part of any Participant to continue in the employ of the Company or a Related Corporation, or on the part of the Company or a Related Corporation to continue the employment of a Participant.

(d) The provisions of the Plan will be governed by the laws of the State of Delaware without resort to that state's conflicts of laws rules.

15. DEFINITIONS .

As used in the Plan, the following definitions will apply to the capitalized terms indicated below:

(a) "**Adoption Date**" means February 1, 2018, which is the date the Plan was adopted by the Board.

(b) "**Board**" means the Board of Directors of the Company.

(c) "**Capitalization Adjustment**" means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Purchase Right after the Adoption Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, reverse stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

(d) "**Capital Stock**" means each and every class of common stock of the Company, regardless of the number of votes per share.

(e) "**Code**" means the Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder .

(f) "**Committee**" means a committee of one (1) or more members of the Board to whom authority has been delegated by the Board in accordance with Section 2(c).

(g) “ **Common Stock** ” means the Class A common stock of the Company.

(h) “ **Company** ” means Forum Merger Corporation, a Delaware corporation.

(i) “ **Contributions** ” means the payroll deductions and other additional payments specifically provided for in the Offering that a Participant contributes to fund the exercise of a Purchase Right. A Participant may make additional payments into his or her account if specifically provided for in the Offering, and then only if the Participant has not already had the maximum permitted amount withheld during the Offering through payroll deductions.

(j) “ **Corporate Transaction** ” means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board in its sole discretion, of the consolidated assets of the Company and its Subsidiaries;

(ii) a sale or other disposition of at least fifty percent (50%) of the outstanding securities of the Company;

(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(k) “ **Director** ” means a member of the Board.

(l) “ **Effective Date** ” means the effective date of this Plan, which is the date of the closing of the transactions contemplated by the Agreement and Plan of Merger among the Company, FMC Merger Subsidiary Corp., FMC Merger Subsidiary LLC, Clearlake Capital Management III, L.P., and C1 Investment Corp., dated as of November 30, 2017, provided that this Plan is approved by the Company’s stockholders on or prior to such date.

(m) “ **Eligible Employee** ” means an Employee who meets the requirements set forth in the document(s) governing the Offering for eligibility to participate in the Offering, provided that such Employee also meets the requirements for eligibility to participate set forth in the Plan.

(n) “ **Employee** ” means any person, including an Officer or Director, who is “employed” for purposes of Section 423(b)(4) of the Code by the Company or a Related Corporation. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an “Employee” for purposes of the Plan.

(o) “ **Employee Stock Purchase Plan** ” means a plan that grants Purchase Rights intended to be options issued under an “employee stock purchase plan,” as that term is defined in Section 423(b) of the Code.

(p) “ **Exchange Act** ” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(q) “ **Fair Market Value** ” means, as of any date, the value of the Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or traded on any established market, the Fair Market Value of a share of Common Stock will be, unless otherwise determined by the Board, the closing sales price for such stock as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) on the date of determination, as reported in a source the Board deems reliable.

(ii) Unless otherwise provided by the Board, if there is no closing sales price for the Common Stock on the date of determination, the Fair Market Value of a share of Common Stock will be the closing sales price for such stock on the last preceding date for which such quotation exists.

(iii) In the absence of such markets for the Common Stock, the Fair Market Value of a share of Common Stock will be determined by the Board in good faith in compliance with applicable laws and in a manner that complies with Section 409A of the Code.

(r) “ **Offering** ” means the grant to Eligible Employees of Purchase Rights, with the exercise of those Purchase Rights automatically occurring at the end of one or more Purchase Periods. The terms and conditions of an Offering will generally be set forth in the “ **Offering Document** ” approved by the Board for that Offering.

(s) “ **Offering Date** ” means a date selected by the Board for an Offering to commence.

(t) “ **Officer** ” means a person who is an officer of the Company or a Related Corporation within the meaning of Section 16 of the Exchange Act.

(u) “ **Participant** ” means an Eligible Employee who holds an outstanding Purchase Right.

(v) “ **Plan** ” means this Forum Merger Corporation 2018 Employee Stock Purchase Plan.

(w) “ **Purchase Date** ” means one or more dates during an Offering selected by the Board on which Purchase Rights will be exercised and on which purchases of shares of Common Stock will be carried out in accordance with such Offering.

(x) “ **Purchase Period** ” means a period of time specified within an Offering, generally beginning on the Offering Date or on the first Trading Day following a Purchase Date and ending on a Purchase Date. An Offering may consist of one or more Purchase Periods.

(y) “ **Purchase Right** ” means an option to purchase shares of Common Stock granted pursuant to the Plan.

(z) “ **Related Corporation** ” means any “parent corporation” or “subsidiary corporation” of the Company whether now or subsequently established, as those terms are defined in Sections 424(e) and (f), respectively, of the Code.

(aa) “ **Securities Act** ” means the Securities Act of 1933, as amended.

(bb) “ **Subsidiary** ” means, with respect to the Company, (i) any corporation of which more than fifty percent (50%) of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than fifty percent (50%). For purposes of the foregoing clause (i), the Company will be deemed to “Own” or have “Owned” such securities if the Company, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(cc) “ **Trading Day** ” means any day on which the exchange(s) or market(s) on which shares of Common Stock are listed (including, but not limited to, the NYSE, the Nasdaq Global Select Market, the Nasdaq Global Market, the Nasdaq Capital Market or any successors thereto) is open for trading.

SECOND AMENDMENT TO REVOLVING LOAN CREDIT AGREEMENT

This SECOND AMENDMENT TO REVOLVING LOAN CREDIT AGREEMENT (this “**Amendment**”), dated as of February 13, 2018 (the “**Amendment Effective Date**”) is among C1 INTERMEDIATE CORP., a Delaware corporation (“**Holdings**”), CONVERGEONE HOLDINGS CORP., a Delaware corporation (“**C1H**”), CONVERGEONE, INC., a Minnesota corporation (“**ConvergeOne**”), ANNESE & ASSOCIATES, INC., a New York corporation (“**Annese**”), SPS HOLDCO, LLC, a Delaware limited liability company (“**SPS Holdco**”), STRATEGIC PRODUCTS AND SERVICES, LLC, a Delaware limited liability company (“**SPS**”), PROVIDEA CONFERENCING, LLC, a Delaware limited liability company (“**Providea**”), RGTS, INC., a Delaware corporation (“**RGTS**”), RGT UTILITIES, INC., a Delaware corporation (“**RGTU**”), ALEXANDER OPEN SYSTEMS, INC., a Kansas corporation (“**AOS**”) and, collectively, together with C1H, ConvergeOne, Annese, SPS Holdco, SPS, Providea, RGTS and RGTU, the “**Borrowers**”), WELLS FARGO COMMERCIAL DISTRIBUTION FINANCE, LLC (“**CDF**”), as administrative agent for the Lenders (as defined below) (in such capacity, the “**Administrative Agent**”) and collateral agent for the Secured Parties (in such capacity, the “**Collateral Agent**”), each Lender party hereto, and CDF, as funding agent for the Floorplan Advances (in such capacity, the “**Floorplan Funding Agent**”). Capitalized terms not otherwise defined in this Amendment have the same meanings as specified in the Credit Agreement (as defined below).

PRELIMINARY STATEMENTS

WHEREAS, Holdings, the Borrowers, the Administrative Agent, the Collateral Agent, the Floorplan Funding Agent and the lenders party thereto from time to time (collectively, the “**Lenders**”, and each, a “**Lender**”), are parties to the Revolving Loan Credit Agreement dated as of June 20, 2017, as amended by that certain Supplement No. 1 dated as of August 8, 2017, as further amended by that certain Supplement No. 2 dated as of September 22, 2017, as further amended by that certain Supplement No. 3 dated as of November 13, 2017, as further amended by that certain Supplement No. 4 dated as of January 26, 2018 and as further amended by that certain First Amendment to Revolving Loan Credit Agreement dated as of January 18, 2018 (as may be further amended, restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”);

WHEREAS, Holdings and the Borrowers have requested, and the Administrative Agent has agreed to provide via this Amendment, an increase in the aggregate Revolving Commitment from \$150,000,000 to \$200,000,000;

WHEREAS, Holdings and the Borrowers have requested, pursuant to Section 9.08(b) of the Credit Agreement, that the Lenders constituting the Required Lenders and the Administrative Agent agree to amend the Credit Agreement as set forth herein; and

WHEREAS, the Lenders constituting the Required Lenders and the Administrative Agent agree to amend the Credit Agreement, solely on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, as well as other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Amendments.

(a) Amendments to Recitals. Recital Paragraph B is hereby amended to delete each reference to “\$150,000,000” and insert “\$200,000,000” in each such instance.

(b) Amendments to Section 1.01 (Defined Terms) of the Credit Agreement. Section 1.01 of the Credit Agreement is hereby amended by (i) inserting the following definitions in the appropriate alphabetical order (in the case of any new definition) and (ii) amending and restating the following definitions (in the case of any definition already included in such Section):

“Revol ving Commitment” means, with respect to each Lender, the commitment, if any, of such Lender to make Revolving Loans, to acquire participations in Letters of Credit and Swingline Loans hereunder and to pay Floorplan Obligations, expressed as an amount representing the maximum possible aggregate amount of such Lender’s Revolving Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.09, (b) increased from time to time pursuant to Section 2.24 and (c) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04. The initial amount of each Lender’s Revolving Commitment is set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Lender has assumed its Revolving Commitment, as applicable. The aggregate amount of the Lenders’ Revolving Commitments is \$200,000,000.

(c) Amendments to Schedules.

The chart appearing on Schedule 2.01 is hereby amended and restated as follows:

<u>Lender</u>	<u>Commitment</u>
Wells Fargo Commercial Distribution Finance, LLC	\$200,000,000.00

The second bullet pointed item on Schedule 5.14 of the Credit Agreement is hereby amended and restated as follows:

“On or before the date that is three hundred sixty (360) days from the Closing Date, the Borrowers shall have, to the satisfaction of the Administrative Agent, created systems and/or recordkeeping procedures that segregate billed and unbilled Accounts such that unbilled Accounts are easily identifiable and reportable as unbilled Accounts.”

Schedule 5.14 of the Credit Agreement is hereby amended to add the following as a bullet pointed item:

“On or before the date that is three hundred (300) days from the Closing Date, the borrowers shall have, to the satisfaction of the Administrative Agent, provided documentation updating the Administrative Agent of the progress being made towards creating systems and/or recordkeeping procedures that segregate billed and unbilled Accounts such that unbilled Accounts are easily identifiable and reportable as unbilled Accounts.”

SECTION 2. Conditions to Effectiveness of this Amendment. The effectiveness of this Amendment is subject to satisfaction (or waiver by the Required Lenders and the Administrative Agent) of the following conditions precedent:

- (a) receipt of duly executed counterparts of this Amendment from (i) the Borrower and each Guarantor, (ii) Lenders constituting the Required Lenders and (iii) the Administrative Agent;
- (b) receipt of an Officer's Certificate, signed by a Financial Officer of the Lead Borrower, certifying that at the time of and immediately after giving effect to this Amendment, no Default or Event of Default shall have occurred or be continuing; and
- (c) receipt of a copy of the certificate or articles of incorporation or organization, including all amendments thereto, of each Loan Party, certified as of a recent date by the Secretary of State of the state of its organization, and a certificate as to the good standing (where relevant) of each Loan Party as of a recent date, from such Secretary of State or similar Governmental Authority
- (d) an Officer's Certificate of the Secretary or Assistant Secretary of each Loan Party dated as of the date hereof and certifying (A) that attached thereto is a true and complete copy of the by-laws or operating (or limited liability company) agreement of such Loan Party as in effect on the date hereof, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Governing Board of such Loan Party authorizing the execution, delivery and performance of this Amendment, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the certificate or articles of incorporation or organization of such Loan Party have not been amended since the date of the last amendment thereto shown on the certified copy furnished pursuant to clause (c) above, and (D) as to the incumbency and specimen signature of each officer executing this Amendment on behalf of such Loan Party.
- (e) The Borrower shall have paid to the Administrative Agent the fees set forth on the Fee Letter dated as of the date hereof.
- (f) the Borrower shall have paid to the Administrative Agent, to the extent invoiced no later than the Business Day immediately preceding the Amendment Effective Date, all costs and expenses due and payable (whether pursuant to the Loan Documents or any agreement relating to this Amendment) on or prior to the Amendment Effective Date, including, to the extent invoiced, reimbursement or payment of all reasonable and documented out of pocket costs and expenses (including, without limitation, reasonable fees, charges and disbursements of Bryan Cave LLP) required to be reimbursed or paid by the Loan Parties hereunder or under any Loan Document.

SECTION 3. Representations and Warranties. To induce the other parties hereto to enter into this Amendment, each Loan Party hereby represents and warrants, on and as of the date hereof and the Amendment Effective Date, that:

- (a) The representations and warranties of each Loan Party set forth in Article III of the Credit Agreement and in each other Loan Document shall be true and correct in all material respects on and as of the Amendment Effective Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date or period, in which case they shall be true and correct in all material respects as of such earlier date or period; *provided* that any representation and warranty that is qualified as to "materiality", "Material Adverse Effect" or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on the Amendment Effective Date or on such earlier date, as the case may be.

(b) At the time of and immediately after giving effect to this Amendment, no Default or Event of Default shall have occurred or be continuing.

(c) Each Loan Party (i) is a Person duly organized or formed, validly existing and in good standing (to the extent such concept exists in such jurisdiction) under the laws of the jurisdiction of its organization, except where the failure to be duly organized or formed or to exist (other than in the case of the Borrower) or be in good standing could not reasonably be expected to result in a Material Adverse Effect, and (ii) has the requisite organizational power and authority to execute, deliver and perform its obligations under this Amendment.

(d) The execution, delivery and performance by each Loan Party of this Amendment, (a) have been duly authorized by all requisite corporate or other organizational action on the part of each Loan Party and (b) do not (i) violate (A) any provision (x) of any applicable law, statute, rule or regulation, or (y) of the certificate or articles of incorporation, bylaws or other constitutive documents of any Loan Party, (B) any applicable material order of any Governmental Authority or (C) any provision of any material indenture, agreement or other instrument to which any Loan Party or any Restricted Subsidiary is a party or by which any of them or any of their property is bound, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under or give rise to any right to require the prepayment, repurchase or redemption of any obligation under any such material indenture, agreement or other instrument to which such Loan Party is a party or (iii) result in the creation or imposition of any Lien upon or with respect to any property or assets now owned or hereafter acquired by any Loan Party (other than Liens created or permitted under the Credit Agreement or under the Security Documents); except with respect to clauses (b)(i) through (b)(iii) (other than clause (b)(i)(A)(y)), to the extent that such violation, conflict, breach, default, or creation or imposition of Lien could not reasonably be expected to result in a Material Adverse Effect.

(e) Except to the extent the failure to obtain or make the same could not reasonably be expected to result in a Material Adverse Effect, no action, consent or approval of, registration or filing with or any other action by any Governmental Authority is necessary or required in connection with the execution, delivery and performance of this Amendment by the Loan Parties, except for such as have been made or obtained and are in full force and effect.

(f) This Amendment has been duly executed and delivered by each Loan Party party hereto. This Amendment constitutes a legal, valid and binding obligation of each Loan Party party hereto, enforceable against such Loan Party in accordance with its terms, except as may be limited by any bankruptcy, insolvency, fraudulent transfer, reorganization, receivership, moratorium or similar laws of general applicability relating to or limiting creditors' rights generally or by general equity principles, regardless of whether considered in a proceeding in equity or at law.

SECTION 4. Reference to and Effect on the Credit Agreement; Confirmation of Guarantors.

(a) Except as specifically amended herein, all Loan Documents shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(b) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of the Loan Documents or in any way limit, impair or otherwise affect the rights and remedies of the Lenders or the Administrative Agent under the Loan Documents.

(c) The Borrowers and the other parties hereto acknowledge and agree that, on and after the Amendment Effective Date, this Amendment shall constitute a Loan Document for all purposes of the Credit Agreement.

(d) On and after the Amendment Effective Date, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof” or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by, and after giving effect to, this Amendment.

(e) Nothing herein shall be deemed to entitle any Loan Party to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document in similar or different circumstances.

(f) Each of the Loan Parties hereby (i) acknowledges and agrees that all of its obligations under the Credit Agreement and the other Loan Documents to which it is a party are reaffirmed and remain in full force and effect on a continuous basis, (ii) reaffirms each Lien granted by such Loan Party to the Collateral Agent for the benefit of the Secured Parties and reaffirms the guaranties made pursuant to the Guarantee and Collateral Agreement, and (iii) acknowledges and agrees that the grants of security interests by and the guaranties of the Loan Parties contained in the Security Documents are, and shall remain, in full force and effect after giving effect to this Agreement.

SECTION 5. Execution in Counterparts; Severability.

(a) This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery by facsimile or other electronic transmission of an executed counterpart of a signature page to this Amendment shall be effective as delivery of an original executed counterpart of this Amendment. The Agents may also require that any such documents and signatures delivered by facsimile or other electronic transmission be confirmed by a manually signed original thereof; *provided* that the failure to request or deliver the same shall not limit the effectiveness of any document or signature delivered by facsimile or other electronic transmission.

(b) In the event any one or more of the provisions contained in this Amendment should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained in this Amendment shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 6. Expenses. The Borrower agrees to pay all reasonable and documented out-of-pocket costs and expenses incurred by the Administrative Agent in connection with this Amendment in the manner and to the extent provided in the Credit Agreement. The Borrower hereby confirms that the indemnification provisions set forth in Section 9.05 of the Credit Agreement shall apply to this Amendment and such provisions shall govern any losses, claims, damages, liabilities, costs and expenses (as more fully set forth therein as applicable) which may arise herefrom or in connection herewith.

SECTION 7. GOVERNING LAW.

(a) THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) EACH BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR TORT OR OTHERWISE, AGAINST ANY AGENT, ANY LENDER OR ANY OF THEIR RESPECTIVE RELATED PARTIES IN ANY WAY RELATING TO THIS AMENDMENT OR THE TRANSACTIONS RELATING HERETO IN ANY FORUM OTHER THAN ANY NEW YORK STATE COURT OR FEDERAL COURT OF THE UNITED STATES OF AMERICA SITTING IN THE BOROUGH OF MANHATTAN IN NEW YORK CITY, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AMENDMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT, THE COLLATERAL AGENT, OR ANY LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AMENDMENT OR THE OTHER LOAN DOCUMENTS AGAINST ANY BORROWER, HOLDINGS OR THEIR RESPECTIVE PROPERTIES IN THE COURTS OF ANY JURISDICTION. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AMENDMENT IN A NEW YORK STATE OR FEDERAL COURT. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AMENDMENT IN THE MANNER PROVIDED FOR NOTICES (OTHER THAN FACSIMILE) IN SECTION 9.01 OF THE CREDIT AGREEMENT. NOTHING IN THIS AMENDMENT OR ANY OTHER LOAN DOCUMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

SECTION 8. WAIVER OF RIGHT TO TRIAL BY JURY. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AMENDMENT. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AMENDMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 8.

SECTION 9. No Novation. By its execution of this Amendment, each of the parties hereto acknowledges and agrees that the terms of this Amendment do not constitute a novation, but, rather, a supplement of the terms of a pre-existing indebtedness and related agreement, as evidenced by the Credit Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

C1 INTERMEDIATE CORP.

By: /s/ Jeffrey Nachbor
Name: Jeffrey Nachbor
Title: Chief Financial Officer

CONVERGEONE HOLDINGS CORP.

By: /s/ Jeffrey Nachbor
Name: Jeffrey Nachbor
Title: Treasurer and Chief Financial Officer

CONVERGEONE, INC.

By: /s/ Jeffrey Nachbor
Name: Jeffrey Nachbor
Title: Treasurer and Chief Financial Officer

STRATEGIC PRODUCTS AND SERVICES, LLC

By: /s/ Jeffrey Nachbor
Name: Jeffrey Nachbor
Title: Treasurer and Chief Financial Officer

PROVIDEA CONFERENCING, LLC

By: /s/ Jeffrey Nachbor
Name: Jeffrey Nachbor
Title: Treasurer and Chief Financial Officer

ANNESE & ASSOCIATES, INC.

By: /s/ Jeffrey Nachbor
Name: Jeffrey Nachbor
Title: Treasurer and Chief Financial Officer

[*Signature Page to Second Amendment to Revolving Loan Credit Agreement (ConvergeOne)*]

SPS HOLDCO, LLC

By: /s/ Jeffrey Nachbor
Name: Jeffrey Nachbor
Title: Treasurer and Chief Financial Officer

RGTS, INC.

By: /s/ Jeffrey Nachbor
Name: Jeffrey Nachbor
Title: Treasurer and Chief Financial Officer

RGT UTILITIES, INC.

By: /s/ Jeffrey Nachbor
Name: Jeffrey Nachbor
Title: Treasurer and Chief Financial Officer

ALEXANDER OPEN SYSTEMS, INC.

By: /s/ Jeffrey Nachbor
Name: Jeffrey Nachbor
Title: Treasurer and Chief Financial Officer

[*Signature Page to Second Amendment to Revolving Loan Credit Agreement (ConvergeOne)*]

WELLS FARGO COMMERCIAL DISTRIBUTION FINANCE,
LLC, as Administrative Agent, Collateral Agent and Floorplan
Funding Agent

By: /s/ Jack Zabracki

Name: Jack Zebracki

Title: Duly Authorized Signatory

[*Signature Page to Second Amendment to Revolving Loan Credit Agreement (ConvergeOne)*]

February 26, 2017

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Commissioners:

We have read the statements made by ConvergeOne Holdings, Inc. (formerly known as Forum Merger Corp.) under Item 4.01 of its Form 8-K dated February 22, 2017. We agree with the statements concerning our Firm in such Form 8-K; we are not in a position to agree or disagree with other statements of ConvergeOne Holdings, Inc. (formerly known as Forum Merger Corp.) contained therein.

Very truly yours,

/s/ Marcum LLP

Marcum LLP

LIST OF SUBSIDIARIES OF CONVERGEONE HOLDINGS, INC.

Subsidiary	Jurisdiction
C1 Intermediate Corp.	Delaware
C1 Holdings Corp.	Delaware
ConvergeOne, Inc.	Minnesota
Annese & Associates, Inc.	New York
ConvergeOne Unified Technology Solutions, Inc.	Delaware
ConvergeOne Technology Utilities, Inc.	Delaware
SPS Holdco, LLC	Delaware
Strategic Products and Services, LLC	Delaware
Providea Conferencing, LLC	Delaware
SPS – Providea Limited	England and Wales
Alexander Open Systems, Inc.	Kansas

**SPS Holdco, LLC
and Subsidiaries**

Consolidated Financial Report
June 30, 2017

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Independent Auditor's Report

To the Members
SPS Holdco, LLC

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of SPS Holdco, LLC and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of operations, members' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SPS Holdco, LLC and its subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ RSM US LLP

New York, New York
November 10, 2017

SPS Holdco, LLC and Subsidiaries
Consolidated Balance Sheets

	As of December 31,		As of June 30,
	2015	2016	2017 (unaudited)
Assets			
Current assets:			
Cash and cash equivalents	\$ 3,822,828	\$ 7,737,230	\$ 5,088,479
Restricted cash	414,450	214,061	26,480
Accounts receivable, net of allowance for doubtful accounts of \$1,076,877 and \$1,166,877 as of December 31, 2015 and 2016 and \$1,299,967 as of June 30, 2017 (unaudited)	78,343,192	62,489,261	37,665,238
Inventory, net	14,552,762	11,214,600	5,639,714
Prepaid expenses	6,532,738	10,093,951	10,463,618
Total current assets	103,665,970	91,749,103	58,883,529
Property and equipment, net	15,676,193	19,554,127	21,211,127
Other assets:			
Security deposits	388,352	444,125	442,596
Goodwill	143,129,550	71,916,000	71,916,000
Intangible assets, net	36,497,163	27,540,657	24,363,255
Total other assets	180,015,065	99,900,782	96,721,851
	\$299,357,228	\$211,204,012	\$176,816,507
Liabilities and Members' Equity			
Current liabilities:			
Accounts payable	28,457,305	38,800,776	32,526,395
Accrued compensation	8,108,849	9,522,931	854,039
Other accrued expenses	23,275,823	15,637,251	6,687,209
Deferred revenue, current portion	28,734,547	17,789,122	19,033,254
Sales tax payable	1,044,829	1,218,566	468,657
Long-term debt, current portion	4,370,417	68,596,273	69,039,932
Line of credit	—	6,935,620	9,424,346
Due to shareholder	287,500	—	—
Customer deposits	3,181,431	4,433,426	3,735,591
Total current liabilities	97,460,701	162,933,965	141,769,423
Long-term liabilities:			
Long-term debt, net of current portion and debt discount	67,708,975	—	—
Line of credit	10,500,000	—	—
Capital lease obligations, net of current portion	159,632	17,221	13,201
Deferred revenue, net of current portion	3,571,357	2,652,718	2,221,716
Total liabilities	179,400,665	165,603,904	144,004,340
Members' equity	119,956,563	45,600,108	32,812,166
	\$299,357,228	\$211,204,012	\$176,816,506

See notes to consolidated financial statements.

SPS Holdco, LLC and Subsidiaries
Consolidated Statements of Operations

	Year Ended December 31,		Six Months Ended June 30,	
	2015	2016	2016	2017
	(unaudited)			
Net sales				
Product	\$ 112,560,718	\$ 120,093,980	\$ 54,186,039	\$ 45,587,707
Services	197,519,930	201,370,199	99,202,595	91,007,593
Total net sales	310,080,648	321,464,179	153,388,634	136,595,300
Cost of goods sold				
Product	90,950,126	95,071,566	45,183,897	36,983,107
Services	120,573,756	125,804,757	60,386,112	61,263,915
Total cost of sales	211,523,882	220,876,323	105,570,009	98,247,022
Gross profit	98,556,766	100,587,856	47,818,625	38,348,278
Operating expenses:				
Selling, general and administrative expenses	80,151,622	86,074,608	40,111,664	42,460,746
Depreciation and amortization	11,682,124	11,740,829	5,826,197	5,082,007
Impairment of goodwill	—	70,861,416	—	—
Operating expenses	91,833,746	168,676,853	45,937,861	47,542,753
Operating income (loss)	6,723,020	(68,088,997)	1,880,764	(9,194,475)
Other income (expense):				
Interest income	557	29,061	27,199	650
Interest expense	(5,915,156)	(6,156,737)	(2,782,644)	(3,721,967)
	(5,914,599)	(6,127,676)	(2,755,445)	(3,721,317)
Income (loss) before provision for state income taxes	808,421	(74,216,673)	(874,681)	(12,915,792)
Provision for state income taxes	395,405	167,622	126,025	76,480
Net income (loss)	\$ 413,016	\$ (74,384,295)	\$ (1,000,706)	\$ (12,992,272)

See notes to consolidated financial statements.

SPS Holdco, LLC and Subsidiaries
Consolidated Statements of Members' Equity

	Common		Accumulated Earnings	Notes Receivable for Stock	Total Members' Equity
	Units	Amount			
Balance, January 1, 2015	115,507,173	\$113,225,924	\$ 5,735,018	\$ —	\$ 118,960,942
Repurchase of common units - shareholder	(250,000)	(287,500)	—	—	(287,500)
Issuance of common units	500,000	500,000	—	—	500,000
Note receivable issued in exchange for common units	400,000	400,000		(400,000)	—
Unit based compensation	—	—	370,105	—	370,105
Net income	—	—	413,016	—	413,016
Balance, December 31, 2015	116,157,173	113,838,424	6,518,139	(400,000)	119,956,563
Repurchase of common units and forgiveness of note receivable					
- related party	(400,000)	(400,000)	—	400,000	—
Repurchase of common units - shareholder	(100,000)	(100,000)	—	—	(100,000)
Note receivable issued in exchange for common units	86,957	86,957	13,043	(100,000)	—
Unit based compensation	—	—	127,840	—	127,840
Net loss	—	—	(74,384,295)	—	(74,384,295)
Balance, December 31, 2016	115,744,130	\$113,425,381	\$(67,725,273)	\$ (100,000)	\$ 45,600,108
Unit based compensation	—	—	204,330	—	204,330
Net loss	—	—	(12,992,272)	—	(12,992,272)
Balance, June 30, 2017 (unaudited)	<u>115,744,130</u>	<u>\$113,425,381</u>	<u>\$(80,513,215)</u>	<u>\$ (100,000)</u>	<u>\$ 32,812,166</u>

See notes to consolidated financial statements.

SPS Holdco, LLC and Subsidiaries
Consolidated Statements of Cash Flows

	Year Ended December 31,		Six Months Ended June 30,	
	2015	2016	2016	2017
	(unaudited)			
Cash flows from operating activities:				
Net income (loss)	\$ 413,016	\$(74,384,295)	\$ (1,000,706)	\$(12,992,272)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	14,781,611	14,719,584	7,237,746	6,371,358
Accretion of debt discount	618,112	887,299	309,056	309,056
Bad debt (recoveries) expense	(663,614)	502,464	40,000	—
Unit based compensation	370,105	127,840	63,920	204,330
Impairment of goodwill	—	70,861,416	—	—
Other non cash items	—	—	301,550	—
Change in operating assets and liabilities, net of acquisitions:				
Decrease in restricted cash	48,190	200,389	20,570	187,581
(Increase) decrease in accounts receivable	(12,739,019)	15,223,671	30,213,548	24,824,023
(Increase) decrease in inventory	(3,028,038)	3,338,162	1,837,715	5,574,886
Increase in prepaid expenses	(102,432)	(3,561,213)	(4,966,709)	(369,667)
Increase (decrease) in accounts payable	6,915,484	10,343,471	(3,762,157)	(6,274,379)
Decrease in accrued expenses and sales tax payable	(4,436,808)	(6,050,752)	(10,496,317)	(18,368,843)
Increase (decrease) in deferred revenue	2,684,583	(11,864,064)	(7,152,332)	813,130
Increase (decrease) in customer deposits	39,926	1,251,995	1,444,790	(697,835)
Net cash provided by (used in) operating activities	4,901,116	21,595,967	14,090,674	(418,632)
Cash flows from investing activities:				
Purchase of equipment	(9,357,466)	(9,641,013)	(6,345,290)	(4,716,364)
Increase in purchase price consideration - Adcap	—	479,930	479,930	—
Increase in security deposits and other	(76,586)	(55,773)	21,925	1,529
Cash paid for acquisitions	(18,205,274)	—	—	—
Net cash used in investing activities	(27,639,326)	(9,216,856)	(5,843,435)	(4,714,835)
Cash flows from financing activities:				
Principal payment of debt and capital leases	(6,681,877)	(8,077,209)	(2,153,353)	(4,020)
Proceeds from issuance of holder units	500,000	—	—	—
Proceeds from (payments of) line of credit	10,500,000	—	(5,000,000)	2,488,736
Repurchase of units	—	(387,500)	(287,500)	—
Net cash provided by (used in) financing activities	4,318,123	(8,464,709)	(7,440,853)	2,484,716
Net (decrease) increase in cash and cash equivalents	(18,420,087)	3,914,402	806,384	(2,648,751)
Cash and cash equivalents:				
Beginning	22,242,915	3,822,828	3,822,828	7,737,230
Ending	<u>\$ 3,822,828</u>	<u>\$ 7,737,230</u>	<u>\$ 4,629,212</u>	<u>\$ 5,088,479</u>
Supplemental disclosures of cash flow information:				
Cash paid during the year for:				
Interest	<u>\$ 5,942,860</u>	<u>\$ 5,090,280</u>	<u>\$ 2,825,704</u>	<u>\$ 736,704</u>
Income taxes	<u>\$ 590,816</u>	<u>\$ 103,371</u>	<u>\$ —</u>	<u>\$ —</u>
Summary of Noncash Items:				
Issuance of note payable in exchange for common units	<u>\$ 287,500</u>	<u>\$ 100,000</u>	<u>\$ —</u>	<u>\$ —</u>
Acquisition of equipment under capital leases	<u>\$ 180,454</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

SPS Holdco, LLC and Subsidiaries
Consolidated Statements of Cash Flows (Continued)

	Year Ended December 31,		Six Months Ended June 30,	
	2015	2016	2016	2017
			(unaudited)	
Supplemental disclosures of non-cash financing activities:				
Acquisition of ExtraTeam, Inc:				
Working capital assets acquired	\$ 3,299,144	\$ —	\$ —	\$ —
Property and equipment	155,697	—	—	—
Security deposits	10,000	—	—	—
Intangible assets, subject to amortization	1,000,000	—	—	—
Goodwill	7,286,171	—	—	—
Working capital liabilities assumed	(3,410,710)	—	—	—
	<u>\$ 8,340,302</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Acquisition of AdCap Network Systems, Inc.:				
Working capital assets acquired	\$ 3,076,876	\$ —	\$ —	\$ —
Property and equipment	332,887	—	—	—
Security deposits	11,689	—	—	—
Intangible assets, subject to amortization	1,200,000	—	—	—
Goodwill	7,456,398	—	—	—
Working capital liabilities assumed	(3,296,749)	—	—	—
	<u>\$ 8,781,101</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See notes to consolidated financial statements.

Note 1. Summary of Significant Accounting Policies

Organization and principal business activity: SPS Holdco, LLC is a holding company, the principal asset of which consists of all of the outstanding stock of Strategic Products and Services, LLC, the wholly owned subsidiary. Strategic Products and Services, LLC and its wholly owned subsidiary, Providea Conferencing, LLC, provides integrated communications equipment and services for voice solutions and data networking applications. SPS Holdco, LLC is headquartered in Parsippany, New Jersey. Through its headquarters and remote offices, it services locations both domestically and internationally.

Basis of presentation: The accompanying consolidated financial statements include the accounts of SPS Holdco, LLC and its wholly owned subsidiary, Strategic Products and Services, LLC, and its wholly owned subsidiary, Providea Conferencing, LLC (collectively, the Company). Intercompany balances and transactions have been eliminated in consolidation.

Unaudited Interim Financial Information: The accompanying interim consolidated balance sheet as of June 30, 2017 and the consolidated statements of operations, and cash flows for the six months ended June 30, 2016 and 2017, and the consolidated statement of members' equity for the six months ended June 30, 2017 and the related footnote disclosures, or collectively, the unaudited interim consolidated financial statements, are unaudited. The unaudited interim consolidated financial statements have been prepared on a basis consistent with the annual consolidated financial statements and, in the opinion of management, reflect all adjustments necessary to present fairly its consolidated financial position as of June 30, 2017 and its results of operations and cash flows for the six months ended June 30, 2016 and 2017. The results for the six months ended June 30, 2016 and 2017 are not necessarily indicative of the results expected for the full fiscal year or any other period.

Inventory: Inventory, which consists entirely of finished goods, is stated at the lower of cost (determined by the average-cost method) or market.

Depreciation and amortization: Property and equipment is recorded at cost. The Company utilizes the straight-line method of depreciation based on the estimated useful lives of the respective assets ranging from 3 to 10 years. Leasehold improvements are amortized over the shorter of the estimated useful lives or the life of the related lease.

Goodwill: The Company's goodwill was recorded as a result of the Company's business combinations. The Company has recorded these business combinations using acquisition accounting. The Company tests its recorded goodwill for impairment on an annual basis at October 1, or more often if indicators of potential impairment exist, by determining if the carrying value of each reporting unit exceeds its estimated fair value. Factors that could trigger an interim impairment test include, but are not limited to, underperformance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets and the Company's overall business and significant negative industry or economic trends. During 2015, the Company determined that no impairment of goodwill existed because the estimated fair value of its reporting unit exceeded its carrying amount. During 2016, the Company recorded an impairment charge of \$70,861,416. There were no impairment losses recorded during the six months ended June 30, 2017 (unaudited).

Intangible assets subject to amortization: Intangible assets consist of trade names and trademarks, customer relationships, customer backlog and noncompete agreements, which are being amortized over the estimated useful life of each, which range from 6 months to 15 years. The Company reviews for possible impairment whenever circumstances indicate the carrying value of the assets may not be recoverable. A loss is recognized in the consolidated statements of income if it is determined that an impairment exists based on expected future undiscounted cash flows. The amount of the impairment is the excess of the carrying amount of the impaired asset over its fair value. There were no impairment losses recorded during the years ended December 31, 2016 and 2015 or the six months ended June 30, 2017 (unaudited).

Note 1. Summary of Significant Accounting Policies (Continued)

Revenue recognition: The Company recognizes systems sales revenue upon shipment of the equipment and installation services revenue upon completion of the installation of the system. Services revenue earned from maintenance contracts is recognized ratably over the term of the underlying contract on a straight-line basis. Deferred revenue is comprised primarily of the unearned portion of maintenance revenues paid in advance. Third-party costs associated with servicing these maintenance contracts are netted against deferred revenue in the consolidated balance sheets. These costs are expensed ratably over the term of the underlying contracts.

The Company recognizes revenue from managed service arrangements whereby the Company provides monthly maintenance and on-site technical support. Revenue is recognized monthly as services are provided.

The Company enters into multiple deliverable arrangements, which may include various combinations of products, installation services, maintenance contracts and managed services. Most product and service deliverables qualify as separate units of accounting and can be sold on a standalone basis. A deliverable constitutes a separate unit of accounting when it has standalone value and, where return rights exist, delivery or performance of the undelivered items is considered probable and substantially within the Company's control. Most of the Company's solutions have both software and non-software components that function together to deliver the products' essential functionality. For these multiple deliverable arrangements, the Company allocates revenue to the deliverables based on their relative selling prices. To the extent that a deliverable is subject to specific guidance on whether and/or how to allocate the consideration in a multiple deliverable arrangement, that deliverable is accounted for in accordance with such specific guidance. The Company limits the amount of revenue recognition for delivered items to the amount that is not contingent on the future delivery of products or services or meeting other future performance obligations.

The Company allocates revenue based on a selling price hierarchy of vendor-specific objective evidence, third-party evidence, and then selling price. Vendor-specific objective evidence is based on the price charged when the deliverable is sold separately. Third-party evidence is based on largely interchangeable competitor products or services in standalone sales to similarly situated customers. As the Company is unable to reliably determine what competitors products' selling prices are on a standalone basis, the Company is not typically able to determine third-party evidence. Estimated selling price is based on the Company's best estimates of what the selling prices of deliverables would be if they were sold regularly on a standalone basis. Estimated selling price is established considering multiple factors including, but not limited to, pricing practices in different geographies and through different sales channels, major product and services groups, and customer classifications.

The Company considers the principal versus agent accounting guidance to determine if the Company is the primary obligor in the arrangement and if revenue should be recognized gross or net of the associated costs. Applying the principal versus agent accounting guidance is a matter of judgment based on consideration of several factors and indicators.

Revenue from the sale of third-party retail maintenance contracts is recognized net of the related cost of revenue. In third-party retail maintenance contracts, all services are provided by third-party providers and, as a result, the Company concluded that it is acting as an agent and is not considered the primary obligor. As the Company is under no obligation to perform additional services, revenue is recognized net at the time of sale.

Revenue from the sale of third-party wholesale maintenance contracts is recognized on a gross basis over the life of the contract with the selling price to the customer recorded as revenue and the acquisition cost recorded as cost of revenue. Based upon the evaluation of indicators for net and gross reporting, the Company has concluded that it is acting as a principal in these contracts.

Note 1. Summary of Significant Accounting Policies (Continued)

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Income taxes: The Company is a limited liability company and, as such, is taxed as a partnership and the members separately account for their pro-rata shares of the Company's income for federal and state income tax purposes. In addition, the Company is required to pay franchise tax and unincorporated business tax in the local jurisdictions.

The Company follows the accounting standard on accounting for uncertainty in income taxes ASC 740-10, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses derecognition, classification, interest and penalties on income taxes, and accounting in interim periods. The Company recognizes interest and penalties, if any, in its provision for income taxes.

Cash and cash equivalents: The Company considers all highly liquid investments with a maturity of three months or less at time of purchase to be cash equivalents. The Company maintains its cash and cash equivalents at financial institutions. The combined account balances at several institutions exceed Federal Deposit Insurance Corporation (FDIC) insurance coverage and, as a result, there is a concentration of credit risk related to amounts on deposit in excess of FDIC insurance coverage.

Shipping costs: Shipping costs of approximately \$1,747,000 and \$1,671,500 and are included in cost of goods sold for the years ended December 31, 2015 and 2016, respectively. Shipping costs of approximately \$472,000 and \$245,000 are included in cost of goods sold for the six months ended June 30, 2016 and 2017 (unaudited), respectively.

Customer deposits: The Company recognizes sales upon delivery and installation of equipment. Customer deposits are monies advanced by customers in advance of installation.

Financing costs: Costs incurred to secure long-term debt are recorded as a discount on the debt and amortized as a component of interest expense using the effective interest method over the term of the associated debt.

Advertising: Total advertising costs for the years ended December 31, 2015 and 2016 were each approximately \$1,250,000. Total advertising costs for the six months ended June 30, 2016 and 2017(unaudited) were each approximately \$625,000.

Recently issued accounting pronouncement: In January 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2017-01, *Business Combinations: Clarifying the Definition of a Business*. The amendment clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. ASU 2017-01 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, with early adoption permitted. The Company is currently assessing the impact that ASU 2017-01 will have on the Company's consolidated financial statements.

Note 1. Summary of Significant Accounting Policies (Continued)

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows – Classification of Certain Cash Receipts and Cash Payments*. The amendments in this update provide specific guidance on the eight cash flow classification issues included in the amendments in this update. The guidance will be effective for fiscal years beginning after December 15, 2018. Early adoption is permitted for annual and interim periods. The Company is currently assessing the impact that ASU 2016-15 will have on the Company's consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*. The update simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 is effective for fiscal years beginning after December 15, 2017, and interim periods beginning after December 15, 2018. Early adoption is permitted. The Company is currently assessing the impact that ASU 2016-09 will have on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is currently evaluating the impact of the pending adoption of the new standard on its consolidated financial statements.

In July 2015, the FASB issued ASU 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory*. The amendments in the ASU require entities that measure inventory using the first-in, first-out or average cost methods to measure inventory at the lower of cost and net realizable value. Net realizable value is defined as estimated selling price in the ordinary course of business less reasonably predictable costs of completion, disposal and transportation. This ASU will be effective for the Company for fiscal years beginning after December 15, 2016. Early adoption of ASU 2015-11 is permitted. The Company is currently evaluating the effects adoption of this guidance will have on its consolidated financial statements.

In April, 2015, the FASB issued ASU 2015-03, *Interest—Imputation of Interest—Simplifying the Presentation of Debt Issuance Costs*, which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by this ASU. This ASU is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. The Company does not believe this standard will have a material impact on the Company's consolidated financial position or results of its operations.

Note 1. Summary of Significant Accounting Policies (Continued)

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP) when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Company is evaluating the effect that the standard will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

Note 2. Acquisitions

ExtraTeam, Inc: On March 2, 2015, Strategic Products and Services, LLC acquired certain assets and assumed certain liabilities of ExtraTeam, Inc. (ExtraTeam) through an asset acquisition for a purchase price of \$8,500,000 prior to working capital adjustments of \$150,698. The aggregate purchase consideration was funded with cash consideration of \$8,340,302. Located in Pleasanton, California, ExtraTeam provides computer network solutions and consulting services for businesses to ensure secure and efficient access to their information and technology systems. The acquisition allows for the Company to broaden its geographic reach and strengthen existing partner relationships.

This acquisition was accounted for as a business combination and, accordingly, the aggregate purchase price was allocated to the underlying assets and liabilities based upon their respective fair value at the date of acquisition. The excess of the cost over the fair value of the net assets acquired is \$7,286,171 and is recorded as goodwill. Acquisition costs of approximately \$220,000 are included in selling, general and administrative expenses in the consolidated statements of income for the year ended December 31, 2015. Goodwill is deductible for income tax purposes.

The following table summarizes the estimated fair value of the assets acquired at the date of the acquisition:

Working capital assets acquired	\$ 3,299,144
Property and equipment	155,697
Security deposits	10,000
Intangible assets, subject to amortization	1,000,000
Goodwill	7,286,171
Working capital liabilities assumed	(3,410,710)
	<u>\$ 8,340,302</u>

AdCap Network Systems, Inc: On October 15, 2015, Strategic Products and Services, LLC acquired certain assets and assumed certain liabilities of AdCap Network Systems, Inc. (AdCap) for an aggregate purchase price of approximately \$8,800,000. The aggregate purchase consideration was funded with cash consideration. This acquisition was accounted for as a business combination and, accordingly, the aggregate purchase price was allocated to the underlying assets and liabilities based upon their respective fair value at the date of acquisition. The excess of the cost over the fair value of the net assets acquired is \$7,456,398 and is recorded as goodwill. Acquisition costs of approximately \$400,000 are included in selling, general and administrative expenses in the consolidated statements of income for the year ended December 31, 2015. Goodwill is deductible for income tax purposes.

Note 2. Acquisitions (Continued)

The following table summarizes the estimated fair value of the assets acquired at the date of the acquisition:

Cash Consideration	<u>\$ 8,781,101</u>
Working capital assets acquired	\$ 3,076,876
Property and equipment	332,887
Security deposits	11,689
Intangible assets, subject to amortization	1,200,000
Goodwill	7,456,398
Working capital liabilities assumed	<u>(3,296,749)</u>
	<u>\$ 8,781,101</u>

IPV Gateways Inc: On November 27, 2015, Strategic Products and Services, LLC acquired certain customer relationship assets of IPV Gateways Inc (IPV) in exchange for cash consideration of approximately \$1,100,000. The transaction is being treated as an asset purchase with the consideration included in customer relationships within intangible assets in the consolidated balance sheets at December 31, 2015.

Note 3. Accounts Receivable

The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts based on the history of past write-offs and collections, and current conditions.

Note 4. Inventory

Inventory, net, consists of the following:

	As of December 31,		As of June 30,
	2015	2016	2017
			(unaudited)
Inventory	\$14,802,762	\$12,700,589	\$7,572,513
Less reserve for obsolescence	250,000	1,485,989	1,932,799
	<u>\$14,552,762</u>	<u>\$11,214,600</u>	<u>\$5,639,714</u>

Note 5. Property and Equipment

Property and equipment consists of the following:

	As of December 31,		As of June 30, 2017 (unaudited)
	2015	2016	
Company vehicles	\$ 80,132	\$ 26,581	\$ 15,614
Office furniture and fixtures	1,616,128	1,945,926	1,942,799
Computer systems development	4,984,382	6,547,434	8,217,720
Equipment	30,925,325	37,532,285	40,051,489
Construction in progress	81,550	—	530,000
Leasehold improvements	538,062	1,814,366	1,814,365
	38,225,579	47,866,592	52,571,987
Less accumulated depreciation and amortization	22,549,386	28,312,465	31,360,860
	<u>\$ 15,676,193</u>	<u>\$ 19,554,127</u>	<u>\$ 21,211,127</u>

Depreciation and amortization expense on property and equipment was approximately \$4,784,000 and \$5,763,000 for the years ended December 31, 2015 and 2016, respectively. Depreciation and amortization expense on property and equipment was approximately \$2,625,000 and \$5,059,000 for the six months ended June 30, 2016 and 2017 (unaudited), respectively.

Note 6. Goodwill

The following table summarizes the changes in goodwill:

	As of December 31,		As of June 30, 2017 (unaudited)
	2015	2016	
Beginning of year, gross amount	\$128,386,981	\$143,129,550	\$71,916,000
Acquisitions	14,742,569	—	—
Measurement period adjustments	—	(352,134)	—
Impairment charge	—	(70,861,416)	—
End of year, net carrying amount	<u>\$143,129,550</u>	<u>\$ 71,916,000</u>	<u>\$71,916,000</u>

The Company tests its recorded goodwill for impairment on an annual basis at October 1 using significant other unobservable inputs (Level 3 of the fair value hierarchy) including historical or projected future operating results, significant changes in the manner of use of the acquired assets and the Company's overall business and, significant negative industry or economic trends. At December 31, 2016, the Company recorded an impairment charge of \$70,861,416.

Note 7. Intangible Assets

The following is a summary of amortizable intangibles:

	<u>Cost</u>	<u>Amortization Through June 30, 2017 (unaudited)</u>	<u>Net Carrying Value, June 30, 2017</u>
Trade names	\$24,800,000	\$11,612,639	\$13,187,361
Customer relationships	52,683,871	41,641,310	11,042,561
Customer backlog	2,200,000	2,200,000	—
Noncompete agreements	2,400,000	2,266,667	133,333
	<u>\$82,083,871</u>	<u>\$57,720,616</u>	<u>\$24,363,255</u>

	<u>Cost</u>	<u>Amortization Through December 31, 2016</u>	<u>Net Carrying Value, December 31, 2016</u>
Trade names	\$24,800,000	\$10,616,390	\$14,183,610
Customer relationships	52,683,871	39,593,491	13,090,380
Customer backlog	2,200,000	2,200,000	—
Noncompete agreements	2,400,000	2,133,333	266,667
	<u>\$82,083,871</u>	<u>\$54,543,214</u>	<u>\$27,540,657</u>

	<u>Cost</u>	<u>Amortization Through December 31, 2015</u>	<u>Net Carrying Value, December 31, 2015</u>
Trade names	\$24,800,000	\$ 8,469,722	\$16,330,278
Customer relationships	52,683,871	33,183,653	19,500,218
Customer backlog	2,200,000	2,200,000	—
Noncompete agreements	2,400,000	1,733,333	666,667
	<u>\$82,083,871</u>	<u>\$45,586,708</u>	<u>\$36,497,163</u>

Trade names, customer backlog and noncompete agreements are amortized using the straight-line method over the estimated useful life ranging from 6 months to 15 years. Customer relationships have been assigned a useful life ranging from 5 years to 10 years and are being amortized using accelerated methods.

Note 7. Intangible Assets (Continued)

Future amortization expense related to intangible assets is as follows:

Year ending December 31 (unaudited):	
2017 (remaining 6 months)	\$ 3,514,633
2018	5,017,433
2019	3,811,683
2020	2,862,145
2021	1,875,299
2022	1,531,208
Thereafter	5,750,854
	<u>\$24,363,255</u>

Note 8. Long-Term Debt

The Company has a credit agreement with Madison Capital Funding, LLC (Madison Capital), which has been periodically amended. In June 2014, in connection with a prepayment on the debt, the Company amended its credit agreement, which at the time had a principal loan balance of \$80,958,141. The amended interest rate was adjusted to 5.5% per annum. The loan is payable in quarterly installments of \$1,124,419 beginning in June 30, 2014 with the final balloon payment due October 19, 2018. The loan agreement requires, among other things, mandatory prepayments for excess cash flows and maintenance by the Company of minimum ratios of fixed charge coverage, total debt to EBITDA, and capital expenditures. All debt financing costs are treated as a debt discount and reduce the long-term portion of the debt. The debt discount is accreted back to the principal through interest expense over the life of the loan. Interest expense for the years ended December 31, 2015 and 2016 was approximately \$5,915,000 and \$6,157,000, respectively. Interest expense for the six months ended June 30, 2016 and 2017 (unaudited) was approximately \$2,783,000 and \$3,722,000, respectively.

The Company also has a revolving line of credit with Madison Capital which bears interest at 7.25% per annum and had an original maturity date of October 19, 2018.

On August 16, 2017, the debt was repaid as part of the transaction with ConvergeOne, Inc. (see note 13).

The following tables show the breakdown of debt:

	As of December 31,		As of June 30,
	2015	2016	2017 (unaudited)
Line of Credit	\$ 10,500,000	\$ 6,935,620	\$ 9,424,346
Madison Capital debt	74,297,086	69,926,669	69,039,932
	84,797,086	76,862,289	78,464,278
Less:			
Current portion	(14,870,417)	(75,531,893)	(77,846,551)
Discount on debt, net	(2,217,694)	(1,330,396)	(617,727)
	<u>\$ 67,708,975</u>	<u>\$ —</u>	<u>\$ —</u>

Note 9. Risk of Concentration

The Company sells communications systems under a dealer agreement with Avaya, Inc. (Avaya). In 2016 and 2015, a majority of the Company's communications equipment sales were Avaya products purchased from ScanSource Catalyst. The Company sells conferencing systems under dealer agreements with Cisco Systems, Inc. (Cisco) and Polycom, Inc. (Polycom). In 2016, a majority of the Company's conferencing equipment sales were Cisco and Polycom products purchased either from these dealers or their primary vendors.

Avaya filed for reorganization under Chapter 11 on January 19, 2017. As a result of this, new or existing customers may elect to delay purchasing decisions with respect to Avaya technology. Delays in customer purchasing decisions, or an election by the Company's customers to purchase alternative technology offerings from the Company or its competitors, could result in lower revenues, gross profits or gross margins. The Bankruptcy Court approved Avaya's plan of reorganization and Avaya emerged from bankruptcy proceedings in the fourth quarter of 2017. Management continues to evaluate the impact that Avaya's reorganization has had on the Company's results of operations and financial condition.

Note 10. Members' Equity

The Company's equity is divided into three classes of units, consisting of units of Preferred Membership Interests (Preferred Units), units of Common Membership Interests (Common Units) and units of Junior Membership Interests (Junior Performance Units). The total units authorized are (i) 100,000,000 Preferred Units, of which none were issued and outstanding on December 31, 2016 and 2015, respectively, (ii) 118,700,000 Common Units, of which 115,744,130 and 116,157,173 were issued and outstanding on December 31, 2016 and 2015, respectively, and (iii) 13,000,000 Junior Performance Units were authorized.

In March 2015, the Company sold 500,000 common units to an employee at a purchase price of \$1.00 per share for an aggregate purchase price of \$500,000.

In October 2015, the Company sold 400,000 common units to an employee at a purchase price of \$1.00 per share for an aggregate purchase price of \$400,000. In connection with this sale, the Company issued a note receivable to the employee for \$400,000 and the note bears interest at 4.00% per annum. The note receivable is due in October 2025. The note receivable has been recorded as contra-equity in the Company's consolidated statements of members' equity as of December 31, 2015.

On December 31, 2015, the Company agreed to repurchase 250,000 Common Units from an existing shareholder for \$287,500. The Company repaid the shareholder in 2016. At December 31, 2015, the repurchase price is recorded as due to shareholder on the consolidated balance sheets.

In February 2016, the Company sold 86,957 common units to an employee at a purchase price of \$1.15 per share for an aggregate purchase price of \$100,000. In connection with this sale, the Company issued a note receivable to the employee for \$100,000 and the note bears interest at 1.80% per annum. The note receivable is due in February 2024. The note receivable has been recorded as contra-equity in the Company's consolidated statements of members' equity as of December 31, 2016.

In July 2016, the Company repurchased 400,000 Common Units from an existing shareholder in exchange for the cancellation of the principal balance of the note receivable of \$400,000.

In August 2016, the Company repurchased 100,000 Common Units from an existing shareholder for \$100,000.

Note 10. Members' Equity (Continued)

Preferred units: The Preferred Unit original issue price is equal to \$1.00. No holder of Preferred Units shall be entitled to vote on any matter submitted to a vote of its members. Preferred Unitholders are entitled to a 10% Preferred Yield per annum.

Common units: The Common Unit original issue price is equal to \$1.00. Subject to the applicable provisions of the Unitholder Agreement, the holders of the Common Units shall have the general right to vote for all purposes, including the election of directors of the Board of Directors. Each holder of Common Units shall be entitled to one vote for each unit held. There shall be no cumulative voting.

Junior performance units: From time to time, Junior Performance Units may be awarded to the extent authorized by the board of directors. No capital contribution will be required to be made by the holders of the Junior Performance Units. The Junior Performance Units shall be unvested at issuance and shall vest 20% ratably through the fifth anniversary of their issuance provided that (i) upon the initial public offering of the Company on or prior to the fifth anniversary of the Issue Date, an additional 20% of the Junior Performance Units shall vest and (ii) upon a Change of Control, all unvested Junior Performance Units shall immediately vest. As of December 31, 2015 and 2016, respectively, 7,179,766 and 8,679,684 awards had been issued. As of December 31, 2015, approximately 4,239,000 units had vested. Compensation expense related to these awards for the years ended December 31, 2015 and 2016 was approximately \$370,000 and \$128,000, respectively. Total unrecognized compensation expense related to these awards at December 31, 2015 and 2016 was approximately \$660,000 and \$201,000, respectively.

Note 11. Commitments and Contingencies

Operating leases: The Company leases office and warehouse space in various locations.

The following is a schedule of future minimum rental payments required for all noncancelable operating leases that have remaining lease terms in excess of one year at December 31, 2016 (the last of which expires in 2026) are approximately:

Operating Leases:

Year ending December 31 (unaudited):	
2017 (remaining 6 months)	\$1,159,000
2018	1,620,000
2019	1,068,000
2020	635,000
2021	310,000
2022	318,000
Thereafter	1,075,000
	<u>\$6,185,000</u>

Note 11. Commitments and Contingencies (Continued)

Certain equipment is leased on a short-term or month-to-month basis. Certain leases have annual rentals that increase over the period of the lease. For financial statement purposes, rent expense is being recorded on a straight-line basis over the lease terms. Accordingly, deferred rent consists of deferred rent credits for the excess of the straight-line rent over the amount payable pursuant to the leases. Deferred rent of approximately \$250,000 and \$500,000 at December 31, 2015 and 2016, respectively is included in accrued expenses on the balance sheets. Deferred rent of approximately \$487,000 at June 30, 2017 (unaudited) is included in accrued expenses on the balance sheets. Rent expense under all operating leases for years ended December 31, 2015 and 2016 was approximately \$2,315,000 and \$2,585,000, respectively. Rent expense under all operating leases for the six months ended June 30, 2016 and 2017 (unaudited) was approximately \$1,567,000 and \$1,134,000, respectively.

Capital Leases: As of December 31, 2016, the Company has capital lease obligations of approximately \$17,000 from equipment leases assumed in the transactions noted in Note 2. These leases mature at various times through 2018.

Note 12. Employee Benefit Plan

The Company has a 401(k) deferred income plan covering substantially all eligible employees over 21 years of age. Employees may voluntarily contribute from 1% to 15% of their annual salaries and the Company will match 25% of the first 6% of the employees' contribution. Total employee benefit plan expense for years ended December 31, 2015 and 2016 was approximately \$406,000 and \$497,000, respectively. Total employee benefit plan expense for six months ended June 30, 2016 and 2017 (unaudited) was approximately \$203,000 and \$249,000, respectively.

Note 13. Subsequent Events

The Company has evaluated subsequent events through February 26, 2018, which is the date the consolidated financial statements were available to be issued.

On May 17, 2017, the Company entered into a Forbearance Agreement with Madison Capital as a result of certain specified events of default on their credit agreement. The Forbearance Agreement was scheduled to expire on September 30, 2017. Included within the terms of the Forbearance Agreement is a sale covenant

On August 16, 2017, the Company entered into a merger agreement with ConvergeOne, Inc. to sell the outstanding units of the Company for a base purchase price of \$70,000,000 subject to certain purchase price adjustments. As a result of the transaction, the outstanding debt with Madison Capital was repaid and the Forbearance Agreement was terminated.

AOS, Inc. and Subsidiaries
Auditor's Report and Consolidated Financial Statements
December 25, 2016 and December 27, 2015



AOS, Inc. and Subsidiaries
December 25, 2016 and December 27, 2015

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Independent Auditor's Report

Board of Directors
AOS, Inc. and Subsidiaries
Overland Park, Kansas

We have audited the accompanying consolidated financial statements of AOS, Inc. and Subsidiaries, which comprise the consolidated balance sheets as of December 25, 2016 and December 27, 2015, and the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of AOS, Inc. and Subsidiaries as of December 25, 2016 and December 27, 2015, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

In our reports dated April 13, 2016 and March 21, 2017, we expressed a qualified opinion on the 2015 and 2016 financial statements, respectively. The basis for a qualified opinion was limited to a departure from accounting standards generally accepted in the United States of America. Accounting principles generally accepted in the United States of America require an evaluation of the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. As described in *Note 2*, the Company has changed its method of accounting and restated its 2015 and 2016 consolidated financial statements to conform with accounting principles generally accepted in the United States of America. Accordingly, our present opinion on the restated 2015 and 2016 consolidated financial statements, as presented herein, is different from that expressed in our previous report.

Emphasis of Matter

As discussed in *Note 2* to the consolidated financial statements, in 2017, the entity was required to retrospectively apply the impact of previously adopted accounting standards for which the Company is no longer eligible (Private Company Council standards), which materially impacted previously issued financial statements. Our opinion is not modified with respect to this matter.

BKD, LLP

Kansas City, Missouri
March 21, 2017, except for *Note 2*, as to which the date is February 9, 2018

AOS, Inc. and Subsidiaries
Consolidated Balance Sheets
December 25, 2016 and December 27, 2015

Assets

	<u>2016</u> <u>(Restated)</u>	<u>2015</u> <u>(Restated)</u>
Current Assets		
Cash and cash equivalents	\$ 9,953,783	\$ 7,882,097
Accounts receivable, trade, net of allowance; 2016 - \$375,532, 2015 - \$765,710	26,365,786	29,531,665
Receivable for sale of AOScloud, LLC	300,000	—
Returned goods receivable	800,274	1,045,337
Inventories	1,788,622	2,485,609
Prepaid expenses	573,852	725,501
Current assets—continuing operations	39,782,317	41,670,209
Current assets—discontinued operations	135,587	2,984,991
Total current assets	39,917,904	44,655,200
Property, Equipment and Software, Net	2,177,476	2,312,499
Other Assets		
Goodwill, net	2,665,422	2,665,422
Intangible assets, net	545,700	659,120
Other	71,817	85,304
Total other assets	3,282,939	3,409,846
Non-current assets—continuing operations	5,460,415	5,722,345
Non-current assets—discontinued operations	18,240	4,183,952
Total non-current assets	5,478,655	9,906,297
Total assets	<u>\$45,396,559</u>	<u>\$54,561,497</u>

See Notes to Consolidated Financial Statements

Liabilities and Stockholders' Equity

	2016 (Restated)	2015 (Restated)
Current Liabilities		
Accounts payable	\$22,273,061	\$24,554,254
Current maturities of long-term debt	—	1,190
Accrued compensation expense	4,616,881	3,974,793
Accrued expenses	2,303,779	2,870,544
Deferred lease incentives	163,618	131,769
Deferred revenue	2,246,464	2,671,171
Current liabilities—continuing operations	31,603,803	34,203,721
Current liabilities—discontinued operations	90,170	1,799,952
Total current liabilities	31,693,973	36,003,673
Deferred Lease Incentives	1,108,458	1,173,438
Deferred Revenue	—	343,053
Non-current liabilities—continuing operations	1,108,458	1,516,491
Non-current liabilities—discontinued operations	—	375,992
Total non-current liabilities	1,108,458	1,892,483
Total liabilities	32,802,431	37,896,156
Stockholders' Equity		
Common stock, \$1 par value; 100,000 shares authorized, 1,197 shares issued and outstanding	1,197	1,197
Additional paid-in capital	9,905,404	9,905,404
Retained earnings	2,687,527	6,758,740
Total stockholders' equity	12,594,128	16,665,341
Total liabilities and stockholders' equity	\$45,396,559	\$54,561,497

AOS, Inc. and Subsidiaries
Consolidated Statements of Operations
Years Ended December 25, 2016 and December 27, 2015

	<u>2016</u> <u>(Restated)</u>	<u>2015</u> <u>(Restated)</u>
Revenue		
Hardware sales	\$ 143,708,752	\$ 166,872,121
Engineering services	26,362,400	29,851,371
Third-party warranty	6,454,899	11,476,430
Other revenue	820,788	1,295,116
Total revenue	<u>177,346,839</u>	<u>209,495,038</u>
Cost of Sales	<u>132,539,774</u>	<u>155,975,164</u>
Gross Profit	44,807,065	53,519,874
Operating Expenses	<u>41,074,901</u>	<u>43,871,993</u>
Operating Income	3,732,164	9,647,881
Other Expense		
Interest expense	<u>(1,357)</u>	<u>(120,338)</u>
Income from Continuing Operations	3,730,807	9,527,543
Discontinued Operations (Notes 11 and 12)		
Loss from discontinued operations	<u>(3,235,264)</u>	<u>(12,883,610)</u>
Net Income (Loss)	<u>\$ 495,543</u>	<u>\$ (3,356,067)</u>

See Notes to Consolidated Financial Statements

AOS, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
Years Ended December 25, 2016 and December 27, 2015

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholders' Equity</u>
	(Restated)			
Balance, December 29, 2014, as Previously Reported	\$ 1,197	\$9,905,404	\$12,157,130	\$22,063,731
Adjustment applicable to the year ended December 29, 2014	—	—	970,040	970,040
Balance, December 29, 2014, as Restated	1,197	9,905,404	13,127,170	23,033,771
Distributions	—	—	(3,012,363)	(3,012,363)
Net loss	—	—	(3,356,067)	(3,356,067)
Balance, December 27, 2015	1,197	9,905,404	6,758,740	16,665,341
Distributions	—	—	(4,566,756)	(4,566,756)
Net income	—	—	495,543	495,543
Balance, December 25, 2016	<u>\$ 1,197</u>	<u>\$9,905,404</u>	<u>\$ 2,687,527</u>	<u>\$12,594,128</u>

See Notes to Consolidated Financial Statements

AOS, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 25, 2016 and December 27, 2015

	2016	2015
	(Restated)	(Restated)
Operating Activities		
Net income (loss)	\$ 495,543	\$ (3,356,067)
Items not requiring (providing) cash		
Depreciation and amortization	2,479,884	3,831,552
Goodwill and intangible impairment loss	—	2,800,667
Property, equipment and software impairment loss	—	3,934,812
(Gain) loss on sale of property and equipment	361,839	(238,112)
Loss on sale of AOScloud, LLC	434,295	—
Deferred lease incentives	(193,894)	(169,191)
Changes in		
Accounts receivable, trade	4,640,196	8,570,899
Returned goods receivable	245,063	(257,751)
Inventories	699,507	155,326
Prepaid expenses	365,341	714,854
Other assets	22,784	(23,881)
Accounts payable, trade	(2,723,394)	12,332,011
Accrued expenses	(305,238)	(1,575,853)
Deferred revenue	(826,653)	547,440
Net cash provided by operating activities	<u>5,695,273</u>	<u>27,266,706</u>
Investing Activities		
Purchase of property and equipment	(477,116)	(980,339)
Proceeds from the sale of AOScloud, LLC	1,700,000	—
Proceeds from the sale of property and equipment	2,300	474,225
Net cash provided by (used in) investing activities	<u>1,225,184</u>	<u>(506,114)</u>
Financing Activities		
Net repayments to shareholders	—	(2,759,186)
Net repayments under floor plan financing	—	(18,832,150)
Repayment of capital lease obligations	(1,392,793)	(1,742,411)
Dividends paid	(4,458,808)	(3,012,363)
Net cash used in financing activities	<u>(5,851,601)</u>	<u>(26,346,110)</u>
Increase in Cash and Cash Equivalents	<u>1,068,856</u>	<u>414,482</u>
Cash and Cash Equivalents, Beginning of Year	<u>8,884,927</u>	<u>8,470,445</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 9,953,783</u></u>	<u><u>\$ 8,884,927</u></u>
Reconciliation of Cash and Cash Equivalents		
Cash and cash equivalents of continuing operations	\$ 9,953,783	\$ 7,882,097
Cash and cash equivalents of discontinued operations	—	1,002,830
	<u><u>\$9,953,783</u></u>	<u><u>\$8,884,927</u></u>

See Notes to Consolidated Financial Statements

AOS, Inc. and Subsidiaries
Consolidated Statements of Cash Flows (Continued)
Years Ended December 25, 2016 and December 27, 2015

	<u>2016</u> (Restated)	<u>2015</u> (Restated)
Supplemental Cash Flows Information		
Interest paid	\$ 64,115	\$575,673
Capital lease obligation incurred for equipment	123,228	511,195
Leasehold improvements provided by landlord	160,763	—
Receivable for sale of AOScloud, LLC	300,000	—
Distributions declared	107,948	—

AOS, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 25, 2016 and December 27, 2015

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

AOS, Inc. was incorporated in Nevada on January 1, 2006. Its wholly-owned subsidiaries include: Alexander Open Systems, Inc. that was incorporated in Kansas on September 1, 1992; AOS, LLC that was organized in Missouri on January 31, 2005; AOSNC, LLC that was organized in Nebraska on August 26, 2005; eTek Global, Inc., a Kansas Corporation, that was acquired on June 3, 2011; and AOScloud, LLC, that was organized in Kansas on July 3, 2012.

Alexander Open Systems, Inc., AOS, LLC and AOSNC, LLC design, sell, install and service computer network systems. eTek Global, Inc. designs intranet portals using the SharePoint system. AOScloud, LLC provides data center-based hosting solutions. The Companies' primary customers are state and local governments, medical, legal, school districts and universities as well as large corporate accounts located throughout the Midwest.

As discussed in *Note 11*, in 2015 the Companies ceased the operations of its Texas division and has reported the activity for 2015 and 2016 as discontinued operations in the consolidated statements of operations. As discussed in *Note 12*, in 2016 the Companies sold virtually all of the assets of AOScloud, LLC and has reported the activity for 2015 and 2016 as discontinued operations in the consolidated statements of operations. The Companies applied the provisions of ASU 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*, for the discontinued operations disclosures.

Principles of Consolidation

The consolidated financial statements include the accounts of AOS, Inc. and its wholly-owned subsidiaries (the Companies). All significant intercompany balances and transactions have been eliminated in consolidation.

Fiscal Year

The Companies operate on a fiscal year based on 52- or 53-week periods ending on the last Sunday in December. Both fiscal years ended December 25, 2016 and December 27, 2015 were 52 weeks.

AOS, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 25, 2016 and December 27, 2015

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

The Companies recognize revenue, net of sales taxes, when all of the following are present: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, fee to the customer is fixed or determinable and collectability is reasonably assured.

The Companies enter into short-term contracts to install computer systems, whereby the contract is generally completed within the same year that the contract began. Services primarily relate to design and installment of hardware. These services are charged to customers based upon time and material or a predetermined agreed upon fixed fee. Revenue related to services is recognized based on hours spent. For contracts with anticipated services less than 40 hours, revenue is recognized as time is accrued on the services performed. For contracts with anticipated services greater than 40 hours, which generally require a Project Manager to oversee, revenue is recognized on a proportional performance basis. Management determines billing amounts the last week of each fiscal month based on the fixed contract amount and the proportion of the project completed. The proportion is based on hours worked on the project to date versus the total hours budgeted for the project.

Revenue associated with hardware sales is recognized based on the sales terms. Sales terms usually are stated as F.O.B. destination, and delivery is not deemed to have occurred until the point in time when the product is received by the customer.

Revenue is recognized from software sales when the customers acquire the right to use or copy software under license, provided that all revenue recognition criteria have been met.

The sale of hardware and software products may also include the provision of services, and the associated contracts may contain multiple elements. If services are performed in conjunction with a hardware or software sale, revenue is recognized for each portion of the arrangement that is attributable to the items as they are delivered or the services are performed. The selling price is determined in a manner that is consistent with that used to determine the price to sell the deliverable on a standalone basis.

The Companies sell certain third-party service contracts for which the sale is evaluated whether it should be recorded as a gross sale or a net sale. If the Companies act as a principal in the transaction and assume the risks and rewards of ownership, the sale is recorded gross, and the entire selling price is recorded in sales and the cost to the third-party provider is recorded in cost of goods sold. If the Companies are acting as an agent or broker, the sale is recorded net, and the cost to the third-party provider is recorded as a reduction of sales and there are no cost of goods sold. Net sales are presented within Third-Party Warranty and Engineering Services in the consolidated statements of operations.

AOS, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 25, 2016 and December 27, 2015

Shipping and Handling Costs

Freight billed to customers is considered sales revenue and the related freight costs as cost of sales.

Advertising

Advertising costs are expensed when incurred. Advertising costs were \$899,736 and \$967,079 for the years ended December 25, 2016 and December 27, 2015, respectively. Advertising costs are offset by cooperative rebates received from vendors, which were \$461,951 and \$866,583 for the years ended December 25, 2016 and December 27, 2015, respectively.

Cash and Cash Equivalents

The Companies consider all liquid investments with original maturities of three months or less to be cash equivalents. At December 25, 2016 and December 27, 2015, cash equivalents consisted primarily of money market accounts with brokers and certificates of deposit.

At December 25, 2016, the Companies' cash accounts exceeded federally insured limits by approximately \$10,315,000.

Accounts Receivable

Accounts receivable are stated at the amount billed to customers. The Companies provide an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Returned Goods Receivable

Returned goods receivable are stated at the amount due from vendors for customer returns of product. Customer returns and reorders are processed and executed by the Companies while credit from the vendors is in process.

Inventories

Inventories consist primarily of hardware in transit and prepaid inventory. Inventories are stated at lower of cost or market. Cost of inventory has been determined using the first-in, first-out (FIFO) method.

AOS, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 25, 2016 and December 27, 2015

Property, Equipment and Software

Property, equipment and software acquisitions are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are charged to expense using straight-line or accelerated methods over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment and software are as follows:

Software	3 years
Computer equipment	3-5 years
Furniture and fixtures	7-10 years
Leasehold improvements	Lease life
Automobiles	5 years

Long-lived Asset Impairment

The Companies evaluate the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Impairment on long-lived tangible assets of \$0 and \$3,934,812 was recognized during the years ended December 25, 2016 and December 27, 2015, respectively.

AOS, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 25, 2016 and December 27, 2015

Goodwill

Goodwill is evaluated annually for impairment or more frequently if impairment indicators are present. A qualitative assessment is performed to determine whether the existence of events or circumstances leads to a determination that it is more likely than not the fair value is less than the carrying amount, including goodwill. If, based on the evaluation, it is determined to be more likely than not that the fair value is less than the carrying value, then goodwill is tested further for impairment. If the implied fair value of goodwill is lower than its carrying amount, a goodwill impairment is indicated and goodwill is written down to its implied fair value. No goodwill impairment losses were recognized during the year ended December 25, 2016. Goodwill impairment losses during the year ended December 27, 2015 were \$2,282,796. Subsequent increases in goodwill value are not recognized in the consolidated financial statements.

Intangible Assets

Intangible assets include domain name, contracted customers and customer relationships. These assets are amortized using the straight-line method. The domain name is amortized over one and a half years; the contracted customer intangibles are amortized over the life of the contracts (three years) and the customer relationships are amortized over nine years. Such assets are periodically evaluated as to the recoverability of their carrying values. There were no impairment losses recognized for the year ended December 25, 2016. During the year ended December 27, 2015, impairment losses on finite-lived intangible assets totaled \$517,881.

Incentive Payments

The Companies receive third-party manufacturer incentives that result in a price reduction on equipment sold to the Companies' customers. The Companies record these incentives as a reduction of cost of sales. For the years ended December 25, 2016 and December 27, 2015, the Companies recorded \$5,313,223 and \$6,548,762, respectively, in incentive payments.

Deferred Revenue

The Companies sell certain services under arrangements that permit customers to prepay for services to be provided. These prepayments are deferred and recognized over the periods in which the services are performed.

AOS, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 25, 2016 and December 27, 2015

Income Taxes

The stockholders of AOS, Inc. and all of its subsidiaries are either limited liability companies or corporations where the respective stockholders have elected to be taxed as an "S" Corporation under provisions of the Internal Revenue Code or similar section of the state income tax law for the year ended December 25, 2016. Therefore, taxable income or loss is reported to the individual stockholders and members for inclusion in their respective tax returns and no provision for federal and state income taxes is included in these statements.

Effective January 1, 2015, eTek converted to an "S" Corporation and, therefore, no provision for federal and state income taxes is included as of and for the years ended December 25, 2016 and December 27, 2015.

The Companies recognize interest and penalties on income taxes as a component of income tax expense.

Self-Insurance

The Companies have elected to self-insure certain costs related to employee health benefit programs. Costs resulting from noninsured losses are charged to income when incurred. The Companies purchased insurance that limits their exposure for individual claims and that limits their aggregate exposure.

Taxes Collected from Customers and Remitted to Governmental Authorities

Taxes collected from customers and remitted to governmental authorities are presented in the accompanying consolidated statements of operations on a net basis.

Reclassifications

Certain reclassifications have been made to the 2015 financial statements to conform to the 2016 financial statement presentation. These reclassifications had no effect on net earnings.

Note 2: Restatement

The Company did not quantify and record an impairment loss on the property, equipment and software related to its AOScloud, LLC subsidiary at December 27, 2015. The impairment loss was recorded in 2016 when certain assets of the subsidiary were sold to a third party. Fiscal years 2016 and 2015 have been restated for the error. In addition, on December 15, 2017, the Company was acquired and required to report goodwill as a non-amortizable asset, whereas in prior years, goodwill was valued under the provisions of ASU 2014-02—*Intangibles—Goodwill and Other (Topic 350): Accounting for Goodwill (a consensus of the Private Company Council)*, which allowed goodwill to be amortized over a 10 year useful life. The new method of accounting was required as the Company meets the definition of a public business entity as of December 15, 2017 and comparative financial statements of prior years have been adjusted to apply the new method retrospectively. These restatements increased previously reported income for the year ended

AOS, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 25, 2016 and December 27, 2015

December 25, 2016 by \$4,201,355 and reduced previously reported income for the year ended December 27, 2015 by \$4,105,226. The following financial statement line items for fiscal years 2016 and 2015 were affected by the change in accounting principle.

	<u>As Restated</u>	<u>2016 As Previously Reported</u>	<u>Effect of Change</u>
Consolidated Statement of Operations			
Loss from Discontinued Operations	\$ 3,235,264	\$ 7,170,076	\$(3,934,812)
Operating Expenses	41,074,901	41,341,444	(266,543)
Consolidated Balance Sheet			
Retained Earnings	2,687,527	1,621,358	1,066,169
Goodwill, net	2,665,422	1,599,253	1,066,169
Consolidated Statement of Cash Flows			
Net Income	495,543	(3,705,812)	4,201,355
Depreciation and Amortization	2,479,884	2,746,427	(266,543)
Loss on Sale of AOScloud, LLC	434,295	4,369,107	(3,934,812)

	<u>As Restated</u>	<u>2015 As Previously Reported</u>	<u>Effect of Change</u>
Consolidated Statement of Operations			
Loss from Discontinued Operations	\$12,883,610	\$ 8,492,239	\$ 4,391,371
Operating Expenses	43,871,993	44,158,138	(286,145)
Consolidated Balance Sheet			
Non-current Assets—Discontinued Operations	4,183,952	8,118,764	(3,934,812)
Retained Earnings	6,758,740	9,893,926	(3,135,186)
Goodwill, net	2,665,422	1,865,796	799,626
Consolidated Statement of Cash Flows			
Net Income (Loss)	(3,356,067)	749,159	(4,105,226)
Depreciation and Amortization	3,831,552	4,345,977	(514,425)
Goodwill and Intangible Impairment Loss	2,800,677	2,115,838	684,839
Property, Equipment and Software Impairment Loss	3,934,812	—	3,934,812

Note 3: Related Party Transactions

The Companies lease office space under operating leases with Optober Investments I, LLC and Optober Investments III, LLC (“collectively, Optober”). Both entities are related parties that are 100 percent owned by a minority shareholder. For the years ended December 25, 2016 and December 27, 2015, the Companies paid \$845,302 and \$1,325,113, respectively, to the related parties included in rent expense. In 2016, the operating leases with Optober was discontinued.

AOS, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 25, 2016 and December 27, 2015

Note 4: Property, Equipment and Software

Property, equipment and software consist of the following at December 25, 2016 and December 27, 2015:

	<u>2016</u>	<u>2015</u>
		<u>(Restated)</u>
Software	\$ 1,112,146	\$ 2,051,139
Computer equipment	2,326,856	16,287,353
Furniture and fixtures	1,811,766	2,257,017
Leasehold improvements	2,020,429	1,998,821
Automobiles	49,545	54,125
Total cost	7,320,742	22,648,455
Accumulated depreciation and amortization	(5,130,786)	(12,386,516)
Accumulated impairment	—	(3,934,812)
	2,189,956	6,327,127
Less: Property, equipment and software -discontinued operations	12,480	4,014,628
Property, equipment and software—continuing operations	<u>\$ 2,177,476</u>	<u>\$ 2,312,499</u>

Depreciation and amortization expense on the above property, equipment and software for the years ended December 25, 2016 and December 27, 2015 was \$2,366,464 and \$3,445,821, respectively.

AOS, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 25, 2016 and December 27, 2015

Note 5: Acquired Intangible Assets and Goodwill

The carrying basis and accumulated amortization of recognized intangible assets at December 25, 2016 and December 27, 2015 were:

	2016 (Restated)			2015 (Restated)		
	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment Loss	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment Loss
Amortized intangible assets						
Domain name	\$ —	\$ —	\$ —	\$ 57,000	\$ 57,000	\$ —
Contracted customers	—	—	—	1,148,000	1,148,000	—
Customer relationships	1,020,780	475,080	—	1,926,000	748,999	517,881
Total amortized intangible assets	1,020,780	475,080	—	3,131,000	1,953,999	517,881
Goodwill	2,665,422	—	—	4,948,218	—	2,282,796
Less: Amortized and intangible assets and goodwill— discontinued operations	—	—	—	4,393,016	1,592,339	2,800,677
Amortized and intangible assets and goodwill—continuing operations	<u>\$3,686,202</u>	<u>\$ 475,080</u>	<u>\$ —</u>	<u>\$3,686,202</u>	<u>\$ 361,660</u>	<u>\$ —</u>

Amortization expense recorded for the years ended December 25, 2016 and December 27, 2015 was \$113,420 and \$405,333, respectively. Estimated amortization expense for each of the next five years is:

2017	\$ 113,420
2018	113,420
2019	113,420
2020	113,420
2021	92,020

AOS, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
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The changes in the gross carrying amount of goodwill for the years ended December 25, 2016 and December 27, 2015 were:

Balance as of December 28, 2014	\$ 4,948,218
Impairment losses	<u>(2,282,796)</u>
Balance as of December 27, 2015	2,665,422
Balance as of December 25, 2016	<u>\$ 2,665,422</u>

Goodwill is allocated to several components within the Company. Due to continued decreased financial performance, and projected operating losses and negative cash flows, the goodwill assigned to AOScloud, LLC, (Cloud) was considered for potential impairment for the year ended December 27, 2015. A goodwill impairment loss of \$2,282,796 and an other intangible asset impairment loss of \$517,881 was recorded in the year ended December 27, 2015, within the consolidated financial statements of Cloud.

Note 6: Operating Leases

Noncancellable operating leases for branch sales offices and certain office furniture and equipment expire in various years through 2023. These leases generally contain renewal options for various periods and require the Companies to pay all executory costs (property taxes, maintenance and insurance). Lease incentives received by the Companies such as free rent periods, escalating rent provisions and leasehold improvement allowances are deferred and amortized on a straight-line basis over the term of the respective lease agreements, and are recorded as a reduction of rent expense. At December 25, 2016 and December 27, 2015, the Companies accrued \$1,272,076 and \$1,305,207, respectively, for the deferral of the benefit received for free rent periods, future escalating rent payments and leasehold improvement allowances. These amounts are included in deferred lease incentives on the accompanying consolidated balance sheets.

AOS, Inc. and Subsidiaries
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Future minimum lease payments at December 25, 2016, were:

2017	\$1,687,814
2018	1,373,590
2019	1,263,605
2020	985,799
2021	836,816
Thereafter	525,446
Total	<u>\$6,673,070</u>

Total rent expense under operating leases for the years ended December 25, 2016 and December 27, 2015 were \$2,833,221 and \$3,369,270, respectively.

Note 7: Lines of Credit

At December 25, 2016 and December 27, 2015, the Companies have a \$45,000,000 line of credit from Castle Pines Capital, LLC. At both December 25, 2016 and December 27, 2015, there was \$0 borrowed against this line. The balance is payable on demand and has two components. The first component is a floor plan financing arrangement whereby the Companies' inventory purchases can be financed with 30, 45 or 60 day interest-free periods. The Companies classify amounts outstanding under the floor plan financing as accounts payable. The second component of the line of credit consists of an extended pay line, whereby all inventory purchases that are beyond the interest-free term roll into the interest-bearing portion of the line. Interest on this portion of the line is to be paid weekly at the prime rate, plus 1.5 percent (5.25 percent as of December 25, 2016 and 5.00 percent as of December 27, 2015). There were no outstanding balances owed on the extended pay portion of the line of credit as of December 25, 2016 and December 27, 2015. The Companies also classify amounts outstanding under the extended pay line as accounts payable.

This line of credit is collateralized by the Companies' accounts receivable, all other assets and guarantees by all of its shareholders. All payments received by the Companies on their accounts receivable are directly deposited into a lock-box account so that the Companies can apply payment against the obligation. A power of attorney has been granted to Castle Pines Capital, LLC by the Companies with respect to collections, security interests and related aspects of this agreement.

AOS, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 25, 2016 and December 27, 2015

At December 25, 2016 and December 27, 2015, the credit agreement was subject to the following covenants:

The Companies will at all times maintain on a consolidated basis:

- (A) A ratio of current assets to current liability of at least 1.00.
- (B) Tangible net worth equal to at least \$7,000,000.
- (C) A maximum funded debt to tangible net worth ratio of no more than 2.50 to 1.00.
- (D) A minimum cumulative fixed coverage charge ratio of 1.25 to 1.00. This ratio will be measured on a trailing 12 month basis at the end of each fiscal month.

Inventory financed through the floor plan is included in operating activities in the consolidated statements of cash flows.

AOS, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
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Note 8: Long-term Debt

	<u>2016</u>	<u>2015</u>
Various capital leases to a vendor payable monthly, including interest rates ranging from 2.87% to 4.65% based on the lower of the Companies' incremental borrowing rate or the lessor's implicit rate. Amounts due on capital leases were paid in 2016.	\$ —	\$ 831,163
Various capital leases to a vendor payable monthly beginning three months from the date of lease commencement, including interest rates ranging from 4.50% to 5.00% based on the lower of the Companies' incremental borrowing rate or the lessor's implicit rate. Amounts due on capital leases were paid in 2016.	—	60,101
Various capital leases to a vendor payable monthly, including interest rates ranging from 6.90% to 7.95% based on the lower of the Companies' incremental borrowing rate or the lessor's implicit rate. Amounts due on capital leases were paid in 2016.	—	378,301
	<u>—</u>	<u>1,269,565</u>
Less current maturities	<u>—</u>	<u>1,190</u>
Long-term debt	<u>—</u>	<u>1,268,375</u>
Less: Debt—discontinued operations	<u>—</u>	<u>1,268,375</u>
Long-term debt—continuing operations	<u>\$ —</u>	<u>\$ —</u>

Note 9: Profit Sharing Plan

The Companies have established a defined contribution 401(k) profit sharing plan providing benefits for substantially all of their employees. The Companies' matching contributions for the years ended December 25, 2016 and December 27, 2015 totaled \$292,270 and \$366,536, respectively.

AOS, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 25, 2016 and December 27, 2015

Note 10: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Major Suppliers

For the year ended December 25, 2016, two vendors represented 71 percent of total purchases, and for the year ended December 27, 2015, four vendors represented approximately 84 percent of total purchases.

Note 11: Discontinued Operations – Alexander Open Systems, Inc. - Texas

During the year ended December 27, 2015, the Companies adopted ASU 2014-08, *Presentation of Financial Statements* (Topic 205) and *Property, Plant and Equipment* (Topic 360): *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*, relating to the closure of Alexander Open Systems, Inc.'s Texas division, a consolidated entity of the Companies. As of December 27, 2015, the Companies elected to discontinue the operations of this division, effective in January 2016, due to poor profitability. The closure of this entity resulted in the discontinuation of any marketing and sales effort in the state of Texas for all product and service offerings, which includes hardware sales and engineering services. The remaining assets were analyzed for impairment with no impairment loss assessed by management. The operations of the discontinued division have been reclassified to include all revenues and expenses of the division in discontinued operations. After the closure of the entity, the remaining assets and liabilities were transferred to Alexander Open Systems, Inc. See below for a reconciliation of the major classes of line items from the consolidated statements of operations and consolidated balance sheets for the years ended December 25, 2016 and December 27, 2015, respectively.

Reconciliation of the Major Classes of Line Items Constituting Loss of Discontinued
Operations that are Disclosed in the Notes to Consolidated Financial Statements to the Loss
of Discontinued Operations that are Presented
in the Consolidated Statements of Operations

	<u>2016</u>	<u>2015</u>
Major classes of line items constituting loss of discontinued operations		
Total revenues	\$ 243,702	\$ 4,172,100
Total cost of sales	(152,710)	(3,204,486)
Operating expenses	(382,784)	(2,792,620)
Other expense—interest expense	(9,543)	—
Total loss on discontinued operations that is presented in the condensed consolidated statements of operations	<u><u>\$(301,335)</u></u>	<u><u>\$(1,825,006)</u></u>

AOS, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 25, 2016 and December 27, 2015

Reconciliation of the Carrying Amounts of Major Classes of Assets and Liabilities
of the Discontinued Operation that are Disclosed in the Notes to Consolidated Financial Statements
to Total Assets and Liabilities of the Disposal Group
that are Presented Separately in the Consolidated Balance Sheets

	<u>2016</u>	<u>2015</u>
Carrying amounts of major classes of assets included as part of discontinued operations:		
Accounts receivable, trade, net of allowance	\$ —	\$ 987,347
Inventories	332	2,852
Prepaid expenses	—	1,450
Property, equipment and software, net	12,480	25,104
Other noncurrent assets	5,760	15,057
Total major classes of assets of the discontinued operations	<u>\$18,572</u>	<u>\$1,031,810</u>
Carrying amounts of major classes of liabilities included as part of discontinued operations:		
Accounts payable	\$ 9,889	\$ 192,444
Accrued expenses	671	149,248
Deferred revenue	—	58,893
Total major classes of liabilities of the discontinued operations	<u>\$10,560</u>	<u>\$ 400,585</u>

The impact on significant statements of cash flows activities is presented below for each of the years ended December 25, 2016 and December 27, 2015.

	<u>2016</u>	<u>2015</u>
Significant operating items not involving cash		
Depreciation and amortization	\$8,950	\$20,768

Note 12: Discontinued Operations – AOScloud, LLC

As of July 27, 2016, the Companies elected to sell the AOScloud, LLC component, effective on that date, due to continuing operating losses. As part of the discontinuation, all data hosting operations and related services were eliminated. The remaining assets were analyzed for impairment and it was determined there were no material impairment losses. All existing property, equipment and software were included in the asset purchase agreement for a sale price of \$2,000,000. The sales agreement also includes a contingent purchase price where the Companies may earn up to \$800,000 each year for two years if certain revenue targets are achieved. See below for a reconciliation of the major classes of line items from the consolidated statements of operations and consolidated balance sheets for the years ended December 25, 2016 and December 27, 2015, respectively.

AOS, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 25, 2016 and December 27, 2015

Reconciliation of the Major Classes of Line Items Constituting Loss of Discontinued Operations that are Disclosed in the Notes to Consolidated Financial Statements to the Loss of Discontinued Operations that are Presented in the Consolidated Statements of Operations

	<u>2016</u> <u>(Restated)</u>	<u>2015</u> <u>(Restated)</u>
Major classes of line items constituting loss of discontinued operations		
Total revenues	\$ 4,566,659	\$ 8,736,240
Total cost of sales	(3,967,845)	(7,256,660)
Operating expenses	(3,479,204)	(5,722,458)
Other expense—interest expense	(53,539)	(80,242)
Other expense—goodwill and intangible impairment loss	—	(2,800,672)
Other expense—property, equipment and software impairment loss	—	(3,934,812)
Total loss on discontinued operations that is presented in the condensed consolidated statements of operations	<u>\$ (2,933,929)</u>	<u>\$ (11,058,604)</u>

Reconciliation of the Carrying Amounts of Major Classes of Assets and Liabilities of the Discontinued Operation that are Disclosed in the Notes to Consolidated Financial Statements to Total Assets and Liabilities of the Disposal Group that are Presented Separately in the Consolidated Balance Sheets

	<u>2016</u> <u>(Restated)</u>	<u>2015</u> <u>(Restated)</u>
Carrying amounts of major classes of assets included as part of discontinued operations:		
Cash and cash equivalents	\$ —	\$ 1,002,830
Accounts receivable, trade, net of allowance	135,255	622,225
Prepaid expenses	—	368,287
Property, equipment and software, net	—	3,989,524
Other noncurrent assets	—	154,267
Total major classes of assets of the discontinued operations	<u>\$ 135,255</u>	<u>\$ 6,137,133</u>
Carrying amounts of major classes of liabilities included as part of discontinued operations:		
Accounts payable	\$ —	\$ 259,646
Accrued compensation expense	35,704	110,289
Accrued expenses	43,906	137,049
Current maturities of long-term debt	—	892,383
Long-term debt	—	375,992
Total major classes of liabilities of the discontinued operations	<u>\$ 79,610</u>	<u>\$ 1,775,359</u>

AOS, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 25, 2016 and December 27, 2015

The impact on significant statements of cash flows activities is presented below for each of the years ended December 25, 2016 and December 27, 2015.

	<u>2016</u> <u>(Restated)</u>	<u>2015</u> <u>(Restated)</u>
Significant operating items not involving cash		
Depreciation and amortization	\$241,761	\$ 720,460
(Gain) loss on sale of property and equipment	434,295	(77,848)
Goodwill and intangible impairment loss	—	2,800,677
Property, equipment and software impairment loss	—	3,934,812
Significant investing activities		
Purchase of property and equipment	\$211,330	\$1,288,504
Proceeds from the sale of property and equipment	—	123,924

Note 13: Subsequent Events

Subsequent events were evaluated through March 21, 2017, which is the date the consolidated financial statements were initially available to be issued. Subsequent events related to the restatements described in *Note 2* have been evaluated through February 9, 2018, which is the date the revised consolidated financial statements were available to be issued.

AOS, Inc. and Subsidiaries

Condensed Consolidated
Financial Statements

October 1, 2017



AOS, Inc. and Subsidiaries
October 1, 2017

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AOS, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

Assets

	As of December 25, 2016 (Restated)	As of October 1, 2017 (Unaudited)
Current Assets		
Cash and cash equivalents	\$ 9,953,783	\$ 12,310,704
Accounts receivable, trade, net of allowance; 2016 - \$375,532, 2017 - \$304,135	26,365,786	22,568,609
Receivable for sale of AOScloud, LLC	300,000	—
Returned goods receivable	800,274	894,615
Inventories	1,788,622	1,001,074
Prepaid expenses	573,852	528,393
Current assets—continuing operations	39,782,317	37,303,395
Current assets—discontinued operations	135,587	—
Total current assets	39,917,904	37,303,395
Property, Equipment and Software, Net	2,177,476	1,565,736
Other Assets		
Goodwill, net	2,665,422	2,665,422
Intangible assets, net	545,700	460,635
Other	71,817	150,799
Total other assets	3,282,939	3,276,856
Non-current assets—continuing operations	5,460,415	4,842,592
Non-current assets—discontinued operations	18,240	20,199
Total non-current assets	5,478,655	4,862,791
Total assets	<u>\$ 45,396,559</u>	<u>\$ 42,166,186</u>

See Notes to Condensed Consolidated Financial Statements

AOS, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

Liabilities and Stockholders' Equity

	As of December 25, 2016 (Restated)	As of October 1, 2017 (Unaudited)
Current Liabilities		
Accounts payable	\$ 22,273,061	\$ 17,111,893
Accrued compensation	4,616,881	4,245,604
Accrued expenses	2,303,779	958,046
Deferred lease incentives	163,618	163,618
Deferred revenue	2,246,464	1,817,786
Current liabilities—continuing operations	31,603,803	24,296,947
Current liabilities—discontinued operations	90,170	4,971
Total current liabilities	31,693,973	24,301,918
Deferred Lease Incentives	1,108,458	948,913
Total non-current liabilities	1,108,458	948,913
Total liabilities	32,802,431	25,250,831
Stockholders' Equity		
Common stock, \$1 par value; 100,000 shares authorized, 1,197 shares issued and outstanding	1,197	1,197
Additional paid-in capital	9,905,404	9,905,404
Retained earnings	2,687,527	7,008,754
Total stockholders' equity	12,594,128	16,915,355
Total liabilities and stockholders' equity	\$ 45,396,559	\$ 42,166,186

See Notes to Condensed Consolidated Financial Statements

AOS, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations

	Year Ended December 25, 2016 (Restated)	39 Weeks Ended September 25, 2016 (Unaudited)	40 Weeks Ended October 1, 2017 (Unaudited)
Revenue			
Hardware sales	\$ 143,708,752	\$ 105,218,135	\$ 109,941,870
Engineering services	26,362,400	19,507,232	17,894,561
Third-party warranty	6,454,899	4,584,037	5,027,553
Other revenue	820,788	681,986	349,613
Total revenue	<u>177,346,839</u>	<u>129,991,390</u>	<u>133,213,597</u>
Cost of Sales			
Hardware cost of sales	115,345,597	84,088,937	88,525,515
Engineering services cost of sales	16,961,909	12,637,852	10,765,420
Other cost of sales	232,268	191,661	158,596
Total cost of sales	<u>132,539,774</u>	<u>96,918,450</u>	<u>99,449,531</u>
Gross Profit	44,807,065	33,072,940	33,764,066
Operating Expenses	41,074,901	31,138,076	28,004,991
Operating Income	3,732,164	1,934,864	5,759,075
Other Expense			
Interest expense	1,357	1,357	433
Income from Continuing Operations	3,730,807	1,933,507	5,758,642
Discontinued Operations (Note 10)			
Loss from discontinued operations	(3,235,264)	(3,235,264)	(244)
Net Income (Loss)	<u>\$ 495,543</u>	<u>\$ (1,301,757)</u>	<u>\$ 5,758,398</u>

See Notes to Condensed Consolidated Financial Statements

AOS, Inc. and Subsidiaries

Condensed Consolidated Statements of Stockholders' Equity

	Common Stock	Additional Paid-in Capital	Retained Earnings	Total Stockholders' Equity
Balance, December 25, 2016 (Restated)	<u>\$ 1,197</u>	<u>\$9,905,404</u>	<u>\$ 2,687,527</u>	<u>\$12,594,128</u>
Distributions	—	—	(1,437,171)	(1,437,171)
Net income	—	—	5,758,398	5,758,398
Balance, October 1, 2017 (Unaudited)	<u>\$ 1,197</u>	<u>\$9,905,404</u>	<u>\$ 7,008,754</u>	<u>\$16,915,355</u>

See Notes to Condensed Consolidated Financial Statements

AOS, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows

	Year Ended December 25, 2016 (Restated)	39 Weeks Ended September 25, 2016 (Unaudited)	40 Weeks Ended October 1, 2017 (Unaudited)
Operating Activities			
Net income (loss)	\$ 495,543	\$ (1,301,757)	\$ 5,758,398
Items not requiring (providing) cash			
Depreciation and amortization	2,479,884	2,226,987	736,208
Loss on sale of property and equipment	361,839	361,839	15,084
Loss on sale of AOScloud, LLC	434,295	434,295	—
Deferred lease incentives	(193,894)	(154,529)	(159,545)
Changes in			
Accounts receivable, trade	4,640,196	4,695,093	3,985,860
Returned goods receivable	245,063	325,785	(94,341)
Inventories	699,507	464,803	787,548
Prepaid expenses	365,341	139,035	45,459
Other assets	22,784	8,755	(73,222)
Accounts payable, trade	(2,723,394)	(5,169,486)	(5,161,168)
Accrued compensation	642,088	1,781,769	(371,277)
Accrued expenses	(947,326)	(1,664,912)	(1,318,932)
Deferred revenue	(826,653)	(919,607)	(428,678)
Net cash provided by operating activities	<u>5,695,273</u>	<u>1,228,070</u>	<u>3,721,394</u>
Investing Activities			
Purchase of property and equipment	(477,116)	(450,197)	(55,703)
Proceeds from the sale of AOScloud, LLC	1,700,000	1,700,000	300,000
Proceeds from the sale of property and equipment	2,300	2,300	1,180
Net cash provided by investing activities	<u>1,225,184</u>	<u>1,252,103</u>	<u>245,477</u>
Financing Activities			
Repayment of capital lease obligations	(1,392,793)	(1,392,793)	—
Dividends paid	(4,458,808)	(3,636,510)	(1,609,950)
Net cash used in financing activities	<u>(5,851,601)</u>	<u>(5,029,303)</u>	<u>(1,609,950)</u>
Increase (Decrease) in Cash and Cash Equivalents	1,068,856	(2,549,130)	2,356,921
Cash and Cash Equivalents, Beginning of Year	8,884,927	8,884,927	9,953,783
Cash and Cash Equivalents, End of Year	<u>\$ 9,953,783</u>	<u>\$ 6,335,797</u>	<u>\$12,310,704</u>
Supplemental Cash Flows Information			
Interest paid	\$ 64,115	\$ 64,439	\$ 433
Capital lease obligation incurred for equipment	123,228	123,228	—
Leasehold improvements provided by landlord	160,763	160,763	—
Receivable for sale of AOScloud, LLC	300,000	300,000	—
Distributions declared	107,948	—	—

See Notes to Condensed Consolidated Financial Statements

AOS, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
October 1, 2017

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

AOS, Inc. was incorporated in Nevada on January 1, 2006. Its wholly-owned subsidiaries include: Alexander Open Systems, Inc. that was incorporated in Kansas on September 1, 1992; AOS, LLC that was organized in Missouri on January 31, 2005; AOSNC, LLC that was organized in Nebraska on August 26, 2005; eTek Global, Inc., a Kansas Corporation, that was acquired on June 3, 2011; and AOScloud, LLC, that was organized in Kansas on July 3, 2012.

Alexander Open Systems, Inc., AOS, LLC and AOSNC, LLC design, sell, install and service computer network systems. eTek Global, Inc. designs intranet portals using the SharePoint system. AOScloud, LLC provides data center-based hosting solutions. The Company's primary customers are state and local governments, medical, legal, school districts and universities as well as large corporate accounts located throughout the Midwest.

As discussed in *Note 10*, in 2015 the Company ceased the operations of its Texas division and has reported the activity for 2015 and 2016 as discontinued operations in the consolidated statements of operations. In 2016 the Company sold virtually all of the assets of AOScloud, LLC and has reported the activity for 2015 and 2016 as discontinued operations in the consolidated statements of operations. The Company applied the provisions of ASU 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*, for the discontinued operations disclosures.

Basis of Presentation

The condensed consolidated financial statements of AOS, Inc. and Subsidiaries (collectively, the "Company") have been prepared in accordance with United States generally accepted accounting principles ("GAAP") for interim financial information and with the instructions of Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for the fair presentation have been included. Operating results for the nine months ended October 1, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017. The condensed consolidated balance sheet of the Company as of December 25, 2016 has been derived from the audited balance sheet of the Company as of that date. Certain information and note disclosures normally included in the Company's annual financial statements prepared in accordance with GAAP have been condensed or eliminated. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual financial statements.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company. All significant intercompany balances have been eliminated.

AOS, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
October 1, 2017

Fiscal Year

The Company operates on a fiscal year based on 52- or 53-week periods ending on the last Sunday in December. Fiscal year ended December 25, 2016 ("FY 2016") was 52 weeks. Third quarter ended September 25, 2016 ("Q3YTD 2016") and October 1, 2017 ("Q3YTD 2017") were 39 and 40 weeks, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

The Company recognizes revenue, net of sales taxes, when all of the following are present: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, fee to the customer is fixed or determinable and collectability is reasonably assured.

The Company entered into short-term contracts to install computer systems, whereby the contract is generally completed within the same year that the contract began. Services primarily relate to design and installment of hardware. These services are charged to customers based upon time and material or a predetermined agreed upon fixed fee. Revenue related to services is recognized based on hours spent. For contracts with anticipated services less than 40 hours, revenue is recognized as time is accrued on the services performed. For contracts with anticipated services greater than 40 hours, which generally require a Project Manager to oversee, revenue is recognized on a proportional performance basis. Management determines billing amounts the last week of each fiscal month based on the fixed contract amount and the proportion of the project completed. The proportion is based on hours worked on the project to date versus the total hours budgeted for the project.

Revenue associated with hardware sales is recognized based on the sales terms. Sales terms usually are stated as F.O.B. destination, and delivery is not deemed to have occurred until the point in time when the product is received by the customer.

Revenue is recognized from software sales when the customers acquire the right to use or copy software under license, provided that all revenue recognition criteria have been met.

The sale of hardware and software products may also include the provision of services, and the associated contracts may contain multiple elements. If services are performed in conjunction with a hardware or software sale, revenue is recognized for each portion of the arrangement that is attributable to the items as they are delivered or the services are performed. The selling price is determined in a manner that is consistent with that used to determine the price to sell the deliverable on a standalone basis.

The Company sells certain third-party service contracts for which the sale is evaluated whether it should be recorded as a gross sale or a net sale. If the Company acts as a principal in the transaction and assume the risks and rewards of ownership, the sale is recorded gross, and the entire selling price is recorded in sales and the cost to the third-party provider is recorded in cost of goods sold. If the Company is acting as an agent or broker, the sale is recorded net, and the cost to the third-party provider is recorded as a reduction of sales and there are no cost of goods sold. Net sales are presented within Third-Party Warranty and Engineering Services in the condensed consolidated statements of operations.

AOS, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
October 1, 2017

Shipping and Handling Costs

Freight billed to customers is considered sales revenue and the related freight costs as cost of sales.

Advertising

Advertising costs are expensed when incurred. Advertising costs were \$573,197, \$743,877 and \$899,736 for FY 2016, Q3YTD 2016 and Q3YTD 2017, respectively. Advertising costs are offset by cooperative rebates received from vendors, which were \$219,259, \$461,951 and \$219,259 for FY 2016, Q3YTD 2016 and Q3YTD 2017, respectively.

Cash and Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 25, 2016 and October 1, 2017, cash equivalents consisted primarily of money market accounts with brokers and certificates of deposit.

Accounts Receivable

Accounts receivable are stated at the amount billed to customers. The Company provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Returned Goods Receivable

Returned goods receivable are stated at the amount due from vendors for customer returns of product. Customer returns and reorders are processed and executed by the Company while credit from the vendors is in process.

Inventories

Inventories consist primarily of hardware in transit and prepaid inventory. Inventories are stated at lower of cost or market. Cost of inventory has been determined using the first-in, first-out (FIFO) method.

Property, Equipment and Software

Property, equipment and software acquisitions are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are charged to expense using straight-line or accelerated methods over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives.

AOS, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
October 1, 2017

The estimated useful lives for each major depreciable classification of property and equipment and software are as follows:

Software	3 years
Computer equipment	3-5 years
Furniture and fixtures	7-10 years
Leasehold improvements	Lease life
Automobiles	5 years

Long-lived Asset Impairment

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairments on long-lived tangible assets were recognized during the periods presented.

Goodwill

Goodwill is evaluated annually for impairment or more frequently if impairment indicators are present. A qualitative assessment is performed to determine whether the existence of events or circumstances leads to a determination that it is more likely than not the fair value is less than the carrying amount, including goodwill. If, based on the evaluation, it is determined to be more likely than not that the fair value is less than the carrying value, then goodwill is tested further for impairment. If the implied fair value of goodwill is lower than its carrying amount, a goodwill impairment is indicated and goodwill is written down to its implied fair value. No goodwill impairment losses were recognized during the periods presented.

Intangible Assets

Intangible assets include domain name, contracted customers and customer relationships. These assets are amortized using the straight-line method. The domain name is amortized over one and a half years; the contracted customer intangibles are amortized over the life of the contracts (three years) and the customer relationships are amortized over nine years. Such assets are periodically evaluated as to the recoverability of their carrying values. No impairment losses were recognized during the periods presented.

Incentive Payments

The Company receives third-party manufacturer incentives that result in a price reduction on equipment sold to the Company's customers. The Company records these incentives as a reduction of cost of sales. For FY 2016, Q3YTD 2016 and Q3YTD 2017, the Company recorded \$3,912,832, \$4,117,303 and \$5,313,223, respectively, in incentive payments.

AOS, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
October 1, 2017

Deferred Revenue

The Company sells certain services under arrangements that permit customers to prepay for services to be provided. These prepayments are deferred and recognized over the periods in which the services are performed.

Income Taxes

The stockholders of AOS, Inc. and all of its subsidiaries are either limited liability companies or corporations where the respective stockholders have elected to be taxed as an "S" Corporation under provisions of the Internal Revenue Code or similar section of the state income tax law for the year ended December 25, 2016. Therefore, taxable income or loss is reported to the individual stockholders and members for inclusion in their respective tax returns and no provision for federal and state income taxes is included in these statements.

The Company recognizes interest and penalties on income taxes as a component of income tax expense.

Self-Insurance

The Company has elected to self-insure certain costs related to employee health benefit programs. Costs resulting from noninsured losses are charged to income when incurred. The Company purchased insurance that limits their exposure for individual claims and that limits their aggregate exposure.

Taxes Collected from Customers and Remitted to Governmental Authorities

Taxes collected from customers and remitted to governmental authorities are presented in the accompanying consolidated statements of operations on a net basis.

Reclassifications

Certain reclassifications have been made to the 2016 financial statements to conform to the 2017 financial statement presentation. These reclassifications had no effect on net earnings.

Note 2: Restatement

The Company did not quantify and record an impairment loss on the property, equipment and software related to its AOScloud, LLC subsidiary at December 27, 2015. The impairment loss was recorded in 2016 when certain assets of the subsidiary were sold to a third party. Fiscal years 2015 and 2016 have been restated for the error. In addition to the restatement for the error above, on December 15, 2017, the Company was acquired and required to report goodwill as a non-amortizable asset, whereas in prior years, goodwill was valued under the provisions of ASU 2014-02— *Intangibles—Goodwill and Other* (Topic 350): *Accounting for Goodwill* (a consensus of the Private Company Council), which allowed goodwill to be amortized over a 10 year useful life. The new method of accounting was required as the Company meets the definition of a public business entity as of December 15, 2017 and comparative financial statements of prior years have been adjusted to apply the new method retrospectively. This restatement increased previously reported income for the year ended December 25, 2016 by \$4,201,355 and reduced previously reported income for the year ended December 27, 2015 by \$4,105,226. The following financial statement line items for fiscal year 2016 were affected by the change in accounting principle.

AOS, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
October 1, 2017

	<u>As Restated</u>	<u>2016 As Previously Reported</u>	<u>Effect of Change</u>
Consolidated Statement of Operations			
Loss from Discontinued Operations	\$ 3,235,264	\$ 7,170,076	\$(3,934,812)
Operating Expenses	41,074,901	41,341,444	(266,543)
Consolidated Balance Sheet			
Retained Earnings	2,687,527	1,621,358	1,066,169
Goodwill, net	2,665,422	1,599,253	1,066,169
Consolidated Statement of Cash Flows			
Net Income (Loss)	495,543	(3,705,812)	4,201,355
Depreciation and Amortization	2,479,884	2,746,427	(266,543)
Loss on sale of AOScloud, LLC	434,295	4,369,107	(3,934,812)

Note 3: Related Party Transactions

The Company leased office space under operating leases with Optober Investments I, LLC and Optober Investments III, LLC (“collectively, Optober”). Both entities are related parties that are 100 percent owned by a minority shareholder. For FY 2016 and Q3YTD 2016, the Company paid \$845,302 and \$845,302, respectively, to the related parties included in rent expense. In 2016, the operating leases with Optober were discontinued.

Note 4: Property, Equipment and Software

Property, equipment and software consist of the following at December 25, 2016 and October 1, 2017:

	<u>As of December 25, 2016</u>	<u>As of October 1, 2017 (Unaudited)</u>
Software	\$ 1,112,146	\$ 1,078,985
Computer equipment	2,326,856	2,394,193
Furniture and fixtures	1,811,766	1,685,246
Leasehold improvements	2,020,429	1,944,137
Automobiles	49,545	49,545
Total cost	7,320,742	7,152,106
Accumulated depreciation and amortization	(5,130,786)	(5,566,171)
	2,189,956	1,585,935
Less: Property, equipment and software—discontinued operations	12,480	20,199
Property, equipment and software—continuing operations	<u>\$ 2,177,476</u>	<u>\$ 1,565,736</u>

Depreciation and amortization expense on the above property, equipment and software for FY 2016, Q3YTD 2016 and Q3YTD 2017 was \$651,145, \$2,141,922 and \$651,143, respectively.

AOS, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
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Note 5: Acquired Intangible Assets and Goodwill

The carrying basis and accumulated amortization of recognized intangible assets at December 25, 2016 and October 1, 2017 were:

	2016 (Restated)			2017 (Unaudited)		
	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment Loss	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment Loss
Amortized intangible assets						
Customer relationships	\$1,020,780	\$ 475,080	\$ —	\$1,020,780	\$ 560,145	\$ —
Total amortized intangible assets	1,020,780	475,080	—	1,020,780	560,145	—
Goodwill	2,665,422	—	—	2,665,422	—	—
Amortized and intangible assets and goodwill—continuing operations	<u>\$3,686,202</u>	<u>\$ 475,080</u>	<u>\$ —</u>	<u>\$3,686,202</u>	<u>\$ 560,145</u>	<u>\$ —</u>

Amortization expense recorded for FY 2016, Q3YTD 2016 and Q3YTD 2017 was \$113,420, \$85,065 and \$85,065, respectively. Estimated amortization expense for each of the next five years is:

2017	\$ 28,354
2018	113,420
2019	113,420
2020	113,420
2021	92,021

Note 6: Operating Leases

Noncancellable operating leases for branch sales offices and certain office furniture and equipment expire in various years through 2023. These leases generally contain renewal options for various periods and require the Company to pay all executory costs (property taxes, maintenance and insurance). Lease incentives received by the Company such as free rent periods, escalating rent provisions and leasehold improvement allowances are deferred and amortized on a straight-line basis over the term of the respective lease agreements, and are recorded as a reduction of rent expense. At December 25, 2016 and October 1, 2017, the Company accrued \$1,112,530 and \$1,272,076, respectively, for the deferral of the benefit received for free rent periods, future escalating rent payments and leasehold improvement allowances. These amounts are included in deferred lease incentives on the accompanying condensed consolidated balance sheets.

AOS, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
October 1, 2017

Future minimum lease payments at October 1, 2017 were:

2017	\$ 439,464
2018	1,552,923
2019	1,470,897
2020	1,416,016
2021	1,301,739
2022	1,200,192
Thereafter	78,339
Total	<u>\$7,459,570</u>

Total rent expense under operating leases for FY 2016, Q3YTD 2016 and Q3YTD 2017 were \$1,255,094, \$2,393,756 and \$2,833,221, respectively.

Note 7: Lines of Credit

At December 25, 2016 and October 1, 2017, the Company has a \$45,000,000 line of credit from Castle Pines Capital, LLC. At both December 25, 2016 and October 1, 2017, there was \$0 borrowed against this line. The balance is payable on demand and has two components. The first component is a floor plan financing arrangement whereby the Company's inventory purchases can be financed with 30, 45 or 60 day interest-free periods. The Company classifies amounts outstanding under the floor plan financing as accounts payable. The second component of the line of credit consists of an extended pay line, whereby all inventory purchases that are beyond the interest-free term roll into the interest-bearing portion of the line. Interest on this portion of the line is to be paid weekly at the prime rate, plus 1.5 percent (5.25 percent as of December 25, 2016 and 5.75 percent as of October 1, 2017). There were no outstanding balances owed on the extended pay portion of the line of credit as of December 25, 2016 and October 1, 2017. The Company also classifies amounts outstanding under the extended pay line as accounts payable.

This line of credit is collateralized by the Company's accounts receivable, all other assets and guarantees by all of its shareholders. All payments received by the Company on their accounts receivable are directly deposited into a lock-box account so that the Company can apply payment against the obligation. A power of attorney has been granted to Castle Pines Capital, LLC by the Company with respect to collections, security interests and related aspects of this agreement.

At December 25, 2016 and October 1, 2017, the credit agreement was subject to the following covenants:

The Company will at all times maintain on a consolidated basis:

- (A) A ratio of current assets to current liability of at least 1.00.
- (B) Tangible net worth equal to at least \$7,000,000.
- (C) A maximum funded debt to tangible net worth ratio of no more than 2.50 to 1.00.
- (D) A minimum cumulative fixed coverage charge ratio of 1.25 to 1.00. This ratio will be measured on a trailing 12 month basis at the end of each fiscal month.

Inventory financed through the floor plan is included in operating activities in the condensed consolidated statements of cash flows.

AOS, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
October 1, 2017

Note 8: Profit Sharing Plan

The Company has established a defined contribution 401(k) profit sharing plan providing benefits for substantially all of their employees. The Company's matching contributions for FY 2016, Q3YTD 2016 and Q3YTD 2017 totaled \$204,328, \$228,840 and \$292,270, respectively.

Note 9: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Major Suppliers

For FY 2016, two vendors represented 71 percent of total company purchases, and for Q3YTD 2017 three vendors represented approximately 82 percent of total company purchases.

Note 10: Discontinued Operations

As of December 27, 2015, the Company elected to discontinue the operations of its Texas division, effective in January 2016, due to poor profitability. The closure of this entity resulted in the discontinuation of any marketing and sales effort in the state of Texas for all product and service offerings, which includes hardware sales and engineering services. The remaining assets were analyzed for impairment with no impairment loss assessed by management. The operations of the discontinued division have been reclassified to include all revenues and expenses of the division in discontinued operations. After the closure of the entity, the remaining assets and liabilities were transferred to Alexander Open Systems, Inc. See below for a reconciliation of the major classes of line items from the condensed consolidated statements of operations and condensed consolidated balance sheets for FY 2016 and Q3YTD 2017.

Reconciliation of the Major Classes of Line Items Constituting Loss of Discontinued
Operations that are Disclosed in the Notes to Condensed Consolidated Financial Statements to the Loss
of Discontinued Operations that are Presented
in the Condensed Consolidated Statements of Operations

	<u>December 25, 2016</u> <u>(Restated)</u>	<u>September 25, 2016</u> <u>(Unaudited)</u>
Major classes of line items constituting loss of discontinued operations		
Total revenues	\$ 243,702	\$ 243,702
Total cost of sales	(152,710)	(152,710)
Operating expenses	(382,784)	(382,784)
Other expense—interest expense	(9,543)	(9,543)
Total loss on discontinued operations that is presented in the condensed consolidated statements of operations	<u>\$ (301,335)</u>	<u>\$ (301,335)</u>

AOS, Inc. and Subsidiaries
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Reconciliation of the Carrying Amounts of Major Classes of Assets and Liabilities
of the Discontinued Operation that are Disclosed in the Notes to Condensed Consolidated Financial Statements
to Total Assets and Liabilities of the Disposal Group
that are Presented Separately in the Condensed Consolidated Balance Sheets

	<u>December 25, 2016</u> (Restated)	<u>October 1, 2017</u>
Carrying amounts of major classes of assets included as part of discontinued operations:		
Inventories	\$ 332	\$ —
Property, equipment and software, net	12,480	20,199
Other noncurrent assets	5,760	—
Total major classes of assets of the discontinued operations	<u><u>\$ 18,572</u></u>	<u><u>\$ 20,199</u></u>
Carrying amounts of major classes of liabilities included as part of discontinued operations:		
Accounts payable	\$ 9,889	\$ —
Accrued expenses	671	—
Total major classes of liabilities of the discontinued operations	<u><u>\$ 10,560</u></u>	<u><u>\$ —</u></u>

There were no significant statement of cash flows activities for the year ended December 25, 2016 nor the periods ended October 1, 2017 and September 25, 2016.

As of July 27, 2016, the Company elected to sell the AOScloud, LLC component, effective on that date, due to continuing operating losses. As part of the discontinuation, all data hosting operations and related services were eliminated. The remaining assets were analyzed for impairment and it was determined there were no material impairment losses. All existing property, equipment and software were included in the asset purchase agreement for a sale price of \$2,000,000. The sales agreement also includes a contingent purchase price where the Company may earn up to \$800,000 each year for two years if certain revenue targets are achieved. See below for a reconciliation of the major classes of line items from the condensed consolidated statements of operations and condensed consolidated balance sheet for the year ended December 25, 2016.

AOS, Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

October 1, 2017

Reconciliation of the Major Classes of Line Items Constituting Loss of Discontinued Operations that are Disclosed in the Notes to Condensed Consolidated Financial Statements to the Loss of Discontinued Operations that are Presented in the Condensed Consolidated Statements of Operations

	<u>December 25, 2016</u> <u>(Restated)</u>	<u>September 25, 2016</u> <u>(Unaudited)</u>
Major classes of line items constituting loss of discontinued operations		
Total revenues	\$ 4,566,659	\$ 4,566,659
Total cost of sales	(3,967,845)	(3,967,845)
Operating expenses	(3,479,204)	(3,479,204)
Other expense - interest expense	(53,539)	(53,539)
Total loss on discontinued operations that is presented in the condensed consolidated statements of operations	<u>\$ (2,933,929)</u>	<u>\$ (2,933,929)</u>

Reconciliation of the Carrying Amounts of Major Classes of Assets and Liabilities of the Discontinued Operation that are Disclosed in the Notes to Condensed Consolidated Financial Statements to Total Assets and Liabilities of the Disposal Group that are Presented Separately in the Condensed Consolidated Balance Sheets

	<u>December 25, 2016</u> <u>(Restated)</u>
Carrying amounts of major classes of assets included as part of discontinued operations:	
Accounts receivable, trade, net of allowance	\$ 135,255
Total major classes of assets of the discontinued operations	<u>\$ 135,255</u>
Carrying amounts of major classes of liabilities included as part of discontinued operations:	
Accrued compensation expense	\$ 35,704
Accrued expenses	43,906
Total major classes of liabilities of the discontinued operations	<u>\$ 79,610</u>

The impact on significant statement of cash flow activities is presented below for the year ended December 25, 2016 and the period ended September 25, 2016. There were no significant cash flow activities for the period ended October 1, 2017.

	<u>December 25, 2016</u> <u>(Restated)</u>	<u>September 25, 2016</u> <u>(Unaudited)</u>
Significant operating items not involving cash		
Depreciation and amortization	\$ 241,761	\$ 241,761
Loss on sale of property and equipment	434,295	434,295
Significant investing activities		
Purchase of property and equipment	\$ 211,330	\$ 211,330

Note 11: Subsequent Events

Subsequent events have been evaluated through February 9, 2018, which is the date the condensed consolidated financial statements were available to be issued.

On December 15, 2017, the Company entered into a stock purchase agreement with ConvergeOne, Inc. to sell all the outstanding shares of common stock of the Company for a base purchase price of \$64,500,000 subject to certain purchase price adjustments.

CONVERGEONE HOLDINGS, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

INTRODUCTION AND BASIS OF PRO FORMA PRESENTATION

On February 22, 2018, C1 Investment Corp. (“C1”) and Forum Merger Corporation (“Forum”) announced the consummation of the transactions contemplated by the Agreement and Plan of Merger (as described below) (the “Business Combination”). In connection with the closing of the Business Combination, the registrant changed its name from Forum Merger Corporation to ConvergeOne Holdings, Inc. (“ConvergeOne”)

On December 15, 2017, C1 acquired all of the outstanding stock of AOS, Inc. (“AOS”) and on August 16, 2017, C1 acquired all of the outstanding stock of SPS Holdco, LLC (“SPS”) (the “Acquisitions”) for a combined purchase price of \$116,984 funded by borrowings under C1’s financing facilities (the “Borrowings”).

References to “Pro Forma Transactions” include the Business Combination, Acquisitions and Borrowings. Refer to Forum Merger Corporation Form S-4 filed with the Securities and Exchange Commission on February 1, 2018.

Agreement and Plan of Merger

On November 30, 2017, Forum entered into an Agreement and Plan of Merger (“Merger Agreement”), by and among Forum, FMC Merger Subsidiary Corp., a newly-formed Delaware corporation and wholly-owned subsidiary of Forum (the “Merger Sub I”), FMC Merger Subsidiary LLC, a newly formed Delaware limited liability company and wholly-owned subsidiary of Forum (the “Merger Sub II”), C1, and Clearlake Capital Management III, L.P., in the capacity as the Seller Representative.

The Agreement provides for a two-step merger: (1) the merger of Merger Sub I with and into C1, with C1 continuing as the surviving corporation (the “Surviving Subsidiary”) and as a wholly-owned subsidiary of Forum (the “First Merger”) and (2) the merger of the Surviving Subsidiary of the First Merger with and into Merger Sub II, ceasing the separate existence of the Surviving Subsidiary (the “Second Merger” and together with the First Merger, the “Business Combination”). Merger Sub II will continue as the surviving entity in the Second Merger, and Merger Sub II, continuing as the surviving entity, shall then be referred to as the Surviving Entity (the “Surviving Entity” and, together with Forum, the “Combined Entity”).

Description of the Merger

Pursuant to the Merger Agreement, the aggregate consideration paid in the Business Combination is equal to an amount equal to (i) the Enterprise Value, as defined in the Merger Agreement, minus (ii) the Closing Net Indebtedness, as defined in the Merger Agreement, (the “**Merger Consideration**”) plus the contingent right to receive additional consideration based on the performance of the combined company, during the calendar years 2018, 2019 and 2020 (the “**Earnout Consideration**,” which together with the Merger Consideration, the “**Total Consideration**”). The Merger Consideration was paid in the form of: (i) cash from Forum and/or the Target Companies in an amount equal to (A) the total cash and cash equivalents of Forum, including funds from the PIPE Investment and Backstop Investment and the remaining funds in the Trust Account, after giving effect to the completion of the Redemption (the “**Forum Cash**”), plus (B) the Closing Cash, as defined in the Merger Agreement, minus (C) \$25,000; and (ii) a number of Forum Common Stock, valued at the Redemption Price, as defined in the Merger Agreement, per share, equal to the Merger Consideration less \$25,000.

In connection with the Business Combination, Forum entered into Subscription Agreements with investors to purchase 17,959,375 shares of Class A Common Stock for an amount of \$143,675.

The PIPE Investment was predicated on (i) the Sponsor’s agreement to cancel 1,078,125 Founders Shares immediately upon the Closing of the Business Combination; (ii) the Sponsor’s agreement to subject 2,156,250 Founders Shares to forfeiture in the event the earnout provisions of the Merger Agreement are not met by the Combined Entity; and (iii) C1’s agreement to reduce the Merger Consideration by 499,752 shares of Common Stock. In the aggregate, the expected beneficial ownership of the Sponsor and the C1 Securityholders at the Closing was reduced by 3,734,127 shares of Common Stock at an assumed value of \$10.10 per share to incentivize the prospective investors to commit to the PIPE Investment. The result was the issuance of 14,225,248 incremental shares to the investors in the PIPE Investment for an aggregate purchase price of \$143,675 (and an aggregate issuance of 17,959,375 shares to the investors in the PIPE Investment).

INTRODUCTION AND BASIS OF PRO FORMA PRESENTATION (Continued)

Accounting for the Merger

The Business Combination will be accounted for as a reverse merger in accordance with U.S. GAAP. Under this method of accounting, Forum will be treated as the “acquired” company for financial reporting purposes. This determination was primarily based on C1 Securityholders expecting to have a majority of the voting power of the combined company, C1 comprising the ongoing operations of the combined entity, C1 comprising a majority of the governing body of the combined company, and C1’s senior management comprising the senior management of the combined company. Accordingly, for accounting purposes, the Business Combination will be treated as the equivalent of C1 issuing stock for the net assets of Forum, accompanied by a recapitalization. The net assets of Forum will be stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Business Combination will be those of C1.

Basis of Pro Forma Presentation

The historical financial information has been adjusted to give pro forma effect to events that are related and/or directly attributable to the Pro Forma Transactions, are factually supportable and are expected to have a continuing impact on the results of the combined company. The adjustments presented on the unaudited pro forma condensed combined financial statements have been identified and presented to provide relevant information necessary for an accurate understanding of the combined company upon consummation of the Pro Forma Transactions.

The following unaudited pro forma condensed combined balance sheet as of September 30, 2017 combines the unaudited historical consolidated balance sheet of C1 as of September 30, 2017 with the unaudited historical condensed consolidated balance sheet of Forum as of September 30, 2017, giving effect to the Business Combination as if it had been consummated as of that date. In addition, the unaudited pro forma condensed combined balance sheet as of September 30, 2017 is presented as if the acquisition of AOS and the \$60,000 of the Borrowings occurred on September 30, 2017. The SPS purchase price and the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition is included in C1’s financial statements since the date of acquisition.

The following unaudited pro forma condensed combined income statement for the nine months ended September 30, 2017 combines the unaudited historical consolidated statement of income of C1 for the nine months ended September 30, 2017 with the unaudited historical condensed consolidated statement of operations of Forum for the nine months ended September 30, 2017, giving effect to the Business Combination as if it had occurred as of the beginning of the earliest period presented. In addition, the unaudited pro forma combined statements of income for the nine months ended September 30, 2017 are presented as if the acquisitions of AOS and SPS, and the Borrowings had taken place as of the beginning of the earliest period presented.

The following unaudited pro forma condensed combined income statement for the year ended December 31, 2016 combines the audited historical statement of income of C1 for the year ended December 31, 2016 with the audited historical statement of operations of Forum for the period from November 17, 2016 (inception) through December 31, 2016, giving effect to the Business Combination as if it had occurred as of the beginning of the earliest period presented. In addition, the unaudited pro forma combined statements of income for the year ended December 31, 2016 are presented as if the acquisitions of AOS and SPS, and the Borrowings had taken place as of the beginning of the earliest period presented.

The Acquisitions have been accounted for under the acquisition method of accounting. Under the acquisition method of accounting, the total purchase price presented in the accompanying unaudited pro forma combined financial statements was allocated to the assets acquired and liabilities assumed based on their preliminary estimated fair values. The excess of the purchase price over the total of estimated fair values assigned to tangible and identifiable intangible assets acquired and liabilities assumed is recognized as goodwill. For the purposes of these illustrative pro forma combined financial statements, the entire Borrowings and the related interest expense, using current interest rates, were included in the pro forma adjustments.

The unaudited pro forma combined financial information is based on estimates and assumptions which have been made solely for purposes of developing such pro forma information.

INTRODUCTION AND BASIS OF PRO FORMA PRESENTATION (Continued)

The unaudited pro forma combined financial statements are presented for illustrative purposes only and, therefore, are not necessarily indicative of the operating results and financial position that might have been achieved had the Pro Forma Transactions occurred as of an earlier date, nor are they necessarily indicative of operating results and financial position that may occur in the future. In conjunction with the acquisitions of AOS and SPS future restructuring expenses and transaction costs may be incurred that are not included in these pro forma combined financial statements. Additionally, debt balances may be paid down faster than the stated terms, which would reduce interest expense from the amounts included in the pro forma adjustments. C1 and Forum have not had any historical relationship prior to the Business Combination. Accordingly, no pro forma adjustments were required to eliminate activities between the companies.

Included in the shares outstanding and weighted average shares outstanding as presented in the pro forma condensed combined financial statements are 47,124,494 shares of Common Stock issued to C1 Securityholders.

As a result of the Business Combination, C1 owns approximately 68.2% of Forum Common Stock to be outstanding immediately after the Business Combination, Forum stockholders owns approximately 5.8% of Forum Common Stock and the PIPE investors own approximately 26.0% of Forum Common Stock, based on the number of shares of Forum Common Stock outstanding as of September 30, 2017 (in each case, not giving effect to any shares issuable to them upon exercise of warrants).

The historical financial information of C1 was derived from the unaudited consolidated financial statements of C1 for the nine months ended September 30, 2017 and the audited consolidated financial statements of C1 for the year ended December 31, 2016, included in the Forum Merger Corporation Form S-4 filed with the Securities and Exchange Commission on February 1, 2018. The historical financial information of Forum was derived from the unaudited condensed financial statements of Forum for the nine months ended September 30, 2017 and the audited financial statements of Forum for the period from November 17, 2016 (inception) through December 31, 2016, included in the Forum Merger Corporation Form S-4 filed with the Securities and Exchange Commission on February 1, 2018. The historical financial information of SPS was derived from the unaudited consolidated financial statements of SPS for the six months ended June 30, 2017 and the audited consolidated financial statements of SPS for the year ended December 31, 2016, included in Exhibit 99.1, to this Form 8-K plus activity for the period from July 1, 2017 to August 15, 2017. SPS results from the date of acquisition to September 30, 2017 are included in C1's financial statements for the nine months ended September 31, 2017. The historical financial information of AOS was derived from the unaudited consolidated financial statements of AOS as of and for the nine months ended October 1, 2017 and the audited consolidated financial statements for the year ended December 25, 2016, included in Exhibit 99.3 and 99.2, respectively, to this Form 8-K.

The unaudited pro forma combined financial statements, including the notes thereto, should be read together with C1's and Forum's audited and unaudited financial statements and related notes, the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations of C1*," and "*Management's Discussion and Analysis of Financial Condition and Results of Operations of Forum*," and other financial information included in the Forum Merger Corporation Form S-4 filed with the Securities and Exchange Commission on February 1, 2018 as well as SPS's audited and unaudited consolidated financial statements included in Exhibit 99.1, to this Form 8-K and AOS's audited and unaudited consolidated financial statements included in Exhibit 99.2 and 99.3, respectively, to this Form 8-K.

CONVERGEONE HOLDINGS, INC.
UNAUDITED PRO FORMA COMBINED BALANCE SHEET
AS OF SEPTEMBER 30, 2017
(in thousands, except per share data)

	(A) C1 Investment Corp.	(B) AOS, Inc.	Pro Forma Acquisition Adjustments	(C) Forum	Pro Forma Merger Adjustments	Pro Forma Combined
Assets						
Current Assets						
Cash	\$ 7,683	\$ 12,311	\$ (5,859) (1)	\$ 337	\$ 174,965(7)	
			(251) (2)		(30,000) (8)	
			(585) (3)		(2) (10)	
					(175,162) (11)	
					131,675(12)	
					(170,574) (13)	
					1,805(14)	
					54,000(16)	\$ 343
Trade accounts receivable, less allowances	235,541	22,569	—	—	—	258,110
Other receivables	2,660	895	—	—	—	3,555
Inventories	23,101	1,001	—	—	—	24,102
Prepaid expenses and other current assets	9,851	528	—	78	—	10,457
Deferred customer support contract costs	23,044	—	—	—	—	23,044
Total current assets	301,880	37,304	(6,695)	415	(13,293)	319,611
Other Assets						
Cash and marketable securities held in Trust Account	—	—	—	174,965	(174,965) (7)	—
Goodwill	308,893	2,665	35,255(4)	—	—	346,813
Finite-life intangibles, net	148,955	461	21,689(5)	—	—	171,105
Property and equipment, net	41,830	1,566	—	—	—	43,396
Other	—	150	—	—	—	150
Deferred customer support contract costs, noncurrent	800	—	—	—	—	800
Deferred offering costs	2,618	—	—	—	(2,618) (9)	—
Non-current assets - discontinued ops	—	20	—	—	—	20
Total other assets	503,096	4,862	56,944	174,965	(177,583)	562,284
Total assets	\$ 804,976	\$ 42,166	\$ 50,249	\$ 175,380	\$ (190,876)	\$ 881,895
Liabilities and Stockholders' Equity (Deficit)						
Current Liabilities						
Current maturities of term debt	\$ 5,050	\$ —	\$ 600(1)	\$ —	\$ —	\$ 5,650
Advances from related parties	—	—	—	2	(2) (10)	—
Accounts payable	142,007	17,112	—	53	—	159,172
Customer deposits	19,316	—	—	—	—	19,316
Accrued compensation	17,281	4,246	—	—	—	21,527
Accrued other	17,107	1,126	8,000(1)	—	—	26,233
Income tax payable	—	—	—	169	—	169
Deferred revenue	49,525	1,818	—	—	—	51,343
Total current liabilities	250,286	24,302	8,600	224	(2)	283,410
Long-Term Liabilities						
Long term debt, net of debt issuance costs and current maturities	514,503	—	59,400(1)	—	54,000(16)	
			(251) (2)			627,652
Deferred income taxes	33,850	—	—	—	—	33,850
Long term income tax payable	1,846	—	—	—	—	1,846
Deferred revenue and other long-term liabilities	4,780	949	—	—	—	5,729
Total long-term liabilities	554,979	949	59,149	—	54,000	669,077
Commitments and Contingencies						
Common stock subject to redemption	—	—	—	170,156	(170,156) (11)	—
Stockholders' Equity (Deficit)						
Common stock	10	1	(1) (6)	1	1(12)	
					(5) (13)	7
Subscription receivable from related party	(1,805)	—	—	—	1,805(14)	
					(12,000) (12)	(12,000)
Additional paid-in capital	12,693	9,905	(9,905) (6)	4,666	(4,000) (8)	
					(5,006) (11)	
					143,674(12)	
					(170,236) (13)	
					3,570(15)	
					14,639(17)	—
Retained earnings (accumulated deficit)	(11,187)	7,009	(585) (3)	333	(26,000) (8)	
					(2,618) (9)	

	(7,009) (6)				(333) (13)	
					(3,570) (15)	
					(14,639) (17)	
Total stockholders' equity (deficit)		<u>(289)</u>	<u>16,915</u>	<u>(17,500)</u>	<u>5,000</u>	<u>(74,718)</u>
Total liabilities and stockholders' equity (deficit)		<u>\$ 804,976</u>	<u>\$ 42,166</u>	<u>\$ 50,249</u>	<u>\$ 175,380</u>	<u>\$ (190,876)</u>

See accompanying notes to unaudited pro forma combined financial statements.

Pro Forma Adjustments to the Unaudited Condensed Combined Balance Sheet (in thousands)

- (A) As reported in C1 Investment Corp.'s financial statements for the nine months ended September 31, 2017, as included in the Forum Merger Corporation Form S-4 filed with the Securities and Exchange Commission on February 1, 2018. The SPS purchase price and the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition (August 16, 2017) is included in C1's financial statements for the nine months ended September 31, 2017.
- (B) Derived from the unaudited consolidated financial statements AOS, Inc. as of and for the nine month period ended October 1, 2017, as included in Exhibit 99.3 to this Form 8-K.
- (C) Derived from the unaudited condensed balance sheet of Forum as of September 30, 2017, as included in the Forum Merger Corporation Form S-4 filed with the Securities and Exchange Commission on February 1, 2018.

Pro Forma AOS Acquisition Adjustments

- (1) To record the use of cash and the increase in borrowings to be used to fund the purchase price of AOS. Immediately prior to the acquisition of AOS by C1, AOS recorded a liability to the former owners for a distribution of equity in the amount of \$8,000.
- (2) To record estimated deferred financing fees of approximately \$251 as a reduction of the debt balance and a decrease in cash and cash equivalents as of September 30, 2017.
- (3) To record estimated direct, incremental transaction costs of approximately \$585 which are not yet reflected in the historical financial statements of either C1 or AOS as a decrease in cash and a decrease in retained earnings as of September 30, 2017.
- (4) To eliminate AOS's historical goodwill and record the goodwill resulting from the acquisition of AOS.
- (5) To eliminate AOS's historical identifiable intangibles and record the identifiable intangibles resulting from the acquisition of AOS.
- (6) To eliminate AOS's historical stockholders' equity accounts.

Pro Forma Merger Adjustments

- (7) To reflect the release of cash from investments held in the trust account.
- (8) To reflect the payment of estimated legal, financial advisory and other professional fees related to the Business Combination, assumes that \$4,000 of those fees are related to the capital raised and therefor offset equity raised.
- (9) To expense transaction related deferred offering costs of C1.
- (10) To record repayment of advances from related parties.
- (11) To reflect the redemption of 16,940,909 shares for cash of \$175,162 after giving effects to payments to redeeming stockholders based on the consummation of the Business Combination.
- (12) To reflect the PIPE Investment issuance of 17,959,375 shares of Class A Common Stock for proceeds of \$143,675. Of the total proceeds, \$12,000 was deferred and is expected to be received within 30 days of the closing of the Business Combination.

Pro Forma Adjustments to the Unaudited Condensed Combined Balance Sheet (Continued)

- (13) To reflect recapitalization of C1 through the contribution of all the share capital in C1 to Forum, the payment of \$170,574 of cash consideration and the issuance of 47,624,246 shares of Common Stock and the elimination of the historical accumulated deficit of Forum, the accounting acquiree.
- (14) To reflect the payment for C1's subscriptions receivable.
- (15) To record a one-time stock-based compensation expense for options vested upon consummation of the Business Combination. C1 recorded post-combination compensation expense of \$3,570 related to its decision to accelerate the unvested share-based awards of C1 in contemplation of the Merger. This amount is excluded from the unaudited pro forma condensed combined statements of operations because it is a charge directly attributable to the Merger that will not have a continuing impact on C1's operations; however, the amount is reflected as a reduction to retained earnings in the unaudited pro forma balance sheet.
- (16) To record additional borrowings to fund the closing of the Business Combination.
- (17) To reclassify negative paid in capital to accumulated deficit.

CONVERGEONE HOLDINGS, INC.
UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2017
(in thousands, except per share data)

	(A) C1 Investment Corp.	(B) SPS Holdco, LLC.	(C) AOS, Inc.	Pro Forma Acquisition Adjustments	(D) Forum	Pro Forma Merger Adjustments	Pro Forma Combined
Total revenue	\$ 619,700	\$ 168,460	\$ 133,214	\$ —	\$ —	—	\$ 921,374
Total cost of revenue	437,697	121,222	99,450	—	—	—	658,369
Gross profit	182,003	47,238	33,764	—	—	—	263,005
Operating expenses	159,960	62,934	28,005	2,709 ⁽¹⁾	235	(646) ⁽⁶⁾	
				(575) ⁽³⁾			252,622
Operating income (loss)	22,043	(15,696)	5,759	(2,134)	(235)	646	10,383
Other (income) expense							
Interest income	(51)	(1)	—	—	(732)	732 ⁽⁷⁾	(52)
Unrealized gain on marketable securities	—	—	—	—	(7)	7 ⁽⁷⁾	—
Interest expense	41,553	4,960	1	4,798 ⁽²⁾	—	—	51,312
Other expense, net	49	—	—	—	—	—	49
Interest expense and other, net	41,551	4,959	1	4,798	(739)	739	51,309
Income (loss) before income taxes	(19,508)	(20,655)	5,758	(6,932)	504	(93)	(40,926)
Income tax expense (benefit)	(6,323)	80	—	(7,155) ⁽⁴⁾	(169)	(757) ⁽⁸⁾	(14,324)
Net income (loss)	\$ (13,185)	\$ (20,735)	\$ 5,758	\$ 223	\$ 673	\$ 664	\$ (26,602)
Weighted average share outstanding, basic					4,864,925	63,636,744 ⁽⁹⁾	68,501,669
Basic net income (loss) per share					\$ 0.14		\$ (0.39)
Weighted average share outstanding, diluted					4,864,925	63,636,744 ⁽⁹⁾	68,501,669
Diluted net income (loss) per share					\$ 0.14		\$ (0.39)

See accompanying notes to unaudited pro forma combined financial statements.

CONVERGEONE HOLDINGS, INC.
UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2016
(in thousands, except per share data)

	(E) C1 Investment Corp.	(F) SPS Holdco, LLC.	(G) AOS, Inc.	Pro Forma Acquisition Adjustments	(H) Forum	Pro Forma Merger Adjustments	Pro Forma Combined
Total revenue	\$ 815,609	\$ 321,464	\$ 177,347	\$ —	—	—	\$ 1,314,420
Total cost of revenue	566,365	220,876	132,540	—	—	—	919,781
Gross profit	249,244	100,588	44,807	—	—	—	394,639
Operating expenses	202,742	97,816	41,075	1,364 ⁽¹⁾	2	(419) ⁽⁶⁾	342,580
Impairment of Goodwill	—	70,861	—	(70,861) ⁽⁵⁾	—	—	—
Total operating expenses	202,742	168,677	41,075	(69,250)	2	(419)	342,580
Operating income (loss)	46,502	(68,089)	3,732	69,250	(2)	419	52,059
Other (income) expense							
Interest income	(11)	(29)	—	—	—	—	(40)
Interest expense	31,438	6,157	1	947 ⁽²⁾	—	—	38,543
Other expense, net	10	—	—	—	—	—	10
Interest expense and other, net	31,437	6,128	1	947	—	—	38,513
Income (loss) before income taxes	15,065	(74,217)	3,731	68,550	(2)	419	13,546
Income tax expense (benefit)	6,716	167	—	(1,030) ⁽⁴⁾	—	(1,112) ⁽⁸⁾	4,741
Net income (loss) from continuing operations	8,349	(74,384)	3,731	69,580	(2)	1,531	8,805
Loss from discontinued operations	—	—	(3,235)	—	—	—	(3,235)
Net income (loss)	<u>\$ 8,349</u>	<u>\$ (74,384)</u>	<u>\$ 496</u>	<u>\$ 69,580</u>	<u>\$ (2)</u>	<u>\$ 1,531</u>	<u>\$ 5,570</u>
Weighted average share outstanding, basic					3,750,000	65,303,335 ⁽⁹⁾	69,053,335
Basic net income per share					<u>\$ 0.00</u>		<u>\$ 0.08</u>
Weighted average share outstanding, diluted					3,750,000	67,103,335 ⁽⁹⁾	70,853,335
Diluted net income per share					<u>\$ 0.00</u>		<u>\$ 0.08</u>

See accompanying notes to unaudited pro forma combined financial statements.

Pro Forma Adjustments to the Unaudited Condensed Combined Income Statements (in thousands)

- (A) As reported in C1 Investment Corp.'s financial statements for the nine months ended September 31, 2017, as included in the Forum Merger Corporation Form S-4 filed with the Securities and Exchange Commission on February 1, 2018.
- (B) Derived from the consolidated financial statements SPS Holdco, LLC for the six month period ended June 30, 2017, as included in Exhibit 99.1 to this Form 8-K plus activity for the period from July 1, 2017 to August 15, 2017 (date of acquisition). SPS results from the date of acquisition to September 30, 2017 are included in C1's financial statements for the nine months ended September 31, 2017.
- (C) Derived from the consolidated financial statements AOS, Inc. for the nine month period ended October 1, 2017, as included in Exhibit 99.3 to this Form 8-K.
- (D) Derived from the unaudited condensed statements of operations of Forum for the nine months ended September, 2017.
- (E) As reported in C1 Investment Corp.'s financial statements for the year ended December 31, 2016, as included in the Forum Merger Corporation Form S-4 filed with the Securities and Exchange Commission on February 1, 2018.
- (F) Derived from the consolidated financial statements SPS Holdco, LLC for the for the year ended December 31, 2016, as included in Exhibit 99.1 to this Form 8-K.
- (G) Derived from the consolidated financial statements AOS, Inc. for the year ended December 25, 2016, as included in Exhibit 99.2 to this Form 8-K.
- (H) Derived from the audited statements of operations of Forum for the period from November 17, 2016 (inception) through December 31, 2016.

Pro Forma SPS and AOS Acquisition Adjustments

- (1) To eliminate SPS's and AOS's historical amortization of identifiable intangibles and record the amortization of identifiable intangibles resulting from the acquisition of SPS and AOS.
- (2) To eliminate SPS's and AOS's historical interest expense and to record the increase in interest expense, which includes the amortization of the deferred financing fees. The interest expense is calculated based on the Term Loans interest rate of 6.09% and Revolving Loan Facility of 4.5% at September 30, 2017, resulting from the borrowings under C1 financing facilities to fund the purchase price. The impact on interest expense of a 1% change in interest rates would be approximately \$878 and \$1,170 for the nine months ended September 30, 2017 and the year ended December 31, 2016, respectively.
- (3) To eliminate transaction costs incurred in the nine months ended September 30, 2017 resulting from the acquisition of SPS.
- (4) To reflect the income tax effect of the pro forma adjustments and Acquisitions using C1's historical effective rate of 44.6% for the year ended December 31, 2016 and 32.4% for the nine months ended September 30, 2017.
- (5) To reverse the impairment of goodwill recorded by SPS as a result of eliminating historical goodwill.

Pro Forma Adjustments to the Unaudited Condensed Combined Income Statements (Continued)

Pro Forma Merger Adjustments

- (6) Represents an adjustment to eliminate direct, incremental offering costs which are reflected in the historical financial statements C1 in the amount of \$646 and \$419 for the period ended September 30, 2017 and December 31 2016, respectively. There were no such amounts recorded for Forum for the period ended September 30, 2017 and December 31 2016.
- (7) Represents an adjustment to eliminate interest income and unrealized gain on marketable securities held in the trust account as of the beginning of the period.
- (8) To record normalized blended statutory income tax benefit rate of 35.0% for pro forma financial presentation purposes.
- (9) As the Business Combination is being reflected as if it had occurred at the beginning of the period presented, the calculation of weighted average shares outstanding for basic and diluted net income (loss) per share assumes that the shares issuable relating to the Business Combination and the PIPE have been outstanding for the entire period presented. Weighted average common shares outstanding—basic and dilute are calculated as follows:

	Nine Months Ended September 30, 2017	Year Ended December 31, 2016
Weighted average shares calculation, basic		
Forum weighted average public shares outstanding	4,864,925	3,750,000
Forum Sponsor shares	—	562,500
Forum public shares	—	17,250,000
Forum Sponsor private placement shares	—	622,500
Sponsor shares	—	172,500
Forum rights converted to shares	1,787,250	1,787,250
Forum shares cancelled and subject to forfeiture	(3,234,375)	(3,234,375)
Shares issued to PIPE investors	17,959,375	17,959,375
Forum shares issued in Business Combination	47,124,494	47,124,494
Weighted average shares outstanding	68,501,669	69,053,335
Percent of shares owned by C1 holders	68.8%	68.2%
Percent of shares owned by PIPE investors	26.2%	26.0%
Percent of shares owned by Forum	5.0%	5.7%

	Nine Months Ended September 30, 2017	Year Ended December 31, 2016
Weighted average shares calculation, basic		
Existing C1 holders	47,124,494	47,124,494
PIPE investors	17,959,375	17,959,375
Forum holders	3,417,800	3,969,466
Weighted average shares, basic and diluted	68,501,669	69,053,335

Pro Forma Adjustments to the Unaudited Condensed Combined Income Statements (Continued)

	Nine Months Ended September 30, 2017	Year Ended December 31, 2016
Weighted average shares calculation, diluted		
Forum holders	20,215,039	20,910,375
Forum shares issued in Business Combination	47,124,494	47,124,494
Shares issued to PIPE	17,959,375	17,959,375
Unit purchase options	—	1,800,000
Weighted average shares outstanding	<u>68,501,669</u>	<u>70,853,335</u>
Percent of shares owned by C1 holders	68.8%	66.5%
Percent of shares owned by PIPE investors	26.2%	25.3%
Percent of shares owned by Forum	5.0%	8.1%

	Nine Months Ended September 30, 2017	Year Ended December 31, 2016
Weighted average shares calculation, diluted		
Existing C1 holders	47,124,494	47,124,494
PIPE investors	17,959,375	17,959,375
Forum holders	3,417,800	5,769,466
Weighted average shares, basic and diluted	<u>68,501,669</u>	<u>70,853,335</u>

The computation of diluted loss per share for the nine months ended September 30, 2017 excludes the effect (1) 1,125,000 shares of Common Stock, warrants to purchase 562,500 shares of Common Stock and rights that convert into 112,500 shares of Common Stock in the UPO (as defined in the Forum Merger Corporation Form S-4 filed with the Securities and Exchange Commission on February 1, 2018) and (2) warrants to purchase 8,936,250 shares of common stock because the inclusion of any of these securities would be anti-dilutive.

The computation of diluted loss per share for the year ended December 31, 2016 excludes the effect warrants to purchase 8,936,250 shares of Common Stock because the inclusion of these securities would be anti-dilutive.

CONVERGEONE HOLDINGS, CORP.
NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

1. PRELIMINARY PURCHASE PRICE ALLOCATION

The following table summarizes the AOS purchase price and the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition (in thousands):

Purchase price paid as:	
Borrowings under debt facilities	\$65,859
Fair value of net assets acquired:	
Current assets	\$ 37,474
Customer relationships	19,300
Trademarks	1,350
Noncompetition agreements	1,500
Property and equipment	1,566
Current Liabilities	(32,302)
Other long-term liabilities	(949)
Total fair values of net assets acquired	<u>27,939</u>
Excess purchase price over fair value of net assets acquired ("goodwill")	<u>\$37,920</u>

Under the acquisition method of accounting, the purchase price as shown in the table above is allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values. The excess purchase price over fair value of net assets acquired will be recorded as goodwill. The purchase price was preliminarily allocated using the information currently available, and we expect to adjust the preliminary purchase price allocation after obtaining more information regarding, among other things, asset valuations, liabilities assumed, restructuring activities and revisions of preliminary estimates. The purchase price allocation will be finalized within the measurement period, but not later than one year following the acquisition date.

The estimated values of current assets and liabilities were based upon their historical costs on the date of acquisition due to their short-term nature. Immediately prior to the acquisition of AOS by C1, AOS recorded a liability to the former owners for a distribution of equity in the amount of \$8,000. This liability is included in current liabilities in the allocation of purchase price as a pro forma adjustment to the condensed combined balance sheet as of September 30, 2017 and in the table above. Property and equipment were preliminarily estimated based upon historical cost as management believes they most closely approximated fair value.

The identifiable intangibles resulting from the Acquisitions were amortized using the straight-line method over the following estimated useful lives:

<u>Intangible Assets</u>	<u>Estimated Useful Life</u>
Customer relationships	5 Years
Trademarks	2 Years
Non-compete agreements	2 Years

Goodwill of \$37,920 represents the excess of the purchase price over the estimated fair value assigned to tangible and identifiable intangible assets acquired and liabilities assumed from AOS. Goodwill recognized is deductible for income tax purposes. In accordance with current accounting standards, goodwill is not amortized and will be tested for impairment annually in the fourth quarter of the fiscal year.

The SPS purchase price and the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition is included in C1 Investment Corp.'s financial statements for the nine months ended September 31, 2017 included in the Forum Merger Corporation Form S-4 for period ended September 30, 2017, filed with the Securities and Exchange Commission on February 1, 2018.

CONVERGEONE HOLDINGS, CORP.
NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS (Continued)

2. BORROWINGS

In order to fund the acquisition of AOS, the C1 borrowed an additional \$60,000 of term loans under an incremental amendment to its Term Loan Agreement in October, 2017. The loans are part of the same class of, and on the same terms as, the initial Term Loans. The Term Loans bear interest at 3.75% above the alternate base rate or 4.75% above the Eurodollar rate as described in the agreement. Borrowings under the Term Loans had an interest rate of 6.09% at September 30, 2017. Estimated deferred financing fees of \$251- were capitalized in conjunction with the transaction as a reduction of the debt balance and will be amortized over 8 years to interest expense. The remaining purchase price was funded by borrowings under its revolving facility. Borrowings under the Revolver Agreement bear interest at rates ranging from 0.25% to 0.75% above the alternate base rate or from 1.25% to 1.75% above the Eurodollar rate. The interest rate on the Revolver Agreement was 4.5% at September 30, 2017.