Use these links to rapidly review the document
TABLE OF CONTENTS
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

As filed with the Securities and Exchange Commission on July 20, 2020.

Registration No. 333-239644

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1
to

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

VERTEX, INC.

(Exact name of registrant as specified in its charter)

Delaware	**7372**	**23-2081753**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

2301 Renaissance Blvd
King of Prussia, Pennsylvania 19406
(800) 355-3500
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

David DeStefano
President, Chief Executive Officer and Chairperson
Vertex, Inc.
2301 Renaissance Blvd
King of Prussia, Pennsylvania 19406
(800) 355-3500
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Marc D. Jaffe **Joel H. Trotter** **Latham & Watkins LLP** **555 Eleventh Street, NW** **Washington, DC 20004** **(202) 637-2200**	**Bryan T. R. Rowland** **Vertex, Inc.** **2301 Renaissance Blvd** **King of Prussia, PA 19406** **(800) 355-3500**	**Gregory A. Fernicola** **Ryan J. Dzierniejko** **Skadden, Arps, Slate, Meagher & Flom LLP** **One Manhattan West** **New York, NY 10001** **(212) 735-3000**

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

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

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

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

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

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

Large accelerated filer o	Accelerated filer o	Non-accelerated filer ☒	Smaller reporting company o 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 to Section 7(a)(2)(B) of the Securities Act. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered[(1)]	Proposed Maximum Offering Price per Share[(1)]	Proposed Maximum Aggregate Offering Price[(1)(2)]	Amount of Registration Fee[(3)]
Class A common stock, $0.001 par value per share	24,322,500	$ 16.00	$ 389,160,000	$ 37,533

(1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(a) under the Securities Act of 1933, as amended (the "Securities Act").

(2) Includes the additional shares that the underwriters have the option to purchase from the Registrant.

(3) The Registrant previously paid a registration fee of $12,980 with previous filings of the Registration Statement.

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

Subject to Completion, Dated July 20, 2020

21,150,000 Shares

VERTEX, INC.
Class A Common Stock

This is Vertex, Inc.'s initial public offering. We are selling 21,150,000 shares of our Class A common stock. We expect the public offering price to be between $14.00 and $16.00 per share. Currently, no public market exists for our Class A common stock. After pricing of the offering, we expect that the shares of our Class A common stock will trade on the Nasdaq Global Market under the symbol "VERX."

Following this offering, we will have two classes of authorized common stock, Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock will be identical, except with respect to voting, conversion and transfer rights. Each share of Class A common stock will be entitled to one vote per share. Each share of Class B common stock will be entitled to ten votes per share and will be convertible into one share of Class A common stock. Outstanding shares of Class B common stock will represent approximately 98% of the voting power of our outstanding capital stock immediately following the completion of this offering, with members of our founder's family, and their respective affiliates, holding approximately 98% of the voting power of our capital stock following this offering. As a result, we will be a "controlled company" within the meaning of the corporate governance standards of the Nasdaq Global Market.

We are an "emerging growth company" as defined under the federal securities laws and, as such, have elected to comply with certain reduced public company reporting requirements for this prospectus and future filings.

Investing in our Class A common stock involves risks. See the "Risk Factors" section beginning on page 19 of this prospectus for factors you should consider before investing in our Class A common stock.

	Per Share	Total
Public offering price	$	$
Underwriting discounts and commissions[(1)]	$	$
Proceeds, before expenses, to us	$	$

(1) See "Underwriting" for additional disclosure regarding underwriting compensation and estimated offering expenses payable by us.

To the extent that the underwriters sell more than 21,150,000 shares of our Class A common stock, the underwriters have the option for a period of 30 days to purchase up to an additional 2,630,165 shares of Class A common stock from us and 542,335 shares of Class A common stock from selling stockholders at the initial public offering price less underwriting discounts and commissions. If the underwriters exercise their option to purchase additional shares only in part, option shares shall be taken first from the selling stockholders and second from us. We will not receive any proceeds from any sales of shares by the selling stockholders.

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

The underwriters expect to deliver shares of our Class A common stock against payment in New York, New York on , 2020.

(in alphabetical order)

Goldman Sachs & Co. LLC **Morgan Stanley**

BofA Securities **Citigroup** **Jefferies**

JMP Securities **Stifel** **William Blair** **CastleOak Securities, L.P.**

The date of this prospectus is , 2020.

Table of Contents


Pioneers in tax technology for 40 years
4,000+
Customers (1)
>130
Countries supported (1)
>50%
of the Fortune 500 (1)
$322MM
2019 Revenue
86%
Subscription revenue (2)
$31MM
2019 Net income
109%
Net revenue retention rate (1)
Notes:
1. As of 12/31/2019
2. Based on 2019 revenue
Companies around the world trust our solutions to transact, comply and grow with confidence.

Table of Contents

TABLE OF CONTENTS

Neither we, the selling stockholders, nor the underwriters have authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared or that have been prepared on our behalf, or to which we have referred you. Neither we, the selling stockholders nor the underwriters take responsibility for, and cannot provide assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered by this prospectus, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date. Our business, financial condition, results of operations and prospects may have changed since that date.

For investors outside the United States: Neither we, the selling stockholders nor the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside of the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of Class A common stock and the distribution of this prospectus outside of the United States.

MARKET AND INDUSTRY DATA

The market data and other statistical information used throughout this prospectus are based on independent industry publications, reports by market research firms or other published independent sources. Certain market, ranking and industry data included in this prospectus, including the size of certain markets, our size or position and the positions of our competitors within these markets, and our solutions relative to our competitors, are based on estimates of our management. These estimates have been derived from our management's knowledge and experience in the markets in which we operate, as well as information obtained from surveys, reports by market research firms, trade and business organizations and other contacts in the markets in which we operate. Unless otherwise noted, all of our market share and market position information presented in this prospectus is an approximation based on management's knowledge. References herein to our being a leader in a market refer to our belief that we have a leading market share position in each such specified market, unless the context otherwise requires. In addition, the discussion herein regarding our various markets is based on how we define the markets for our solutions.

This prospectus includes industry data that we obtained from periodic industry publications. Such data includes materials published by the Organisation for Economic Cooperation and Development ("OECD"), including the 2019 OECD tax database ("2019 OECD Tax Database") and OECD Revenue Statistics—the United States (2019) ("OECD Revenue Statistics"). Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. We have not independently verified any of the data from third-party sources, nor have we ascertained the underlying economic assumptions relied upon therein.

TRADEMARKS

We own or otherwise have rights to the trademarks, copyrights and service marks, including those mentioned in this prospectus, used in conjunction with the marketing and sale of our solutions. This prospectus includes trademarks, such as VERTEX™ and O Series™, which are protected under applicable intellectual property laws and are our property and/or the property of our subsidiaries. This prospectus also contains trademarks, service marks, copyrights and trade names of other companies, which are the property of their respective owners. We do not intend our use or display of other companies' trademarks, service marks, copyrights or trade names to imply a relationship with, or endorsement or sponsorship of us by, any other companies. Solely for convenience, our trademarks and tradenames referred to in this prospectus may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks and tradenames.

BASIS OF PRESENTATION

References herein to the "Company," "Registrant," "we," "us," "our" and "our company" refer to Vertex, Inc., a Delaware corporation.

Certain monetary amounts, percentages and other figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables or charts and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them.

S CORPORATION STATUS

Since October 1, 1985, we have elected to be taxed for U.S. federal income tax purposes as an "S corporation" or "S Corporation" under the provisions of Sections 1361 to 1379 of the Internal Revenue Code of 1986, as amended (the "Code"). As a result, our taxable earnings have not been subject to,

and we have not paid, U.S. federal income tax, and no provision or liability for U.S. federal income tax has been included in our consolidated financial statements. Instead, for U.S. federal income tax purposes, our taxable income is "passed through" to our existing stockholders who are required to pay income tax attributable to such income. Unless specifically noted otherwise, no amount of our consolidated net income or our earnings per share presented in this prospectus, including in our consolidated financial statements and the accompanying notes appearing in this prospectus, reflects any provision for or accrual of any expense for U.S. federal income tax liability for any period presented. In connection with this offering, our status as an S Corporation will terminate. Thereafter, our taxable earnings will be subject to U.S. federal income tax and we will bear the liability for those taxes.

NON-GAAP MEASURES AND OTHER DATA

We believe that our financial statements and the other financial data included in this prospectus have been prepared in a manner that complies, in all material respects, with generally accepted accounting principles in the United States ("GAAP") and the regulations published by the Securities and Exchange Commission ("SEC"). However, we use Adjusted EBITDA, Adjusted EBITDA margin, free cash flow and free cash flow margin, as described in "Prospectus Summary—Summary Consolidated Financial and Operating Information," in various places in this prospectus. These non-GAAP financial measures are presented as supplemental disclosure and should not be considered in isolation from, or as a substitute for, the financial information prepared in accordance with GAAP, and should be read in conjunction with the financial statements included elsewhere in this prospectus. Adjusted EBITDA, Adjusted EBITDA margin, free cash flow and free cash flow margin may differ from similarly titled measures presented by other companies.

See "Prospectus Summary—Summary Consolidated Financial and Operating Information" for a reconciliation of non-GAAP financial measures to the most directly comparable financial measure calculated in accordance with GAAP, and a discussion of our management's use of Adjusted EBITDA, Adjusted EBITDA margin, free cash flow and free cash flow margin.

Throughout this prospectus, we also provide a number of key business metrics used by management and typically used by our competitors in our industry. These and other key business metrics are discussed in more detail in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Business Metrics."

PROSPECTUS SUMMARY

Overview

Our vision is to accelerate global commerce, one transaction at a time.

Vertex delivers comprehensive tax solutions that enable global businesses to transact, comply and grow with confidence. Companies with complex tax operations rely on Vertex to automate their end-to-end indirect tax processes. Indirect tax is the largest corporate tax category, encompassing sales tax, seller's use tax, consumer use tax and value-added tax ("VAT"), among others. Indirect tax accounts for more than $3.5 trillion of annual tax revenue, which is 2.5 times the amount of corporate income taxes, according to the 2019 OECD Tax Database. Our software, content and services address the increasing complexities of global commerce and compliance by reducing friction, enhancing transparency and enabling greater confidence in meeting indirect tax obligations. As a result, our software is ubiquitous within our customers' business systems, touching nearly every line item of every transaction that an enterprise can conduct. Today, we have more than 4,000 customers, including over half of the Fortune 500, and provide our customers with tax support in over 130 countries.

Tax complexity is driven by the number of jurisdictions, products, distribution channels and systems of record within an organization. Each transaction must be tax-assessed for compliance purposes in real time and indirect taxes generally require filing each month, in every jurisdiction in which a company does business. Despite these complexities, there are still businesses that attempt to manage the tax lifecycle through a patchwork of static tax rate tables in spreadsheets, home-built systems or business applications, such as enterprise resources planning ("ERP") software, that were not designed for complex tax management. Each of these approaches relies heavily on finance personnel or outside professional services.

The rapid changes taking place in today's global business, technology and regulatory environments are having a compounding effect on the complexity of indirect tax management. As companies expand their business models, enter new geographies and extend their distribution channels, they widen the aperture of their indirect tax obligations. Additionally, as they expand their core offerings to incorporate new digital products and services, they are increasingly impacted by new tax regulations being pursued by jurisdictions. For example, in the United States, nearly 40 states have now enacted marketplace facilitator regulations, requiring online marketplaces to collect and remit taxes for first- and third-party sales on their websites. This complexity demands intelligent solutions that enable businesses to satisfy tax obligations and support growth opportunities.

We have pioneered tax technology for over 40 years. We first began electronic delivery of tax rules in the early 1980s and we first sold transaction tax processing software in 1982. Today, our software enables tax determination, compliance and reporting, tax data management and document management with powerful pre-built integrations to core business applications used by most companies, particularly those applications that have a significant impact on global commerce. Our software is fueled by over 300 million data-driven effective tax rules and supports indirect tax compliance in more than 19,000 jurisdictions worldwide. In order to maintain the quality of our content, our team includes many global tax and regulatory experts from industry and the public sector, who deliver monthly updates to our tax content, which are then incorporated directly into our software. Our solutions can be deployed on-premise, in the cloud, or both, with implementation services available to enable optimal customer outcomes and satisfy unique business requirements.

Our customers include the majority of the Fortune 500, as well as a majority of the top 10 companies by revenue in multiple industries such as retail, technology and manufacturing, in addition to leading marketplaces. As these companies expand geographically and pursue omnichannel business models, their tax determination and compliance requirements increase and become more complex. Our

trusted brand and strong relationships with our customers enable us to capitalize on these sustainable organic growth opportunities.

Our partner ecosystem is a differentiating, competitive strength in both our software development and our sales and marketing activities. We integrate with key technology partners that span ERP, customer relationship management ("CRM"), procurement, billing, point of sale ("POS") and eCommerce. These partners include Adobe/Magento, Coupa, Microsoft Dynamics, NetSuite, Oracle, Salesforce, SAP, SAP Ariba, Workday and Zuora. We also collaborate with numerous accounting firms who have built implementation practices around our software to serve their customer base.

We believe that global commerce and compliance environment provides durable and accelerating growth opportunities for our business. We generated revenue of $272.4 million and $321.5 million in 2018 and 2019, respectively, and $74.6 million and $89.2 million for the three months ended March 31, 2019 and 2020, respectively. We had a net loss of $6.1 million and net income of $31.1 million in 2018 and 2019, respectively, and net income of $7.3 million and a net loss of $29.1 million for the three months ended March 31, 2019 and 2020, respectively. Adjusted EBITDA was $61.5 million and $67.9 million in 2018 and 2019, respectively, and $15.6 million and $15.3 million for the three months ended March 31, 2019 and 2020, respectively. Additionally, we generated net cash provided by operating activities of $80.4 million and $92.5 million in 2018 and 2019, respectively, and $9.9 million and $(6.4) million in the three months ended March 31, 2019 and 2020, respectively. Our free cash flow was $47.1 million and $54.9 million in 2018 and 2019, respectively, and $1.8 million and $(15.8) million in the three months ended March 31, 2019 and 2020, respectively. Adjusted EBITDA and free cash flow are non-GAAP financial measures. For more information about how we use these non-GAAP financial measures in our business, the limitations of these measures and reconciliations to the most directly comparable GAAP measures, see "Prospectus Summary—Summary Consolidated Financial and Operating Information." In connection with the offering, we will convert from an S Corporation to a C Corporation ("C Corporation"), which will result in net income of the Company being taxed at the corporate level. For additional information on the effect of such conversion, see "Prospectus Summary—Summary Consolidated Financial and Operating Information."

Industry Background

Indirect taxes are significant and growing revenue streams for governments around the world

Indirect taxes are part of everyday commerce in many countries—they are levied on items such as food, clothing, business supplies and even data transmissions from mobile phones. According to the 2019 OECD Tax Database, more than $3.5 trillion of indirect taxes were collected by national, state and local governments around the world in 2018, which is 2.5 times the amount of corporate income taxes collected. Indirect taxes on goods and services represented more than 10% of GDP for OECD countries in 2018 and governments continuously seek new ways to increase this revenue stream. In the United States, sales and use taxes are the largest component of indirect taxes. According to OECD Revenue Statistics, the United States collected more than $800.0 billion in tax revenue from goods and services taxes in 2018.

Tax reporting and compliance pose tenacious challenges for all businesses

In today's global economy, indirect taxation is highly nuanced and growing in its complexity for most businesses. In order to calculate taxes accurately, enterprises must identify every jurisdiction in which they operate, determine and maintain the applicable rates for each of those jurisdictions and map the applicable taxability to the products and services they deliver. Cross-border transactions increase the complexity of taxes. Understanding the variables surrounding transactions and how they change applicable taxes becomes difficult for tax departments to manage given the volume of purchasing, sourcing and sales activities conducted by large enterprises.

Indirect tax returns generally need to be filed on a monthly basis and noncompliance exposes companies to significant monetary liability, poor customer experiences and reputational risk. Tax audits can look back many years, creating a greater level of accountability for managing tax data than for typical business data. Additionally, it is not unusual for a large enterprise to have a substantial number of tax audits across numerous jurisdictions ongoing at any point in time. Each audit may require detailed traceability to individual transactions to defend historical tax positions taken.

Dynamic business, regulatory and technology drivers have a compounding effect on tax compliance

We believe that trends in the digital economy are accelerating the need for adoption of sophisticated tax solutions among a broader and growing number of enterprises and global commerce platforms.

- Governments are increasingly adopting new and expanded indirect tax measures.
- Governments are mandating more frequent and more detailed tax reporting, using advanced technologies to scrutinize business tax filings.
- Businesses' geographic and channel expansion are creating new tax exposures.
- Governments are enacting new taxation on digital goods and services.
- Business-to-consumer ("B2C") and business-to-business ("B2B") marketplaces are increasingly responsible for collecting and remitting taxes for their third-party sellers.
- The expanded number of business applications being used by enterprises has increased the number of data sources necessary for indirect tax compliance.

Legacy approaches are insufficient

Over the past several decades, many tax departments have addressed their indirect tax needs by relying on a patchwork of static tax rate tables in spreadsheets, home-built systems or business applications not designed for tax compliance. Each requires heavy reliance on finance personnel or outside professional services. As taxation becomes more complicated, we believe these approaches will begin to fracture as they are error-prone, inefficient and cannot scale, thus increasing exposure to fines, raising reserves and heightening the risk of tax audits across multiple jurisdictions.

Our Opportunity

We believe the total addressable market for solutions that enable global commerce and compliance is robust, global and growing. We estimate our addressable market among global enterprises and other businesses with greater than $1.0 million in annual sales to be over $7.0 billion in the United States. We believe this potentially understates our total addressable market because it does not include businesses domiciled outside of the United States.

Key Benefits of Our Solutions

We deliver comprehensive tax solutions that automate end-to-end indirect tax processes for enterprises and mid-market companies with complex tax operations. Our software includes tax determination, compliance and reporting, tax data management and document management fueled by our powerful and proprietary content database, which includes over 300 million data-driven effective tax rules supporting indirect tax compliance in more than 19,000 jurisdictions worldwide. Our solutions also include powerful pre-built integrations to core business applications, such as SAP and Oracle.

Our solutions deliver the following key benefits to our customers:

Comprehensive, efficient and accurate indirect tax management. Our solutions provide our customers with powerful tools to manage their end-to-end indirect tax processes and manage their indirect tax obligations accurately and efficiently, while reducing risk.

Reduction in tax audit risk and tax audit-induced costs. We believe that customers implement our solutions to increase accuracy and transparency in supporting the tax audit process, and to lower their overall costs of tax audit defense. This is driven by rich documentation and data support during tax audit discovery, which can mitigate tax audit-related adjustments and fines.

Wide jurisdiction coverage to support geographic expansion. Economic nexus for indirect taxes is often based on the geographic location of either operations or sales. We maintain expansive coverage of jurisdictions and continually update our global content database, allowing our customers to expand their operations around the world while maintaining compliance with the relevant indirect tax laws of each jurisdiction.

Support of new business models. As digital transformation continues to change our economy, many enterprises are adopting new business models and incorporating new technology in their products and operations to fuel growth, including diversified supply chains and omnichannel retail strategies. Many of these digital transformations result in new, complex indirect tax challenges. For example, data transmissions from internet-connected devices are subject to telecom taxes, which are often new and unfamiliar obligations to traditional manufacturers and retailers.

Our Competitive Strengths

We have pioneered tax technology for over 40 years. We deliver comprehensive tax solutions that enable global businesses to transact, comply and grow with confidence. Companies with complex tax operations rely on us to automate their end-to-end indirect tax processes. Our key competitive strengths include:

We provide a differentiated portfolio of end-to-end solutions for indirect tax globally. Our solutions automate the end-to-end indirect tax processes for enterprises with complex tax operations and audit risk. Our software includes tax determination, compliance and reporting, tax data management, and document management tools, as well as pre-built integrations to major business applications. Customers can purchase these solutions individually or as part of a broader suite and can choose the delivery model that best aligns to their enterprise technology environments.

Our software is underpinned by a comprehensive proprietary tax content database. Our proprietary tax content database is significant and includes educational content, best practices guidance and over 300 million data-driven effective tax rules supporting indirect tax compliance in more than 19,000 jurisdictions worldwide, which are then embedded into our software. Our tax content provides meaningful insights and guidance to enterprises looking to address their tax exposure and we provide solutions by embedding these tax rules into our software. We employ over 70 tax professionals on our tax content team, which is comprised of subject matter experts with significant experience and includes Certified Public Accountants ("CPAs"), attorneys and chartered accountants, among others. Our content team combines legislative research, analysis, technical logic and automation to embed updated rules into our software. We believe that the knowledge, depth and breadth of our content database is a differentiated asset that gives us a competitive advantage.

Our strong brand makes us a recognized and trusted provider in tax software. We pioneered the first indirect tax software over 40 years ago and since then have built innovative tax software, a marquee customer base and a trusted brand. We continue to adapt to meet our customers' needs—from mainframe-based software to cloud and mobile technologies. Our culture of innovation, the name-brand

recognition of our customer base and the mission-critical nature of our software for tax departments, provide leverage to our sales and marketing teams and enable us to successfully attract new customers.

Powerful, robust technology with enterprise-grade scale and speed. Our solutions are built upon a technology foundation purpose-built to meet the needs of highly discerning enterprises with complex indirect tax obligations. For example, our software is used by some of the largest companies in the world to automate indirect tax calculation in hundreds of locations, among thousands of suppliers and millions of customers, across tens of thousands of jurisdictions, and through multiple systems of record. By utilizing a common engine and data design, we offer consistency regardless of the technical infrastructure of our customers and partners. Our technology architecture and engineering expertise allow us to continue providing solutions with the enterprise scale and speed our customers expect, realizing rapid-time-to-value from our software and monthly content updates.

Flexible delivery and configuration to meet the needs of our customers. Our customers need software that allows them to automate tax but also allows for tax configurability that accommodates their specific company needs. Our configurability allows users to create their own taxability rules that can act as an override providing more flexibility and ensuring that all individual, company-specific tax scenarios can be met. We also offer a flexible delivery model that includes on-premise, cloud or a hybrid of both delivery models, giving our customers the ability to choose how to manage their tax determination and system deployments.

Deep and high-quality partnerships and integrations. Our partner ecosystem is a distinct strength to support both software development and our sales and marketing activities. We integrate with key technology partners that span ERP, CRM, procurement, billing, POS and eCommerce platforms. Our teams are embedded at a deep technical level and we conduct joint roadmap development with our partners. In addition, we collaborate with over 50 tax, accounting and consulting firms, which not only complement our global tax and technology expertise, but also help us identify new growth opportunities.

Our Growth Strategies

We believe today's global commerce environment provides durable growth opportunities for our business. Our growth strategies include:

- ***Expand existing customer revenues.*** The breadth of our solutions allows us to continually meet our customer needs, even as their needs expand in scope. As businesses continue to evolve through acquisitions and expand products and services, enter new geographies or expand their distribution channels, we believe they will need our software, services and content. We plan to continue to invest in new offerings and enhance our solutions to support the ongoing retention and expansion of revenue from our existing customers.

- ***Acquire new customers.*** As enterprise and mid-market companies continue to expand and their tax complexity grows, we expect demand for our solutions to increase among new customers and partners. We also expect these companies to adopt our solutions much earlier in their corporate lifecycle. This adoption is driven by advances in cloud computing and digital commerce, which enable more companies to accelerate new product delivery and scale their business through online marketplaces and emerging commerce platforms.

- ***Broaden and deepen our partner ecosystem.*** Our partners enhance our go-to-market capacity and extend our brand leadership and reach. We leverage our partnerships to maximize the benefits of our solutions for our customers and to identify new growth opportunities. We believe expanding our strategic alliances with emerging participants who are fueling global commerce, such as payment and digital commerce platforms, will create new value for our customers and new sources of revenue.

- ***Extend global footprint.*** We have a significant opportunity to further expand internationally, in terms of our regional operations, content depth and go-to-market coverage. By extending our global footprint, we believe we will also expand account penetration of existing customers with operations around the globe.

- ***Sustained investment in new product innovation.*** Our approach to innovation is driven by our relationships with our customers and partners, with whom we create new solutions, align product roadmaps and embed our software within their platforms. We have also established an innovation lab where we design, test and incubate next-generation tax solutions and adjacent market opportunities like blockchain, payment platforms and machine learning technologies. Over time, we expect this will bring additional value to existing customers and help us acquire new customers.

Recent Developments

Set forth below are certain estimated preliminary financial results and other key operating metrics for the three months ended June 30, 2020. These estimates represent the most current information available and are subject to change. We have provided ranges, rather than specific amounts, for the preliminary results described below because our financial closing procedures for the quarter ended June 30, 2020 are not yet complete. Our actual results may differ materially from these estimates due to the completion of our financial closing procedures, final adjustments and other developments that may arise between now and the time the financial results for our three months ended June 30, 2020 are finalized.

These estimates should not be viewed as a substitute for our full interim or annual financial statements prepared in accordance with GAAP. Accordingly, you should not place undue reliance on this preliminary data. These estimated preliminary results should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes thereto included elsewhere in this prospectus. For additional information, please also refer to the section titled "Risk Factors."

This data has been prepared by, and is the responsibility of, management. Our independent registered public accounting firm, Crowe LLP, has not audited, reviewed, compiled or performed any procedures with respect to the preliminary financial results. Accordingly, Crowe LLP does not express an opinion or any other form of assurance with respect thereto.

The following are preliminary estimates for the quarter ended June 30, 2020:

For the three months ended June 30, 2020, estimated total revenue was between $88.0 million and $91.0 million, compared to $78.4 million for the same period in 2019. This represents an increase of $11.1 million, or 14.2% year-over-year at the midpoint, compared to the same period in 2019. Annual Recurring Revenue ("ARR") was between $292.0 million and $295.0 million for the three months ended June 30, 2020, representing an increase of $40.5 million, or 16.0% year-over-year at the midpoint, compared to the same period in 2019. The growth of our revenue and ARR reflects the increase in revenue from existing customers through their expanded use of our solutions, new software subscriptions and price increases and as well as sales of our tax solutions to new customers.

We have an expected loss from operations for the three months ended June 30, 2020, which is between $28.0 million and $32.0 million, compared to operating income of $7.7 million in the same period in 2019. The operating loss was primarily a result of higher stock-based compensation expense associated with this offering. Stock-based compensation expense was between $41.0 million and $42.0 million.

Adjusted EBITDA for the three months ended June 30, 2020, was between $18.0 million and $21.0 million, representing a year-over-year increase of $4.0 million at the midpoint, as compared to

the same period in 2019. This was primarily driven by an increase in total revenues and gross profit offset by increased operating expenses, including additional research and development and general and administrative expenses. Adjusted EBITDA margin increased for the three months ended June 30, 2020 by between approximately 200 basis points at the midpoint as compared to the same period in 2019. This is primarily due to revenue and gross margin increasing at a higher rate than our growth in operating expenses which were impacted by delays in hiring and launch of projects and decreases in travel and other operating activities due to the COVID-19 pandemic limiting such activities.

Set forth below is a reconciliation of Adjusted EBITDA to the most directly comparable measure calculated in accordance with GAAP, net loss.

	Three Months Ended June 30, 2019 Actual	Three Months Ended June 30, 2020 Estimate	
		Low	High
Net income (loss)	$ 7,122	$ (32,500)	$ (28,000)
Total depreciation and amortization	6,180	8,000	7,150
Interest, net	307	1,150	950
Income tax expense (benefit)	221	(1,600)	(800)
Severance charge	409	950	700
Stock-based compensation	1,310	42,000	41,000
Adjusted EBITDA	$ 15,549	$ 18,000	$ 21,000

Adjusted EBITDA is a non-GAAP financial measure. For more information about how we use non-GAAP financial measures in our business and the limitations of these measures, see "Prospectus Summary—Summary Consolidated Financial and Operating Information."

For a discussion of the financial impact of the COVID-19 pandemic on our business for the three months ended June 30, 2020, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments—Impact of COVID-19." For additional information on the specific risks we face from COVID-19 and the potential future adverse impact that the COVID-19 pandemic and associated government responses could have on our results of operations, cash flows and financial condition, please refer to the section titled "Risk Factors."

Summary Risk Factors

Investing in our Class A common stock involves substantial risk. Our ability to execute our strategy is also subject to certain risks. The risks described under the heading "Risk Factors" in this prospectus may cause us not to realize the full benefits of our strengths or may cause us to be unable to successfully execute all or part of our strategy. Some of the most significant challenges and risks we face include the following:

- A large portion of our revenue depends on maintaining and growing our revenue from existing customers, and if we fail to retain our customers or expand their usage of our solutions, our business, results of operations, financial condition and cash flows would be harmed.
- Our business and success depend in part on our strategic relationships with third parties, including our partner ecosystem, and our business would be harmed if we fail to maintain or expand these relationships.
- If we are unable to adapt to technological change by successfully introducing new and enhanced solutions and services, our business, results of operations, financial condition and cash flows would be adversely affected.

- Any failures in information technology or infrastructure could lead to disruptions of our software, loss of customer data or untimely remittance of taxes, any of which could adversely affect our reputation and financial condition.
- Incorrect or improper implementation, integration or use of our solutions could result in customer dissatisfaction and negatively affect our business, results of operations, financial condition and cash flows.
- If we fail to attract and retain qualified technical and tax-content personnel, our business could be harmed.

The Offering

Class A common stock offered by us	21,150,000 shares (or 23,780,165 shares if the underwriters exercise in full their option to purchase additional shares).
Class A common stock to be outstanding after this offering	22,814,049 shares (or 25,986,549 shares if the underwriters exercise in full their option to purchase additional shares).
Class B common stock to be outstanding after this offering	120,417,000 shares.
Option to purchase additional shares of Class A common stock	The underwriters have an option to purchase up to an aggregate of 3,172,500 additional shares of Class A common stock from us and the selling stockholders at the initial public offering price, less underwriting discounts and commissions. Of these shares, 542,335 will be offered and sold by the selling stockholders upon exercise of stock options held by such selling stockholders. The underwriters can exercise this option at any time within 30 days from the date of this prospectus. We will not receive any proceeds from any sale of our shares of Class A common stock in this offering by the selling stockholders. The selling stockholders will only sell shares of Class A common stock in this offering if the underwriters exercise their option to purchase additional shares. In the event the underwriters do not exercise their option to purchase additional shares in full, the underwriters will first purchase shares from the selling stockholders, with any remaining shares being sold by us.

Use of proceeds	We estimate that the net proceeds to us from the sale of the shares of our Class A common stock in this offering will be approximately $290.3 million, based upon an initial public offering price of $15.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters exercise their option to purchase additional shares in this offering in full, we estimate that our net proceeds will be approximately $327.2 million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We will not receive any of the proceeds from any sale of shares in this offering by the selling stockholders. We intend to use a portion of the net proceeds to repay all outstanding indebtedness under our existing credit agreement (the "New Credit Agreement") and to pay related fees and expenses. Prior to this offering, proceeds from the term loan entered into under the New Credit Agreement were used to repay amounts outstanding under the Company's previous credit agreement of $61.7 million, with the balance being used to fund a portion of a $123.0 million dividend to our stockholders on May 29, 2020 $122.8 million of which was paid to our directors Amanda Westphal Radcliffe, Stefanie Westphal Thompson and Jeffrey Westphal or trusts for their respective benefit or the benefit of their immediate family. In addition, we intend to use approximately $17.4 million of the proceeds from this offering to pay for costs we expect to incur in connection with the amendment of outstanding SARs as part of this offering. See "Executive Compensation." The remainder of the net proceeds will be used for working capital and other general corporate purposes, including investments in our solutions, technology and sales force. See "Use of Proceeds."

Dividend policy	Historically, we have been an S Corporation, and, as such, we have paid distributions to our existing stockholders, which have assisted them in paying the U.S. federal and state income taxes on our taxable income that is "passed through" to them, and we have historically made additional distributions to them for returns on capital. After this offering, our dividend policy and practice will change because we will no longer be taxed as an S Corporation. We do not currently anticipate paying dividends on our Class A or Class B common stock. Any declaration and payment of future dividends to holders of our Class A or Class B common stock may be limited by restrictive covenants in the agreements governing our indebtedness, will be at the sole discretion of our board of directors and will depend on many factors, including our financial condition, earnings, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that our board of directors deems relevant. See "Dividend Policy."
Voting rights	Shares of our Class A common stock will be entitled to one vote per share. Shares of our Class B common stock will be entitled to ten votes per share. The holders of our Class A common stock and Class B common stock will generally vote together as a single class on all matters submitted to a vote of our stockholders unless otherwise required by Delaware law or our amended and restated certificate of incorporation. See "Description of Capital Stock."
Directed share program	At our request, the underwriters have reserved for sale, at the initial public offering price, up to 5% of the Class A common stock offered by this prospectus for sale to some of our directors, officers, employees, business associates and related persons. If these persons purchase reserved shares, it will reduce the number of shares available for sale to the general public. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus. See "Underwriting."
Proposed stock exchange symbol	"VERX."

Risk factors	See "Risk Factors" for a discussion of factors you should carefully consider before deciding to invest in our Class A common stock.

The number of shares of our Class A and Class B common stock to be outstanding after completion of this offering is based on 1,664,049 shares of our Class A common stock and 120,417,000 shares of our Class B common stock outstanding as of June 30, 2020 and reflects:

- the reclassification of our existing share capital into shares of Class A and Class B common stock (the "reclassification");
- the issuance of 612,886 shares of Class A common stock under the 2020 Incentive Award Plan (the "2020 Plan") (assuming an initial public offering price of $15.00 per share of Class A common stock, which is the midpoint of the price range set forth on the cover page of this prospectus) in connection with the amendment and exercise of certain fully vested stock appreciation rights ("SAR(s)"); and
- the issuance of 878,663 shares of Class A common stock and restricted stock under the 2020 Plan (assuming an initial public offering price of $15.00 per share of Class A common stock, which is the midpoint of the price range set forth on the cover page of this prospectus) to certain of our employees, consultants and directors in connection with this offering.

The shares of our common stock outstanding as of June 30, 2020 exclude the following:

- 13,813,626 shares of Class A common stock under the 2020 Plan that will be issuable upon the exercise of options to purchase shares of our Class A common stock following the amendment of outstanding options to purchase shares of our common stock and SARs covering shares of our common stock in connection with this offering, based on the number of such options and SARS outstanding as of June 30, 2020, with a weighted-average exercise price of $2.27 per share, 8,536,308 of which are vested (and without giving effect to the exercise by the selling stockholders of options to purchase a net amount of 542,335 shares of our Class A common stock, which such net exercise would result in 12,985,742 remaining shares of our Class A common stock, issuable upon the exercise of options to purchase shares of our Class A common stock with a weighted-average exercise price of $2.40);
- 12,524 shares of Class A common stock (assuming an initial public offering price of $15.00 per share of Class A common stock, which is the midpoint of the price range set forth on the cover page of this prospectus) that will be issuable upon the vesting of RSUs to be awarded under the 2020 Plan to certain non-U.S. employees in connection this offering;
- 1,182,301 shares of Class A common stock that are available for issuance as awards under the 2020 Plan, as well as any additional shares of Class A common stock that may become available under the 2020 Plan pursuant to provisions in the 2020 Plan that automatically increase the Class A common stock reserve thereunder, which number excludes the number of shares subject to awards granted under the 2020 Plan in connection with this offering as described below; and
- 1,000,000 shares of Class A common stock that are available for issuance under the 2020 Employee Stock Purchase Plan (the "2020 ESPP"), as well as any additional shares of Class A common stock that may become available under the 2020 ESPP pursuant to provisions in the 2020 ESPP that automatically increase the Class A common stock reserve thereunder.

Unless otherwise stated, information in this prospectus (except for the historical financial statements and the related discussion of such financial information) assumes:

- the 3-for-1 forward split of our common stock, which will occur prior to the closing of this offering;
- the adoption of our amended and restated certificate of incorporation and amended and restated bylaws prior to the closing of this offering;
- consummation of the reclassification;
- the termination of our status as an S Corporation in connection with this offering;
- no exercise by the underwriters of their option to purchase up to an additional 3,172,500 shares of our Class A common stock from us and the selling stockholders (for the avoidance of doubt, the 3,172,500 shares of our Class A common stock will be comprised of 2,630,165 shares of our Class A common stock offered by us and 542,335 newly issued shares of Class A common stock offered by the selling stockholders in connection with their exercise of options to purchase shares of our Class A common stock, described above, and if the underwriters exercise their option to purchase only in part, option shares shall be taken first from the selling stockholders on a pro rata basis and second from us); and
- an initial public offering price of $15.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus.

Summary Consolidated Financial and Operating Information

The following table sets forth our summary historical consolidated financial information for the periods and dates indicated. The consolidated balance sheet data as of December 31, 2019 and 2018 and the consolidated statements of comprehensive income (loss) for the years ended December 31, 2019 and 2018 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The consolidated balance sheet data as of March 31, 2020 and the consolidated statements of comprehensive income (loss) for the three months ended March 31, 2020 and 2019 have been derived from our unaudited consolidated financial statements appearing elsewhere in this prospectus. The unaudited interim consolidated financial statements have been prepared on the same basis as the audited annual consolidated financial statements and reflect, in the opinion of management, all adjustments of a normal, recurring nature that are necessary for a fair statement of the unaudited interim consolidated financial statements.

The financial information set forth below is not necessarily indicative of future results of operations. In particular, we have historically been taxed as an S Corporation for U.S. federal income tax purposes and for income tax purposes in most states. As a result, net income or loss has been allocated to our stockholders and included on their individual income tax returns. In connection with the offering, we will convert to a C Corporation, which will result in net income of the Company being taxed at the corporate level. As such, our provision for taxes will change. Assuming the conversion to a C Corporation, we estimate that the Company's effective tax rate will be approximately 25%, inclusive of all applicable U.S. federal, state, local and foreign income taxes. In addition, based on the deferred tax asset balances at March 31, 2020, we would anticipate recording a tax benefit of approximately $8.5 million upon such conversion.

This data should be read in conjunction with, and is qualified in its entirety by reference to, the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Capitalization" sections of this prospectus and our audited consolidated financial statements and notes thereto for the periods and dates indicated included elsewhere in this prospectus. Revenue is reflected in accordance with Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, ("ASC 606"), which we adopted on January 1, 2018.

	For the Year Ended December 31,		Three Months Ended March 31,	
	2019	2018	2020	2019
			(unaudited)	
	(In thousands except per share data)			
Revenue:				
Software subscriptions	$ 275,629	$ 235,663	$ 75,760	$ 64,384
Services	45,871	36,740	13,485	10,230
Total revenues	321,500	272,403	89,245	74,614
Cost of revenues:				
Software subscriptions[(1)]	77,259	68,945	24,684	18,426
Services[(1)]	33,119	26,753	14,778	7,138
Total cost of revenues	110,378	95,698	39,462	25,564
Gross profit	211,122	176,705	49,783	49,050
Operating expenses:				
Research and development[(1)]	30,557	23,755	13,079	7,573
Selling and marketing[(1)]	68,127	56,898	24,333	16,047
General and administrative[(1)]	71,014	58,947	37,636	15,448
Depreciation and amortization	8,996	7,937	2,869	2,045
Impairment of asset	—	32,692	—	—
Other operating (income) expense, net	573	(691)	111	163
Total operating expenses	179,267	179,538	78,028	41,276
Income (loss) from operations	31,855	(2,833)	(28,245)	7,774
Other (income) expense:				
Interest income	(1,083)	(526)	(355)	(292)
Interest expense	2,036	2,120	924	537
Total other expense, net	953	1,594	569	245
Income (loss) before income taxes	30,902	(4,427)	(28,814)	7,529
Income tax (benefit) expense	(155)	1,679	250	204
Net income (loss)	31,057	(6,106)	(29,064)	7,325
Other comprehensive (income) loss from foreign currency translation adjustments and revaluations, net of tax	(5)	355	2,998	(21)
Total comprehensive income (loss)	$ 31,062	$ (6,461)	$ (32,062)	$ 7,346
Net income (loss) attributable to Class A stockholders	$ 38	$ (7)	$ (35)	$ 9
Net income (loss) per Class A share, basic and diluted	$ 0.77	$ (0.15)	$ (0.72)	$ 0.18
Weighted average Class A common stock, basic and diluted	49	49	49	49
Net income (loss) attributable to Class B stockholders	$ 31,019	$ (6,099)	$ (29,029)	$ 7,316
Net income (loss) per Class B share, basic	$ 0.77	$ (0.15)	$ (0.72)	$ 0.18
Weighted average Class B common stock, basic	40,129	40,160	40,090	40,090
Net income (loss) per Class B share, diluted	$ 0.75	$ (0.15)	$ (0.72)	$ 0.18
Weighted average Class B common stock, diluted	41,373	40,160	40,090	41,393

(1) Includes stock-based compensation expenses as follows in the table below. For more details, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Seasonality and Quarterly Trends."

	For the Year Ended December 31,		Three Months Ended March 31,	
	2019	2018	2020	2019
			(unaudited)	
	(In thousands)			
Cost of revenues, software subscriptions	$ 946	$ 512	$ 3,492	$ 131
Cost of revenues, services	1,419	765	5,238	197
Research and development	946	511	3,492	131
Selling and marketing	1,892	1,022	6,984	261
General and administrative	4,257	2,298	15,714	590
Total stock-based compensation	$ 9,460	$ 5,108	$ 34,920	$ 1,310

	As of December 31,		As of March 31,
	2019	2018	2020
			(unaudited)
	(In thousands)		
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 75,903	$ 55,838	$ 40,416
Funds held for stockholder dividends	—	—	110,000
Total assets	264,623	215,072	356,129
Deferred revenue (current and non-current)	205,791	178,703	201,484
Debt (current and non-current)	51,486	54,883	173,823
Total liabilities	377,055	326,768	504,633
Options for redeemable shares	17,344	14,581	32,586
Total stockholders' deficit	(129,776)	(126,277)	(181,090)

	For the Year Ended December 31,		Three Months Ended March 31,	
	2019	2018	2020	2019
			(unaudited)	
	(In thousands)			
Consolidated Statement of Cash Flows				
Net cash provided by (used in) operating activities	$ 92,498	$ 80,449	$ (6,417)	$ 9,899
Net cash used in investing activities	(37,560)	(33,314)	(21,656)	(8,115)
Net cash provided by (used in) financing activities	(30,629)	(30,697)	103,654	(12,392)
Effect of foreign exchange rate changes	12	(402)	(249)	21
Net increase in cash, cash equivalents and restricted cash	$ 24,321	$ 16,036	$ 75,332	$ (10,587)

	For the Year Ended December 31,		Three Months Ended March 31,	
	2019	2018	2020	2019
			(unaudited)	
	(In thousands except percentages)			
Financial Metrics:				
Net income (loss)	$ 31,057	$ (6,106)	$ (29,064)	$ 7,325
Net income (loss) margin	9.7%	(2.2)%	(32.7)%	9.9%
Net cash provided by (used in) operating activities	$ 92,498	$ 80,449	$ (6,417)	$ 9,899
Operating cash flow margin	29%	30%	(7)%	13%
Non-GAAP Financial Data (unaudited):				
Adjusted EBITDA[(1)]	$ 67,913	$ 61,471	$ 15,294	$ 15,596
Adjusted EBITDA margin[(1)]	21%	23%	17%	21%
Free cash flow[(2)]	$ 54,938	$ 47,135	$ (15,755)	$ 1,784
Free cash flow margin[(2)]	17%	17%	(18)%	2%

(1) Adjusted EBITDA and Adjusted EBITDA margin are a non-GAAP financial measure used by our management and board of directors in measuring trends and our financial performance. In addition, we believe that Adjusted EBITDA and Adjusted EBITDA margin are measures widely used by securities analysts and investors to evaluate the financial performance of our company and other companies. We consider Adjusted EBITDA and Adjusted EBITDA margin to be important measures because we believe that they provide useful information in understanding and evaluating our operating results on a period over period basis without the impact of certain expenses that do not directly correlate to our operating performance and that can vary significantly from period to period. In addition, we base certain of our forward-looking estimates and budgets on Adjusted EBITDA and Adjusted EBITDA margin. We define Adjusted EBITDA as net income or loss before interest, taxes, depreciation and amortization, asset impairments, share-based compensation expense and severance charges. We define Adjusted EBITDA margin as Adjusted EBITDA divided by total revenues for the same period.

Our definitions of Adjusted EBITDA and Adjusted EBITDA margin may differ from the definitions used by other companies and therefore comparability may be limited. In addition, other companies may not publish these or similar metrics. Thus, our Adjusted EBITDA and Adjusted EBITDA margin should be considered in addition to, not as a substitute for, or in isolation from, measures prepared in accordance with GAAP. The following table reconciles Adjusted EBITDA to the most directly comparable GAAP financial performance measure, which is net income (loss):

	For the Year Ended December 31,		Three Months Ended March 31,	
	2019	2018	2020	2019
			(unaudited)	
	(In thousands except percentages)			
Adjusted EBITDA				
Net income (loss)	$ 31,057	$ (6,106)	$ (29,064)	$ 7,325
Interest, net	953	1,594	569	245
Income tax (benefit) expense	(155)	1,679	250	204
Depreciation and amortization—cost of subscription revenues	16,194	16,964	4,567	3,929
Depreciation and amortization	8,996	7,937	2,869	2,045
Impairment charge	—	32,692	—	—
Stock-based compensation	9,460	5,108	34,920	1,310
Severance charges	1,408	1,603	1,183	538
Adjusted EBITDA	$ 67,913	$ 61,471	$ 15,294	$ 15,596
Adjusted EBITDA margin				
Total revenues	$ 321,500	$ 272,403	$ 89,245	$ 74,614
Adjusted EBITDA margin	21%	23%	17%	21%

(2) Our management uses free cash flow as a critical measure in the evaluation of liquidity in conjunction with related GAAP amounts. It also uses the measure when considering available cash, including for decision making purposes related to dividends and discretionary investments. We consider free cash flow to be an important measure for investors because it measures the amount of cash we generate from operating activities after our capital expenditures and capitalization of

software development costs. In addition, we base certain of our forward-looking estimates and budgets on free cash flow and free cash flow margin. We define free cash flow as the total of net cash provided by operating activities less purchases of property and equipment and capitalized software. We define free cash flow margin as free cash flow divided by total revenues for the same period.

Our definitions of free cash flow and free cash flow margin may differ from the definitions used by other companies and therefore comparability may be limited. In addition, other companies may not publish these or similar metrics. Thus, our free cash flow and free cash flow margin should be considered in addition to, not as a substitute for, or in isolation from, measures prepared in accordance with GAAP. The following table reconciles free cash flow to the most directly comparable GAAP financial performance measure, which is net cash provided by operating activities:

	For the Year Ended December 31,		Three Months Ended March 31,	
	2019	2018	2020	2019
			(unaudited)	
	(In thousands except percentages)			
Free cash flow				
Net cash provided by (used in) operating activities	$ 92,498	$ 80,449	$ (6,417)	$ 9,899
Property and equipment additions	(20,339)	(21,053)	(5,632)	(4,200)
Capitalized software additions	(17,221)	(12,261)	(3,706)	(3,915)
Free cash flow	$ 54,938	$ 47,135	$ (15,755)	$ 1,784
Free cash flow margin				
Total revenues	$ 321,500	$ 272,403	$ 89,245	$ 74,614
Free cash flow margin	17%	17%	(18)%	2%

RISK FACTORS

An investment in our Class A common stock involves a high degree of risk. You should consider carefully the following risks, together with the information under the caption "Business—Competition," our financial statements and the related notes and the other information contained in this prospectus before you decide whether to buy our Class A common stock. If any of the events contemplated by the following discussion of risks should occur, our business, results of operations, financial condition and cash flows could suffer significantly. As a result, the market price of our Class A common stock could decline, and you may lose all or part of the money you paid to buy our Class A common stock. The risks described below are those that we believe are the material risks that we face but other risks may arise from time to time. See "Cautionary Note Regarding Forward-Looking Statements" elsewhere in this prospectus.

Risks Relating to Our Business and Industry

A large portion of our revenue depends on maintaining and growing our revenue from existing customers, and if we fail to retain our customers or expand their usage of our solutions, our business, results of operations, financial condition and cash flows would be harmed.

We cannot accurately predict customer behavior. Our customers have no obligation to renew their subscriptions for our solutions after the expiration of their subscription periods and our customers may not renew subscriptions for a similar mix of solutions. Our retention rates would decline as a result of a number of factors, including customer dissatisfaction, decreased customer spending levels, decreased customer transaction volumes, increased competition, changes in tax laws or rules, pricing changes or legislative changes affecting tax compliance providers. If our customers do not renew their subscriptions, or our customers reduce the solutions purchased under their subscriptions, our revenue would decline and our business may be harmed.

Our future success also depends in part on our ability to sell additional solutions to existing customers and on our customers' expanded use of our solutions. If our efforts to sell our additional solutions to our customers are not successful or if our customers do not expand their use of our solutions, it would decrease our revenue growth and harm our business, results of operations, financial condition and cash flows.

Our business and success depend in part on our strategic relationships with third parties, including our partner ecosystem, and our business would be harmed if we fail to maintain or expand these relationships.

We depend in part on, and anticipate that we will continue to depend in part on, various third-party relationships to sustain and grow our business. Our relationships with third-party publishers of software business applications, including accounting, ERP, eCommerce, POS, recurring billing and CRM systems, help drive our business because the integration of our solutions with their applications allows us to reach their sizeable customer bases. Our customers' user experience is dependent on our ability to connect easily to such third-party software applications. We may fail to retain and expand these integrations or relationships for many reasons, including due to failures by third parties to maintain, support or secure their technology platforms in general and our integrations in particular, or errors, bugs or defects in such third party technology, or changes in our technology platform. Any such failure could harm our relationship with our customers, our reputation and brand and our business and results of operations.

In addition, integrating third-party technology can be complex, costly and time-consuming. Third parties may be unwilling to build integrations, and we may be required to devote additional resources to develop integrations for business applications on our own. Providers of business applications with which we have integrations may decide to compete with us or enter into arrangements with our competitors, resulting in such providers withdrawing support for our integrations. In addition, any failure of our solutions to operate effectively with business applications could reduce the demand for

our solutions, resulting in customer dissatisfaction and harm to our business. If we are unable to respond to these changes or failures in a cost-effective manner, our solutions may become less marketable, less competitive or obsolete and our results of operations may be negatively impacted.

If we are unable to adapt to technological change by successfully introducing new and enhanced solutions and services, our business, results of operations, financial condition and cash flows would be adversely affected.

The market for our solutions is characterized by rapid technological change, frequent new product and service introductions and enhancements, changing customer demands and evolving industry standards. The introduction of software embodying new technologies can quickly make existing software obsolete and unmarketable. Software solutions are inherently complex, and it can take a long time and require significant research and development expenditures to develop and test new or enhanced solutions. The success of any enhancements or improvements to our software solutions or any new solutions and services depends on several factors, including timely completion, competitive pricing, adequate quality testing, integration with existing technologies and our platform and overall market acceptance. We cannot be sure that we will succeed in developing, marketing and delivering on a timely and cost-effective basis enhancements or improvements to our software or any new solutions and services that respond to technological change or new customer requirements, nor can we be sure that any enhancements or improvements to our software or any new solutions and services will be free of errors and defects or that they will achieve market acceptance. Moreover, even if we introduce new solutions, we would experience a decline in revenue of our existing solutions that is not offset by revenue from the solutions. Customers may delay making purchases of new solutions to permit them to make a more thorough evaluation of these solutions or until industry and marketplace reviews become widely available. In addition, we may lose existing customers who choose a competitor's solutions rather than migrate to our new solutions. This could result in a temporary or permanent revenue shortfall and adversely affect our business.

Any failures in information technology or infrastructure could lead to disruptions of our software, loss of customer data or untimely remittance of taxes, any of which could adversely affect our reputation and financial condition.

Our software depends on uninterrupted, high-speed access to the internet in order to provide real-time tax determinations and processing of indirect tax data. Failures in our or our customers' and partners' information technology and infrastructure or service outages at third-party internet providers could lead to disruptions to our software. Such failures may be caused by numerous factors, including mechanical failure, power outage, human error, physical or electronic security breaches, war, terrorism, fire, earthquake, hurricane, flood and other natural disasters, sabotage and vandalism. Disruptions to our software could cause customers to lose sensitive or confidential information and could also lead to our or our customers' inability to timely remit taxes to the appropriate authorities. Any of these outcomes could lead customers to switch to our competitors or avoid using our solutions, which would negatively impact our revenue and harm our opportunities for growth.

Incorrect or improper implementation, integration or use of our solutions could result in customer dissatisfaction and negatively affect our business, results of operations, financial condition and cash flows.

Our customers may need training or education in the proper use of, and the variety of benefits that can be derived from, our solutions to maximize their potential benefits. If our solutions are not implemented or used correctly or as intended, inadequate performance may result. Because our customers rely on our solutions to manage a wide range of tax compliance operations, the incorrect or improper implementation or use of our solutions, or our failure to provide adequate support to our customers, may result in negative publicity or legal claims against us, which could harm our business, results of operations, financial condition and cash flows. Also, as we continue to expand our customer

base, any failure by us to properly provide training and support will likely result in lost opportunities for additional subscriptions for our solutions.

If we fail to attract and retain qualified technical and tax-content personnel, our business could be harmed.

Our technology is complex and our success depends in large part on our ability to attract and retain highly qualified personnel, particularly tax-content specialists, software developers, technical support and research and development personnel. Competition for skilled personnel is intense and we may not be successful in attracting, motivating and retaining needed personnel. We also may be unable to attract or integrate into our operations qualified personnel on the schedule we desire. Any inability to attract, integrate, motivate and retain the necessary personnel could harm our business. Dealing with the loss of the services of our executive officers or key personnel and the process to replace any of our executive officers or key personnel may involve significant time and expense, take longer than anticipated, and significantly delay or prevent the achievement of our business objectives, which would harm our financial condition, results of operations, and business.

We face competitive pressures from other tax software and services providers, as well as the challenge of convincing businesses using manual processes and native ERP functions to switch to our software.

We face significant competitive challenges from other tax-specific software vendors and from outsourced transaction tax compliance services offered by accounting and specialized consulting firms. There are a number of competing tax-specific software vendors, some of which have substantially greater revenue, personnel and other resources than we do. Corporate competitors, as well as the state and local tax services offered by accounting firms, have historically targeted our customer base of large enterprise companies. In addition, our competitors who currently focus their tax compliance services on small- to medium-sized businesses may be better positioned to increase their market share with small- to medium-sized businesses and may choose to enter our markets, whether competing based on price, service or otherwise. We also face a growing number of competing private transaction tax compliance businesses focused primarily on eCommerce. Increased competition may impact our ability to add new customers and to retain and expand revenues from existing customers. It is also possible that large enterprises with substantial resources that operate in adjacent compliance, finance or eCommerce verticals may decide to pursue transaction tax compliance automation and become immediate, significant competitors. Our failure to successfully and effectively compete with current or future competitors could lead to lost business and negatively affect our revenue.

In addition, many companies continue to employ manual processes that often rely on transaction-specific research, static tax tables, non-tax specific software or rate calculator services, as well as manual filing and remittance activities. Many businesses using manual approaches believe that these processes are adequate and may be unaware that there is an alternative that is more effective, resulting in an inertia that can be difficult to overcome. In addition, the upfront costs of our solutions can limit our sales to businesses using manual processes.

Our recent success may not be indicative of our future results of operations.

We cannot predict with certainty our customers' future usage or retention given the diversity of our customer base across industries, geographies, customer size and other factors. Accordingly, we may be unable to accurately forecast our revenues notwithstanding our substantial investments in sales and marketing, tax content infrastructure and research and development in anticipation of continued growth in our business. If we do not realize returns on these investments in our growth, our results of operations could differ materially from our prior results, which could cause our stock price to decline.

We currently derive a substantial portion of our revenue from our indirect tax software, and any failure of our software to satisfy customer requirements or to achieve increased market penetration could adversely affect our business, results of operations, financial condition and growth prospects.

We currently derive a substantial portion of our revenue from subscriptions to our indirect tax software. We have added, and will continue to add, additional solutions to expand our offerings, but, at least in the near term, we expect to continue to derive the majority of our revenue from our indirect tax software. As such, the ability of our indirect tax software to meet our customers' requirements is critical to our success. Demand for our solutions is affected by a number of factors, many of which are beyond our control, such as continued market acceptance and continued employment of our solutions by existing and new customers, the timing of the development and release of upgraded or new solutions, the introduction or upgrading of products and services by our competitors, technological change and growth or contraction in our addressable market. If our indirect tax software does not continue to meet customer requirements, our business, results of operations, financial condition and growth prospects will suffer.

Changes to customers' and partners' software systems may impact our ability to offer a specific software deployment method to existing customers, which could cause a termination of customer contracts utilizing that deployment method, or otherwise effect our results of operations, financial condition and cash flow.

Our solutions are integrated with the software systems and complex workflows of our customers and partners. In the event that such software systems are modified or updated in a way that is incompatible with our software, we may be unable to continue to support the operations of our customers and partners. If our customers are unable to implement our solutions successfully or in a timely manner, or if our partners are unable to integrate with our solutions through our integrations, customer perceptions of our solutions may be impaired, our reputation and brand may suffer and customers may choose not to renew or expand the use of our solutions. In addition, if we fail to anticipate technological changes that our customers and partners may look to adopt, our solutions may be perceived as being less effective or obsolete. Any of these changes could have a material adverse effect on our results of operations and financial condition.

We need to continue making significant investments in software development and equipment to improve our business.

To improve the scalability, security and efficiency of our solutions, and to support the expansion of our software into other tax types, we will need to continue making significant capital expenditures and also invest in additional software and infrastructure development. If we experience increasing demand in subscriptions, we may not be able to augment our infrastructure quickly enough to accommodate such increasing demand. In the event of decreases in subscription sales, certain of our fixed costs, such as for capital expenditures, may make it difficult for us to quickly adjust our expenses downward. Additionally, we are continually updating our software and content, which increases expenses for us. We may also need to review or revise our software architecture as we grow, which may require significant resources and investments. As a result, although we may have significant research and development expenditures, which may be incurred and certain of which may be capitalized, there is no guarantee our solutions will be accepted by the market. This could result in increased costs or an impairment of capitalized development costs with no resulting future revenue benefit.

Our continued growth depends in part on our ability to continue to grow our customer base.

Increasing our customer base will depend, to a significant extent, on our ability to effectively expand our sales and marketing activities, as well as our partner ecosystem and other customer referral sources. We may not be able to recruit qualified sales and marketing personnel, train them to perform and achieve an acceptable level of sales production from them on a timely basis or at all. In the past, it

has usually taken new members of our sales force at least six months to integrate into our operations and start converting sales leads at our expected levels. In addition, if we cannot continue to maintain or expand our relationships with our partners, we may receive fewer referrals, the set of integrations we offer may not keep up with the market and our customer expansion strategy may become less effective. If we are unable to maintain effective sales and marketing activities and maintain and expand our partner network, our ability to attract new customers could be harmed and our business, results of operations, financial condition and cash flows would suffer.

If we fail to effectively manage our growth, our business, results of operations, financial condition and cash flows will be harmed.

We have experienced, and may continue to experience, growth in our headcount and operations, both domestically and internationally, which has placed, and may continue to place, significant demands on our management and our administrative, operational and financial reporting resources. We have also experienced significant growth in the number of customers, number of transactions and the amount of tax content that our platform and solutions support. Our growth will require us to hire additional employees and make significant expenditures, particularly in sales and marketing but also in our technology, professional services, finance and administration teams, as well as in our facilities and infrastructure. Our ability to effectively manage our growth will also require the allocation of valuable management and employee resources and improvements to our operational and financial controls and our reporting procedures and systems. In addition, as we seek to continue to expand internationally, we will likely encounter unexpected challenges and expenses due to unfamiliarity with local requirements, practices and markets. Our expenses may increase more than we plan, and we may fail to hire qualified personnel, expand our customer base, enhance our existing solutions, develop new solutions, integrate any acquisitions, satisfy the requirements of our existing customers, respond to competitive challenges or otherwise execute our strategies. If we are unable to effectively manage our growth, our business, results of operations, financial condition and cash flows would likely be harmed.

Future acquisitions of, and investments in, other businesses, software, tax content or technologies may not yield expected benefits, and our inability to successfully integrate acquisitions may negatively impact our business, results of operations, financial condition and cash flows.

We may in the future seek to grow our operations by pursuing acquisitions of businesses, software and technologies. We may not realize the anticipated benefits, or any benefits, from future acquisitions. In addition, if we finance acquisitions by incurring debt or by issuing equity or convertible or debt securities, our existing stockholder may be diluted or we could face constraints related to covenants in the agreements governing the indebtedness, which could affect the market value of our capital stock. To the extent that the acquisition consideration is paid in the form of an earnout on future financial results, the success of such an acquisition will not be fully realized by us for a period of time as it is shared with the sellers. Further, if we fail to properly evaluate and execute acquisitions or investments, our business and prospects may be seriously harmed and the value of your investment may decline. For us to realize the benefits of future acquisitions, we must successfully integrate the acquired businesses, software or technologies with ours. This may take time and divert management's attention from our day-to-day operations, which could negatively impact our business, results of operations, financial condition and cash flows.

Our quarterly and annual results of operations will fluctuate in future periods.

We will experience quarterly or annual fluctuations in our results of operations due to a number of factors, many of which are outside of our control. This makes our future results difficult to predict and

could cause our results of operations to fall below expectations or our predictions. Factors that might cause quarterly or annual fluctuations in our results of operations include:

- our ability to attract new customers and retain and grow revenue from existing customers;
- our ability to maintain, expand, train and achieve an acceptable level of production from our sales and marketing teams;
- our ability to find and nurture successful sales opportunities;
- the timing of our introduction of new solutions or updates to existing solutions;
- our ability to grow and maintain our relationships with our ecosystem of third-party partners, including integration partners and referral partners;
- the success of our customers' businesses;
- the timing of large subscriptions and customer renewal rates;
- new government regulations;
- changes in our pricing policies or those of our competitors;
- the amount and timing of our expenses related to the expansion of our business, operations and infrastructure;
- any impairment of our intangible assets, capitalized software, long-lived assets and goodwill;
- any seasonality in connection with new customer agreements, as well as renewal and upgrade agreements, each of which have historically occurred at a higher rate in the fourth quarter of each year;
- future costs related to acquisitions of content, technologies or businesses and their integration; and
- general economic conditions.

Any one of the factors above, or the cumulative effect of some or all of the factors referred to above, may result in significant fluctuations in our quarterly and annual results of operations. This variability and unpredictability could result in our failure to meet or exceed our internal operating plan. In addition, a percentage of our operating expenses is fixed in nature and is based on forecasted financial performance. In the event of revenue shortfalls, we may not be able to mitigate the negative impact on our results of operations quickly enough to avoid short-term impacts.

We generally recognize revenue from subscription fees paid by customers ratably over the subscription term. As a result, most of the subscription revenue we report in each quarter is the result of agreements entered into during previous quarters. Consequently, a decline in new or renewed subscriptions in any one quarter will not be fully reflected in our revenue results for that quarter. Any such decline, however, will negatively affect our revenue in future quarters. Our subscription model also makes it difficult for us to rapidly increase our revenue through additional sales in any period, as subscription revenue from new customers is generally recognized over the applicable subscription terms.

Operating globally involves challenges that may adversely affect our ability to grow.

We plan to continue expanding our business operations globally and to enter new markets where we have limited or no experience in marketing, selling and deploying our solutions. If we fail to deploy or manage our operations in international markets successfully, our business may suffer. In the future, as our international operations increase, or more of our expenses are denominated in currencies other than the U.S. dollar, our results of operations may become more sensitive to fluctuations in the

exchange rates of the currencies in which we do business. In addition, we are subject to a variety of risks inherent in doing business internationally, including:

- political, social and economic instability;
- risks related to the legal and regulatory environment in foreign jurisdictions, including with respect to privacy, localization and content laws as well as unexpected changes in laws, regulatory requirements and enforcement due to the wide discretion given to some local lawmakers and regulators regarding the enactment, interpretation and implementation of local regulations;
- potential damage to our brand and reputation due to compliance with local laws, including potential censorship and requirements to provide user information to local authorities;
- fluctuations in currency exchange rates;
- higher levels of credit risk and payment fraud;
- complying with the tax laws and regulations of multiple tax jurisdictions;
- enhanced difficulties of integrating any foreign acquisitions;
- complying with a variety of foreign laws, including certain employment laws requiring national collective bargaining agreements that set minimum salaries, benefits, working conditions and termination requirements;
- reduced protection for intellectual property rights in some countries;
- difficulties in staffing and managing global operations and the increased travel, infrastructure and compliance costs associated with multiple international locations;
- regulations that might add difficulties in repatriating cash earned outside our core markets and otherwise prevent us from freely moving cash;
- import and export restrictions and changes in trade regulation;
- complying with statutory equity requirements;
- complying with the U.S. Foreign Corrupt Practices Act (the "FCPA"), the U.K. Bribery Act and similar laws in other jurisdictions; and
- complying with export controls and economic sanctions administered by the relevant local authorities, including in the United States and European Union, in our international business.

If we are unable to expand internationally and manage the complexity of our global operations successfully, our business could be seriously harmed.

We hold significant amounts of money that we remit to taxing authorities on behalf of our customers, and this may expose us to liability from errors, delays, fraud or system failures, which may not be covered by insurance.

We handle significant amounts of our customers' money so that we can remit those amounts to various taxing jurisdictions on their behalf. If we make mistakes in the determination or remittance of tax payments to the appropriate jurisdictions, our reputation and results of operations could suffer. Moreover, if our banks' or our own internal compliance procedures regarding cash management fail, are hacked or sabotaged, or if our banks or we are the subject of fraudulent behavior by personnel or third parties, we could face significant financial losses. Our efforts to remit tax payments to applicable taxing jurisdictions after receiving the corresponding funds from our customers may fail, which would

expose us to the financial risk of collecting from our customers after we have remitted funds on their behalf.

Additionally, we are subject to risk from concentration of cash and cash equivalent accounts, including cash from our customers that is to be remitted to taxing jurisdictions, with financial institutions where deposits routinely exceed federal insurance limits. If the financial institutions in which we deposit our customers' cash were to experience insolvency or other financial difficulty, our access to cash deposits could be limited, any deposit insurance may not be adequate, we could lose our cash deposits entirely and we could be exposed to liability to our customers. Any of these events would negatively impact our liquidity, results of operations and our reputation.

If we are unable to successfully adapt to organizational changes and effectively implement strategic initiatives, our reputation and results of operations could be impacted.

We have a dynamic organization and routinely implement changes to our priorities and workforce in order to keep up with the constantly evolving market in which we operate. We expect these types of changes to continue for the foreseeable future. Successfully managing these changes, including retention of key employees, is critical to our business success. In addition, we are generally a build-from-within company, and our success is dependent on identifying, developing and retaining key employees to provide uninterrupted leadership and direction for our business. This includes developing organizational capabilities in key growth markets where the depth of skilled employees is limited and competition for these resources is intense. Further, business and organizational changes may result in more reliance on third parties for various services, and that reliance may increase reputational, operational and compliance risks.

Errors in our customers' transaction tax determinations and reporting functions, or delays in the remittance of their tax payments, could harm our reputation, results of operations and growth prospects.

The tax determinations functions that our customers have to perform are complicated from a data management standpoint, time-sensitive and dependent on the accuracy of the database of tax content underlying our solutions. Some of our processes are not fully automated, such as our process for monitoring updates to tax rates and rules, and even to the extent our processes are automated, our solutions are not proven to be without any possibility of errors. If errors are made in our customers' tax determinations and reporting functions, or delays occur in the remittance of their tax payments, our customers may be assessed interest and penalties. Although our agreements generally have disclaimers of warranties and limit our liability, a court could determine that such disclaimers and limitations are unenforceable as a matter of law and hold us liable for these errors. Additionally, erroneous tax determinations could result in overpayments to taxing authorities that are difficult to reclaim from the applicable taxing authorities or underpayments that could result in penalties. Any history of erroneous tax determinations for our customers could also harm our reputation, could result in negative publicity, loss of or delay in market acceptance of our solutions, loss of customer renewals and loss of competitive position. In addition, our insurance coverage may not cover all amounts claimed against us if such errors or failures occur. The financial and reputational costs associated with any erroneous tax determinations may be substantial and could harm our results of operations.

Changes in tax laws and regulations, or their interpretation or enforcement, may cause us to invest substantial amounts to modify our software, cause us to change our business model or draw new competitors to the market.

Changes in tax laws or regulations or interpretations of existing taxation requirements in the United States or in other countries may require us to change the manner in which we conduct some aspects of our business and could harm our ability to attract and retain customers. For example, a material portion of our revenue is generated by performing what can be complex transaction tax

determinations and the corresponding preparation of tax returns and remittance of taxes. Changes in tax laws or regulations that reduce complexity or decrease the frequency of tax filings could negatively impact our revenue. In addition, there is considerable uncertainty as to if, when and how tax laws and regulations might change. As a result, we may need to invest substantial funds to modify our solutions to adapt to new tax laws or regulations. If our software solutions are not flexible enough to adapt to changes in tax laws and regulations, our financial condition and results of operations may suffer.

A number of states have considered or adopted laws that attempt to require out-of-state retailers to collect sales taxes on their behalf or to provide the jurisdiction with information enabling it to more easily collect use tax. On June 21, 2018, the U.S. Supreme Court issued its opinion in *South Dakota v. Wayfair, Inc.*, upholding South Dakota's economic nexus law, which requires certain out-of-state retailers to collect and remit sales taxes on sales into South Dakota. Following the Supreme Court's decision, certain states with pre-existing economic nexus provisions announced that they would begin enforcing these provisions on out-of-state retailers and additional states have proceeded with similar efforts. There also has been consideration of federal legislation related to taxation of interstate sales, which, if enacted into law, would place guidelines or restrictions on states' authority to require online and other out of state merchants to collect and remit indirect tax on products and services that they may sell. Similar issues exist outside of the United States, where the application of value-added taxes or other indirect taxes on online retailers is uncertain and evolving. The effect of changes in tax laws and regulations is uncertain and dependent on a number of factors. Depending on the content of any indirect tax legislation, the role of third-party compliance vendors may change, we may need to invest substantial amounts to modify our solutions or our business model, we could see a decrease in demand, we could see new competitors enter the market, or we could be negatively impacted by such legislation in a way not yet known.

We are exposed to cybersecurity and data privacy risks that, if realized, could expose us to legal liability, damage our reputation and harm our business.

We face risks of cyber-attacks, computer hacks, theft, viruses, malicious software, phishing, employee error, denial-of-service attacks and other security breaches that could jeopardize the performance of our software and expose us to financial and reputational harm. Any of these occurrences could create liability for us, put our reputation in jeopardy and harm our business. Such harm could be in the form of theft of our or our customers' confidential information, the inability of our customers to access our systems or the improper re-routing of customer funds through fraudulent transactions or other frauds perpetrated to obtain inappropriate payments. In some cases, we rely on the safeguards put in place by third parties to protect against security threats. These third parties, including vendors that provide products and services for our operations, could also be a source of security risk to us in the event of a failure or a security incident affecting their own security systems and infrastructure. Our network of ecosystem partners could also be a source of vulnerability to the extent their applications interface with ours, whether unintentionally or through a malicious backdoor. We do not review the software code included in third-party integrations in all instances. Because the techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until launched against a target, we or these third parties may be unable to anticipate these techniques or to implement adequate preventative measures. We have internal controls designed to prevent cyber-related frauds related to authorizing the transfer of funds, but such internal controls may not be adequate. With the increasing frequency of cyber-related frauds to obtain inappropriate payments and other threats related to cyber-attacks, we may find it necessary to expend resources to remediate cyber-related incidents or to enhance and strengthen our cybersecurity. Our remediation efforts may not be successful and could result in interruptions, delays or cessation of service. Although we have insurance coverage for losses associated with cyber-attacks, as with all insurance policies, there are coverage exclusions and limitations, and our coverage may not be sufficient to cover all possible

claims, and we may still suffer losses that could have a material adverse effect on our reputation and business.

Our customers provide us with information that our solutions store, some of which may be confidential information about them or their financial transactions. In addition, we store personal information about our employees and, to a lesser extent, those who purchase products or services from our customers. We have security systems and information technology infrastructure designed to protect against unauthorized access to such information. The security systems and infrastructure we maintain may not be successful in protecting against all security breaches and cyber-attacks, social-engineering attacks, computer break-ins, theft and other improper activity. Threats to our information technology security can take various forms, including viruses, worms and other malicious software programs that attempt to attack our solutions or platform or to gain access to the data of our customers or their customers. Like other companies, we have on occasion and will continue to experience threats to our data and systems. Any significant data breach could result in the loss of business, litigation and regulatory investigations, loss of customers and fines and penalties that could damage our reputation and brand and adversely affect the growth of our business.

We may become involved in material legal proceedings and audits, the outcomes which could adversely affect our business, results of operations, financial condition and cash flows.

From time to time, we are involved in claims, suits, investigations, audits and proceedings arising in the ordinary course of our business, and we may in the future become involved in legal proceedings and audits that could have a material adverse effect on our business, results of operations, financial condition and cash flows. Claims, suits, investigations, audits and proceedings are inherently difficult to predict and their results are subject to significant uncertainties, many of which are outside of our control. Regardless of the outcome, such legal proceedings could have a negative impact on us due to legal costs, diversion of management resources and other factors. In addition, it is possible that a resolution of one or more such proceedings could result in reputational harm, substantial settlements, judgments, fines or penalties, criminal sanctions, consent decrees or orders preventing us from offering certain features, functionalities, products or services, requiring us to change our development process or other business practices.

There is also inherent uncertainty in determining reserves for these matters. There is significant judgment required in the analysis of these matters, including assessing the probability of potential outcomes and determining whether a potential exposure can be reasonably estimated. Further, it may take time to develop factors on which reasonable judgments and estimates can be based. If we fail to establish appropriate reserves, our business could be negatively impacted.

Undetected errors, bugs or defects in our software could harm our reputation or decrease market acceptance of our software, which would harm our business and results of operations.

Our software may contain undetected errors, bugs or defects. We have experienced these errors, bugs or defects in the past in connection with new software and software upgrades and we expect that errors, bugs or defects may be found from time to time in the future in new or enhanced software after their commercial release. Our software is often used in connection with large-scale computing environments with different operating systems, system management software, equipment and networking configurations, which may cause or reveal errors or failures in our software or in the computing environments in which they are deployed. Despite testing by us, errors, bugs or defects may not be found in our software until they are used by our customers. In the past, we have discovered errors, bugs and defects in our software after they have been deployed to customers.

Any errors, bugs, defects, disruptions in service or other performance problems with our software may damage our customers' businesses and could hurt our reputation, brand and business. We may also

be required, or may choose, for customer relations or other reasons, to expend additional resources to correct actual or perceived errors, bugs or defects in our software. If errors, bugs or defects are detected or perceived to exist in our software, we may experience negative publicity, loss of competitive position or diversion of the attention of our key personnel, our customers may delay or withhold payment to us or elect not to renew their subscriptions, or other significant customer relations problems may arise. We may also be subject to liability claims for damages related to errors, bugs or defects in our software. A material liability claim or other occurrence that harms our reputation or decreases market acceptance of our software may harm our business and results of operations.

Our software utilizes open-source software, and any defects or security vulnerabilities in the open-source software could negatively affect our business.

Certain of our software employs open-source software and we expect to use open-source software in the future. To the extent that our software depends upon the successful operation of open-source software, any undetected errors or defects in this open-source software could prevent the deployment or impair the functionality of our software, delay the introduction of new solutions, result in a failure of our software, and injure our reputation. For example, undetected errors or defects in open source software could render it vulnerable to breaches or security attacks, and, in conjunction, make our systems more vulnerable to data breaches.

In addition, the terms of various open-source licenses have not been interpreted by United States courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to market certain of our software solutions. Some open-source licenses might require us to make our source code available for no cost, to make publicly available source code for modifications or derivative works that we create based upon, incorporating or using the open source software, and/or to license such modifications or derivative works under the terms of the particular open source license. While we try to insulate our proprietary code from the effects of such open-source license provisions, we cannot guarantee we will be successful. In addition to risks related to open-source license requirements, usage of open-source software can lead to greater risks than use of third-party commercial software, as open-source licensors generally do not provide warranties or controls on the origin of the software. Many of the risks associated with usage of open-source software cannot be eliminated and could negatively affect our business, financial condition and results of operations.

We rely on third-party data centers, systems and technologies to operate our business, and interruptions or performance problems with these third-party providers may adversely affect our business and results of operations.

We rely on data centers and other technologies and services provided by third parties in order to operate our business. If any of these services becomes unavailable or otherwise is unable to serve our requirements, there could be interruptions to our software and provision of services to our customers. Our business depends on our ability to protect the growing amount of information stored in data centers and related systems, offices and hosting facilities against damage from earthquakes, floods, fires, other extreme weather conditions, power loss, telecommunications failures, hardware failures, viruses, terrorist attacks, acts of war, unauthorized electronic or physical intrusion, overload conditions and other events. If our data centers or related systems fail to operate properly or become disabled even for a brief period of time, we could suffer financial loss, a disruption of our business, liability to customers or damage to our reputation. Our response to any type of disaster may not be successful in preventing the loss of customer data, service interruptions, disruptions to our operations or damage to our important facilities. Our data center providers have no obligations to renew their agreements with us on commercially reasonable terms, or at all, and it is possible that we will not be able to switch our operations to another provider in a timely and cost-effective manner should the need arise. If we are unable to renew our agreements with these providers on commercially reasonable terms, or if in the future we add additional data center facility providers, we may face additional costs or expenses or downtime, which could harm our business.

We also rely on computer hardware purchased or leased from, software licensed from, content licensed from and services provided by a variety of third parties, which include database, operating system, virtualization software, tax requirement content and geolocation content and services. Any errors, bugs or defects in such third-party hardware, software, content or services could result in errors or a failure of our solutions, which could harm our business. In the future, we might need to license other hardware, software, content or services to enhance our solutions and meet evolving customer requirements. Any inability to license or otherwise obtain such hardware or software could result in a reduction in functionality, or errors or failures of our products, until equivalent technology is either developed by us or, if available, is identified, obtained through purchase or license, and integrated into our solutions, any of which may reduce demand for our solutions and increase our expenses. In addition, third-party licenses may expose us to increased risks, including risks associated with the integration of new technology, the diversion of resources from the development of our own proprietary technology, and our inability to generate revenue from new technology sufficient to offset associated acquisition and maintenance costs, all of which may increase our expenses and harm our results of operations.

If we fail to effectively protect, maintain and enhance our brand, our business may suffer.

As a leader in our industry for over 40 years, our brand is one of our most valuable assets, and any failure to protect our brand could cause our business to suffer. In addition, the promotion of our brand requires us to make substantial expenditures, and we anticipate that the expenditures will increase as our market becomes more competitive and as we expand into new regions. The demand for and cost of online and traditional advertising have been increasing and may continue to increase. Our brand promotion efforts will require investment not just in our indirect tax solutions, but also in our full suite of software and services. To the extent that these activities yield increased revenue, this revenue may not offset the increased expenses we incur. If we do not successfully maintain and enhance our brand, our business may not grow, we may have reduced pricing power relative to competitors and we could lose customers or fail to attract potential new customers, all of which would adversely affect our business, results of operations, financial condition and cash flows.

Changes in the application, scope, interpretation or enforcement of laws and regulations pertaining to our operations may harm our business or results of operations, subject us to liabilities and require us to implement new compliance programs or business methods.

We perform a number of critical business functions for our customers, including remittance of the taxes our customers owe to taxing authorities. Our electronic payment of customers' taxes may be subject to federal or state laws or regulations relating to money transmission. The Federal Bank Secrecy Act requires that financial institutions, of which money transmitters are a subset, register with the U.S. Department of Treasury's Financial Crimes Enforcement Network and maintain policies and procedures reasonably designed to monitor, identify, report and, where possible, avoid money laundering and criminal or terrorist financing by customers. Most U.S. states also have laws that apply to money transmitters, and impose various licensure, examination and bonding requirements on them. We believe these federal and state laws and regulations were not intended to cover the business activity of remitting transaction taxes that taxpayers owe to the various states and localities. However, if federal or state regulators were to apply these laws and regulations to this business activity, whether through expansion of enforcement activities, new interpretations of the scope of certain of these laws or regulations or of available exemptions, or if our activities are held by a court to be covered by such laws or regulations, we could be required to expend time, money and other resources to deal with enforcement actions and any penalties that might be asserted, to institute and maintain a compliance program specific to money transmission laws, and possibly to change aspects of how we conduct our business to achieve compliance or minimize regulation. Application of these laws to our business could also make it more difficult or costly for us to maintain our banking relationships. Financial institutions

may also be unwilling to provide banking services to us due to concerns about the large dollar volume moving in and out of our accounts on behalf of our customers in the ordinary course of our business. As we continue to expand the solutions we offer and the jurisdictions in which we offer them, we could become subject to other licensing, examination or regulatory requirements relating to financial services.

Determining the taxes owed by our customers involves providing solutions tailored to the types and prices of products our customers sell, as well as information regarding addresses that products are shipped from and delivered to. Numerous federal, state and local laws and regulations govern the collection, dissemination, use and safeguarding of personal information and other data, the scope of which is changing, subject to differing interpretations, and which may be costly to comply with, inconsistent between jurisdictions or conflicting with other rules. We may be subject to these laws in certain circumstances. Most states have also adopted laws that require notice be given to affected consumers in the event of a security breach. In the event of a security breach, our compliance with these laws may subject us to costs associated with notice and remediation, as well as potential investigations from federal regulatory agencies and state attorneys general. A failure on our part to safeguard consumer data adequately or to destroy data securely may subject us, depending on the personal information in question, to costs associated with notice and remediation, as well as to potential regulatory investigations or enforcement actions, and possibly to civil liability, under federal or state data security or unfair practices or consumer protection laws. If federal or state regulators were to expand their enforcement activities, or change their interpretation of the applicability of these laws, or if new laws regarding privacy and protection of consumer data were to be adopted, the burdens and costs of complying with them could increase significantly, negatively affecting our results of operations and possibly the manner in which we conduct our business. For example, the European Union's General Data Protection Regulation requires certain operational changes for companies that receive or process personal data of residents of the EU and includes significant penalties for noncompliance. In addition, other governmental authorities around the world are considering implementing similar types of legislative and regulatory proposals concerning data protection. We may incur significant costs to comply with these mandatory privacy and security standards.

If economic conditions worsen, it may negatively affect our business and financial performance.

Our financial performance depends, in part, on the state of the economy, both in the United States and globally. Declining levels of economic activity may lead to declines in spending and customer revenue, which may result in decreased revenue for us. Concern about the strength of the economy may slow the rate at which businesses of all sizes are willing to hire an outside vendor to perform the determination and remittance of their transaction taxes and filing of related returns. If our customers and potential customers experience financial hardship as a result of a weak economy, industry consolidation or other factors, the overall demand for our solutions could decrease. If economic conditions worsen, our business, results of operations, financial condition and cash flows could be harmed.

Natural disasters, epidemic outbreaks, terrorist acts and political events could disrupt business and result in lower sales and otherwise have a material adverse effect on our business, financial performance and results of operations.

The occurrence of one or more major natural disasters, unusual weather conditions, epidemic outbreaks, terrorist attacks or disruptive political events, each of which is out of our control, may result in reduced consumer and supplier spending and transactions, which in turn could cause our revenues to decline and our business to suffer. Natural disasters including tornados, hurricanes, floods and earthquakes may damage the facilities of our customers or those of their suppliers or retailers or their other operations, which could lead to reduced revenue for our customers and thus less transaction tax due. In addition, a global epidemic outbreak may have a material adverse effect on global economic conditions, consumer spending and the stability of global financial markets. For example, in December

2019, a novel strain of coronavirus ("COVID-19") appeared. The COVID-19 pandemic is having widespread, rapidly evolving and unpredictable impacts on global society, economies, financial markets and business practices. Federal and state governments have implemented measures in an effort to contain the virus, including social distancing, travel restrictions, border closures, limitations on public gatherings, work-from-home, supply chain logistical changes and closure of non-essential businesses. To protect the health and well-being of our employees and customers, we have made substantial modifications to employee travel policies, closed our offices as employees are advised to work-from-home and cancelled or shifted our conferences and other marketing events to virtual-only. The COVID-19 pandemic has impacted and may continue to adversely impact our business operations, including our employees, customers and partners, and there is substantial uncertainty in the nature and degree of its continued effects over time. The extent to which the COVID-19 pandemic impacts our business going forward will depend on numerous evolving factors that we cannot reliably predict, including (i) the duration and scope of the pandemic; (ii) actions of governments, businesses and individuals in response to the pandemic and (iii) the impact on economic activity including the possibility of recession or financial market instability. These factors may adversely impact consumer and business spending as well as customers' ability to pay for our software and solutions on an ongoing basis. Similarly, terrorist attacks or disruptive political events, such as the imposition of retaliatory tariffs or governmental trade or price manipulation, could cause our customers, or their customers, to defer spending plans or otherwise reduce their economic activity. If any of the foregoing risks were to be realized, it could have a material adverse effect on or business, financial performance and results of operations.

We are subject to anti-corruption, anti-bribery and similar laws and noncompliance with such laws can subject us to criminal penalties or significant fines and harm our business and reputation.

We are subject to requirements under the U.S. Treasury Department's Office of Foreign Assets Control, anti-corruption, anti-bribery and similar laws, such as the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, the U.K. Bribery Act 2010, and other anti-corruption, anti-bribery and anti-money laundering laws in countries in which we conduct activities. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly and prohibit companies and their employees and agents from promising, authorizing, making, offering or providing anything of value to a "foreign official" for the purposes of influencing official decisions or obtaining or retaining business, or otherwise obtaining favorable treatment. As we increase our international operations, our risks under these laws may increase. Non-compliance with these laws could subject us to investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, adverse media coverage and other consequences. Any investigations, actions or sanctions could harm our business, results of operations, financial condition and cash flows.

In addition, in the future we may use third parties to sell access to our software and conduct business on our behalf abroad. We or such future third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities, and we can be held liable for the corrupt or other illegal activities of such future third-party intermediaries, and our employees, representatives, contractors, partners and agents, even if we do not explicitly authorize such activities. We cannot provide assurance that our internal controls and compliance systems will always protect us from liability for acts committed by employees, agents or business partners of ours (or of businesses we acquire or partner with) that would violate U.S. and/or non-U.S. laws, including the laws governing payments to government officials, bribery, fraud, kickbacks, false claims, pricing, sales and marketing practices, conflicts of interest, competition, employment practices and workplace behavior, export and import compliance, economic and trade sanctions, money laundering, data privacy and other related laws. Any such improper actions or allegations of such acts

could subject us to significant sanctions, including civil or criminal fines and penalties, disgorgement of profits, injunctions and debarment from government contracts, as well as related stockholder lawsuits and other remedial measures, all of which could adversely affect our reputation, business, results of operations and financial condition.

Any violation of economic and trade sanction laws, export and import laws, the FCPA or other applicable anti-corruption laws or anti-money laundering laws could also result in whistleblower complaints, adverse media coverage, investigations and severe criminal or civil sanctions, any of which could have a materially adverse effect on our reputation, business, results of operations and prospects.

Our ability to protect our intellectual property is limited, and we may be subject to claims of infringement by third parties.

Our success depends, in part, upon our proprietary technology, processes, trade secrets, and other proprietary information and our ability to protect this information from unauthorized disclosure and use. We primarily rely upon a combination of copyright, trademark and trade secret laws, as well as confidentiality procedures, contractual provisions and other similar measures to protect our proprietary or confidential information and intellectual property. Our trademarks and service marks include VERTEX™ and O Series™, which is our flagship indirect tax solution. Despite our efforts to protect our proprietary rights and intellectual property, unauthorized parties may attempt to copy aspects of our solutions or to obtain and use information that we regard as proprietary, and third parties may attempt to independently develop similar technology, and policing unauthorized use of our technology and intellectual property rights may be difficult and may not be effective.

In addition, third parties may claim infringement by us with respect to current or future solutions or other intellectual property rights. The software and technology industries are characterized by the existence of a large number of patents, trademarks and copyrights and by frequent litigation based on allegations of infringement or other violations of intellectual property rights. The outcome of any claims or litigation, regardless of the merits, is inherently uncertain. Any claims and lawsuits to enforce our intellectual property rights or to defend ourselves against claims of infringement of third-party intellectual property rights, and the disposition of such claims and lawsuits, whether through settlement or licensing discussions, or litigation, could be time-consuming and expensive to resolve, divert management attention from executing our strategies, result in efforts to enjoin our activities, lead to attempts on the part of other parties to pursue similar claims, and, in the case of intellectual property claims, require us to change our technology, change our business practices, pay monetary damages, or enter into short- or long-term royalty or licensing agreements. Any adverse determination related to intellectual property claims or other litigation could prevent us from offering our solutions to others, could be material to our financial condition or cash flows, or both, or could otherwise harm our results of operations.

Our ability to obtain additional capital on commercially reasonable terms may be limited.

We intend to continue to make investments to support our business growth and may require additional funds, beyond those generated by this offering, to respond to business challenges, including to better support and serve our customers, develop new software or enhance our existing solutions, improve our operating and technology infrastructure or acquire complementary businesses and technologies. Accordingly, we may need to engage in public or private equity, equity-linked or debt financings to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our Class A common stock. Any debt financing that we secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, including the ability to pay dividends. This may make it more difficult for us to obtain additional capital and to

pursue business opportunities, including potential acquisitions. We may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and respond to business challenges could be significantly impaired, and our business and prospects could be adversely affected.

Risks Related to Being a Public Company

If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

Ensuring that we have adequate internal financial and accounting controls and procedures in place to produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be re-evaluated frequently. The rapid growth of our operations and the planned initial public offering has created a need for additional resources within the accounting and finance functions due to the increasing need to produce timely financial information and to ensure the level of segregation of duties customary for a U.S. public company. We continue to reassess the sufficiency of finance personnel in response to these increasing demands and expectations.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our management does not expect that our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within our company will have been detected.

We have identified material weaknesses in our internal control over financial reporting and may experience additional material weaknesses in the future. Our failure to remediate these material weaknesses and maintain effective internal control over financial reporting could result in material misstatements in our financial statements, the inability to timely report our financial condition or results of operations, investors losing confidence in our reported financial information and our stock price being adversely affected.

Management and our independent registered public accounting firm have identified material weaknesses in our internal control over financial reporting that affected our financial statements for each of the years in the two year period ended December 31, 2019. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Internal Control Over Financial Reporting."

The material weaknesses in our internal control over financial reporting during each of the years ended December 31, 2018 and 2019 related to the implementation of ASC 606, application of software capitalization guidance and recording of impairments, and our procedures for segregating user access to financially significant systems, which resulted in a lack of segregation of incompatible duties.

We cannot assure you that additional material weaknesses in our internal control over financial reporting will not be identified in the future. The failure to maintain effective internal control over financial reporting could result in errors in our financial statements that could result in a restatement of financial statements, cause us to fail to meet our periodic reporting obligations and cause investors to lose confidence in our reported financial information, which could lead to a decline in our stock price.

We are an "emerging growth company" and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our Class A common stock less attractive to investors.

We are an "emerging growth company" as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates. We have elected to use this extended transition period and we intend to utilize this related to the FASB issued ASU No. 2016-02, *Leases*. This standard amends several aspects of lease accounting, including requiring lesees to recognize operating leases with a term greater than one year on their balance sheet as a right-of-use asset, and a corresponding lease liability, measured at the present value of the future minimum lease payments. The standard is effective for public companies for fiscal years beginning after December 15, 2018, and after December 15, 2020 for all other companies, with early adoption permitted. We intend to adopt this standard effective January 1, 2021 using the modified retrospective transition method and therefore will not restate comparative periods. While we have not yet quantified the impact, resulting adjustments are expected to materially increase total assets and total liabilities relative to such amounts reported prior to adoption, but not have a material impact on the consolidated statements of comprehensive income (loss) or consolidated statements of cash flows.

For as long as we continue to be an emerging growth company, we also intend to take advantage of certain other exemptions from various reporting requirements that are applicable to other public companies including, but not limited to, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our Class A common stock less attractive because we will rely on these exemptions. If some investors find our Class A common stock less attractive as a result, there may be a less active trading market for our Class A common stock and our stock price may be more volatile.

We will remain an emerging growth company until the earliest of (i) the last day of the year in which we have total annual gross revenue of $1.07 billion or more; (ii) the last day of the year following the fifth anniversary of the date of the closing of this offering; (iii) the date on which we have issued more than $1.0 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the SEC.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members.

As a public company, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the Nasdaq Global Market on which our Class A common stock will be traded and other applicable securities rules and regulations. The SEC and other regulators have continued to adopt new rules and regulations and make additional changes to existing regulations that require our compliance. Stockholder activism, the current political environment and the current high level of government intervention and regulatory reform may lead to substantial new regulations and disclosure obligations, which may lead to additional compliance costs and impact, in ways we cannot currently anticipate, the manner in which we operate our business. We will need to institute a comprehensive compliance function and establish internal policies to ensure we have the ability to prepare financial statements

that are fully compliant with all SEC reporting requirements on a timely basis and establish an investor relations function. Compliance with these rules and regulations may cause us to incur additional accounting, legal and other expenses that we did not incur as a private company. We also anticipate that we will incur costs associated with corporate governance requirements, including requirements under securities laws, as well as rules and regulations implemented by the SEC and the Nasdaq Global Market, particularly after we are no longer an "emerging growth company." We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly, while also diverting some of management's time and attention from revenue-generating activities. Furthermore, these rules and regulations could make it more difficult or more costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

Our management team has limited experience managing a public company.

Most members of our management team have limited experience managing a publicly traded company, interacting with public company investors and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage our transition to being a public company that is subject to significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents will require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could harm our business, results of operations, and financial condition.

Risks Related to This Offering and Ownership of Our Class A Common Stock

There is no existing market for our Class A common stock, and we do not know if one will develop to provide you with adequate liquidity to sell our Class A common stock at prices equal to or greater than the price you paid in this offering.

Prior to this offering, there has been no public market for our Class A common stock. We cannot predict the extent to which investor interest in our company will lead to the development of an active trading market or how liquid that market may become. If an active trading market does not develop, you may have difficulty selling any of our shares that you purchase. The initial public offering price of our Class A common stock was determined by negotiation between the underwriters, us and the selling stockholders, and may not be indicative of prices that will prevail after the completion of this offering. The market price of our Class A common stock may decline below the initial public offering price, and you may not be able to resell your shares at, or above, the initial public offering price.

Substantial future sales of shares of our Class A common stock could cause the market price of our Class A common stock to decline.

Sales of a substantial number of shares of our Class A common stock following the closing of this offering, particularly sales by our directors, executive officers and significant stockholders, or the perception that these sales might occur, could depress the market price of our Class A common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that such sales may have on the prevailing market price of our common stock.

All of our executive officers, directors and the holders of substantially all of our capital stock are subject to lock-up agreements that restrict their ability to transfer shares of our capital stock for 180 days from the date of this prospectus. Subject to certain exceptions, the lock-up agreements limit the number of shares of capital stock that may be sold immediately following this offering. Goldman Sachs & Co. LLC and Morgan Stanley & Co. LLC may, in their sole discretion, permit our stockholders who are subject to these lock-up agreements to sell shares prior to the expiration of the lock-up agreements. Upon the closing of this offering, we will have 120,417,000 outstanding shares of our Class B common stock (all of which are convertible into Class A common stock on a one-for-one basis) and 22,814,049 outstanding shares of our Class A common stock, based on the number of shares outstanding as of June 30, 2020. This includes the shares included in this offering, which may be sold in the public market immediately without restriction or further registration under the Securities Act of 1933, as amended (the "Securities Act"), except for any shares held by our affiliates as defined in Rule 144 under the Securities Act.

The dual class structure of our common stock will have the effect of concentrating voting control with those stockholders who held our capital stock prior to the completion of this offering, including our existing stockholders, who will hold in the aggregate 98% of the voting power of our capital stock following the completion of this offering. This will limit or preclude your ability to influence corporate matters, including the election of directors, amendments to our organizational documents and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval.

Our Class B common stock has ten votes per share and our Class A common stock, which is the stock we are offering in this initial public offering, has one vote per share. The dual class structure of our common stock has the effect of concentrating voting control with those stockholders who held our capital stock prior to the completion of this offering, including our current principal stockholders and their affiliates, which will limit your ability to influence the outcome of matters submitted to our stockholders for approval, including the election of our directors and the approval of any change in control transaction. Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, which will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term.

Upon the completion of this offering, our current principal stockholders and their respective affiliates will hold, in aggregate 98% of the voting power of our outstanding capital stock. For more information, see "Principal Stockholders." As a result, these stockholders, acting together, will have control over most matters that require approval by our stockholders, including the election of directors and approval of significant corporate transactions. They may also have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. Corporate action might be taken even if other stockholders, including those who purchase shares in this offering, oppose them. This concentration of ownership may have the effect of delaying, preventing or deterring a change of control or other liquidity event of our company, could deprive our stockholders of an opportunity to receive a premium for their shares of common stock as part of a sale or other liquidity event and might ultimately affect the market price of our common stock.

We cannot predict the impact our capital structure may have on our stock price.

We cannot predict whether our dual class structure will result in a lower or more volatile market price of our Class A common stock, in adverse publicity or other adverse consequences. For example, certain index providers have announced restrictions on including companies with multiple-class share structures in certain of their indices. In July 2017, the FTSE Russell announced that it plans to require new constituents of its indices to have greater than 5% of the company's voting rights in the hands of public stockholders, and S&P Dow Jones announced that it will no longer admit companies with multiple-class share structures to certain of its indices. Affected indices include the Russell 2000 and

the S&P 500, S&P MidCap 400 and S&P SmallCap 600, which together make up the S&P Composite 1500. Also in 2017, Morgan Stanley Capital International ("MSCI"), a leading stock index provider, opened public consultations on their treatment of no-vote and multi-class structures and temporarily barred new multi-class listings from certain of its indices; however, in October 2018, MSCI announced its decision to include equity securities "with unequal voting structures" in its indices and to launch a new index that specifically includes voting rights in its eligibility criteria. Under such announced policies, the dual class structure of our common stock would make us ineligible for inclusion in certain indices and, as a result, mutual funds, exchange-traded funds and other investment vehicles that attempt to passively track those indices would not invest in our Class A common stock. It is unclear what effect, if any, these policies will have on the valuations of publicly traded companies excluded from such indices, but it is possible that they may depress valuations, as compared to similar companies that are included. As a result, the market price of our Class A common stock could be adversely affected.

The price of our Class A common stock may fluctuate significantly, and you could lose all or part of your investment.

The market price of our Class A common stock is likely to be volatile and could be subject to wide fluctuations in response to many risk factors listed in this section, and others beyond our control, including:

- actual or anticipated fluctuations in our results of operations and financial condition;
- variance in our financial performance from expectations of securities analysts;
- changes in our software subscription revenue;
- changes in our projected operating and financial results;
- changes in tax laws or regulations;
- announcements by us or our competitors of significant business developments, acquisitions or new offerings;
- our involvement in any litigation;
- our sale of our Class A common stock or other securities in the future;
- changes in senior management or key personnel;
- the trading volume of our Class A common stock;
- changes in the anticipated future size and growth rate of our market; and
- general economic, regulatory and market conditions.

Recently, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry fluctuations, as well as general economic, political, regulatory and market conditions, may negatively impact the market price of our Class A common stock. If the market price of our Class A common stock after this offering does not exceed the public offering price, you may lose some or all of your investment. In the past, companies that have experienced volatility in the market price of their securities have been subject to securities class action litigation. We may be the target of this type of litigation in the future, which could result in substantial costs and divert our management's attention.

We intend to enter into a tax sharing agreement with our existing stockholders and could become obligated to make payments to our existing stockholders for any additional federal, state or local income taxes assessed against them for tax periods prior to the completion of this offering.

Prior to this offering, we have elected to be treated as an S Corporation for U.S. federal income tax purposes, as a result of which, our existing stockholders have been required to pay income taxes attributable to our earnings. We have historically paid distributions to our existing stockholders, which have assisted them in paying such income taxes. In connection with this offering, our S Corporation status will terminate and we will thereafter be subject to federal and increased state income taxes. Our existing stockholders may be required to pay additional income taxes for periods prior to the termination of our S Corporation status as a result of an adjustment to our taxable income for periods beginning after our S corporation status terminates. Accordingly, we intend to enter into an agreement with our existing stockholders in connection with this offering pursuant to which we may be required to make payments in material amounts to our existing stockholders with respect to any incremental income taxes resulting from an adjustment to our taxable income for any period beginning after our S Corporation status terminates. Furthermore, this agreement requires us to indemnify our existing stockholders with respect to unpaid income tax liabilities attributable to our taxable income for any period after the termination of our S Corporation status. We will also indemnify our existing stockholders for any interest, penalties, losses, costs or expenses arising out of any claim under the agreement. However, our existing stockholders will indemnify us with respect to our unpaid tax liabilities (including interest and penalties) to the extent that such unpaid tax liabilities are attributable to a decrease in our existing stockholders' taxable income for any period and a corresponding increase in our taxable income for any period. See "Certain Relationships and Related Party Transactions—Tax Sharing Agreement."

Prior to this offering, we were treated as an S Corporation, and claims of taxing authorities related to our prior status as an S Corporation could harm us.

In connection with this offering, our status as an S Corporation will terminate and we will be taxed as a C Corporation, which is subject to entity-level federal income taxes under the Code. If one or more tax years for which we filed a tax return as an S Corporation are audited by the IRS, and we are determined not to have qualified for, or not to have properly maintained, our S Corporation status, we may be obligated to pay entity-level income tax, plus interest and possible penalties. The amounts that we could be obligated to pay could include taxes with respect to all of our taxable income for periods when we believed we properly were treated as an S Corporation. Any such claims could result in additional costs to us and could have a material adverse effect on our financial results.

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

We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any dividends on our Class A common stock in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our board of directors. Consequently, your only opportunity to achieve a return on your investment in our company will be if the market price of our Class A common stock appreciates and you sell your shares at a profit. There is no guarantee that the price of our Class A common stock that will prevail in the market will ever exceed the price that you paid.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our Class A common stock adversely, the trading price of our Class A common stock and trading volume could decline.

The trading market for our Class A common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. We do not control these analysts. If any of the analysts who cover us downgrade our Class A common stock or our industry, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business, the price of our Class A common stock may decline. If analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the price or trading volume of our Class A common stock to decline and our Class A common stock to be less liquid.

Purchasers in this offering will experience immediate and substantial dilution in the net tangible book value of their investment.

The offering price of our Class A common stock is substantially higher than the net tangible book value per share of our Class A common stock, which after giving effect to this offering was $(0.19) per share of our Class A common stock as of June 30, 2020. As a result, you will incur immediate and substantial dilution in net tangible book value when you buy our Class A common stock in this offering. This means that you will pay a higher price per share than the amount of our total tangible assets, less our total liabilities, divided by the number of shares of all of our common stock outstanding. In addition, you may also experience additional dilution if rights to purchase our common stock that are outstanding or that we may issue in the future are exercised or converted or we issue additional shares of our common stock at prices lower than our net tangible book value at such time. See "Dilution."

Anti-takeover provisions contained in our charter documents and Delaware law could prevent a takeover that stockholders consider favorable and could also reduce the market price of our stock.

Our amended and restated certificate of incorporation will contain provisions that could delay or prevent a change in control of our company. These provisions could also make it more difficult for stockholders to elect directors and take other corporate actions. These provisions include:

- authorizing blank check preferred stock, which could be issued with voting, liquidation, dividend and other rights superior to our common stock;
- staggering the terms of our directors by providing that our board of directors will be divided into three classes, with the classes as nearly equal in number as possible and each class serving three-year staggered terms;
- in certain circumstances, limiting the ability of our stockholders to call and bring business before special meetings and to take action by consent in lieu of a meeting;
- requiring advance notice of stockholder proposals for business to be conducted at meetings of our stockholders and for nominations of candidates for election to our board of directors;
- providing our board of directors with the express power to postpone previously scheduled annual meetings and to cancel previously scheduled special meetings; and
- in certain circumstances, limiting the determination of the number of directors on our board of directors and the filling of vacancies or newly created seats on the board to our board of directors then in office.

These and other provisions in our amended and restated certificate of incorporation and under Delaware law could discourage potential takeover attempts, reduce the price investors might be willing to pay in the future for shares of our Class A common stock and result in the market price of our

Class A common stock being lower than it would be without these provisions. For more information, see the section of this prospectus captioned "Description of Capital Stock—Anti-Takeover Provisions."

Our amended and restated certificate of incorporation will provide, subject to certain exceptions, that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for certain stockholder litigation matters, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or stockholders.

Our amended and restated certificate of incorporation that will become effective immediately prior to the closing of this offering provides that the Court of Chancery of the State of Delaware is the exclusive forum for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of a fiduciary duty owed by, or other wrongdoing by, any of our current or former directors, officers, employees or our stockholders;
- any action asserting a claim against us arising under the Delaware General Corporation Law ("DGCL"), our amended and restated certificate of incorporation, or our amended and restated bylaws (as either may be amended from time to time) or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware; and
- any action asserting a claim against us that is governed by the internal-affairs doctrine.

By becoming a stockholder in our Company, you will be deemed to have notice of and have consented to the provisions of our amended and restated certificate of incorporation related to choice of forum. This exclusive forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees. This provision will not apply to claims arising under the Securities Act, the Exchange Act or other federal securities laws for which there is exclusive federal or concurrent federal and state jurisdiction. If a court were to find the exclusive forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could seriously harm our business.

We are a "controlled company" within the meaning of the Nasdaq Rules and, as a result, expect to qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.

After this offering, our current principal stockholders will continue to beneficially own a majority of the combined voting power of all classes of our outstanding voting stock. As a result, we will continue to be a controlled company within the meaning of the applicable stock exchange corporate governance standards. Under the Nasdaq Rules, a company of which more than 50% of the voting power is held by another person or group of persons acting together is a controlled company and may elect not to comply with certain corporate governance requirements, including the requirements that:

- a majority of the board of directors consist of independent directors as defined under the rules of the Nasdaq Global Market;
- the nominating and governance committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the compensation committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities.

These requirements will not apply to us as long as we remain a controlled company. We have elected to take advantage of the exemption from the requirement that a majority of our board of directors consist of independent directors and that our nominating and corporate governance committee consist entirely of independent directors. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the Nasdaq Global Market.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Any statements made in this prospectus that are not statements of historical fact, including statements about our beliefs and expectations, are forward-looking statements and should be evaluated as such. Forward-looking statements include information concerning possible or assumed future results of operations, including descriptions of our business plan and strategies. These statements often include words such as "anticipate," "expect," "suggests," "plan," "believe," "intend," "estimates," "targets," "projects," "should," "could," "would," "may," "will," "forecast" and other similar expressions. These forward-looking statements are contained throughout this prospectus, including the sections entitled "Prospectus Summary," "Risk Factors," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." We base these forward-looking statements on our current expectations, plans and assumptions that we have made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances at such time. As you read and consider this prospectus, you should understand that these statements are not guarantees of future performance or results. The forward-looking statements are subject to and involve risks, uncertainties and assumptions, and you should not place undue reliance on these forward-looking statements. Although we believe that these forward-looking statements are based on reasonable assumptions at the time they are made, you should be aware that many factors could affect our actual results or results of operations and could cause actual results to differ materially from those expressed in the forward-looking statements. Factors that may materially affect such forward-looking statements include:

- our ability to attract new customers on a cost-effective basis and the extent to which existing customers renew and upgrade their subscriptions;
- our ability to sustain and expand revenues, maintain profitability, and to effectively manage our anticipated growth;
- the timing of our introduction of new solutions or updates to existing solutions;
- our ability to successfully diversify our solutions by developing or introducing new solutions or acquiring and integrating additional businesses, products, services or content;
- our ability to maintain and expand our strategic relationships with third parties;
- risks related to our expanding international operations;
- our ability to deliver our solutions to customers without disruption or delay;
- our exposure to liability from errors, delays, fraud or system failures, which may not be covered by insurance;
- risks related to our determinations of customers' transaction tax and tax payments;
- risks related to changes in tax laws and regulations or their interpretation or enforcement;
- our ability to manage cybersecurity and data privacy risks;
- risks related to failures in information technology, infrastructure and third party service providers;
- our ability to effectively protect, maintain and enhance our brand;
- global economic weakness and uncertainties, and disruption in the capital and credit markets;
- business disruptions related to natural disasters, epidemic outbreaks, terrorist acts, political events or other events outside of our control;

- our ability to comply with anti-corruption, anti-bribery and similar laws;
- changes in interest rates, security ratings and market perceptions of the industry in which we operate, or our ability to obtain capital on commercially reasonable terms or at all;
- any statements of belief and any statements of assumptions underlying any of the foregoing;
- other factors disclosed in this prospectus; and
- other factors beyond our control.

These cautionary statements should not be construed by you to be exhaustive and are made only as of the date of this prospectus. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of the shares of our Class A common stock in this offering will be approximately $290.3 million, based upon an initial public offering price of $15.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters exercise their over-allotment option to purchase additional shares in this offering in full, we estimate that our net proceeds will be approximately $327.2 million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We will not receive any of the proceeds from any sale of shares in this offering by the selling stockholders.

We intend to use a portion of the net proceeds to repay all outstanding indebtedness under our existing New Credit Agreement and to pay related fees and expenses. As of March 31, 2020, our indebtedness includes $175.0 million outstanding under the term loan entered into under the New Credit Agreement. Proceeds from the term loan were used to repay amounts outstanding under the Company's previous credit agreement of $61.7 million, with the balance being used to fund a portion of a $123.0 million dividend to our stockholders on May 29, 2020, $122.8 million of which was paid to our directors Amanda Westphal Radcliffe, Stefanie Westphal Thompson and Jeffrey Westphal and, in each case, related trusts held for his or her benefit or the benefit of his or her immediate family. The term loan bears interest at a rate of 2.50% and will become due in March 2023. In addition, we intend to use approximately $17.4 million of the proceeds from this offering to pay for costs we expect to incur in connection with the amendment of outstanding SARs as part of this offering. See "Executive Compensation." The remainder of the net proceeds will be used for working capital and other general corporate purposes, including investments in our products, technology and sales force. Under the terms of the New Credit Agreement, this offering will constitute a triggering event, which will require the immediate repayment of the New Term Loan.

Each $1.00 increase (decrease) in the assumed initial public offering price of $15.00 per share would increase (decrease) the net proceeds that we receive from this offering by approximately $19.8 million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1,000,000 shares in the number of shares of Class A common stock offered by us would increase (decrease) the net proceeds that we receive from this offering by approximately $14.0 million, assuming the assumed initial public offering price remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

DIVIDEND POLICY

Historically, we have been an S Corporation, and as such, we have paid distributions to our existing stockholders, which have assisted them in paying the U.S. federal and state income taxes on our taxable income that is "passed through" to them, and we have historically made additional distributions to them for returns on capital.

We do not currently anticipate paying dividends on our Class A or Class B common stock. Any declaration and payment of future dividends to holders of our Class A and Class B common stock will be at the discretion of our board of directors and will depend on many factors, including our financial condition, earnings, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that our board of directors deems relevant. In addition, the terms of the agreements governing our indebtedness may limit our ability to pay dividends.

CAPITALIZATION

The following table sets forth our consolidated cash and cash equivalents and capitalization as of March 31, 2020, as follows

(a) on an actual basis;

(b) on a pro forma basis to give effect to (i) the termination of our status as an S Corporation in connection with and prior to the closing of this offering, which we expect will result in an approximate $8.5 million tax benefit with an equal decrease in stockholders' deficit based on our estimate of the impact of the conversion as of March 31, 2020, (ii) prior to the closing of this offering, the reclassification of our existing voting and non-voting stock into 172,500 shares of Class A common stock and 120,417,000 shares of Class B common stock and (iii) the payment of a dividend in the amount of $123.0 million to our existing stockholders (which was completed on May 29, 2020); and

(c) on a pro forma as adjusted basis to give effect to the (i) the pro forma adjustments described in the preceding clause, (ii) the issuance of (x) 612,886 shares of Class A common stock in connection with the amendment and exercise of certain fully vested SARs and (y) 878,663 shares of Class A common stock and restricted stock in connection with awards under the 2020 Plan and (iii) the issuance and sale by us of 21,150,000 shares of Class A common stock in this offering at an assumed initial public offering price of $15.00 per share (which is the midpoint of the range set forth on the cover page of this prospectus), after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, and the use of proceeds therefrom, including the repayment of all outstanding indebtedness under the New Credit Agreement and the payment of $17.4 million in costs we expect to incur in connection with the amendment of outstanding SARs as part of this offering as set forth under the heading "Use of Proceeds."

The information in this table should be read in conjunction with "Use of Proceeds," "Selected Consolidated Financial Information," "Management's Discussion and Analysis of Financial Condition

and Results of Operations" and our financial statements and related notes thereto appearing elsewhere in this prospectus.

	As of March 31, 2020		
	Actual	Pro forma	Pro forma as adjusted
	(Unaudited) (amounts in thousands, except share and per share data)		
Cash and cash equivalents[1][2]	$ 40,416	$ 27,416	$ 125,333
Funds held for stockholder dividends	110,000	—	—
Total cash, cash equivalents and funds held for stockholder dividends	$ 150,416	$ 27,416	$ 125,333
Debt:			
New Credit Agreement	$ 173,153	$ 173,153	$ —
Capitalized leases	670	670	670
Total debt	173,823	173,823	670
Total stockholders' deficit:			
Existing voting common stock, $0.001 par value, 200,000 shares authorized, 100,000 shares issued, 49,000 shares outstanding, actual; no shares authorized, issued or outstanding, on a pro forma and pro forma as adjusted basis	—	—	—
Existing non-voting common stock, $0.001 par value, 99,800,000 shares authorized, 54,099,000 shares issued, 40,090,000 shares outstanding, actual or pro forma as adjusted; no shares authorized, issued or outstanding, on a pro forma and pro forma as adjusted basis	54	—	—
Class A common stock, $0.001 par value; no shares authorized or issued, actual or pro forma as adjusted; 300,000,000 shares authorized and 172,500 issued and outstanding on a pro forma basis; 300,000,000 shares authorized and 22,814,049 issued and outstanding on a pro forma as adjusted basis	—	—	23
Class B common stock, $0.001 par value; no shares authorized or issued, actual; 150,000,000 shares authorized and 120,417,000 shares issued and outstanding, on a pro forma and a pro forma as adjusted basis	—	120	120
Additional paid in capital	—	(292,221)	(1,960)
Accumulated deficit	(139,017)	—	(1,847)
Accumulated other comprehensive loss	(3,489)	(3,489)	(3,489)
Treasury stock	(38,638)	—	—
Total stockholders' deficit[1][2]	(181,090)	(295,590)	(7,153)
Total capitalization[1][2]	$ (7,267)	$ (121,767)	$ (6,483)

(1) Each $1.00 increase or decrease in the assumed initial public offering price of $15.00 per share (which is the midpoint of the price range set forth on the cover page of this prospectus) would increase or decrease each of cash and cash equivalents, total stockholders' deficit and total capitalization on a pro forma as adjusted basis by approximately $19.8 million, assuming the number of shares offered, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

(2) Each 1,000,000 share increase or decrease in the number of shares offered in this offering would increase or decrease each of cash and cash equivalents, total stockholders' deficit and total

capitalization on a pro forma as adjusted basis by approximately $14.0 million, assuming that the price per share for the offering remains at $15.00 (which is the midpoint of the price range set forth on the cover page of this prospectus), and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The number of shares of our Class A and Class B common stock to be outstanding after completion of this offering is based on 1,664,049 shares of our Class A common stock and 120,417,000 shares of our Class B common stock outstanding as of June 30, 2020 after giving effect to the reclassification and the issuances of Class A common stock in connection with this offering and the amendment and exercise of certain SARs and the restricted stock awards to be made as part of this offering, which excludes shares of Class A common stock reserved for issuance under the 2020 Plan and the 2020 ESPP, which we plan to adopt in connection with this offering.

DILUTION

If you invest in our Class A common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share of our Class A common stock and the pro forma as adjusted net tangible book value per share of our Class A common stock after this offering. Dilution results from the fact that the per share public offering price of the Class A common stock is substantially in excess of the book value per share of our Class A common stock after this offering. Our pro forma net tangible book value as of March 31, 2020 was $(315.8) million, or $(2.62) per share of our Class A common stock, after giving effect to (i) the termination of our status as an S Corporation in connection with and prior to the closing of this offering, (ii) prior to the closing of this offering, the reclassification of our existing Class A common stock and Class B common stock into 172,500 shares of Class A common stock and 120,417,000 shares of Class B common stock and (iii) the payment of a dividend in the amount of $123.0 million to our existing stockholders (which was completed on May 29, 2020). Net tangible book value per share represents our total tangible assets reduced by the amount of our total liabilities, divided by the total number of shares of our Class A common stock outstanding.

After giving effect to (a) the sale of 21,150,000 shares of Class A common stock that we are offering at an assumed initial public offering price of $15.00 per share, which is the midpoint of the price range listed on the cover page of this prospectus, (b) the issuance of (i) 612,886 shares of Class A common stock in connection with the amendment and exercise of certain fully vested SARs and (ii) 878,663 shares of Class A common stock and restricted stock in connection with awards under the 2020 Plan and (c) the application of the proceeds from this offering as described in "Use of Proceeds," after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, as if each had occurred on March 31, 2020, our pro forma as adjusted net tangible book value as of March 31, 2020 would have been $(27.4) million, or $(0.19) per share of common stock. This amount represents an immediate increase in net tangible book value of $2.43 per share of common stock to our existing stockholders before this offering and an immediate and substantial dilution in net tangible book value of $15.19 per share of common stock to new investors purchasing shares of common stock in this offering. We determine dilution by subtracting the pro forma as adjusted net tangible book value per share of common stock after this offering from the amount of cash that a new investor paid for a share of common stock in this offering. The following table illustrates this dilution, assuming the underwriters do not exercise their option to purchase additional shares of common stock:

Assumed initial public offering price per share of Class A common stock		$ 15.00
Pro forma net tangible book value per share of common stock as of March 31, 2020	$ (2.62)	
Increase in pro forma net tangible book value per share of common stock attributable to new investors in this offering	2.43	
Pro forma as adjusted net tangible book value per share of common stock immediately after this offering		(0.19)
Dilution in pro forma net tangible book value per share of common stock to new investors in this offering		$ 15.19

A $1.00 increase or decrease in the assumed initial public offering price of $15.00 per share, which is the midpoint of the price range listed on the cover page of this prospectus, would increase or decrease the pro forma as adjusted net tangible book value per share of Class A common stock after this offering by approximately $0.14, and the dilution in pro forma as adjusted net tangible book value per share of Class A common stock to new investors by approximately $0.05, assuming that the number of shares of Class A common stock offered by us, as set forth on the cover page of this prospectus,

remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase or decrease of 1,000,000 shares of Class A common stock in the number of shares offered by us would increase or decrease, as applicable, the pro forma as adjusted net tangible book value by $0.10 per share of Class A common stock and increase or decrease, as applicable, the dilution in pro forma as adjusted net tangible book value to new investors by $0.09 per share of Class A common stock, assuming the assumed initial public offering price remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriters' option to purchase additional shares of Class A common stock is exercised in full, the as pro forma adjusted net tangible book value per share of Class A common stock would be $0.06 per share, and the dilution in pro forma as adjusted net tangible book value per share of Class A common stock to new investors in this offering would be $14.94 per share.

During the past five years, none of our officers, directors or affiliates acquired any shares of our common stock or have had the right to acquire any shares of our common stock, other than the equity awards being granted to certain of our directors, officers and employees in connection with this offering and the amendment of our outstanding SARs, in each case as described under "Executive and Director Compensation."

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table sets forth our selected historical consolidated financial information for the periods and dates indicated. The consolidated balance sheet data as of December 31, 2019 and 2018 and the consolidated statements of comprehensive income (loss) for the years ended December 31, 2019 and 2018 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The consolidated balance sheet data as of March 31, 2020 and the consolidated statements of comprehensive income (loss) for the three months ended March 31, 2020 and 2019 have been derived from our unaudited consolidated financial statements appearing elsewhere in this prospectus. The unaudited interim consolidated financial statements have been prepared on the same basis as the audited annual consolidated financial statements and reflect, in the opinion of management, all adjustments of a normal, recurring nature that are necessary for a fair statement of the unaudited interim consolidated financial statements.

The financial information set forth below is not necessarily indicative of future results of operations. In particular, we have historically been taxed as an S Corporation for U.S. federal income tax purposes and for income tax purposes in most states. As a result, net income or loss has been allocated to our stockholders and included on their individual income tax returns. In connection with this offering, we will convert to a C Corporation, which will result in our net income being taxed at the corporate level. As such, our provision for taxes will change. Assuming the conversion to a C Corporation, we estimate that our effective tax rate will be approximately 25%, inclusive of all applicable U.S. federal, state, local and foreign income taxes. In addition, based on the deferred tax asset balances at March 31, 2020, we would anticipate recording a tax benefit of approximately $8.5 million upon such conversion.

This data should be read in conjunction with, and is qualified in its entirety by reference to, the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Capitalization" sections of this prospectus and our audited consolidated financial statements and notes thereto for the periods and dates indicated included elsewhere in this prospectus. Revenue is reflected in accordance with ASC 606, which we adopted on January 1, 2018.

	For the Year Ended December 31,		Three Months Ended March 31,	
	2019	2018	2020	2019
			(unaudited)	
	(In thousands except per share data)			
Revenue:				
Software subscriptions	$ 275,629	$ 235,663	$ 75,760	$ 64,384
Services	45,871	36,740	13,485	10,230
Total revenues	321,500	272,403	89,245	74,614
Cost of revenues:				
Software subscriptions[(1)]	77,259	68,945	24,684	18,426
Services[(1)]	33,119	26,753	14,778	7,138
Total cost of revenues	110,378	95,698	39,462	25,564
Gross profit	211,122	176,705	49,783	49,050
Operating expenses:				
Research and development[(1)]	30,557	23,755	13,079	7,573
Selling and marketing[(1)]	68,127	56,898	24,333	16,047
General and administrative[(1)]	71,014	58,947	37,636	15,448
Depreciation and amortization	8,996	7,937	2,869	2,045
Impairment of asset	—	32,692	—	—
Other operating (income) expense, net	573	(691)	111	163
Total operating expenses	179,267	179,538	78,028	41,276
Income (loss) from operations	31,855	(2,833)	(28,245)	7,774
Other (income) expense:				
Interest income	(1,083)	(526)	(355)	(292)
Interest expense	2,036	2,120	924	537
Total other expense, net	953	1,594	569	245
Income (loss) before income taxes	30,902	(4,427)	(28,814)	7,529
Income tax (benefit) expense	(155)	1,679	250	204
Net income (loss)	31,057	(6,106)	(29,064)	7,325
Other comprehensive (income) loss from foreign currency translation adjustments and revaluations, net of tax	(5)	355	2,998	(21)
Total comprehensive income (loss)	$ 31,062	$ (6,461)	$ (32,062)	$ 7,346
Net income (loss) attributable to Class A stockholders	$ 38	$ (7)	$ (35)	$ 9
Net income (loss) per Class A share, basic and diluted	$ 0.77	$ (0.15)	$ (0.72)	$ 0.18
Weighted average Class A common stock, basic and diluted	49	49	49	49
Net income (loss) attributable to Class B stockholders	$ 31,019	$ (6,099)	$ (29,029)	$ 7,316
Net income (loss) per Class B share, basic	$ 0.77	$ (0.15)	$ (0.72)	$ 0.18
Weighted average Class B common stock, basic	40,129	40,160	40,090	40,090
Net income (loss) per Class B share, diluted	$ 0.75	$ (0.15)	$ (0.72)	$ 0.18
Weighted average Class B common stock, diluted	41,373	40,160	40,090	41,393

	As of December 31,		As of March 31,
	2019	2018	2020
			(unaudited)
	(In thousands)		
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 75,903	$ 55,838	$ 40,416
Funds held for stockholder dividends	—	—	110,000
Total assets	264,623	215,072	356,129
Deferred revenue (current and non-current)	205,791	178,703	201,484
Debt (current and non-current)	51,486	54,883	173,823
Total liabilities	377,055	326,768	504,633
Options for redeemable shares	17,344	14,581	32,586
Total stockholders' deficit	(129,776)	(126,277)	(181,090)

(1) Includes stock-based compensation expenses as follows in the table below. For more details, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Seasonality and Quarterly Trends."

	For the Year Ended December 31,		Three Months Ended March 31,	
	2019	2018	2020	2019
			(unaudited)	
	(In thousands)			
Cost of revenues, software subscriptions	$ 946	$ 512	$ 3,492	$ 131
Cost of revenues, services	1,419	765	5,238	197
Research and development	946	511	3,492	131
Selling and marketing	1,892	1,022	6,984	261
General and administrative	4,257	2,298	15,714	590
Total stock-based compensation	$ 9,460	$ 5,108	$ 34,920	$ 1,310

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

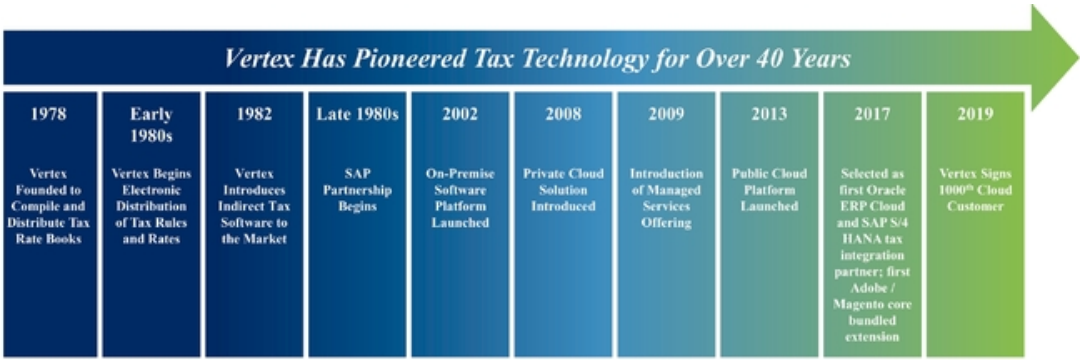
You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the consolidated financial statements and the notes thereto included elsewhere in this prospectus. In addition to historical financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, beliefs and expectations that involve risks and uncertainties. Our actual results and the timing of events could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this prospectus, particularly in the sections of this prospectus titled "Risk Factors" and "Special Note Regarding Forward-Looking Statements."

Overview

Vertex delivers comprehensive tax solutions that enable global businesses to transact, comply and grow with confidence. Companies with complex tax operations rely on Vertex to automate their end-to-end indirect tax processes. Indirect tax is the largest corporate tax category, encompassing sales tax, seller's use tax, consumer use tax and VAT, among others. Indirect tax accounts for more than $3.5 trillion of annual tax revenue, which is 2.5 times the amount of corporate income taxes, according to the 2019 OECD Tax Database. Our software, content and services address the increasing complexities of global commerce and compliance by reducing friction, enhancing transparency and enabling greater confidence in meeting indirect tax obligations. As a result, our software is ubiquitous within our customers' business systems, touching nearly every line item of every transaction that an enterprise can conduct.

We have pioneered tax technology for over 40 years. We first began electronic delivery of tax rules in the early 1980s and we first sold transaction tax processing software in 1982. Today, our software enables tax determination, compliance and reporting, tax data management and document management with powerful pre-built integrations to core business applications used by most companies, particularly those applications that have a significant impact on global commerce. Our software is fueled by over 300 million data-driven effective tax rules and supports indirect tax compliance in more than 19,000 jurisdictions worldwide. In order to maintain the quality of our content, our team includes many global tax and regulatory experts from industry and the public sector, who deliver monthly updates to our tax content, which are then incorporated directly into our software. Our solutions can be deployed on-premise, in the cloud, or both, with implementation services available to enable optimal customer outcomes and satisfy their unique business requirements.

We have accumulated industry-specific tax knowledge for over four decades and our customers leverage our in-depth content through their use of our software. This allows our customers to comply with the dynamic regulatory landscape in real time and mitigates our customers' risk exposure. As our customers expand their global footprint and business models, we are actively supporting their expansion by continuously strengthening our content offering and allowing for additional jurisdiction-specific tax compliance.



We derive the majority of our revenue from software subscriptions. These subscriptions include use of our software and ongoing monthly content updates. Our software is offered on a subscription basis to our customers, regardless of their deployment preferences. On-premise subscriptions are typically sold through one-year contracts and cloud-based subscriptions are typically sold through one- to three-year contracts. We bill almost all of our customers annually in advance of the subscription period.

We have over 4,000 customers, including the majority of the Fortune 500, as well as a majority of the top 10 companies by revenue in multiple industries such as retail, technology and manufacturing, in addition to leading marketplaces. At March 31, 2020, we had over 4,000 customers and our ARR per customer was over $70,000, while at March 31, 2019, we had over 4,000 customers and our ARR per customer was over $59,000. As our customers expand geographically and pursue omnichannel business models, their tax determination and compliance requirements increase and become more complex, providing sustainable organic growth opportunities for our business. Our pricing model is aligned with our customers' objectives by adjusting with their growth over time. We principally price our solutions based on a customer's revenue base, in addition to a number of other factors.

We employ a hybrid deployment model to align to our customers' technology preferences for their core financial management software across on-premise, cloud deployments or any combination of these models. Over time, we expect both existing and newly acquired customers to continue to shift towards cloud deployment models. Cloud-based subscription sales to new customers have grown at a significantly faster rate than on-premise software subscription sales, which is a trend that we expect to continue over time. We generated 12.9% and 19.1% of software subscription revenue from cloud-based subscriptions in 2018 and 2019, respectively, and 16.6% and 24.1% for the three months ended March 31, 2019 and 2020, respectively. While our on-premise software subscription revenue comprises 80.9% of our 2019 software subscription revenue, we anticipate that it will decrease as a percentage of total software subscription revenue as cloud-based subscriptions accelerate.

We sell our solutions primarily through our direct sales force, which focuses on selling to qualified leads provided by our marketing efforts, and through our network of referral partners. We also utilize indirect sales to a lesser extent to efficiently grow and scale our enterprise and mid-market revenues.

Our partner ecosystem is a differentiating, competitive strength in both our software development and our sales and marketing activities. We integrate with key technology partners that span ERP, CRM, procurement, billing, POS and eCommerce. These partners include Adobe/Magento, Coupa, Microsoft Dynamics, NetSuite, Oracle, Salesforce, SAP, SAP Ariba, Workday and Zuora. We also collaborate with numerous accounting firms who have built implementation practices around our software to serve their customer base.

We believe that global commerce and compliance environment provides durable and accelerating growth opportunities for our business. We generated revenue of $272.4 million and $321.5 million in 2018 and 2019, respectively, and $74.6 million and $89.2 million for the three months ended March 31,

2019 and 2020, respectively. We had a net loss of $6.1 million and net income of $31.1 million in 2018 and 2019, respectively, and net income of $7.3 million and a net loss of $29.1 million for the three months ended March 31, 2019 and 2020, respectively. Adjusted EBITDA was $61.5 million and $67.9 million in 2018 and 2019, respectively, and $15.6 million and $15.3 million for the three months ended March 31, 2019 and 2020, respectively. Additionally, we generated net cash provided by operating activities of $80.4 million and $92.5 million in 2018 and 2019, respectively, and $9.9 million and $(6.4) million in the three months ended March 31, 2019 and 2020, respectively. Our free cash flow was $47.1 million and $54.9 million in 2018 and 2019, respectively, and $1.8 million and $(15.8) million in the three months ended March 31, 2019 and 2020, respectively. Adjusted EBITDA and free cash flow are non-GAAP financial measures. For more information about how we use these non-GAAP financial measures in our business, the limitations of these measures and reconciliations to the most directly comparable GAAP measures, see "Prospectus Summary—Summary Consolidated Financial and Operating Information." In connection with the offering, we will convert from an S Corporation to a C Corporation, which will result in net income of the Company being taxed at the corporate level. For additional information on the effect of such conversion, see "Prospectus Summary—Summary Consolidated Financial and Operating Information."

Key Factors Affecting Performance

The growth of our business and our future success depends on many factors, including our ability to retain and expand our revenue from existing customers, acquire new customers, deepen our partner ecosystem, continually innovate our software and invest in growth and scale our business. While these areas represent significant opportunities for us, we also face significant risks and challenges that we must successfully address in order to sustain the growth of our business and improve our operating results. We anticipate that we will continue to expand our operations and headcount. The expected addition of new personnel and the investments that we anticipate will be necessary to manage our anticipated growth may make it more difficult for us to achieve or maintain profitability. Many of these investments will occur in advance of experiencing any direct benefit and will make it difficult to determine if we are allocating our resources efficiently.

Retention and expansion of revenue from existing customers. Given the breadth of our customer base and their own internal growth, the majority of our revenue and revenue growth comes from existing customers. This revenue growth is comprised of the acquisition of new licenses for additional products, increases in subscription fees due to expanded usage of currently licensed software and price increases. We plan to continue to invest in new innovations and offerings and in our sales and marketing teams in order to support the ongoing strong retention and expansion of revenue with our existing customers. We track net revenue retention rate ("NRR") in order to understand our ability to retain and grow revenue from our customers. Our NRR was 109% as of December 31, 2019 and March 31, 2020.

Acquire new customers. Our solutions address the complexity of aligning commerce and compliance and we believe the market for our solutions is large and underpenetrated, both in the United States and globally. As enterprise and mid-market companies continue to expand their business operations—both through their product and service offerings and their global footprint—we expect demand for our tax solutions to increase due to the fact that legacy solutions such as spreadsheets, manual processes, native ERP functionality or home-built solutions are error prone, inefficient and cannot scale. We plan to continue to invest in our sales and marketing teams and our solution development in order to address this increased demand from new customers. This increased investment will result in increases in expenses in advance of revenues attributable to these investments.

Broaden and deepen our partner ecosystem. We have an extensive network of partners that spans ERP, CRM, procurement, billing, POS and eCommerce platforms. Our partners enhance the coverage and adoption of our solutions and promote our thought leadership. We leverage our partnerships to

maximize the benefits of our solutions for our customers and to identify new customer opportunities. By forming additional strategic alliances with participants in the global digital transformation, such as payments and eCommerce platforms, we can continue to expand our exposure to all transactions, both B2C and B2B. Future partnerships with large-scale digital payments companies will allow us to develop additional customer-centric solutions and further expand our customer base.

Continued innovation of our software. With the pace of change in commerce and compliance, we believe it is important to continue innovating and extending the functionality and breadth of our software. We plan on investing to further enhance our content and the speed and usability of our software. We believe continuing to enhance our existing software will increase our ability to generate revenue by broadening the appeal of our software to new customers as well as increasing our engagement with existing customers.

Investing in growth and scaling our business. We believe that our market opportunity is large, and we will continue to invest significantly in scaling across organizational functions in order to support the anticipated growth in our operations both domestically and internationally. Any investments we make in our research and development and our sales and marketing organization will occur in advance of experiencing the benefits from such investments, so it may be difficult for us to determine if we are efficiently allocating resources in those areas.

Customer migration to cloud solutions. Over time, we expect a continued shift to our cloud solutions from existing and newly acquired customers. Over the past two years, cloud sales to new customers have grown at a significantly faster rate than sales of on-premise solutions, which is a trend that we expect to continue over time. We generated 12.9% and 19.1% of software subscription revenue from cloud-based subscriptions in 2018 and 2019, respectively. For the three months ended March 31, 2020, we generated 24.1% of software subscription revenue from cloud-based subscriptions, an increase from 16.6% for the three months ended March 31, 2019. We recognize revenue from the sale of cloud-based subscriptions ratably over the life of the contract, whereas for on-premise subscriptions, the first year pricing includes a premium that is not included in future renewal pricing. The premium is recognized ratably over the estimated period of benefit to the customer, which is generally three years. Therefore, as more of our sales shift to cloud-based subscriptions, our revenue growth rate may increase. We provide hosting for our cloud-based subscriptions. To the extent that revenue from our cloud offerings increase as a percentage of total revenue, our gross margin may decrease due to the associated hosting costs of those offerings.

Recent Developments—Impact of COVID-19

In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a pandemic. The COVID-19 pandemic is having widespread, rapidly evolving and unpredictable impacts on global society, economies, financial markets and business practices. Federal and state governments have implemented measures in an effort to contain the virus, including social distancing, travel restrictions, border closures, limitations on public gatherings, work from home, supply chain logistical changes and closure of non-essential businesses. To protect the health and well-being of our employees and customers, we have made substantial modifications to employee travel policies, closed our offices as employees are advised to work from home and cancelled or shifted our conferences and other marketing events to virtual-only. The COVID-19 pandemic has impacted and may continue to impact our business operations, including our employees, customers and partners, and there is substantial uncertainty in the nature and degree of its continued effects over time.

During the first quarter of 2020, the COVID-19 pandemic had minimal impact on our revenue or results of operations, as we continue to derive the significant majority of our revenue from our existing software subscriptions. As we principally price our solutions based on our customers' revenues within certain revenue bands, elongated declines in our existing customers' revenues may impact our ability to

grow our existing customer revenues. We did not experience an abnormal number of non-renewals in the first or second quarter of 2020, nor any declines in revenue associated with declines in our customers' revenues, and we currently expect our existing customer base to remain largely stable, as it did through the recession in 2008 and 2009. However, significant decreases in non-renewals or concessions to renewal customers would have a material impact on our revenues and cash flows. We did see a decline in new software subscription billings at the end of the first quarter of 2020. It is important to note that our sales metrics are assessed quarterly, and given the size and complexity of our sales process we often see variances from month to month due to legal or procurement processes. In the case of the first quarter of 2020 we achieved our new software billings targets as several deals were completed earlier in the quarter. The Company also experienced a negative variance in new software billings in the early part of the second quarter of 2020, but these billings picked up as the quarter progressed. For the second quarter of 2020, new software billings were in excess of our original second quarter of 2020 expectations. We have seen some delay due to prospects shifting to working remotely, and some due to economic uncertainty. We expect that the uncertainty caused by the COVID-19 pandemic could continue to impact our billings to new customers for the remainder of 2020, and it may also negatively impact our efforts to expand revenues from our existing customers as they continue to evaluate certain long-term projects and budget constraints. However, we do not anticipate that overall demand for our software and solutions, our ability to deliver such software and solutions, or that our growth strategies will be materially impacted by the COVID-19 pandemic, as companies continue to rely on the Company for their indirect tax solutions. There is potential for an increase in demand for our products over the long-term considering the amount of state debt being accumulated during the pandemic, which may result in increases in taxes and revenue department audits which our products are positioned to address customer needs.

In addition to the impacts on our sales, our cash collections from existing customers were lower than expected at the end of the first quarter of 2020. During the second quarter of 2020, our collections exceeded our expectation as some of the procedural disruptions that customers experienced as they shifted to remote work in March had stabilized. We believe that we may see delays in collections over the coming months. However, we do not believe that these delays will materially impact our business; we continue to expect that we will be able to collect amounts due under subscription contracts from customer experiencing issues as a result of COVID-19, and we have not recorded an additional allowance for doubtful accounts in connection with any delays. Given that customers cannot forgo our monthly content updates, which are necessary to remain compliant with the most current regulations, we believe customers will continue to pay our renewal invoices in a timely, even if slightly elongated manner. We believe that we currently have ample liquidity and capital resources to continue to meet our operating needs, and our ability to continue to service our debt or other financial obligations is not currently impaired. For a further description of our liquidity, including the New Credit Agreement entered into on March 31, 2020, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

The extent to which the COVID-19 pandemic impacts our business going forward will depend on numerous evolving factors we cannot reliably predict, including the duration and scope of the pandemic; governmental, business, and individuals' actions in response to the pandemic; and the impact on economic activity, including the possibility of recession or financial market instability. These factors may adversely impact consumer, business and government spending on technology as well as customers' ability to pay for our products and services on an ongoing basis. This uncertainty also affects management's accounting estimates and assumptions, which could result in greater variability in a variety of areas that depend on these estimates and assumptions, including estimated allowance for subscription cancellations, product life cycles and estimated lives of long lived assets.

Key Business Metrics

We regularly review several metrics identified below to evaluate growth trends, measure our performance, formulate financial projections and make strategic decisions.

Annual Recurring Revenue. We derive the vast majority of our revenue from recurring software subscriptions. We believe ARR provides us with visibility to our projected software subscription revenue in order to evaluate the health of our business. Because we recognize subscription revenue ratably, we believe investors can use ARR to measure our expansion of existing customer revenues, new customer activity, and as an indicator of future software subscription revenues. ARR is based on monthly recurring revenue ("MRR") from software subscriptions for the most recent month at period end, multiplied by twelve. MRR is calculated by dividing the software subscription price, inclusive of discounts, by the number of subscription covered months. MRR only includes customers with MRR at the end of the last month of the measurement period.

	For the Year Ended December 31				Three Months Ended March 31			
(In millions)	2019	2018	Year-Over-Year Change		2020	2019	Period-Over-Period Change	
Annual Recurring Revenue	$ 278.5	$ 233.5	$ 45.0	19.2%	$ 284.2	$ 242.3	$ 41.9	17.3%

ARR increased by $45.0 million or 19.2% from 2018 to 2019. The increase was primarily driven by $21.6 million of growth in revenues from existing customers through their expanded use of our solutions as well as price increases and $23.4 million of on-premise and cloud-based subscription sales of our tax solutions to new customers.

ARR increased by $41.9 million or 17.3% during the three months ended March 31, 2020, as compared to the same period in 2019. The increase was primarily driven by $20.6 million of growth in revenues from existing customers through their expanded use of our solutions as well as price increases and $21.3 million of on-premise and cloud-based subscription sales of our tax solutions to new customers.

Net Revenue Retention Rate. We believe that our NRR provides insight into our ability to retain and grow revenue from our customers, as well as their potential long-term value to us. We also believe it demonstrates to investors our ability to expand existing customer revenues, which is one of our key growth strategies. Our NRR refers to the ARR expansion during the 12 months of a reporting period for all customers who were part of our customer base at the beginning of the reporting period. Our NRR calculation takes into account any revenue lost from departing customers or customers who have downgraded as well as any revenue expansion from upgrades, cross-sells or upsells of our software.

	For the Year Ended December 31		For the Three Months Ended March 31	
	2019	2018	2020	2019
Net Revenue Retention Rate	109%	104%	109%	106%

The 500 basis point increase in NRR from 2018 to 2019 was primarily driven by growth of $21.6 million in recurring subscription revenues from existing customers through their expanded use of our solutions.

The 300 basis point increase in NRR during the three months ended March 31, 2020, as compared to the same period in 2019, was primarily driven by growth of $20.6 million in recurring subscription revenues from existing customers through their expanded use of our solutions as well as price increases.

Adjusted EBITDA and Adjusted EBITDA Margin. We believe that Adjusted EBITDA is a measure widely used by securities analysts and investors to evaluate the financial performance of our company

and other companies. We believe that Adjusted EBITDA and Adjusted EBITDA margin are useful as supplemental measures to evaluate our overall operating performance as they measure business performance focusing on cash related charges and because they are important metrics to lenders under our New Credit Agreement. We define Adjusted EBITDA as net income or loss before interest, taxes, depreciation, and amortization, as adjusted to exclude charges for asset impairments, gains or losses on assets and liabilities denominated in a foreign currency, share-based compensation expense, severance charges and transaction costs. Adjusted EBITDA margin represents Adjusted EBITDA divided by total revenues for the same period. For purposes of comparison, our net income (loss) in 2019 was $31.1 million and $(6.1) million in 2018, while our net income (loss) margin was 9.7% and (2.2)% over the same periods, respectively. Additionally, our net income (loss) was $(29.1) million and $7.3 million for the three months ended March 31, 2020 and 2019, respectively, while our net income margin was (32.7)% and 9.9% over the same periods, respectively.

	For the Year Ended December 31		Three Months Ended March 31	
	2019	2018	2020	2019
Adjusted EBITDA (in thousands)	$ 67,913	$ 61,471	$ 15,294	$ 15,596
Adjusted EBITDA margin	21%	23%	17%	21%

The increase in Adjusted EBITDA of $6.4 million in 2019 is primarily driven by an increase in gross profit, offset by an increase in operating expenses including additional sales and marketing and research and development investments. Adjusted EBITDA margin decreased in 2019, primarily because operating expenses increased at a higher rate than our increase in revenue. This growth in operating expenses is driven primarily by our ongoing investment in our research and development, sales and marketing organization and technology infrastructure to support our future growth.

The decrease in Adjusted EBITDA for the three months ended March 31, 2020 of $0.3 million is primarily driven by an increase in operating expenses, including additional research and development and internal infrastructure investments, partially offset by an increase in gross profit. Adjusted EBITDA margin decreased for the three months ended March 31, 2020, primarily because operating expenses increased at a higher rate than our increase in revenue. This growth in operating expenses is driven primarily by our ongoing investment in our research and development, sales and marketing organization and technology infrastructure to support our future growth.

Free Cash Flow and Free Cash Flow Margin. Our management uses free cash flow as a critical measure in the evaluation of liquidity in conjunction with related GAAP amounts. We also use the measure when considering available cash, including for decision making purposes related to dividends and discretionary investments. We consider free cash flow to be an important measure for investors because it measures the amount of cash we generate from our operations after our capital expenditures and capitalization of software development costs. In addition, we base certain of our forward-looking estimates and budgets on free cash flow and free cash flow margin. We define free cash flow as the total of net cash provided by operating activities less purchases of property and equipment and capitalized software. We define free cash flow margin as free cash flow divided by total revenues for the same period. For purposes of comparison, our net cash provided by operating activities was $92.5 million and $80.4 million for the years ended December 31, 2019 and 2018, respectively, while our operating cash flow margin was 29% and 30% over the same periods, respectively. Our net cash used in operating activities was $(6.4) million and our net cash provided by operating activities was $9.9 million for the three months ended March 31, 2020 and 2019, respectively, while our operating cash flow margin was (7)% and 13% over the same periods, respectively. Net cash used in investing activities was $37.6 million and $33.3 million for the years ended December 31, 2019 and 2018, respectively, and $21.7 and $8.1 for the three months ended March 31, 2020 and 2019, respectively. Net cash used in financing activities was $30.6 million and $30.7 million for the years ended

December 31, 2019 and 2018, respectively, net cash provided by financing activities was $103.7 million for the three months ended March 31, 2020 and net cash used in financing activities was $12.4 million for the three months ended March 31, 2019.

	For the Year Ended December 31		Three Months Ended March 31	
	2019	2018	2020	2019
Free cash flow (in thousands)	$ 54,938	$ 47,135	$ (15,755)	$ 1,784
Free cash flow margin	17%	17%	(18)%	2%

Free cash flow increased by $7.8 million in 2019 over 2018, driven primarily by an increase in cash from operating activities of $12.0 million, due to a $4.5 million increase in net income after excluding the impact of the asset impairment in 2018 and an increase in cash provided by changes in operating assets and liabilities. This amount is offset by an increase of $5.0 million in investments in capitalized software costs to support the growth of our customers. Free cash flow margin remained consistent with the prior year at 17%.

Free cash flow decreased by $17.5 million for the three months ended March 31, 2020, driven primarily by a decrease in cash from operating activities of $16.3 million due to a reduction in cash provided by changes in operating assets and liabilities of $16.0 million. This reduction was primarily due to decreases in accrued and deferred compensation of $4.8 million, a reduction in deferred revenue of $7.6 million and a reduction in accounts receivable of $2.3 million. Accrued and deferred compensation decreased by $4.8 million due to payments for variable compensation for the first quarter of 2020 increasing over the prior year comparable quarter by $2.7 million due to increases in headcount, and due to payments of $2.8 million for stock appreciation right redemptions in the first quarter of 2020 as compared to the same quarter of 2019. Deferred revenue decreased $7.6 million due to a $4.8 million decrease in non-recurring extended product support fees billed in the first quarter of 2019 related to older versions of software subscription solutions retired during 2019. The balance of the deferred revenue reduction of $2.8 million, and the reduction in accounts receivable of $2.3 million are due primarily to modifications to billing frequencies requested by customers, primarily to align all the annual subscription billings for their subscription licenses to the same period. This results in a short-term reduction in deferred revenue, but no impact to revenue.

Components of Our Results of Operations

Revenue

We generate revenue from software subscriptions and services.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to be received in exchange for those products or services. We enter into contracts that include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. Revenue is recognized net of allowance for subscription and non-renewal cancellations and any taxes collected from customers that are subsequently remitted to governmental authorities.

Software Subscriptions

Licenses for on-premise software subscriptions, which are generally one year, provide the customer with a right to use the software as it exists when made available to the customer. Customers purchase a subscription to these licenses, which includes the related software and tax content updates and product support. The updates and support, which are part of the subscription agreement, are essential to the continued utility of the software; therefore, we have determined the software and the related updates and support to be a single performance obligation. Accordingly, when on-premise software is licensed,

the revenue associated with this combined performance obligation is recognized ratably over the license term as these subscriptions are provided for the duration of the license term. Revenue recognition begins on the later of the beginning of the subscription period or the date the software is made available to the customer to download. Our on-premise software subscription prices in the initial subscription year are higher than standard renewal prices. The excess initial year price over the renewal price is a material right that provides customers with the right to this reduced renewal price. We recognize revenue associated with this material right over the estimated period of benefit to the customer, which is generally three years.

Our cloud-based subscriptions allow customers to use Company-hosted software over the contract period without taking possession of the software. The contracts are generally for one to three years and are generally billed annually in advance of the subscription period. Our cloud-based offerings also include related updates and support. All services within the cloud-based contracts consistently provide a benefit to the customer during the subscription period, thus the associated revenue is recognized ratably over the subscription period. Revenue recognition begins on the later of the beginning of the subscription period or the date the customer is provided access to the cloud-based solutions.

Revenue is impacted by the timing of sales and our customers' growth or contractions resulting in their need to expand or contract their subscription usage, the purchase of new solutions or the non-renewal of existing solutions. In addition, revenue will fluctuate with the cessation of extended product support fees charged for older versions of our software subscription solutions when they are retired and these fees are no longer charged. Contracts for on-premise licenses permit cancellations at the end of the license term, which is generally one year. Legacy cloud-based subscription contracts for multi-year periods previously provided customers the right to terminate their contract for services prior to the end of the subscription period at a significant penalty. This penalty requires the payment of a percentage of the remaining months of the then current contract term. Current cloud-based contracts do not contain such termination rights. Terminations of cloud-based subscriptions prior to the end of the subscription term have occurred infrequently and the impact has been immaterial. The allowance for subscription and non-renewal cancellations reflects an estimate of the amount of such cancellations and non-renewals based upon our historical experience.

Services Revenue

We generate services revenue primarily in support of our customers' needs associated with our software and to enable them to realize the full benefit of our solutions. These software subscription-related services include configuration, data migration and implementation, and premium support and training. In addition, we generate services revenue through our managed services offering which allows customers to outsource all or a portion of their indirect tax operations to us. These services include indirect tax return preparation, filing and tax payment and notice management. We generally bill for services on a per-transaction or time and materials basis, and we recognize revenue from deliverable-based professional services as services are performed.

Fluctuations in services revenue are directly correlated to fluctuations in our subscription revenues with respect to implementation and training services as we have historically experienced an attachment rate to subscription sales for these services in excess of 60%. Our managed services offering has recently experienced increased revenue associated with returns processing volume increases attributable to regulatory changes, as customers expanded their tax filings into more jurisdictions.

Cost of Revenue

Software Subscriptions

Cost of software subscriptions revenue consists of costs related to providing and supporting our software subscriptions and includes personnel and related expenses, including salaries, benefits, bonuses

and stock-based compensation. In addition, cost of revenue includes direct costs associated with information technology, such as data center and software hosting costs, and tax content maintenance. Cost of revenue also includes amortization associated with direct labor and related expenses for capitalized internal-use software and developed software for new products and enhancements to existing products and cloud-based subscription solutions. We plan to continue to significantly expand our infrastructure and personnel to support our future growth and increases in transaction volumes of our cloud-based solutions, including through acquisitions. We expect growth in our business will result in an increase in cost of revenue in absolute dollars.

Services

Cost of services revenue consists of direct costs of software subscription-related services and our managed services offering. These costs include personnel and related expenses, including salaries, benefits, bonuses, stock-based compensation and the cost of third-party contractors and other direct expenses. We plan to continue to expand our infrastructure and personnel as necessary to support our future growth and related increases in our service revenue. We expect growth in our business will result in an increase in the cost of services revenue in absolute dollars, but may decrease as a percentage of revenues as we scale our operations.

Research and Development

Research and development expenses consist primarily of personnel and related expenses for our research and development activities, including salaries, benefits, bonuses and stock-based compensation, and the cost of third-party developers and other contractors. Research and development costs, other than software development expenses qualifying for capitalization, are expensed as incurred. For the years ended December 31, 2019 and 2018, $17.2 million and $12.3 million of software development costs were capitalized, respectively. For the three months ended March 31, 2020 and 2019, $3.7 million and $3.9 million of software development costs were capitalized, respectively. Capitalized software development costs consist primarily of employee-related and third-party labor costs.

We devote substantial resources to developing new products and enhancing existing products, conducting quality assurance testing and improving our core technology. We believe continued investments in research and development are critical to attain our strategic objectives and expect research and development costs to increase in absolute dollars. These investments include enhancing our solution offerings to address changing customer needs to support their growth, as well as implementing changes required to keep pace with our partners' technology to ensure the continued ability of our solutions to work together and deliver value to our customers. The market for our solutions is characterized by rapid technological change, frequent new product and service introductions and enhancements, changing customer demands and evolving industry standards. As a result, although we are making significant research and development expenditures, which may be incurred and certain of which may be capitalized, there is no guarantee these solutions will be accepted by the market. This could result in increased costs or an impairment of capitalized development costs with no resulting future revenue benefit.

Selling and Marketing Expenses

Selling expenses consist primarily of personnel and related expenses in support of sales and marketing efforts. These costs include salaries, benefits, bonuses and stock-based compensation. In addition, selling expense includes costs related to advertising and promotion efforts, branding costs, partner-based commissions and costs associated with our annual customer conferences. We intend to continue to invest in our sales and marketing capabilities in the future to continue to increase our brand awareness and expect these costs to increase on an absolute dollar basis as we grow our business and continue to expand our market and partner ecosystem penetration. Sales and marketing expense in

absolute dollars and as a percentage of total revenue may fluctuate from period-to-period based on total revenue levels and the timing of our investments in our sales and marketing functions as these investments may vary in scope and scale over future periods.

General and Administrative

General and administrative expenses consist primarily of personnel and related expenses for administrative, finance, information technology, legal, risk management, facilities and human resources staffing, including salaries, benefits, bonuses, stock-based compensation, professional fees, insurance premiums, facility costs and other internal support costs.

We expect our general and administrative expenses to increase in absolute dollars as we continue to expand our operations, hire additional personnel, integrate future acquisitions and incur additional costs associated with becoming a publicly listed company. As a public company, we expect to incur increased expenses related to accounting, tax and auditing activities, legal, insurance, SEC compliance and internal control compliance.

Depreciation and Amortization

Depreciation and amortization expense consists of the allocation of purchased and developed asset costs over the future periods benefitted by the use of these assets. These assets include leasehold improvements for our facilities, computers and equipment needed to support our customers and our internal infrastructure and capitalized internal-use software associated with our internal infrastructure and tools. Depreciation and amortization will fluctuate in correlation with our ongoing investment in internal infrastructure costs to support our growth.

Interest Income

Interest income reflects earnings on investments of our cash on hand and on funds held for customers related to our managed outsourcing services. Interest income will vary as a result of fluctuations in the future level of funds available for investment and the rate of return available in the market on such funds.

Interest Expense

Interest expense consists primarily of interest payments and other financing costs on our debt facility. Interest expense will vary as a result of fluctuations in the level of debt outstanding as well as interest rates on such debt.

Provision for Taxes

We have been taxed as an S Corporation for U.S. federal income tax purposes and for income tax purposes in most states. As a result, net income or loss has been allocated to our stockholders and included on their individual income tax returns. In certain states, we have been taxed at the corporate level. Accordingly, the income tax provision or benefit is based on taxable income allocated to these states. In certain foreign jurisdictions, our subsidiaries were taxed at the corporate level. Similar to states, the income tax provision or benefit is based on taxable income sourced to these foreign jurisdictions.

In connection with the offering, we will convert to a C Corporation, which will result in net income of the Company being taxed at the corporate level. As such, our provision for taxes will increase. Assuming the conversion to a C Corporation, we expect a pro forma entity level estimated effective tax rate of approximately 25%, inclusive of all applicable U.S. federal, state, local and foreign income

taxes. In addition, based on the deferred tax asset balances at March 31, 2020, we would anticipate recording a tax benefit of approximately $8.5 million upon such conversion.

Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the audited consolidated financial statements and the notes thereto included elsewhere in this prospectus. The period-to-period comparison of financial results is not necessarily indicative of financial results to be achieved in future periods. In particular, in connection with this offering, we will convert to a C Corporation, which will result in taxation at the corporate level.

The following table sets forth our consolidated statements of comprehensive income (loss) for the periods indicated. Revenue is reflected in accordance with ASC 606, which we adopted on January 1, 2018.

(In thousands)	For the Year Ended December 31		Year-Over-Year Change		Three Months Ended March 31		Period-Over-Period Change	
	2019	2018			2020	2019		
					(unaudited)			
Revenue:								
Software subscriptions	$ 275,629	$ 235,663	$ 39,966	17.0%	$ 75,760	$ 64,384	$ 11,376	17.7%
Services	45,871	36,740	9,131	24.9%	13,485	10,230	3,255	31.8%
Total revenue	321,500	272,403	49,097	18.0%	89,245	74,614	14,631	19.6%
Cost of Revenue:								
Software subscriptions[(1)]	77,259	68,945	8,314	12.1%	24,684	18,426	6,258	34.0%
Services[(1)]	33,119	26,753	6,366	23.8%	14,778	7,138	7,640	107.0%
Total cost of revenues	110,378	95,698	14,680	15.3%	39,462	25,564	13,898	54.4%
Gross profit	211,122	176,705	34,417	19.5%	49,783	49,050	733	1.5%
Operating expenses:								
Research and development[(1)]	30,557	23,755	6,802	28.6%	13,079	7,573	5,506	72.7%
Selling and marketing[(1)]	68,127	56,898	11,229	19.7%	24,333	16,047	8,286	51.6%
General and administrative[(1)]	71,014	58,947	12,067	20.5%	37,636	15,448	22,188	143.6%
Depreciation and amortization	8,996	7,937	1,059	13.3%	2,869	2,045	824	40.3%
Impairment of asset	—	32,692	(32,692)	(100.0)%	—	—	—	—
Other operating expense (income)	573	(691)	1,264	(182.9)%	111	163	(52)	(31.9)%
Total operating expenses	179,267	179,538	(271)	(0.2)%	78,028	41,276	36,752	89.0%
Income (loss) from operations	31,855	(2,833)	34,688	1,224.4%	(28,245)	7,774	(36,019)	(463.3)%
Other (income) expense:								
Interest income	(1,083)	(526)	(557)	(105.9)%	(355)	(292)	(63)	(21.6)%
Interest expense	2,036	2,120	(84)	(4.0)%	924	537	387	72.1%
Total other expense, net	953	1,594	(641)	(40.2)%	569	245	324	132.2%
Income (loss) before income taxes	30,902	(4,427)	35,329	798.0%	(28,814)	7,529	(36,343)	(482.7)%
Income tax (benefit) expense	(155)	1,679	(1,834)	(109.2)%	250	204	46	22.5%
Net income (loss)	31,057	(6,106)	37,163	(608.6)%	(29,064)	7,325	(36,389)	(496.8)%
Other comprehensive (income) loss from foreign currency translations	(5)	355	(360)	(101.4)%	2,998	(21)	(3,019)	(14376.2)%
Total comprehensive income (loss)	$ 31,062	$ (6,461)	$ 37,523	(580.7)%	$ (32,062)	$ 7,346	$ (39,408)	(536.5)%

(1) Includes stock-based compensation expenses as follows in the table below. For more details, see "Seasonality and Quarterly Trends."

	For the Year Ended December 31,		Three Months Ended March 31,	
	2019	2018	2020	2019
			(unaudited)	
	(In thousands)			
Cost of revenues, software subscriptions	$ 946	$ 512	$ 3,492	$ 131
Cost of revenues, services	1,419	765	5,238	197
Research and development	946	511	3,492	131
Selling and marketing	1,892	1,022	6,984	261
General and administrative	4,257	2,298	15,714	590
Total stock-based compensation	$ 9,460	$ 5,108	$ 34,920	$ 1,310

The following table sets forth our results of operations as a percentage of our total revenue for the periods presented.

	For the Year Ended December 31		Three Months Ended March 31	
	2019	2018	2020	2019
			(unaudited)	
Revenue:				
Software subscriptions	85.7%	86.5%	84.9%	86.3%
Services	14.3%	13.5%	15.1%	13.7%
Total revenue	100.0%	100.0%	100.0%	100.0%
Cost of Revenue:				
Software subscriptions	24.0%	25.3%	27.7%	24.7%
Services	10.3%	9.8%	16.6%	9.6%
Total cost of revenues	34.3%	35.1%	44.3%	34.3%
Gross profit	65.7%	64.9%	55.7%	65.7%
Operating expenses:				
Research and development	9.5%	8.7%	14.7%	10.1%
Selling and marketing	21.2%	20.9%	27.3%	21.5%
General and administrative	22.1%	21.6%	42.2%	20.7%
Depreciation and amortization	2.8%	2.9%	3.2%	2.7%
Impairment of asset	0.0%	12.0%	0.0%	0.0%
Other operating expense (income), net	0.2%	(0.2)%	0.1%	0.2%
Total operating expenses	55.8%	65.9%	87.5%	55.2%
Income (loss) from operations	9.9%	(1.0)%	(31.8)%	10.5%
Other (income) expense:				
Interest income	(0.3)%	(0.2)%	(0.4)%	(0.4)%
Interest expense	0.6%	0.8%	1.0%	0.7%
Total other expense, net	0.3%	0.6%	0.6%	0.3%
Income (loss) before income taxes	9.6%	(1.6)%	(32.4)%	10.2%
Income tax (benefit) expense	0.1%	(0.6)%	0.3%	0.3%
Net income (loss)	9.7%	(2.2)%	(32.7)%	9.9%
Other comprehensive (income) loss from foreign currency translations	0.0%	0.1%	3.4%	(0.0)%
Total comprehensive income (loss)	9.7%	(2.3)%	(36.1)%	9.9%

Three Months Ended March 31, 2020 Compared to Three Months Ended March 31, 2019 (unaudited)

Revenue

(In thousands)	Three Months Ended March 31 2020	2019	Period-Over-Period Change	
	(unaudited)			
Revenue:				
Software subscriptions	$ 75,760	$ 64,384	$ 11,376	17.7%
Services	13,485	10,230	3,255	31.8%
Total revenue	$ 89,245	$ 74,614	$ 14,631	19.6%

Revenue increased $14.6 million, or 19.6%, to $89.2 million for the three months ended March 31, 2020 compared to $74.6 million for the three months ended March 31, 2019. The increase in software subscriptions revenue of $11.4 million, or 17.7%, was primarily driven by $10.5 million in revenue growth derived from our existing customers and $0.9 million of revenue from new customers.

The $3.3 million increase in services revenue is primarily driven by an increase of $2.5 million in software subscription-related services associated with the growth in subscription revenues, which includes new customers implementing our solutions and upgrading existing customers to newer versions of our solutions. In addition, our managed services offering experienced a $0.8 million increase in recurring services revenue over the prior year due to returns processing volume increases related to regulatory changes as customers expanded their tax filings into more jurisdictions.

Cost of Software Subscriptions Revenue

(In thousands)	Three Months Ended March 31 2020	2019	Period-Over-Period Change	
	(unaudited)			
Cost of software subscriptions revenue	$ 24,684	$ 18,426	$ 6,258	34.0%

Cost of software subscriptions revenue increased $6.3 million, or 34.0%, to $24.7 million for the three months ended March 31, 2020 compared to $18.4 million for the three months ended March 31, 2019. Of this increase, 53.7% is due to an increase in stock-based compensation of $3.4 million for the three months ended March 31, 2020 over the same period in 2019. The balance of the increase of $2.9 million is due primarily to increased costs of personnel supporting year-over-year growth of sales and customers and ongoing infrastructure investments to support expansion of customer transaction volumes for our cloud-based subscription customers. As a percentage of total revenue, the cost of software subscriptions revenue increased to 27.7% for the three months ended March 31, 2020 compared to 24.7% in March 31, 2019. Adjusting for the increase in stock-based compensation in 2020, cost of software subscriptions as a percentage of total revenue would have been 23.9% for the three months ended March 31, 2020.

Cost of Services Revenue

(In thousands)	Three Months Ended March 31 2020	2019	Period-Over-Period Change	
	(unaudited)			
Cost of services revenue	$ 14,778	$ 7,138	$ 7,640	107.0%

Cost of services revenue increased $7.6 million, or 107.0%, to $14.8 million for the three months ended March 31, 2020 compared to $7.1 million for the three months ended March 31, 2019. Of this increase, 66.0% is due to an increase in stock-based compensation of $5.0 million for the three months ended March 31, 2020 over the same period in 2019. The balance of the increase of $2.6 million is primarily due to headcount growth in the service delivery areas to support revenue growth in software subscription-related services and our managed services offering. As a percentage of total revenue, cost of services revenue increased to 16.6% in 2020 compared to 9.6% in 2019. Adjusting for the increase in stock-based compensation in 2020, cost of services revenue as a percentage of total revenue would have been 10.9% for the three months ended March 31, 2020.

Research and Development

(In thousands)	Three Months Ended March 31 2020	2019	Period-Over-Period Change	
	(unaudited)			
Research and development	$ 13,079	$ 7,573	$ 5,506	72.7%

Research and development expenses increased $5.5 million, or 72.7%, to $13.1 million for the three months ended March 31, 2020 compared to $7.6 million for the three months ended March 31, 2019. Of this increase, 61.0% is due to an increase in stock-based compensation of $3.4 million for the three months ended March 31, 2020 over the same period in 2019 for personnel that participate in the Company's stock-based compensation plans. The balance of the increase of $2.1 million is primarily due to costs associated with increased development activity associated with nascent technologies and new solutions to address end-to-end data analysis and compliance needs of our customers. As a percentage of total revenue, research and development expenses increased to 14.7% for the three months ended March 31, 2020 compared to 10.1% for the three months ended March 31, 2019, driven in part by our expanded investment in developing our global compliance reporting solution. Adjusting for the increase in stock-based compensation in 2020, research and development expenses as a percentage of total revenue would have been 10.9% for the three months ended March 31, 2020.

Research and development expense excludes those costs that have been capitalized for solutions that have met our capitalization policy.

Selling and Marketing

(In thousands)	Three Months Ended March 31 2020	2019	Period-Over-Period Change	
	(unaudited)			
Selling and marketing	$ 24,333	$ 16,047	$ 8,286	51.6%

Selling and marketing expenses increased $8.3 million, or 51.6%, to $24.3 million for the three months ended March 31, 2020 compared to $16.0 million for the same period in 2019. Of this increase, 81.1% is due to an increase in stock-based compensation of $6.7 million for the three months ended March 31, 2020 over the same period in 2019. The balance of the increase of $1.6 million is primarily due to an increase in payroll and related expenses associated with the growth in year-over-year subscription sales and services revenue and expansion of our partner and channel management programs. In addition, increases in advertising and promotional spending and expanded brand awareness efforts contributed to this increase. As a percentage of total revenue, selling and marketing expenses increased to 27.3% for the three months ended March 31, 2020 compared to 21.5% for the same period in 2019. Adjusting for the increase in stock-based compensation in 2020, selling and

marketing expenses as a percentage of total revenue would have been 19.7% for the three months ended March 31, 2020.

General and Administrative

(In thousands)	Three Months Ended March 31 2020	2019	Period-Over-Period Change	
	(unaudited)			
General and administrative	$ 37,636	$ 15,448	$ 22,188	143.6%

General and administrative expenses increased $22.2 million, or 143.6%, to $37.6 million for the three months ended March 31, 2020 compared to $15.4 million for the same period in 2019. Of this increase, 68.2% is due to an increase in stock-based compensation of $15.1 million for the three months ended March 31, 2020 over the same period in 2019. The balance of the increase of $7.1 million is primarily due to planned strategic investments in information technology infrastructure, business process reengineering and other initiatives to drive future operating leverage, as well as investments in employees and other systems and resources in support of our growth. Due to these factors, as a percentage of total revenue, general and administrative expenses increased to 42.2% for the three months ended March 31, 2020 compared to 20.7% for the same period in 2019. Adjusting for the increase in stock-based compensation in 2020, general and administrative expenses as a percentage of total revenue would have been 25.2% for the three months ended March 31, 2020.

Depreciation and Amortization

(In thousands)	Three Months Ended March 31 2020	2019	Period-Over-Period Change	
	(unaudited)			
Depreciation and amortization	$ 2,869	$ 2,045	$ 824	40.3%

Depreciation and amortization increased $0.8 million, or 40.3%, to $2.9 million for the three months ended March 31, 2020 compared to $2.0 million for the same period in 2019. The increase was primarily due to the impact of infrastructure and technology purchases placed in service in 2019 and other capitalized infrastructure costs to support our growth. As a percentage of revenue, depreciation expense increased to 3.2% for the three months ended March 31, 2020 compared to 2.7% for the same period in 2019.

Interest Income

(In thousands)	Three Months Ended March 31 2020	2019	Period-Over-Period Change	
	(unaudited)			
Interest income	$ (355)	$ (292)	$ (63)	(21.6)%

Interest income for the three months ended March 31, 2020 was relatively consistent with the same period in 2019.

Interest Expense

(In thousands)	Three Months Ended March 31 2020	2019	Period-Over-Period Change	
	(unaudited)			
Interest expense	$ 924	$ 537	$ 387	72.1%

Interest expense increased $0.4 million, or 72.1%, to $0.9 million for the three months ended March 31, 2020 compared to $0.5 million for the same period in 2019. The increase is primarily due to interest of $0.2 million related to borrowings under the line of credit of $12.3 million in January 2020 to fund the initial purchase of a controlling interest in a tax software and content subscription provider in Brazil and general interest rate increases during the quarter, and due to the write-off of $0.2 million in deferred financing fees for extinguished debt in connection with the New Credit Agreement entered into on March 31, 2020.

Provision for Taxes

(In thousands)	Three Months Ended March 31 2020	2019	Period-Over-Period Change	
	(unaudited)			
Income tax (benefit) expense	$ 250	$ 204	$ 46	22.5%

Income tax expense for the three months ended March 31, 2020 was relatively consistent with the same period in 2019.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Revenue

(In thousands)	For the Year Ended December 31 2019	2018	Year-Over-Year Change	
Revenue:				
Software subscriptions	$ 275,629	$ 235,663	$ 39,966	17.0%
Services	45,871	36,740	9,131	24.9%
Total revenue	$ 321,500	$ 272,403	$ 49,097	18.0%

Revenue increased $49.1 million, or 18.0%, to $321.5 million in 2019 compared to $272.4 million in 2018. The increase in software subscriptions revenue of $40.0 million, or 17.0%, was primarily driven by $29.0 million in revenue growth derived from our existing customers and $11.0 million of revenue from new customers.

The $9.1 million increase in services revenue is primarily driven by an increase of $5.3 million in software subscription-related services associated with the growth in subscription revenues, which includes new customers implementing our solutions and upgrading existing customers to newer versions of our solutions. In addition, our managed services offering experienced a $2.5 million increase in recurring services revenue over the prior year due to returns processing volume increases related to regulatory changes as customers expanded their tax filings into more jurisdictions.

Cost of Software Subscriptions Revenue

(In thousands)	For the Year Ended December 31 2019	2018	Year-Over-Year Change	
Cost of software subscriptions revenue	$ 77,259	$ 68,945	$ 8,314	12.1%

Cost of software subscriptions revenue increased $8.3 million, or 12.1%, to $77.3 million in 2019 compared to $68.9 million in 2018. The increase was primarily due to costs of personnel supporting year-over-year growth of sales and customers, as well as ongoing infrastructure investments to support expansion of customer transaction volumes for our cloud-based subscription customers. Specifically, services headcount grew by 34% in 2019 as compared to 2018. As a percentage of total revenue, the cost of software subscriptions revenue decreased to 24.0% in 2019 compared to 25.3% in 2018.

Cost of Services Revenue

(In thousands)	For the Year Ended December 31 2019	2018	Year-Over-Year Change	
Cost of services revenue	$ 33,119	$ 26,753	$ 6,366	23.8%

Cost of services revenue increased $6.4 million, or 23.8%, to $33.1 million in 2019 compared to $26.8 million in 2018. The increase was primarily due to headcount growth in the service delivery areas to support revenue growth in software subscription-related services and our managed services offering. As a percentage of total revenue, cost of services revenue increased to 10.3% in 2019 compared to 9.8% in 2018.

Research and Development

(In thousands)	For the Year Ended December 31 2019	2018	Year-Over-Year Change	
Research and development	$ 30,557	$ 23,755	$ 6,802	28.6%

Research and development expenses increased $6.8 million, or 28.6%, to $30.6 million in 2019 compared to $23.8 million in 2018. The increase was primarily due to costs associated with increased development activity associated with nascent technologies and new solutions to address end-to-end data analysis and compliance needs of our customers. As a percentage of total revenue, research and development expenses increased to 9.5% in 2019 compared to 8.7% in 2018, driven in part by our expanded investment in developing our global compliance reporting solution. Research and development expense excludes those costs that have been capitalized for solutions that have met our capitalization policy.

Selling and Marketing

(In thousands)	For the Year Ended December 31 2019	2018	Year-Over-Year Change	
Selling and marketing	$ 68,127	$ 56,898	$ 11,229	19.7%

Selling and marketing expenses increased $11.2 million, or 19.7%, to $68.1 million in 2019 compared to $56.9 million in 2018. The increase was primarily due to an increase in payroll and related expenses associated with the growth in year-over-year subscription sales and services revenue and expansion of our partner and channel management programs. In addition, increases in advertising and

promotional spending and expanded brand awareness efforts contributed to this increase. As a percentage of total revenue, selling and marketing expenses increased to 21.2% in 2019 compared to 20.9% in 2018.

General and Administrative

(In thousands)	For the Year Ended December 31 2019	2018	Year-Over-Year Change	
General and administrative	$ 71,014	$ 58,947	$ 12,067	20.5%

General and administrative expenses increased $12.1 million, or 20.5%, to $71.0 million in 2019 compared to $59.0 million in 2018. The increase was primarily due to planned strategic investments of $6.8 million in information technology infrastructure, business process reengineering and other initiatives to drive future operating leverage, as well as investments aggregating $3.7 million in employees and other systems and resources in support of our growth. Due to these factors, as a percentage of total revenue, general and administrative expenses increased to 22.1% in 2019 compared to 21.6% in 2018.

Depreciation and Amortization

(In thousands)	For the Year Ended December 31 2019	2018	Year-Over-Year Change	
Depreciation and amortization	$ 8,996	$ 7,937	$ 1,059	13.3%

Depreciation and amortization increased $1.0 million, or 13.3%, to $9.0 million in 2019 compared to $7.9 million in 2018. The increase was primarily due to the impact of infrastructure and technology purchases placed in service in 2018 and 2019 and other capitalized infrastructure costs to support our growth. As a percentage of revenue, depreciation expense decreased to 2.8% in 2019 compared to 2.9% in 2018.

Impairment of Asset

(In thousands)	For the Year Ended December 31 2019	2018	Year-Over-Year Change	
Impairment of assets	$ —	$ 32,692	($ 32,692)	(100.0)%

For the year ended December 31, 2018, we recorded an impairment of $32.7 million for capitalized internal-use software previously utilized to provide cloud-based services to customers, net of accumulated amortization of $11.9 million. This impairment was related to a product strategy shift that resulted in this cloud offering no longer being made available for sale to customers after 2018. The capitalized development costs were deemed to be fully impaired due to the net book value of the asset exceeding its future expected cash flows.

Interest Income

(In thousands)	For the Year Ended December 31 2019	2018	Year-Over-Year Change	
Interest income	$ (1,083)	$ (526)	$ (557)	105.9%

Interest income increased $0.6 million, or 105.9%, to $1.1 million in 2019 compared to $0.5 million in 2018. The increase was primarily due to increases in returns earned on higher balances of cash on hand available for investment and increase in funds held for customers during 2019.

Interest Expense

(In thousands)	For the Year Ended December 31 2019	2018	Year-Over-Year Change	
Interest expense	$ 2,036	$ 2,120	$ (84)	(4.0)%

Interest expense was relatively consistent with the prior year. The slight decrease was primarily due to the decrease in outstanding balance of debt due to payments made during 2019.

Provision for Taxes

(In thousands)	For the Year Ended December 31 2019	2018	Year-Over-Year Change	
Income tax (benefit) expense	$ (155)	$ 1,679	$ 1,834	(109.2)%

Provision for taxes decreased $1.8 million, or 109.2%, to an income tax benefit of $0.2 million in 2019 compared to $1.7 million in 2018. The decrease was primarily due to a $1.0 million charge in 2018 to establish deferred taxes for assets that were transferred to the United States from a taxing jurisdiction that had a 0% tax rate.

Quarterly Results of Operations

The following table sets forth our unaudited quarterly consolidated statements of operations data for each of the periods presented as well as the percentage of total revenue that each line item represented for each quarter. In management's opinion, the data below have been prepared on the same basis as the audited consolidated financial statements included elsewhere in this prospectus and reflect all necessary adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of this data. The results of historical periods are not necessarily indicative of the results to be expected for a full year or any future period. Historical periods are also impacted by acquisitions. The

following quarterly financial data should be read in conjunction with our audited financial statements and related notes included elsewhere in this prospectus.

	For the Three Months Ended (unaudited)							
(In thousands)	Jun 30, 2018	Sep 30, 2018	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019	Mar 31, 2020
Revenue:								
Software subscriptions	$ 57,702	$ 60,231	$ 63,171	$ 64,384	$ 67,267	$ 71,041	$ 72,937	$ 75,760
Services	9,201	8,903	9,770	10,230	11,108	11,398	13,135	13,485
Total revenue	66,903	69,134	72,941	74,614	78,375	82,439	86,072	89,245
Cost of revenue:								
Software subscriptions[(1)]	17,143	18,081	17,090	18,426	19,417	18,647	20,768	24,684
Services[(1)]	6,924	6,731	6,474	7,138	7,692	8,786	9,503	14,778
Total cost of revenues	24,067	24,812	23,564	25,564	27,109	27,433	30,271	39,462
Gross profit	42,836	44,322	49,377	49,050	51,266	55,005	55,801	49,783
Operating expenses:								
Research and development[(1)]	6,599	5,854	5,015	7,573	7,205	7,271	8,508	13,079
Selling and marketing[(1)]	15,540	12,773	14,907	16,047	17,287	15,830	18,963	24,333
General and administrative[(1)]	13,823	15,397	15,018	15,448	16,647	17,263	21,656	37,636
Depreciation and amortization	1,984	1,895	2,013	2,045	2,172	2,311	2,468	2,869
Impairment of asset	—	—	32,692	—	—	—	—	—
Other operating expense (income)	(231)	(1,375)	1,103	163	305	4	101	111
Total operating expenses	37,715	34,544	70,748	41,276	43,616	42,679	51,696	78,028
Income (loss) from operations	5,121	9,778	(21,371)	7,774	7,650	12,326	4,105	(28,245)
Other (income) expense:								
Interest income	(106)	(195)	(166)	(292)	(232)	(251)	(308)	(355)
Interest expense	548	570	491	537	539	503	457	924
Total other expense, net	442	375	325	245	307	252	149	569
Income (loss) before income taxes	4,679	9,403	(21,696)	7,529	7,343	12,074	3,956	(28,814)
Income tax (benefit) expense	1,143	195	189	204	221	175	(755)	250
Net income (loss)	3,536	9,208	(21,885)	7,325	7,122	11,899	4,711	(29,064)
Other comprehensive (income) loss from foreign currency translations	333	71	118	(21)	23	174	(181)	2,998
Total comprehensive income (loss)	$ 3,203	$ 9,137	$ (22,003)	$ 7,346	$ 7,099	$ 11,725	$ 4,892	$ (32,062)

(1) Includes stock-based compensation expenses as follows in the table below. For more details, see "Seasonality and Quarterly Trends."

(In thousands)	For the Three Months Ended (unaudited)							
	Jun 30, 2018	Sep 30, 2018	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019	March 31, 2020
Cost of revenues, software subscriptions	$ 131	$ 131	$ 119	$ 131	$ 131	$ 131	$ 553	$ 3,492
Cost of revenues, services	197	197	175	197	197	197	830	5,238
Research and development	131	131	118	131	131	131	553	3,492
Selling and marketing	261	261	236	261	261	261	1,106	6,984
General and administrative	590	590	530	590	590	590	2,489	15,714
Total stock-based compensation	$ 1,310	$ 1,310	$ 1,178	$ 1,310	$ 1,310	$ 1,310	$ 5,530	$ 34,920

The following table sets forth our results of operations as a percentage of our total revenue for the periods presented.

	For the Three Months Ended (unaudited)							
	Jun 30, 2018	Sep 30, 2018	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019	Mar 31, 2020
Revenue:								
Software subscriptions	86.2%	87.1%	86.6%	86.3%	85.8%	86.2%	84.7%	84.9%
Services	13.8%	12.9%	13.4%	13.7%	14.2%	13.8%	15.3%	15.1%
Total revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of revenue:								
Software subscriptions	25.6%	26.2%	23.4%	24.7%	24.8%	22.6%	24.1%	27.7%
Services	10.3%	9.7%	8.9%	9.6%	9.8%	10.7%	11.0%	16.6%
Total cost of revenues	35.9%	35.9%	32.3%	34.3%	34.6%	33.3%	35.1%	44.3%
Gross profit	64.1%	64.1%	67.7%	65.7%	65.4%	66.7%	64.9%	55.7%
Operating expenses:								
Research and development	9.9%	8.5%	6.9%	10.1%	9.2%	8.8%	9.9%	14.7%
Selling and marketing	23.2%	18.5%	20.4%	21.5%	22.1%	19.2%	22.0%	27.3%
General and administrative	20.7%	22.3%	20.6%	20.7%	21.2%	20.9%	25.2%	42.2%
Depreciation and amortization	3.0%	2.7%	2.8%	2.7%	2.8%	2.8%	2.9%	3.2%
Impairment of asset	0.0%	0.0%	44.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Other operating expense (income)	(0.3)%	(2.0)%	1.5%	0.2%	0.4%	0.0%	0.1%	0.1%
Total operating expenses	56.5%	50.0%	97.0%	55.2%	55.7%	51.7%	60.1%	87.5%
Income (loss) from operations	7.6%	14.1%	(29.3)%	10.5%	9.7%	15.0%	4.8%	(31.8)%
Other (income) expense:								
Interest income	(0.2)%	(0.3)%	(0.2)%	(0.4)%	(0.3)%	(0.3)%	(0.4)%	(0.4)%
Interest expense	0.8%	0.8%	0.7%	0.7%	0.7%	0.6%	0.5%	1.0%
Total other expense, net	0.6%	0.5%	0.5%	0.3%	0.4%	0.3%	0.1%	0.6%
Income (loss) before income taxes	7.0%	13.6%	(29.8)%	10.2%	9.3%	14.7%	4.7%	(32.4)%
Income tax (benefit) expense	1.7%	0.3%	0.3%	0.3%	0.3%	0.2%	(0.9)%	0.3%
Net income (loss)	5.3%	13.3%	(30.1)%	9.9%	9.0%	14.5%	5.6%	(32.7)%
Other comprehensive (income) loss from foreign currency translations	0.5%	0.1%	0.2%	0.0%	0.0%	0.2%	(0.2)%	3.4%
Total comprehensive income (loss)	4.8%	13.2%	(30.3)%	9.9%	9.0%	14.3%	5.8%	(36.1)%

Seasonality and Quarterly Trends

We have historically signed a higher percentage of software subscription agreements with new and existing customers in the fourth quarter of each year. This can be attributed to buying patterns typical in the software industry. Since most of our customer agreement terms are annual, agreements initially entered into in the fourth quarter will generally come up for renewal at that same time in subsequent years. As a result, customer agreement cancellations may have a higher concentration during the end of the year. In addition, typically the first and last quarters of the year tend to be higher volume sales periods. This seasonality is reflected in our revenues, though the impact to overall annual or quarterly revenues is minimal since we recognize subscription revenue ratably over the term of the customer contract. Additionally, this seasonality is reflected in commission expenses to our sales personnel and our partners.

Our quarterly revenue has generally increased over the last two years primarily due to new sales to existing customers and sales to new customers. However, the pace of our revenue growth has not been consistent. Many of our customers are enterprise and large corporations and their purchase patterns can be sensitive to timing of budget decisions. Depending on such timing, these decisions can create volatility in the amount of business transacted by our salesforce and the amount of revenues recorded in each quarter. As such, certain periods may be less comparable due to the timing of our customers purchase patterns.

Our operating expenses generally have increased over the two-year period due to increases in headcount and related expenses to support our growth. Quarterly fluctuations in our costs and expenses overall primarily reflect changes in our headcount, and other costs related to certain technology development projects and the development and scaling of our cloud solution. In particular, research and development expenses have fluctuated based on the timing of personnel additions, capitalized costs and related spending on product development. Increases in our sales and marketing expenses primarily reflect personnel additions and various sales and marketing initiatives, the timing of which may fluctuate from quarter to quarter. We anticipate our operating expenses will continue to increase in future periods as we invest in the long-term growth of our business.

The Company has used share-based compensation programs as a component of overall compensation expense for certain of its employees. Certain of these programs require the appreciation of value to be recorded at each measurement date. Beginning in the fourth quarter 2019 and continuing into 2020, intrinsic value has risen significantly as our proximity to an initial public offering has become more likely and as such, the amount of expenses recorded related to stock-based compensation have significantly increased our operating expenses over the past two quarters making period-over-period comparisons difficult.

During the fourth quarter of 2018, we recorded an impairment of $32.7 million for capitalized internal-use software previously utilized to provide cloud-based services to customers, net of accumulated amortization of $11.9 million. This impairment was related to a product strategy shift that resulted in this cloud offering no longer being made available for sale to customers after 2018. The capitalized development costs were deemed to be fully impaired due to the net book value of the asset exceeding its future expected cash flows.

Historical patterns should not be considered a reliable indicator of our future sales activity or performance.

Liquidity and Capital Resources

As of December 31, 2019, we had cash and cash equivalents of $75.9 million and an accumulated deficit of $90.7 million. Our primary sources of capital to date have been from sales of our solutions and proceeds from bank lending facilities. We believe that our existing cash resources will be sufficient

to meet our capital requirements and fund our operations for at least the next 12 months. Our existing credit facility, which was due to mature in November 2020, was refinanced on March 31, 2020 through borrowings pursuant to the New Credit Agreement, which involved a $175.0 million three-year term loan and a $100.0 million five-year line of credit. The term loan is required to be repaid upon consummation of this offering. No amounts are outstanding under the line of credit at May 31, 2020. In the event this offering is not consummated, we believe that cash flows from operations are sufficient to repay the outstanding borrowings. Further, we believe we have the ability to refinance our credit facility pursuant to the New Credit Agreement in the future should the need arise. However, if these sources are insufficient to satisfy our liquidity requirements, we may seek to sell additional equity or debt securities. If we raise additional funds by issuing equity securities, our stockholders would experience dilution. Debt financing, if available, may involve covenants restricting our operations or our ability to incur additional debt. Any debt financing or additional equity that we raise may contain terms that are not favorable to us or our stockholders. Additional financing may not be available at all, or in amounts or on terms unacceptable to us.

The following table presents a summary of our cash flows for the periods indicated:

(in thousands)	Year Ended December 31		Three Months Ended March 31	
	2019	2018	2020	2019
			(unaudited)	
Net cash provided by (used in) operating activities	$ 92,498	$ 80,449	$ (6,417)	$ 9,899
Net cash used in investing activities	(37,560)	(33,314)	(21,656)	(8,115)
Net cash provided by (used in) financing activities	(30,629)	(30,697)	103,654	(12,392)
Effect of foreign exchange rate changes	12	(402)	(249)	21
Net increase in cash, cash equivalents and restricted cash	$ 24,321	$ 16,036	$ 75,332	$ (10,587)

Operating Activities. Cash provided by operating activities was $92.5 million for the year ended December 31, 2019 compared to $80.4 million for the same period in 2018, an increase of $12.1 million. This increase was primarily due to increased net income of $4.5 million, after adding back the 2018 impairment, increases in stock-based compensation of $4.1 million and a net increase in cash from operating assets and liabilities of $3.8 million. Cash used in operating activities was $6.4 million for the three months ended March 31, 2020 compared to cash provided by operating activities of $9.9 million for the same period in 2019, a decrease of $16.3 million. This change was primarily due to a net reduction in cash from operating assets and liabilities of $16.0 million. This reduction was primarily due to decreases in accrued and deferred compensation of $4.8 million, a reduction in deferred revenue of $7.6 million and a reduction in accounts receivable of $2.3 million. Accrued and deferred compensation decreased by $4.8 million due to payments for variable compensation for the three months ended March 31, 2020, increasing over the prior year comparable quarter by $2.7 million due to increases in headcount, and due to payments of $2.8 million for stock appreciation right redemptions in the first quarter of 2020 as compared to the same quarter of 2019. Deferred revenue decreased $7.6 million due to a $4.8 million decrease in non-recurring extended product support fees billed in the first quarter 2019 related to software subscription solutions retired during 2019. The balance of the deferred revenue reduction of $2.8 million, and the reduction in accounts receivable of $2.3 million are due primarily to modifications to billing frequencies requested by customers, primarily to align all the annual subscription billings for their subscription licenses to the same period. This results in a short-term reduction in deferred revenue, but no impact to revenue.

Investing Activities. Cash used in investing activities was $37.6 million for the year ended December 31, 2019 compared to $33.3 million for the same period in 2018, an increase of $4.3 million. This increase is due to investments focused on productivity enhancement associated with process automation and implementation of new tools. Cash used in investing activities was $21.7 million for the

three months ended March 31, 2020 compared to $8.1 million for the same period in 2019, an increase of $13.5 million. This increase was primarily related to the acquisition of a controlling interest in Systax Sistema Fiscais LTD ("Systax"), a Brazilian transaction tax software and content subscription provider, for cash paid of $12.3 million during the quarter. For additional information on investing activities, see "Note 2 to Consolidated Financial Statements—Acquisition (unaudited)."

Financing Activities. Cash used in financing activities was $30.6 million for the year ended December 31, 2019 compared to $30.7 million for the same period in 2018, a decrease of $0.1 million. This decrease was primarily due to an increase in principal repayments of bank debt of $2.3 million, offset by an increase in cash collected with respect to customer funds obligations of $2.6 million. Cash provided by financing activities was $103.7 million for the three months ended March 31, 2020 compared to $12.4 million used for the same period in 2019, a change of $116.1 million. This change was due primarily to borrowings under the term loan of $175.0 million in connection with the New Credit Agreement entered into on March 31, 2020. The proceeds of the term loan were used to repay amounts outstanding under the Company's previous credit agreement of $61.7 million and pay related financing fees of $2.9 million, with the balance being used to fund a portion of a $123.0 million dividend to our stockholders on May 29, 2020.

Debt. As of December 31, 2019, we had a credit agreement consisting of a $65.0 million term loan, with $50.4 million outstanding, and a $40.0 million line of credit. Interest on outstanding borrowings accrued at a Base Rate plus an applicable margin (4.75% as of December 31, 2019) or London Interbank Offered Rate ("LIBOR") plus an applicable margin (2.69% as of December 31, 2019). On March 31, 2020, we entered into the $275.0 million New Credit Agreement consisting of a three-year $175.0 million term loan and a $100.0 million line of credit with a term of five years. Proceeds from the term loan were used to repay amounts outstanding under the Company's previous credit agreement of $61.7 million and pay related financing fees of $2.9 million, with the balance being used to fund a portion of a $123.0 million dividend to our stockholders on May 29, 2020. The term loan is required to be repaid with proceeds from this offering. Absent the occurrence of this offering, the term loan requires quarterly principal payments of $4.4 million beginning October 2020 with a balloon payment in March 2023. There were no amounts borrowed under the line of credit through May 31, 2020. As of May 31, 2020, the interest rate on the term loan was 2.50%.

Funds Held for Customers and Customer Funds Obligations

We maintain trust accounts with financial institutions, which allows our customers to outsource their tax remittance functions to us. We have legal ownership over the accounts utilized for this purpose. Funds held for customers represents cash and cash equivalents that, based upon our intent, are restricted solely for satisfying the obligations to remit funds relating to our tax remittance services. Funds held for customers are not commingled with our operating funds.

Customer funds obligations represent our contractual obligations to remit collected funds to satisfy customer tax payments. Customer funds obligations are reported as a current liability on our consolidated balance sheets as the obligations are expected to be settled within one year. Cash flows related to changes in customer funds obligations liability are presented as cash flows from financing activities.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, as defined by applicable regulations of the SEC, that are reasonably likely to have a current or future material effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

Contractual Obligations and Commitments

Our contractual obligations and commitments as of December 31, 2019 are summarized in the table below:

	Payments Due by Year				
(in thousands)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt	$ 50,375	$ 50,375	$ —	$ —	$ —
Capital leases	1,332	650	682	—	—
Operating leases	35,914	4,534	8,430	8,002	14,947
Purchase obligations	7,694	4,859	2,835	—	—
Total contractual cash obligations	$ 95,315	$ 60,418	$ 11,947	$ 8,002	$ 14,947

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

We had cash and cash equivalents of $55.8 million and $75.9 million as of December 31, 2018 and 2019, respectively, and $40.4 million as of March 31, 2020. We maintain our cash and cash equivalents in deposit accounts and money market funds with financial institutions. Due to the short-term nature of these instruments, we believe that we do not have any material exposure to changes in the fair value of our investment portfolio as a result of changes in interest rates. Declines in interest rates, however, would reduce future interest income.

We are exposed to risk related to changes in interest rates. Borrowings under the New Credit Agreement bear interest at rates that are variable. Increases in the bank prime or LIBOR rates would increase the interest rate on these borrowings.

On March 31, 2020, we entered into the $275.0 million New Credit Agreement consisting of a three-year $175.0 million term loan and a $100.0 million line of credit with a term of five years. A portion of the proceeds from the term loan were used to repay amounts outstanding under the Company's previous credit agreement of $61.7 million. There were no amounts borrowed under the line of credit through May 31, 2020. Each change of one percentage point in interest rates would result in an approximate $1.75 million increase in our annual interest expense. Any debt we incur in the future may also bear interest at variable rates.

Foreign Currency Exchange Risk

Our revenue and expenses are primarily denominated in U.S. dollars. For our foreign operations, the majority of our revenues and expenses are denominated in other currencies, such as the Canadian Dollar, Euro, British Pound, Swedish Krona and Brazilian Real. Decreases in the relative value of the U.S. dollar as compared to these currencies may negatively affect our revenue and other operating results as expressed in U.S. dollars. For the years ended December 31, 2018 and 2019 and the three months ended March 31, 2019 and 2020, approximately 1% of our revenues were generated in currencies other than U.S. dollars in each respective period.

We have experienced and will continue to experience fluctuations in our net income (loss) as a result of transaction gains or losses related to revaluing certain current asset and current liability balances that are denominated in currencies other than the functional currency of the entities in which they are recorded. We have historically recognized immaterial amounts of foreign currency gains and losses in each of the periods presented. We may in the future hedge selected significant transactions denominated in currencies other than the U.S. dollar as we expand our international operation and our risk grows. The acquisition of the controlling interest in Systax in January 2020 and the future purchase

commitments associated with this acquisition are expected to increase our exposure to fluctuations of the Brazilian Real over time.

Inflation

In the past two years, we do not believe that inflation had a material effect on our business, financial condition or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

Internal Control Over Financial Reporting

In connection with the audit of our consolidated financial statements, we identified three material weaknesses in our internal control over financial reporting during the two-year period ended December 31, 2019. These material weaknesses were due to (i) the lack of an effective review control over the completeness and accuracy of significant conclusions regarding the impact of the new revenue recognition guidance prescribed by ASC 606, (ii) incorrect applications of software capitalization models and untimely identification of impairments of capitalized software development costs and (iii) an insufficient process for the provision and governance of user access to financially significant systems that resulted in a lack of segregation of duties related to journal entries and cash disbursements. The material weaknesses resulted in several control deficiencies that could have the following effects:

- the impact of new or revised accounting guidance on the Company's financial statements may not be identified and accurately reflected in the Company's financial statements;
- errors in the amount of software development costs capitalized and impairment assessments that are either not captured in a timely manner or not appropriate based on whether such costs are internal-use software versus software to be sold, leased or marketed; and
- an increased risk that unauthorized transactions will not be prevented and/or detected and corrected in a timely manner.

The material weaknesses relating to revenue recognition and capitalized software development costs resulted in errors that were not identified timely in conjunction with the issuance of our financial statements as of and for the years ended December 31, 2018 and 2019. These errors led to adjustments reflected in the 2019 and 2018 audited consolidated financial statements contained herein. We evaluated these errors under both quantitative and qualitative standards. No errors were identified with respect to the lack of segregation of user access to financially significant systems.

A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis by a company's internal controls.

Beginning in February 2020, we started specific efforts to remediate the material weaknesses described above, including the following:

- implemented additional and more precise review controls over revenue recognition, particularly considering the complex nature of this accounting pronouncement;
- instituted additional and more precise review controls over implementation of new accounting pronouncements, particularly where management seeks input from outside consultants with respect to implementation of those accounting pronouncements that are complex;
- instituted a control in which senior members of our finance, accounting, technology and product teams meet quarterly and review all new software projects, existing software assets that have

changes in projected use and/or pipeline, and business and market conditions that could impact classification or impairment of capitalized software development costs; and

- evaluated changes needed over our user access governance practices to prevent individuals from having the ability to create and post journal entry or create a vendor and prepare checks, with a plan to implement these changes by the end of the second quarter of 2020.

We continue to implement new technology systems to automate certain processes, particularly with respect to revenue recognition. We expect these efforts to continue throughout 2020 and, in the interim, we will continue to employ enhanced review controls. We also plan to increase the education and training available to our management regarding new and revised accounting standards to aid in our efforts to remediate the material weakness regarding our implementation of ASC 606 and future accounting pronouncements. Our executive team in charge of reviewing potential impairments of capitalized software development costs will continue to meet quarterly in 2020 and thereafter. Finally, we are in the process of performing an overall review of user access for our core financial systems, which we expect may result in further segregation of duties. We also plan to periodically update our review of user access going forward.

As we continue to implement these practices and prepare to meet the financial reporting requirements of a public company, we may make additional changes to our internal control over financial reporting. Additionally, in 2020, we expect to enhance our financial reporting risk assessment as part of evaluating our current control environment against a formal control framework consistent with applicable requirements for a public company.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements. The preparation of these financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenue and expenses during the reporting periods. These estimates, assumptions and judgments are necessary because future events and their effects on our consolidated financial statements cannot be determined with certainty, and are made based on our historical experience and on other assumptions that we believe to be reasonable under the circumstances. These estimates may change as new events occur or additional information is obtained, and we may periodically be faced with uncertainties, the outcomes of which are not within our control and may not be known for a prolonged period of time. Because the use of estimates is inherent in the financial reporting process, actual results could materially differ from those estimates.

We believe the following critical accounting policies affect our most significant judgments and estimates used in preparation of our consolidated financial statements:

- Revenue recognition;
- Stock-based compensation;
- Common stock valuations;
- Software development costs; and
- Goodwill

Revenue Recognition

On January 1, 2018, we adopted ASC 606. Thus, the consolidated financial statements reflect ASC 606 for the years ended December 31, 2019 and 2018.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to be received in exchange for those products or services. We enter into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. Revenue is recognized net of allowance for subscription and non-renewal cancellations and any taxes collected from customers, which are subsequently remitted to governmental authorities.

Licenses for on-premise software subscriptions provide the customer with a right to use the software as it exists when made available to the customer. Customers purchase a subscription to these licenses, which includes the related software and tax content updates and product support. The updates and support, which are part of the subscription agreement, are essential to the continued utility of the software. Therefore, we have determined the software and the related updates and support to be a single performance obligation. Accordingly, when on-premise software is licensed, the revenue associated with this combined performance obligation is recognized ratably over the license term as these subscription services are provided for the duration of the license term. Revenue recognition begins on the later of the beginning of the subscription period or the date the software is made available to the customer to download. Our on-premise software subscription prices in the initial subscription year are higher than standard renewal prices. The excess initial year price over the renewal price ("new sale premium") is considered to be a material right. We recognize revenue associated with the material right over the estimated period of benefit to the customer, generally three years.

Cloud-based subscriptions allow customers to use Company-hosted software over the contract period without taking possession of the software. The cloud-based offerings also include related updates and support. All services within the cloud-based contracts would consistently provide a benefit to the customer during the subscription period, thus the associated revenue is recognized ratably over the subscription period. Revenue recognition begins on the later of the beginning of the subscription period or the date the customer is provided access to the cloud-based services.

Revenue from deliverable-based services is recognized as services are delivered. Revenue from fixed fee services is recognized as services are performed using the percentage of completion input method.

We have elected the "right to invoice" practical expedient for revenue related to services that are billed on an hourly basis, which enables revenue to be recognized as the services are performed.

We have determined that the methods applied to measuring our progress toward complete satisfaction of performance obligations recognized over time are a faithful depiction of our transfer of control of software and services to customers.

Significant Judgments

Contracts with customers often include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. Identification of the amortization periods of material rights and contract costs requires significant judgement by management.

Contract Balances

Timing of revenue recognition may differ from the timing of invoicing customers. A receivable, or contract asset, is recorded in the consolidated balance sheet when customers are billed related to revenue to be collected and recognized for subscription agreements as there is an unconditional right to invoice and receive payment in the future related to these subscriptions. A receivable and related revenue may also be recorded in advance of billings to the extent services have been performed and we

have a right under the contract to bill and collect for such performance. Subscription-based customers are generally invoiced at the beginning of each annual subscription period. A contract liability is recorded as deferred revenue on the consolidated balance sheet when subscription-based customers are billed in advance of performance obligations being satisfied, and revenue is recognized subsequent to invoicing ratably over the subscription period or over the amortization period of material rights.

Deferred sales commissions earned by our sales force and certain sales incentive programs and vendor referral agreements are considered incremental and recoverable costs of obtaining a contract with a customer. An asset is recognized for these incremental contract costs and reflected as deferred commissions in the consolidated balance sheet. These contract costs are amortized on a straight-line basis over a period consistent with the transfer of the associated product and services to the customer, which is generally three years. Amortization of these costs are included in selling and marketing expense in the consolidated statements of comprehensive income (loss). We periodically review these contract assets to determine whether events or changes in circumstances have occurred that could impact the period of benefit of these assets. There were no impairment losses recorded for the periods presented.

Payment Terms

Payment terms and conditions vary by contract, although our terms generally include a requirement of payment within 30 days. In instances where the timing of revenue recognition differs from the timing of payment, we have determined that our contracts do not include a significant financing component. The primary purpose of invoicing terms is to provide customers with simplified and predictable ways of purchasing products and services, not to receive financing from customers or to provide customers with financing.

Stock-Based Compensation

We apply the provisions of ASC 718, Compensation—Stock Compensation, for the award of equity-based instruments. The provisions of ASC 718 require a company to measure the fair value of stock-based compensation as of the grant date of the award. We have stock options and SARs (collectively, the "awards") outstanding that are subject to guidance set forth in ASC 718. Our board of directors intends all awards granted to be exercisable at a price per share not less than the per share fair value of the Company's common stock underlying such awards on the date of grant. Stock-based compensation expense reflects the cost of employee services received in exchange for the awards.

SARs are accounted for as liabilities under ASC 718 and, as such, we recognize stock-based compensation expense by remeasuring the SARs at the end of each reporting period and accruing the portion of the requisite service rendered at that date. As a nonpublic entity, we have elected to measure SARs based on their intrinsic values. Management measures the intrinsic value of a SAR as the difference between the fair value of the Company's non-voting common stock less the grant date fair value of the underlying shares as this is the value the SAR participant can derive from exercise of the SAR award. The fair value of the Company's common stock is determined periodically by the board of directors with the assistance of management and a third-party valuation firm. Management plans to continue to record changes in the intrinsic value of the SARs in 2020 up to the date on which the Company becomes a public entity. Upon becoming a public entity and thereafter, we will remeasure SARs using the fair value-based method under ASC 718. Any impact from such change in measurement on the date on which we become a public entity will be accounted for as a change in accounting policy in that period. To the extent that the fair value-based measure of the SARs differs materially from the intrinsic value of the SARs, this effect could be material. As the fair value-based measure of the SARs is not determinable at this time, such amount cannot be reasonably estimated with any degree of certainty. Outstanding SARs are included in deferred compensation, current and deferred compensation, net of current portion in the consolidated balance sheets.

Due to the option holders having the right to require us to repurchase shares issued in connection with option exercises after six months of issuance, the options are classified as temporary equity and reflected in options for redeemable shares on the consolidated balance sheets at their redemption value as of the end of each balance sheet measurement period. Changes as a result of remeasurement of the redemption value of options for redeemable shares are recorded as adjustments to accumulated deficit.

As of December 31, 2019, we had approximately $3.9 million of total unrecognized stock-based compensation expense, which we expect to recognize over a period of approximately three to five years. As of March 31, 2020, we had approximately $16.8 million of total unrecognized stock-based compensation.

Based upon the initial public offering price of $15.00 per share (which is the midpoint of the price range set forth on the cover of this prospectus), the aggregate intrinsic value of stock-based awards outstanding as of March 31, 2020 was approximately $114.5 million, of which approximately $70.1 million related to vested awards and approximately $44.4 million related to unvested awards.

Common Stock Valuations

Following the closing of this initial public offering, the fair value per share of our common stock for purposes of determining stock-based compensation will be the closing price of our common stock as reported on the applicable grant date.

The fair value of the common stock underlying the awards is determined by the board of directors with assistance from management and an independent third-party valuation firm. The determination of value uses the market and income approaches, with an adjustment for marketability discount in arriving at the per share fair value (the "valuation methodology"). Under the market approach, the guideline public company method is used, which estimates the fair value of our Company based on market prices of stock of guideline public companies. The income approach involves projecting the future benefits of owning an asset and estimating the present value of those future benefits by discounting them based upon the time value of money and the investment risks associated with ownership.

At the end of 2019, due to the consideration by our board of directors of pursuing an initial public offering of the Company's common stock during 2020, the valuation methodology began to consider the impact of such an event on the value of the Company's common stock underlying the awards. As we approach the offering, we expect this will result in an increase in the intrinsic value of the awards that will correspondingly result in increases to compensation expense in the consolidated comprehensive statements of income during 2020 that exceed historical results.

Software Development Costs

Internal-Use Software

We follow ASC 350-40, *Goodwill and Other, Internal-Use Software*, to account for development costs incurred for the costs of computer software developed or obtained for internal use. ASC 350-40 requires such costs to be capitalized once certain criteria are met. Capitalized internal-use software costs are primarily comprised of direct labor, related expenses and initial software licenses. ASC 350-40 includes specific guidance on costs not to be capitalized, such as overhead, general and administrative and training costs. Internal-use software includes software utilized for cloud-based services as well as software for internal systems and tools. Costs are capitalized once the project is defined, funding is committed and it is confirmed the software will be used for its intended purpose. Capitalization of these costs concludes once the project is substantially complete and the software is ready for its intended purpose. Post-configuration training and maintenance costs are expensed as incurred. Internal-use software available for its intended use is included in internal-use software developed in property and equipment in the consolidated balance sheets and is depreciated over periods between

three to five years. Depreciation expense for internal-use software utilized for cloud-based services and for software for internal systems and tools is included in cost of software subscription revenues, and depreciation expense, respectively, in the consolidated statements of comprehensive income (loss).

We review the carrying value of internal-use software, for impairment whenever events or changes in circumstances indicate that the carrying amount of such software may not be fully recoverable. Whenever such events or circumstances are present, an impairment loss equal to the excess of the asset carrying value over its fair value, if any, is recorded.

Software Developed for Sale

The costs incurred for the development of computer software to be sold, leased or otherwise marketed are capitalized in accordance with ASC 985-20, *Costs of Software to be Sold, Leased or Marketed*, when technological feasibility has been established. Technological feasibility generally occurs after completion of all planning, design, coding and testing activities that are necessary to establish that the product can be produced to meet its design specifications, including functions, features and technical performance requirements. The establishment of technological feasibility is an ongoing assessment of judgment by management with respect to certain external factors, including, but not limited to, anticipated future revenues, estimated economic life and changes in technology. Capitalized software includes direct labor and related expenses for software development for new products and enhancements to existing products and acquired software.

Amortization of capitalized software development costs begins when the product is available for general release. Amortization is provided on a product-by-product basis using the straight-line method over periods between three to five years. Unamortized capitalized software development costs determined to be in excess of the net realizable value of the product are expensed immediately.

Capitalized software costs are subject to an ongoing assessment of recoverability based on anticipated future revenues and changes in software technologies. At each balance sheet date, unamortized capitalized software costs are compared to the net realizable value of the related product. The carrying value of the related assets are written down to the net realizable value to the extent the unamortized capitalized costs exceed such value. The net realizable value is the estimated future gross revenues from the related product reduced by the estimated future costs of completing and disposing of such product, including the costs of providing related maintenance and customer support.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of net tangible and intangible assets acquired in a business combination. We evaluate goodwill for impairment annually at December 31 and whenever events or circumstances make it more likely than not that impairment may have occurred. We have determined that our business comprises one reporting unit. We have the option to first assess qualitative factors to determine whether events or circumstances indicate it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, in which case a quantitative impairment test is not required.

The quantitative goodwill impairment test is performed by comparing the fair value of the reporting unit with its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, goodwill is not impaired. An impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the fair value up to the amount of goodwill allocated to the reporting unit. Income tax effects from any tax-deductible goodwill on the carrying amount of the reporting unit are considered when measuring the goodwill impairment loss, if applicable.

Recent Accounting Pronouncements

A discussion of recent accounting pronouncements is included in note 1 to our audited consolidated financial statements included elsewhere in this prospectus.

JOBS Act

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

- being permitted to present only two years of audited financial statements and only two years of related Management's Discussion and Analysis of Financial Condition and Results of Operations in this prospectus;
- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act;
- reduced disclosure obligations regarding executive compensation in this prospectus and in our periodic reports, proxy statements and registration statements; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We may take advantage of these provisions until the last day of our fiscal year following the fifth anniversary of the completion of this offering. However, if certain events occur prior to the end of such five-year period, including if we become a "large accelerated filer," our annual gross revenue exceeds $1.07 billion or we issue more than $1.0 billion of non-convertible debt in any three-year period, we will cease to be an emerging growth company prior to the end of such five-year period.

We have elected to take advantage of certain of the reduced disclosure obligations in this registration statement and may elect to take advantage of other reduced reporting requirements in future filings. As a result, the information that we provide to our stockholders may be different from what you might receive from other public reporting companies in which you hold equity interests.

In addition, under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies.

BUSINESS

Overview

Our vision is to accelerate global commerce, one transaction at a time.

Vertex delivers comprehensive tax solutions that enable global businesses to transact, comply and grow with confidence. Companies with complex tax operations rely on Vertex to automate their end-to-end indirect tax processes. Indirect tax is the largest corporate tax category, encompassing sales tax, seller's use tax, consumer use tax and VAT, among others. Indirect tax accounts for more than $3.5 trillion of annual tax revenue, which is 2.5 times the amount of corporate income taxes, according to the 2019 OECD Tax Database. Our software, content and services address the increasing complexities of global commerce and compliance by reducing friction, enhancing transparency and enabling greater confidence in meeting indirect tax obligations. As a result, our software is ubiquitous within our customers' business systems, touching nearly every line item of every transaction that an enterprise can conduct. Today, we have more than 4,000 customers, including over half of the Fortune 500, and provide our customers with tax support in over 130 countries.

Tax complexity is driven by the number of jurisdictions, products, distribution channels and systems of record within an organization. Each transaction must be tax-assessed for compliance purposes in real time and indirect taxes generally require filing each month, in every jurisdiction in which a company does business. Despite these complexities, there are still businesses that attempt to manage the tax lifecycle through a patchwork of static tax rate tables in spreadsheets, home-built systems or business applications, such as ERP software, that were not designed for complex tax management. Each of these approaches relies heavily on finance personnel or outside professional services.

The rapid changes taking place in today's global business, technology and regulatory environments are having a compounding effect on the complexity of indirect tax management. As companies expand their business models, enter new geographies and extend their distribution channels, they widen the aperture of their indirect tax obligations. Additionally, as they expand their core offerings to incorporate new digital products and services, they are increasingly impacted by new tax regulations being pursued by jurisdictions. For example, in the United States, nearly 40 states have now enacted marketplace facilitator regulations, requiring online marketplaces to collect and remit taxes for first- and third-party sales on their websites. This complexity demands intelligent solutions that enable businesses to satisfy tax obligations and support growth opportunities.

We have pioneered tax technology for over 40 years. We first began electronic delivery of tax rules in the early 1980s and we first sold transaction tax processing software in 1982. Today, our software enables tax determination, compliance and reporting, tax data management and document management with powerful pre-built integrations to core business applications used by most companies, particularly those applications that have a significant impact on global commerce. Our software is fueled by over 300 million data-driven effective tax rules and supports indirect tax compliance in more than 19,000 jurisdictions worldwide. In order to maintain the quality of our content, our team includes many global tax and regulatory experts from industry and the public sector, who deliver monthly updates to our tax content, which are then incorporated directly into our software. Our solutions can be deployed on-premise, in the cloud, or both, with implementation services available to enable optimal customer outcomes and satisfy unique business requirements.

Our customers include the majority of the Fortune 500, as well as a majority of the top 10 companies by revenue in multiple industries such as retail, technology and manufacturing, in addition to leading marketplaces. As these companies expand geographically and pursue omnichannel business models, their tax determination and compliance requirements increase and become more complex. Our trusted brand and strong relationships with our customers enable us to capitalize on these sustainable organic growth opportunities.

Our partner ecosystem is a differentiating, competitive strength in both our software development and our sales and marketing activities. We integrate with key technology partners that span ERP, CRM, procurement, billing, POS and eCommerce. These partners include Adobe/Magento, Coupa, Microsoft Dynamics, NetSuite, Oracle, Salesforce, SAP, SAP Ariba, Workday and Zuora. We also collaborate with numerous accounting firms who have built implementation practices around our software to serve their customer base.

We believe that global commerce and compliance environment provides durable and accelerating growth opportunities for our business. We generated revenue of $272.4 million and $321.5 million in 2018 and 2019, respectively, and $74.6 million and $89.2 million for the three months ended March 31, 2019 and 2020, respectively. We had a net loss of $6.1 million and net income of $31.1 million in 2018 and 2019, respectively, and net income of $7.3 million and a net loss of $29.1 million for the three months ended March 31, 2019 and 2020, respectively. Adjusted EBITDA was $61.5 million and $67.9 million in 2018 and 2019, respectively, and $15.6 million and $15.3 million for the three months ended March 31, 2019 and 2020, respectively. Additionally, we generated net cash provided by operating activities of $80.4 million and $92.5 million in 2018 and 2019, respectively, and $9.9 million and $(6.4) million in the three months ended March 31, 2019 and 2020, respectively. Our free cash flow was $47.1 million and $54.9 million in 2018 and 2019, respectively, and $1.8 million and $(15.8) million in the three months ended March 31, 2019 and 2020, respectively. Adjusted EBITDA and free cash flow are non-GAAP financial measures. For more information about how we use these non-GAAP financial measures in our business, the limitations of these measures and reconciliations to the most directly comparable GAAP measures, see "Prospectus Summary—Summary Consolidated Financial and Operating Information." In connection with the offering, we will convert from an S Corporation to a C Corporation, which will result in net income of the Company being taxed at the corporate level. For additional information on the effect of such conversion, see "Prospectus Summary—Summary Consolidated Financial and Operating Information."

Industry Background

Indirect taxes are significant and growing revenue streams for governments around the world

Indirect taxes are part of everyday commerce in many countries—they are levied on items such as food, clothing, business supplies and even data transmissions from mobile phones. According to the 2019 OECD Tax Database, more than $3.5 trillion of indirect taxes were collected by national, state and local governments around the world in 2018, which is 2.5 times the amount of corporate income taxes collected. Indirect taxes on goods and services represented more than 10% of GDP for OECD countries in 2018 and governments continuously seek new ways to increase this revenue stream. In the United States, sales and use taxes are the largest component of indirect taxes. According to OECD Revenue Statistics, the United States collected more than $800.0 billion in tax revenue from goods and services taxes in 2018.

Tax reporting and compliance pose tenacious challenges for all businesses

In today's global economy, indirect taxation is highly nuanced and growing in its complexity for most businesses. In order to calculate taxes accurately, enterprises must identify every jurisdiction in which they operate, determine and maintain the applicable rates for each of those jurisdictions and map the applicable taxability to the products and services they deliver. Cross-border transactions increase the complexity of taxes. Understanding the variables surrounding transactions and how they change applicable taxes becomes difficult for tax departments to manage given the volume of purchasing, sourcing and sales activities conducted by large enterprises.

Indirect tax returns generally need to be filed on a monthly basis and noncompliance exposes companies to significant monetary liability, poor customer experiences and reputational risk. Tax audits can look back many years, creating a greater level of accountability for managing tax data than for

typical business data. Additionally, it is not unusual for a large enterprise to have a substantial number of tax audits across numerous jurisdictions ongoing at any point in time. Each audit may require detailed traceability to individual transactions to defend historical tax positions taken.

Dynamic business, regulatory and technology drivers have a compounding effect on tax compliance

We believe that trends in the digital economy are accelerating the need for adoption of sophisticated tax solutions among a broader and growing number of enterprises and global commerce platforms.

- *Governments are increasingly adopting new and expanded indirect tax measures.* More governments are adopting indirect tax as an effective means to build and maintain their revenue base. For example, some of the countries that recently enacted new or expanded indirect tax legislation include China, India, Saudi Arabia and the United Arab Emirates.

- *Governments are mandating more frequent and more detailed tax reporting, using advanced technologies to scrutinize business tax filings.* Jurisdictions are also increasing the requirements and frequency of tax compliance. Many countries outside of the United States are now requiring detailed information and real-time or near-real time reporting from business taxpayers. For example, companies invoicing more than €6.0 million annually in Spain must submit invoice and other related data every four days, which must also be reconciled to their month-end filing.

- *Businesses' geographic and channel expansion are creating new tax exposures.* An increasing number of enterprises are selling globally and online to expand their business, and as a result are facing new tax compliance and reporting requirements. For many manufacturers and distributors, there are new complexities regarding what may trigger sales tax responsibility and which transactions are taxable or tax-exempt.

- *Governments are enacting new taxation on digital goods and services.* Many countries have already unilaterally proposed new taxation of digital services such as digital advertising, streaming video and online delivery services to increase revenues from the global digital economy. The European Union, United Kingdom, Australia, Austria, France, Italy, Spain and New Zealand have all proposed or enacted some type of digital taxation, accelerating the need for businesses and marketplace providers to extend their indirect tax processes.

- *B2B and B2C marketplaces are increasingly responsible for collecting and remitting taxes for their third-party sellers.* In the United States, nearly 40 states have now enacted marketplace facilitator regulations. These regulations may require companies such as Amazon, eBay and Walmart to collect and remit sales tax for first-and third-party sales on their websites, regardless of where those goods or services are consumed.

- *The expanded number of business applications being used by enterprises has increased the number of data sources necessary for indirect tax compliance.* A proliferation of best-of-breed enterprise software applications in segments such as procurement, billing, shipping and eCommerce has resulted in companies facing more applications handling data that impacts the sale and purchase of taxable goods and services. As a result, tax departments must collect tax-related data from numerous, disparate systems.

Legacy approaches are insufficient

Over the past several decades, many tax departments have addressed their indirect tax needs by relying on a patchwork of static tax rate tables in spreadsheets, home-built systems or business applications not designed for tax compliance. Each requires heavy reliance on finance personnel or outside professional services. As taxation becomes more complicated, we believe these approaches will begin to fracture as they are error-prone, inefficient and cannot scale, thus increasing exposure to fines, raising reserves and heightening the risk of tax audits across multiple jurisdictions.

Our Opportunity

We believe the total addressable market for solutions that enable global commerce and compliance is robust, global and growing. We estimate our addressable market among global enterprises and other businesses with greater than $1.0 million in annual sales to be over $7.0 billion in the United States. We believe this potentially understates our total addressable market because it does not include businesses domiciled outside of the United States.

We calculate our addressable market size by segmenting all companies domiciled in the United States across all industries by annual U.S. sales revenues. For each of the companies with greater than $1.0 million in annual sales, we then apply an estimate of total potential annual spend per company for indirect tax technologies, including tax determination, compliance, tax data management and document management, based on our average selling price estimates.

Key Benefits of Our Solutions

We deliver comprehensive tax solutions that automate end-to-end indirect tax processes for enterprises and mid-market companies with complex tax operations. Our software includes tax determination, compliance and reporting, tax data management and document management fueled by our powerful and proprietary content database, which includes over 300 million data-driven effective tax rules supporting indirect tax compliance in more than 19,000 jurisdictions worldwide. Our solutions also include powerful pre-built integrations to core business applications, such as SAP and Oracle.

Our solutions deliver the following key benefits to our customers:

Comprehensive, efficient and accurate indirect tax management. Our solutions provide our customers with powerful tools to manage their end-to-end indirect tax obligations across determination, documentation, reporting and remittance. Our solutions move customers away from manual and inconsistent processes, spreadsheets and home-built solutions and enable them to manage their indirect tax obligations accurately and efficiently, while reducing risk with richer documentation and support for ongoing compliance and reporting requirements.

Reduction in tax audit risk and tax audit-induced costs. We believe that customers implement our solutions to increase accuracy and transparency in supporting the tax audit process, and to lower their overall costs of tax audit defense. This is driven by rich documentation and data support during tax audit discovery, which can mitigate tax audit-related adjustments and fines. The accuracy and ease of using our software also allows finance and tax teams to redistribute their time and effort towards higher return on investment initiatives such as strategic planning and tax audit defense, creating meaningful expansion in productivity.

Wide jurisdiction coverage to support geographic expansion. Economic nexus for indirect taxes is often based on the geographic location of either operations or sales. We maintain expansive coverage of jurisdictions and continually update our global content database, allowing our customers to expand their operations around the world while maintaining compliance with the relevant indirect tax laws of each jurisdiction.

Support of new business models. As digital transformation continues to change our economy, many enterprises are adopting new business models and incorporating new technology in their products and operations to fuel growth, including diversified supply chains and omnichannel retail strategies. Many of these digital transformations result in new, complex indirect tax challenges. For example, data transmissions from internet-connected devices are subject to telecom taxes, which are often new and unfamiliar obligations to traditional manufacturers and retailers.

Our Competitive Strengths

We have pioneered tax technology for over 40 years. We deliver comprehensive tax solutions that enable global businesses to transact, comply and grow with confidence. Companies with complex tax operations rely on us to automate their end-to-end indirect tax processes. Our key competitive strengths include:

We provide a differentiated portfolio of end-to-end solutions for indirect tax globally. Through the combination of data, analytics and expertise, our solutions automate the end-to-end indirect tax processes for enterprises with complex tax operations and audit risk. Our software includes tax determination, compliance and reporting, tax data management and document management tools, as well as pre-built integrations to the software applications and systems that are used by our customers, such as SAP, Oracle and Adobe/Magento, to perform real-time indirect tax determinations across a variety of different industries, including retail, leasing, communication and manufacturing. In addition to our powerful calculation engine, our software supports exemption automation for customers, and our data management capabilities provide a solution for the data validation, analysis and transformation steps that are required to properly support indirect tax compliance. We can also support tax remittance for our customers and currently process nearly $6.0 billion of tax payments on behalf of our customers annually.

Our software is underpinned by a comprehensive proprietary tax content database. Our proprietary tax content database is significant and includes educational content, best practices guidance and over 300 million data-driven effective tax rules supporting indirect tax compliance in more than 19,000 jurisdictions worldwide, which are then embedded into our software. Our tax content provides meaningful insights and guidance to enterprises looking to address their tax exposure, and we provide solutions by embedding these tax rules into our software. We employ over 70 tax professionals on our tax content team, which is comprised of subject matter experts with significant experience and includes CPAs, attorneys and chartered accountants, among others. Our content team combines legislative research, analysis, technical logic and automation to embed updated rules into our software. We believe that the knowledge, depth and breadth of our content database is a differentiated asset that gives us a competitive advantage.

Our strong brand makes us a recognized and trusted provider in tax software. We pioneered the first indirect tax software over 40 years ago and since then have built innovative tax software, a marquee customer base and a trusted brand. We continue to adapt to meet our customers' needs—from mainframe-based software to cloud and mobile technologies. This has helped us create a long-standing customer base of over 4,000 customers, including some of the most complex and discerning multinational enterprises around the globe. Our history and experience with complex tax challenges are difficult to replicate.

Our culture of innovation, the name-brand recognition of our customer base and the mission-critical nature of our software for tax departments provide leverage to our sales and marketing teams and enable us to successfully attract new customers. Our brand and solutions are trusted by customers, as well as the tax audit and advisory community and regulators. Our history and expertise are also critical to our deep partnerships with numerous marketplaces, ERP, CRM and POS providers and have made us a sought-after thought leader in the industry.

Powerful, robust technology with enterprise-grade scale and speed. Our solutions are built upon a technology foundation purpose-built to meet the needs of highly discerning enterprises with complex indirect tax obligations. For example, our software is used by some of the largest companies in the world to automate indirect tax calculation in hundreds of locations, among thousands of suppliers and millions of customers, across tens of thousands of jurisdictions, and through multiple systems of record. By utilizing a common engine and data design, we offer consistency regardless of the technical infrastructure of our customers and partners. Our technology architecture and engineering expertise

allow us to continue providing solutions with the enterprise scale and speed our customers expect, realizing rapid-time-to-value from our software and monthly content updates.

Flexible delivery and configuration to meet the needs of our customers. Our customers need software that allows them to automate tax but also allows for tax configurability that accommodates their specific company needs. Our configurability allows users to create their own taxability rules that can act as an override, providing more flexibility and ensuring that all individual, company-specific tax scenarios can be met. We also offer a flexible delivery model that includes on-premise, cloud or a hybrid of both delivery models, giving our customers the ability to choose how to manage their tax determination and system deployments.

Deep and high-quality partnerships and integrations. Our partner ecosystem is a distinct strength to support both software development and our sales and marketing activities. We integrate with key technology partners that span ERP, CRM, procurement, billing, POS and eCommerce platforms. The majority of our integrations are designed, tested and supported by us; however, we also support partner-developed integrations as part of a rigorous certification program. Our teams are embedded at a deep technical level and we conduct joint roadmap development with our partners. In addition, we collaborate with over 50 tax, accounting and consulting firms, which not only complement our global tax and technology expertise, but also help us identify new growth opportunities. Many of these firms have built significant practices around our solutions, which greatly extends our reach.

Our Growth Strategies

We believe today's global commerce environment provides durable growth opportunities for our business. Our growth strategies include:

- ***Expand existing customer revenues.*** The breadth of our solutions allows us to continually meet our customer needs, even as their needs expand in scope. For example, customers initially investing in sales tax determination may need support for other tax types, jurisdictions and capabilities to manage their indirect tax lifecycle over time. As businesses continue to evolve through acquisitions and expand products and services, enter new geographies or expand their distribution channels, we believe they will need our software, services and content. We plan to continue to invest in new offerings and enhance our solutions to support the ongoing retention and expansion of revenue from our existing customers. Our flexible, tiered transaction-based pricing model also results in our customers growing their spend with us as they grow and continue to use our solutions.

- ***Acquire new customers.*** Our solutions address the complexity of aligning commerce and compliance and we believe the market for our software and solutions is large and underpenetrated, both in the United States and globally. As enterprise and mid-market companies continue to expand and their tax complexity grows, we expect demand for our solutions to increase among new customers and partners. We also expect these companies to adopt our solutions much earlier in their corporate lifecycle. This adoption is driven by advances in cloud computing and digital commerce, which enable more companies to accelerate new product delivery and scale their business through online marketplaces and emerging commerce platforms. These increases in business complexity necessitate advanced tax solutions for a broader number of companies. We plan to continue to invest in our sales and marketing teams in order to capture this demand increase and acquire new customers.

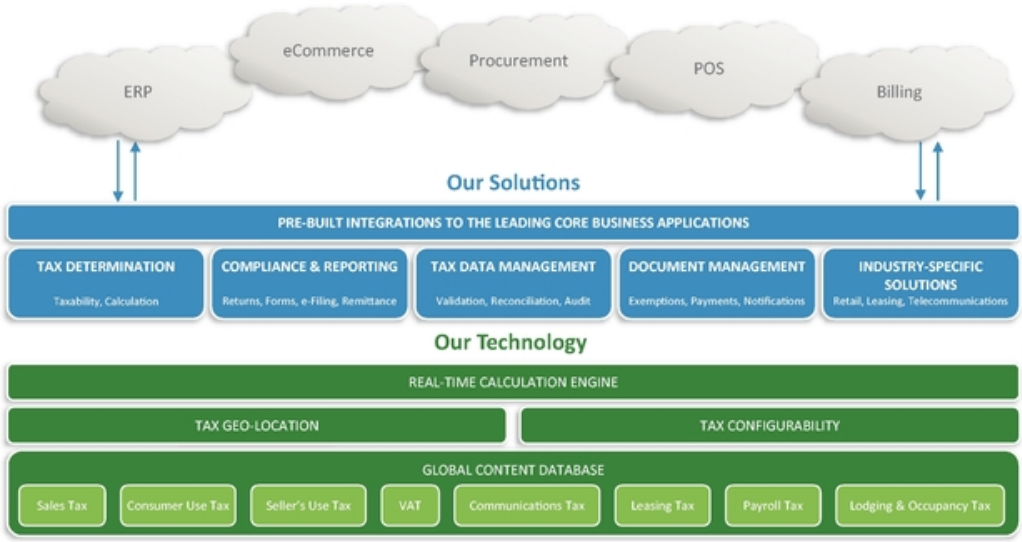
- ***Broaden and deepen our partner ecosystem.*** We integrate with key technology partners that span ERP, CRM, procurement, billing, POS and eCommerce platforms. Our partners enhance our go-to-market capacity and extend our brand leadership and reach. We leverage our partnerships to maximize the benefits of our solutions for our customers and to identify new growth opportunities. We believe expanding our strategic alliances with emerging participants who are

fueling global commerce, such as payment and digital commerce platforms, will create new value for our customers and new sources of revenue. Future partnerships with large-scale digital payments players will allow us to develop additional customer-centric solutions and further expand our customer base.

- ***Extend global footprint.*** We have a significant opportunity to further expand internationally, in terms of our regional operations, content depth and go-to-market coverage. We expect to continue to invest in our software and solutions outside of the United States, most notably in Latin America and Europe. These jurisdictions are among the most complex and the largest international markets for our customers, respectively. We have also made significant investments in our own operations in these regions. In Europe and Brazil, for example, we have tailored our go-to-market strategy and enhanced our country-specific content database and furthered our investment in our global compliance reporting solution. By extending our global footprint, we believe we will also expand account penetration of existing customers with operations around the globe.

- ***Sustained investment in new product innovation.*** With the pace of change in commerce and compliance, we believe it is important to continue innovating and extending the functionality and breadth of our software and solutions. Our approach to innovation is driven by our relationships with our customers and partners, with whom we create new solutions, align product roadmaps and embed our software within their applications and platforms. For example, we worked with a large United States-based distributor of industrial supplies to develop cloud-based software for managing tax exemption certificates. This distributor now uses this technology to manage over 13,000 tax exemption certificates every month. We have also established an innovation lab where we design, test and incubate next-generation tax solutions and adjacent market opportunities like blockchain, payment platforms and machine learning technologies. Over time, we expect this will bring additional value to existing customers and help us acquire new customers.

Our Software and Solutions



Our solutions automate the end-to-end indirect tax processes for enterprises with complex tax operations and audit risk. Our software includes tax determination, compliance and reporting, tax data management and document management tools, as well as pre-built integrations to major business

applications. Customers can purchase these solutions individually or as part of a broader suite and can choose the delivery model that best aligns to their enterprise technology environments.

- ***Tax Determination.*** Our tax determination solutions enable real-time calculation of indirect taxes and applicable fees for sale and purchase transactions. This solution includes a powerful indirect tax calculation engine that applies rules-based logic from our proprietary content database to determine taxability, identify precise taxing jurisdictions, and consistently apply the appropriate amount of tax to each transaction in real-time. As businesses expand into more digital services, complexity increases as transaction location becomes dynamic. For example, our solutions support ride-sharing services by leveraging geolocation technology to determine tax jurisdictions for these transactions by processing latitude-longitude coordinates in real-time. Our solution supports determination for sales tax, consumer use and seller use tax, VAT, communications tax, leasing tax, payroll tax and lodging and occupancy tax.

- ***Compliance and Reporting.*** Our compliance and reporting solutions enable the automation of signature-ready returns and remittance of indirect tax to appropriate jurisdictions. These solutions leverage tax data files imported from Vertex or third-party applications to establish visible audit trails of tax determinations and user-made adjustments. Our solutions also include workflow management tools, such as calendar and document management, and role-based security and event logging, which supports our customers' internal control over financial reporting and compliance for the Sarbanes-Oxley Act. We support e-filing and print formats for returns, schedules, worksheets, tax reports and payment requests and also provide archiving and retrieval of all filings. We remitted approximately $6.0 billion in tax payments on behalf of customers in 2019.

- ***Tax Data Management.*** Our tax data management tools enable enterprises to unify transaction data from multiple business applications and sources. These solutions enable tax teams to view detailed transaction-level tax data, identify anomalies or errors, and establish necessary rules to address gaps in data and audit logs for any adjustments or corrections that have been made.

- ***Document Management.*** Our document management solutions automate the validation of, storage of and tax audit support for sales tax exemptions and reseller certificates. Enterprises with large, complex tax operations may have tens of thousands of exemption certificates to manage every year.

- ***Pre-Built Integrations.*** Our solutions are supported by a suite of powerful, pre-built integrations that enable real-time coordination between our solutions and major business applications, such as Adobe/Magento, Coupa, Microsoft Dynamics, NetSuite, Oracle, Salesforce, SAP, SAP Ariba, Workday and Zuora, among many others. Much more than traditional application programming interfaces, our integrations include mapping data fields, business logic and configurations to improve the processing of transactions to and from our solutions. The majority of our integrations are designed, tested and supported by us. However, we also support partner-developed integrations as part of a rigorous certification program.

- ***Industry-Specific Solutions.*** We also offer a range of solutions that support certain industry verticals that have specific indirect tax needs, such as retail, communications and leasing. For example, our retail solution supports omnichannel transactions spanning store kiosks, eCommerce websites, catalog sales and mobile device transactions. Our communications solution supports the determination of taxes, surcharges and fees affecting United States providers of communication services, including wireless, voice-over-IP, satellite, internet, video and audio streaming services. We have pre-built integrations specific to the leading providers of business applications used by these verticals.

- ***Services.*** Due to the ubiquitous nature of our software in our customers' technology environments, we also offer implementation services to enable our customers to realize the full

benefit of our solution at initial deployment. These software implementation services include configuration, data migration and implementation, and premium support and training. Customers can also purchase indirect tax returns outsourcing as a managed service for compliance in the United States and Canada. These managed services include indirect tax return preparation, filing and tax payment and notice management.

Our Tax Content

All of our software and solutions are underpinned by our proprietary content database, which currently supports over 300 million effective tax rules. We employ over 70 tax-content professionals residing in the United States, United Kingdom, Amsterdam, Brazil and Belgium who continually update and maintain this extensive database of content. Our content is a key component of our software subscriptions. Its quality and accuracy are critical to the longevity of our customer subscriptions. On a monthly basis, our content team combines legislative research, analysis, technical logic and automation to embed updated rules into our software. Unlike many enterprise software solutions where maintenance and support is focused solely on periodic technology upgrades, our monthly updates are a critical element of allowing our customers to ensure that they are utilizing the latest tax changes to accurately calculate their indirect taxes.

Our Technology

Our software and solutions are built upon a robust set of technology capabilities designed for the flexibility, configurability, speed and scale to handle the most complex tax scenarios and processing volumes and interoperability to core business applications.

Real-Time Engine. Our real-time engine determines the appropriate tax rules to apply to a line item in a transaction through a sequence of real-time processes that combine tax algorithms and tax content with transaction line item level detail. Combining tax content stored as structured data with sequencing and decision tree logic results in one or more individual tax rules that are applied to each line item in a transaction. This is built within memory and cached for performance. The in-memory processes of the core calculation engine are tuned to accommodate high volume and complex transactions at speed and scale.

Configuration. Our solutions are built to be highly configurable. Through our graphical user interfaces, users can configure and map their taxability to ensure the correct tax rules are executed. Our flexibility in configuration also extends to users who can create their own taxability rules, as appropriate. These user-defined taxability rules act as an override providing flexibility, to ensure that non-standard tax scenarios and processes can be addressed. Additionally, users can augment transactions entering and exiting the engine by building their own logic through our drag and drop experience. This logic is saved to then execute within the engine.

Tax Geography. Tax accuracy depends on detailed location information for where a transaction is occurring. We designed and created a proprietary solution for tax jurisdiction identification that leverages industry geographic information system tools and geospatial data. With our proprietary technology we are able to create and map multiple tax jurisdictions for a particular location and assign a unique identifier to each location so that it can be used by the engine to allow for higher accuracy. This technology is highly relevant to emerging economic shifts, such as the sharing economy, where the physical nexus of transactions is unclear, such as ride-sharing services.

Security. Our application security framework allows our customers to define how users can interact with sensitive enterprise data and how they are authorized to use certain aspects of our software. Users are mapped to a set of predefined roles and we provide our customers with the ability to create user-defined roles. User-defined role-based access can be defined on a screen-by-screen level and further refined with read and/or write privileges.

Cloud Solutions. We provide Cloud services from six geographically separate data centers located on two continents: North America and Europe. The data centers are paired for failover of operations to an alternate, geographically separate production facility in case any single data center becomes unavailable. All data centers are operated by leading vendors providing physical security, Internet access, environmental controls and data retention services.

Our Customers

Since our founding, we have earned the brand trust and loyalty of our customers through long-lasting relationships and our commitment to them.

Today, we serve a large, diverse and growing global customer base. Our market leadership in key verticals can be demonstrated by our relationships with many of the largest and most well-known companies in retail trade, wholesale trade and manufacturing, among others. Our customers include the majority of the Fortune 500, as well as a majority of the top 10 companies by revenue in multiple industries such as retail, technology and manufacturing, in addition to leading marketplaces. We have significant expansion opportunities with these customers driven by our growing product portfolio and geographic coverage.

A distinct and growing subset of our customer base includes marketplaces and various professional service providers, including accounting firms and outsourcing firms. Our robust technology and deep tax content differentiate us in our ability to serve the indirect tax needs of 7 of the top 10 marketplace providers in North America by revenue. These customers support tens of thousands of merchants who rely on their platform for their e-commerce transaction processing. We also support service providers such as outsourcing and accounting firms who use our technology to calculate tax and file tax returns for their end-customers. While we include these marketplaces and service providers in our customer counts, the tens of thousands of their end-customers are not included in our customer counts.

As of March 31, 2020, we had over 4,000 customers and our ARR per customer was over $70,000. While most of our revenue is currently generated by customers domiciled in the United States, many of our customers are multinational organizations with global business operations. We also provide tax software solutions outside the United States, primarily in Europe. No single customer represented more than 10% of our total revenue for the year ended December 31, 2019 or the three months ended March 31, 2020.

Customer Case Studies

The following are representative examples of how some of our customers have benefitted from using our software and solutions:

Global Omnichannel Retailer

Customer Since: 2017

Solutions

- Tax Determination
- Document Management
- Retail Industry Solution

Tax Types Supported

- Sales Tax
- Consumer Use Tax

Regions Supported

- North America

Deployment Types

- On-Premise

The company is one of the largest retailers in the world, serving customers in over 10,000 stores spanning more than 20 countries. The company's eCommerce sales are one of its fastest growing areas, with up to 100 million unique visitors each month.

The company needed a solution that could support more than 90 million products SKUs and high transaction volumes in real-time across multiple channels, including in-store point of sale, eCommerce and marketplace, which allows third-party vendors to sell on its website.

The company selected Vertex indirect tax solutions to provide a seamless omnichannel experience for its customers, while enabling scale for future growth.

Specialty Retailer

Customer since: 2006

Solutions

- Tax Determination
- Compliance & Reporting
- Tax Data Management
- Document Management

Tax Types Supported

- Sales Tax
- Consumer Use Tax
- Value Added Tax

Regions Supported

- North America
- EMEA
- Asia Pacific

Deployment Types

- On-Premise
- Cloud

Operating in over 15,000 retail locations around the world, the company has a long history of innovation and customer experience powering its growth. The company has leveraged Vertex solutions for sales tax automation in its North America retail stores since 2006.

As the company's global supply chain operations grew, indirect tax complexity increased in purchasing, manufacturing and distribution. The company needed a centralized, scalable tax system for all invoice sales, purchases and inventory transfer transactions, with the ability to pull detailed

transaction data for analysis. It also needed to unify its tax data across multiple business applications and convert to legal entity formats required for compliance filing.

More recently, the company has expanded its use of Vertex solutions to support strategic initiatives including the company's global rollout of its mobile order and payment app, using Vertex cloud-based solutions.

The company's expanded use of Vertex solutions has resulted in over 700% ARR growth associated with this customer in the past 10 years.

Global Technology Service Provider

Customer Since: 2009

Solutions

- Tax Determination
- Compliance & Reporting
- Document Management

Tax Types Supported

- Sales Tax
- Consumer Use Tax
- Value Added Tax
- Communications Tax

Regions Supported

- North America
- EMEA
- Asia Pacific
- Central/South America

Deployment Types

- On-Premise

A top-10 global technology provider by annual revenues, the company first purchased Vertex software in 2009 to automate transaction tax determination and compliance in North America. As the company expanded its services globally and through its eCommerce systems, it needed to manage new telecommunication tax regulations across a broad ecosystem of small-to-midsize business, government, education, large volume licensing and reseller and distributor channels.

Vertex was chosen to deliver a centralized solution for managing sales and use tax, value-added tax, environmental fees, goods and services tax, and telecommunications tax compliance. Following a successful roll-out in North America, Vertex is continuing to support the company in their global roll-out for eCommerce sales.

The company's expanded use of Vertex solutions has resulted in a 300% ARR increase associated with this customer in the past 10 years.

Acxiom LLC

Acxiom enables people-based marketing everywhere through a simple, open approach to connecting systems and data to drive better customer experiences for people and greater return-on-investment for business. A leader in identity, customer data management and the ethical use of data for more than 50 years, Acxiom helps thousands of clients and partners around the globe work together to create millions of better customer experiences, every day.

Since 2004, Vertex has enabled Acxiom to manage its sales and use tax obligations on a global scale. The Acxiom team leverages Vertex's tax determination and compliance solutions to ensure accurate taxability across all of its services, determine the applicable tax rates and exemptions, and ensure accurate and timely client billing. Automating compliance and reporting has freed up valuable time and resources for the Acxiom tax team to increase its strategic focus and accelerate time-to-market for company mergers and acquisitions.

Problem

- Identify taxability across a wide range of marketing and technology services
- Determine applicable tax rates and/or exemptions to ensure accurate client billing
- Expanded tax support for company mergers and acquisitions

Solution

- Tax Determination
- Compliance & Reporting
- Document Management

Benefits

- Accurate client billing across global customer and partner network
- Accelerate time-to-market for mergers and acquisitions
- Increased strategic focus and analysis

Sales and Marketing

We sell our software and solutions primarily through our direct sales organization, with a focus on enterprise and mid-market businesses that have complex tax operations. Our direct sales team is comprised of inside sales and field sales, supported by our technical pre-sales and services teams. Teams are organized by territory and company size. We also have customer success teams focused on onboarding, usage, retention, renewals and cross-selling additional products.

Our direct sales force leverages our partnerships with technology providers such as Oracle, SAP, Microsoft and Salesforce, and a growing network of system integrators to influence and drive growth opportunities. The partnerships can include certified integrations that drive ease of implementation and rapid time-to-value for our joint customers. We leverage our relationships with professional services firms such as Deloitte, PwC and KPMG to drive tax software adoption in partnership with their tax advisory and tax technology practices.

We also utilize indirect sales to efficiently grow and scale our revenues. Our indirect sales team focuses on building relationships with leading system integrators who implement eCommerce and other platforms, and resellers who offer our software, services and training to their customer networks. These partnerships allow us to extend our demand generation and market reach efforts. We also extend our

reach efficiently through marketplaces and service providers who use our technology to calculate tax and/or file tax returns for their end-customers.

Our marketing investments are focused on establishing and expanding our brand recognition, creating sales leads and growing our customer relationships. We generate sales leads through online and offline marketing channels, including search engine marketing, outbound lead generation, technology events and conferences and digital marketing programs. Word-of-mouth referrals from our install base customers, technology partners and consulting firms further scale our market reach. We engage and grow our customer revenues through hosted events, customer advisory boards and user groups, and digital seminars. We extend brand awareness through advertising, press coverage and social media, as well as through sponsorships of industry associations such as Tax Executive Institute, Council on State Taxation and cpa.com.

Partners

We believe the scale and quality of our ecosystem is unparalleled in the industry, and we are committed to growing it even further. Our partner ecosystem consists of multiple types of partners that provide us access to their customers and clients.

Our continued success is enabled by our seamless integration into customers' business applications, gathering high-quality new customer leads and collaborating with professional service providers to help our customers solve their specific tax needs. In addition to driving technological innovation and growing our range of solution offerings, expanding our partner ecosystem has been an essential part of our growth.

Accounting & Consulting Partners. We collaborate with over 50 tax, accounting and consulting firms, which not only complement our global, local and industry-specific regulatory expertise but also point us towards specific commercial opportunities. Our wide range of offerings and sophisticated technology align with these firms' areas of specialization, enabling organizations to strengthen end-to-end delivery capabilities for a diverse array of clients.

Technology Partners. Our pre-built integrations with key partners including Adobe/Magento, Coupa, Microsoft Dynamics, NetSuite, Oracle, Salesforce, SAP, SAP Ariba, Workday and Zuora, among many others,are key differentiators that enable our customers to seamlessly connect our solutions into their business applications and processes. Our trusted brand reputation has allowed us to be the leading SAP and Oracle tax technology provider, with a relationship spanning many years with these vendors. Our technology software and solutions and highly scalable transaction volume throughput has earned the trust of world-class online marketplaces. These deep partnerships allow us to expand the frontier of tax technology innovation and market opportunity.

Research and Development

Our research and development team consists of our architecture, software engineering, user experience, infrastructure automation and technical production support teams. This organization is responsible for the design, development, testing and delivery of new technologies, features and integrations of our tax software and solutions, as well as the continued improvement of our existing solutions. It is also responsible for operating and scaling our software and solutions and infrastructure that run in the cloud. We continue to invest in our research and development capabilities to extend our solutions further into the cloud and partner ecosystems to continuously deliver more value.

Competition

Our industry is highly competitive and fragmented. Businesses employ a mix of approaches to address their indirect tax obligations, including:

- in-house practices and spreadsheets that result in custom transaction-specific research, manual determination, static tax tables or rate calculator services, as well as manual filing and remittance activities;
- businesses utilizing native ERP capabilities with rudimentary tax determination capabilities, which are typically not designed for complex tax support and lack tax rates, rules and complex calculation functionality and require the user to manually track, input, maintain and update all tax law changes that occur;
- outsourced transaction tax compliance services offered by accounting and specialized consulting firms; and
- tax-specific solutions from other vendors, including, Thomson Reuters and Sovos and Avalara.

We believe customers consider the following factors when selecting indirect tax technologies:

- ability to minimize compliance risk exposure associated with inaccurate and/or inconsistent determination and remittance of taxes;
- ability to deliver real time tax determinations;
- ease of deployment and use;
- ease of integration with the customer's business applications, across multiple systems;
- ability to address multiple transaction tax compliance functions, from initial taxability and tax rate determination through compliance and remittance of funds;
- lower total cost of ownership; and
- continuously updated tax content applicable to the customer's business.

Depending on the importance and complexity associated with these factors for each customer we maintain varying competitive advantages. We continually monitor these factors and adjust our functionalities, service offerings, pricing structures and overall solution delivery approach to continually strengthen our position.

Intellectual Property

Our success has resulted in part from our proprietary methodologies, software, reusable knowledge capital and other intellectual property rights. We rely on a combination of copyright, trademark and trade secret law, as well as contractual restrictions such as confidentiality and non-compete provisions to protect our intellectual property rights, including our brand, technology and confidential information. We have policies related to confidentiality, ownership, and the use and protection of our intellectual property. We also enter into confidentiality and invention assignment/proprietary rights agreements with our consultants, employees and other third parties as appropriate that protect and control access to our intellectual property, and we enforce these agreements if necessary. We recognize the value of our intellectual property in the marketplace and vigorously identify, create and protect it. We believe the innovation of our employees and our continued enhancement of the features and functionality of our solutions is the keystone of our success.

Despite our efforts to protect our proprietary technology, confidential information and our intellectual property rights, unauthorized parties may attempt to copy or obtain and use our technology to develop applications with the same functionality as our applications, and policing unauthorized use of our technology and intellectual property rights may be difficult and may not be effective.

We expect that software and other applications in our industry may be subject to third-party infringement claims as the number of competitors grows and the functionality of applications in different industry segments overlaps, and we may face such claims.

Regulation

Our software and solutions rely on a range of complex laws and regulations relating to our customers' sales and use transactions and business operations. We aggregate information regarding tax rates, rules and regulations obtained from taxing jurisdictions and use that data within our software and solutions to calculate transaction taxes, prepare and file tax returns, and remit taxes on behalf of our customers. Our long term success is based on our monitoring and understanding this legal and regulatory landscape.

We have an established an information security program that includes annual security training to help ensure that consultants and employees are aware of our legal and contractual obligations to protect us and our customer data. We also use privacy statements to provide notice to customers of our privacy practices, as well as provide them with the opportunity to furnish instructions with respect to the use of their personal information.

We use security controls to help protect customer and employee data from loss, misuse and unauthorized alteration. We use technical, logical and procedural measures, such as multi-factor authentication, which are designed to help detect and prevent fraud and misuse of customer data. Whenever customers transmit their data to us, we follow current industry standards to encrypt the data as it is transmitted to us and when we store it. We work to protect our systems from unauthorized internal or external access using numerous commercially available computer security products as well as internally developed security procedures and practices.

Employees & Culture

Our culture is the foundation of everything we do, guided by a common purpose to build trusted relationships at work, in business and in our communities. We strive to be a values-driven employer of choice who attracts, retains and inspires talented professionals to achieve their full potential. We have been recognized as one of the best places to work in Philadelphia for the past five years according to The Philadelphia Inquirer. We create and nurture an engaging work environment that embodies our core values of collaboration, performance, integrity, innovation and fun, and we actively support our employees' participation in community service and philanthropy.

As of December 31, 2019, we had approximately 1,100 full-time employees. Of these employees, 95% were based in the United States, 4% based in Europe and 1% in Latin America. We believe we have a strong relationship with our employees and we have not experienced any work stoppages.

Facilities

Our corporate headquarters, which includes our operations and innovation lab, is located in King of Prussia, Pennsylvania, and consists of approximately 189,502 square feet of space under a lease that expires on September 30, 2028.

We also lease offices in Sarasota, Florida; Naperville, Illinois; London, United Kingdom; Amsterdam and Maastricht City, The Netherlands; Frankfurt, Germany; Sao Paulo, Brazil; Chennai, India; and Cork, Ireland.

Legal Proceedings

From time to time, we may be involved in various legal proceedings arising from the normal course of business activities. We are not presently a party to any litigation the outcome of which we believe, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, cash flows or financial condition.

MANAGEMENT

The following table provides information regarding our executive officers and our board of directors:

Name	Age	Position
David DeStefano	57	President, Chief Executive Officer and Chairperson
John Schwab	52	Chief Financial Officer
Lisa Butler	54	Chief Accounting Officer
Bryan Rowland	40	General Counsel
Ric Andersen	58	Director
Terrence Kyle	70	Director
Amanda Westphal Radcliffe	52	Director
Kevin Robert	64	Director
Rick Stamm	64	Director
Stefanie Westphal Thompson	57	Director
Jeffrey Westphal	58	Director

Executive Officers

David DeStefano became our President and Chief Executive Officer in November 2016, joined our board of directors in 2019 and was appointed Chairperson of our board of directors in 2020. Between 2015 and 2016 he was an Executive Vice President and a member of the Company's Executive Council, which monitors our long-term strategic and financial viability, corporate brand, and culture. Mr. DeStefano previously served as our Vice President, Chief Financial Officer and Executive Vice President. Prior to joining the Company, Mr. DeStefano was Principal and Vice President at The Mid Atlantic Companies, Ltd. Mr. DeStefano is also on the Advisory Board for Corporate Social Responsibility at the Satell Institute and is on the Board of Trustees of the Joseph Fund in Camden, New Jersey. Mr. DeStefano received a BS in Finance from Lehigh University. We believe that Mr. DeStefano is qualified to serve on our board of directors because of the perspective and experience he brings as our Chief Executive Officer and his knowledge of our company and our business.

John Schwab became our Chief Financial Officer in 2020. Prior to joining the Company, Mr. Schwab served as Chief Financial Officer of Flagship Credit Acceptance from 2015 until 2019. Mr. Schwab began his career in assurance services at Arthur Andersen LLP. Mr. Schwab also is a director of PENN Capital Funds, a mutual group managed by Penn Capital Management. Mr. Schwab received a BS in Accounting from LaSalle University.

Lisa Butler became our Chief Accounting Officer in 2020, having previously served as our Chief Financial Officer from 2015 to 2019. Prior to joining the Company in 2003, Ms. Butler was a Controller at Kenexa Inc. (now an IBM company). Ms. Butler started her career in assurance services at Pricewaterhouse Coopers, L.L.P. ("PwC") serving both private and public companies. Ms. Butler received a BS in Accounting from LaSalle University and is a Certified Public Accountant.

Bryan Rowland became our General Counsel in 2017. Prior to joining the Company, Mr. Rowland held various roles at Checkpoint Systems from 2005 to 2016, including serving as Senior Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary from 2014 to 2016. Mr. Rowland received a BA in Psychology and Philosophy from Towson University and a Juris Doctorate degree from Villanova University Charles Widger School of Law.

Directors

Ric Andersen joined our board of directors in January 2008 and currently serves as lead director. He has over 25 years of consulting and management experience at IBM, Price Waterhouse and PwC Consulting. His last 15 years have been spent in private equity. He is currently a managing partner at Peak Equity ("Peak"), a Philadelphia-based private equity firm focused on lower middle-market enterprise software. Prior to joining Peak, Mr. Andersen was a partner at Milestone Partners, a Philadelphia-based private equity firm and he was a managing director at Silver Lake Partners, a technology-focused private equity firm based in New York. During his tenures with Price Waterhouse, PwC Consulting, and IBM, Mr. Andersen was a senior partner and senior executive leading several businesses in the United States and Asia as well as globally. Mr. Andersen is currently chairman of G5, a privately held software company. In addition, he serves on the Board of American Public Education Inc. ("APEI") a publicly traded online higher education company where he is chair of the compensation committee and a member of the audit committee. Mr. Andersen holds an MBA from the Wharton School at the University of Pennsylvania and a BS from Bucknell University. We believe that Mr. Andersen is qualified to serve on our board of directors because of his extensive experience in building and leading companies, as well as his public company experience and significant operational and strategic expertise.

Terrence Kyle joined our board of directors in June 2004. Mr. Kyle was previously a partner with WIN Capital, LLC, a private equity group that invested in emerging growth companies from the manufacturing, technology and service markets. Mr. Kyle joined Shared Medical Systems in April 1976 and helped take the company public later that year. At Shared Medical Systems, Mr. Kyle served as Senior Vice President and Chief Financial Officer before the company's sale to the Siemens Corporation in July 2000. Mr. Kyle began his career with Arthur Andersen LLP in 1972. Mr. Kyle received a BS in Accounting from Drexel University. We believe that Mr. Kyle is qualified to serve on our board of directors because of his experience in the private equity industry and as an executive officer in other businesses.

Kevin Robert joined our board of directors in February 2015. Mr. Robert spent more than 30 years at Wolters Kluwer Tax & Accounting as a tax executive. Beginning as an Account Sales Manager in 1981 with CCH Computax, Mr. Robert progressed through leadership positions at CCH Computax and CCH Publishing before being named President and Chief Executive Officer of CCH Tax Compliance in 2001. Following CCH's 1995 acquisition by Wolters Kluwer, Mr. Robert led the Tax & Accounting division's operations in North America and Asia Pacific before being named Global Chief Executive Officer in 2010. Mr. Robert brings deep experience in developing and marketing cutting-edge accounting, tax and audit software and solutions for tax professionals around the world. His multinational experience includes developing business in North America, South America, Europe and the Pacific Rim, identifying global opportunities and negotiating the acquisition of companies. He also served on the Board of Epiq Software, which was sold in September of 2016. Mr. Robert holds a BS in Marketing from the University of New Orleans and an MBA in Business Management from Pepperdine University. He is a member of the National Association of Corporate Directors ("NACD") and has been a NACD Leadership Fellow since 2015. Mr. Robert currently owns his own consulting firm providing board and management consulting services. We believe that Mr. Robert is qualified to serve on our board of directors because of his significant industry knowledge and his corporate finance and public company experience.

Rick Stamm joined our board of directors in January 2019. Prior to joining our board of directors, Mr. Stamm was a partner with PwC for 30 years, during which time he served a long list of domestic and international clients and held numerous leadership positions. Over the final 12 years of his career with PwC, Mr. Stamm was the firm's Vice Chairman and U.S. Tax Leader, and then progressed to PwC's Vice Chairman of Global Tax. Mr. Stamm is Vice President and Chief Financial Officer of Stamm Development Group LLC, a Philadelphia area real-estate developer. Mr. Stamm is a member

emeritus of the Board of Advisors for the Leventhal School of Accounting at the University of Southern California and was formerly a member of the Boards of Germantown Academy and Lycoming College. Mr. Stamm received a BA in Accounting from Lycoming College. We believe that Mr. Stamm is qualified to serve on our board of directors because of his significant industry and corporate finance experience.

Amanda Westphal Radcliffe has served on our board of directors since 1993. Prior to joining our board of directors, Ms. Radcliffe served in a variety of roles at the Company, from technical software instructor and production, to middle-market product teams. Prior to joining the Company, she was a middle-market Managing Director at a global corporate travel management company. Ms. Radcliffe serves on the Children's Hospital of Philadelphia Board of Trustees, Foundation Board of Overseers and the St. Joe's University Kinney Center for Autism Education and Support Advisory Board. Ms. Radcliffe is Chair of the Drexel University A.J. Drexel Autism Institute Board and Chair Emeritus of breastcancer.org. Ms. Radcliffe is also a member of the Philadelphia Chapter of Women Corporate Directors. Ms. Radcliffe holds a BA from Moravian College, attended business school at Drexel University and attended the Executive Education program at the Wharton School. We believe that Ms. Radcliffe is qualified to serve on our board of directors because of her extensive knowledge of our company and our business derived from her longtime service with the company.

Stefanie Westphal Thompson joined the Company in 1991 and has served in a variety of roles, including Treasurer. Prior to joining the Company, Ms. Thompson was a Vice President at Chemical Bank (now part of Chase), where she specialized in managing the banking relationship for middle-market companies. Ms. Thompson sat on Bryn Mawr Hospital's Foundation Board for eight years, serving as Head of their Trustee Committee and as Vice-Chair. Ms. Thompson also served on the Board of the Agnes Irwin School in Rosemont, Pennsylvania, for ten years, heading its Trustees Committee. Ms. Thompson received an MBA in Finance from Fordham University and has a dual BA in Engineering and Economics from Lafayette College. We believe that Ms. Thompson is qualified to serve on our board of directors because of her corporate finance experience as well as her knowledge of our company and our business derived from her longtime service with the company.

Jeffrey Westphal has served on our board of directors since 1988. Mr. Westphal has previously held numerous roles with the Company, including Director of Marketing, Vice President of Sales and Marketing, Executive Vice President, President and Chief Executive Officer. Mr. Westphal is a member of the Institute for Professionals in Taxation, World Presidents' Organization and the Conference Board. Mr. Westphal served for 15 years as Chairman of the Board of Open Connections, Inc., a not-for-profit open educational organization, and remains a trustee. In addition, Mr. Westphal is co-founder, with his wife, Jenifer, of Kyle's Treehouse, a web-based resource for families seeking hope and guidance for the treatment of children diagnosed with Autism Spectrum Disorder. Mr. Westphal holds a BA in History from University of Richmond. We believe that Mr. Westphal is qualified to serve on our board of directors because of his knowledge of our company and our business derived from his prior service as our Chief Executive Officer and Chairman.

Family Relationships

Ms. Radcliffe, Ms. Thompson and Mr. Westphal are siblings. There are no other family relationships among any of our executive officers or directors.

Director Independence and Controlled Company Exemption

Our board of directors has undertaken a review of its composition, the composition of its committees and the independence of each director. Based upon information requested from and provided by each director concerning his or her background, employment and affiliations, including family relationships, our board of directors has determined that Ric Andersen, Terrence Kyle, Kevin

Robert and Rick Stamm, representing four of our eight directors, do not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the applicable rules and regulations of the SEC and the listing requirements and rules of the Nasdaq Global Market. In making this determination, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director.

Because the parties to the Stockholders' Agreement will own more than 50% of the voting power of our common stock after this offering, we are considered to be a "controlled company" for purposes of the Nasdaq Global Market listing requirements. As such, we are permitted, and have elected, to opt out of the Nasdaq Global Market listing requirements that would otherwise require our board of directors to be comprised of a majority of independent directors and require our nominating and corporate governance committee to be comprised entirely of independent directors. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of the Nasdaq Global Market corporate governance requirements. See "Risk Factors—Risks Related to this Offering and Ownership of our Class A Common Stock—We are a "controlled company" within the meaning of the rules of the Nasdaq Global Market and, as a result, expect to qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are subject to such requirements."

Board of Directors, Committees and Executive Officers

Composition of Board of Directors

Our board of directors currently consists of eight members. Our amended and restated certificate of incorporation and amended and restated bylaws will provide that the authorized number of directors shall be fixed from time to time by a resolution of the majority of our board of directors.

Term and Class of Directors

Upon the effectiveness of the registration statement of which this prospectus forms a part, our board of directors will be divided into three staggered classes of directors of the same or nearly the same number. At each annual meeting of stockholders, a class of directors will be elected for a three-year term to succeed the directors of the same class whose terms are then expiring. The terms of the directors will expire upon election and qualification of successor directors at the annual meeting of stockholders to be held during the years 2021 for the Class I directors, 2022 for the Class II directors and 2023 for the Class III directors.

Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class shall consist of one-third of the directors. The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control.

Term of Executive Officers

Each executive officer is appointed and serves at the discretion of the board of directors and holds office until his or her successor is elected and qualified, or until his or her earlier resignation or removal.

Board Committees

In connection with the consummation of this offering, our board of directors will have an audit committee, a compensation committee and a nominating and corporate governance committee, each of which will have the composition and responsibilities described below.

Audit Committee

Our audit committee will oversee a broad range of issues surrounding our accounting and financial reporting processes and audits of our financial statements, including the following: (a) monitor the integrity of our financial statements, our compliance with legal and regulatory requirements, our independent registered public accounting firm's qualifications and independence, and the status of our independent registered public accounting firm; (b) assume direct responsibility for the appointment, compensation, retention and oversight of the work of any independent registered public accounting firm engaged for the purpose of performing any audit, review or attest services and for dealing directly with any such accounting firm; (c) provide a medium for consideration of matters relating to any audit issues; and (d) prepare the audit committee report that the rules require be included in our filings with the SEC. Upon the effectiveness of this registration statement, the members of our audit committee will be Terrence Kyle, Kevin Robert and Rick Stamm. Terrence Kyle will serve as chairman of the audit committee, and the composition of our audit committee will comply with all applicable Nasdaq Global Market rules, including the requirement that at least one member of the audit committee have accounting or related financial management expertise. Terrence Kyle will qualify as an "audit committee financial expert," as such term is defined in Item 407(d)(5) of Regulation S-K.

Our board of directors will adopt a written charter for the audit committee, which will be available on our website upon consummation of this offering.

Compensation Committee

Our compensation committee will review and recommend policy relating to compensation and benefits of our officers and employees, including the following: (a) review and approve corporate goals and objectives relevant to the compensation of our Chief Executive Officer and other senior officers; (b) evaluate the performance of these officers in light of those goals and objectives; and (c) set compensation of these officers based on such evaluations. The members of our compensation committee will be Ric Andersen, Terrence Kyle and Rick Stamm. Ric Andersen will serve as chairman of the compensation committee, and the composition of our compensation committee will comply with all applicable Nasdaq Global Market rules.

Our board of directors will adopt a written charter for the compensation committee, which will be available on our website upon consummation of this offering.

Nominating and Corporate Governance Committee

The nominating and corporate governance committee will: (a) oversee and assist our board of directors in identifying, reviewing and recommending nominees for election as directors; (b) evaluate our board of directors and our management; (c) develop, review and recommend corporate governance guidelines and a corporate code of business conduct and ethics; and (d) generally advise our board of directors on corporate governance and related matters. The members of our nominating and corporate governance committee will be Kevin Robert, Amanda Westphal Radcliffe and Ric Andersen. Kevin Robert will serve as chairman of the nominating and corporate governance committee.

Our board of directors will adopt a written charter for the nominating and corporate governance committee, which will be available on our website upon consummation of this offering.

Our board of directors may, from time to time, establish other committees.

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee is, or has at any time during the past year been, one of our officers or employees. None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

Indemnification

We maintain directors' and officers' liability insurance. Our amended and restated certificate of incorporation and amended and restated bylaws will include provisions limiting the liability of directors and officers and indemnifying them under certain circumstances. We expect to enter into indemnification agreements with our directors to provide our directors and certain of their affiliated parties with additional indemnification and related rights. See "Description of Capital Stock—Limitation on Liability of Directors and Indemnification" for further information.

Code of Ethics

Our board of directors will adopt a Code of Ethics that will contain the ethical principles by which our chief executive officer and chief financial officer, among others, are expected to conduct themselves when carrying out their duties and responsibilities. A copy of our Code of Ethics will be available on our website at www.vertexinc.com. We will provide a copy of our Code of Ethics to any person, without charge, upon request, by writing to, Vertex, Inc., 2301 Renaissance Blvd, King of Prussia, Pennsylvania 19406 (telephone number (800) 355-3500). We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of our Code of Ethics by posting such information on our website at www.vertexinc.com.

EXECUTIVE AND DIRECTOR COMPENSATION

This section discusses the material components of the executive compensation program for our executive officers who are named in the "2019 Summary Compensation Table" below. In 2019, our "named executive officers" and their positions were as follows:

- David DeStefano, President and Chief Executive Officer;
- Lisa Butler, Chief Accounting Officer; and
- Bryan Rowland, Vice President and General Counsel.

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

2019 Summary Compensation Table

The following table sets forth information concerning the compensation of our named executive officers for the year ended December 31, 2019.

Name and Principal Position	Year	Salary($)	Option Awards($)(1)	Non-Equity Incentive Plan Compensation($)(2)	All Other Compensation($)(3)	Total($)
David DeStefano President and Chief Executive Officer	2019	530,016	—	831,492	55,929	1,417,437
Lisa Butler Chief Accounting Officer	2019	297,130	—	238,114	26,382	561,626
Bryan Rowland Vice President & General Counsel	2019	258,027	—	133,122	16,800	407,949

(1) During 2019, Mr. DeStefano and Mr. Rowland were granted 373,179 and 62,196 stock appreciation rights, respectively. As a nonpublic business entity, these stock appreciation rights were recorded at their intrinsic value of zero on the date of grant. The company accounts for stock appreciation rights as liabilities under ASC Topic 718 and recognizes stock-based compensation expense by remeasuring the stock appreciation rights at the end of each reporting period and accruing the portion of the requisite service rendered at that date. We provide information regarding the accounting value of all stock appreciation rights in Note 1 to the consolidated financial statements included in this prospectus.

(2) Amounts in this column represent cash incentive compensation earned during the year based on the attainment of pre-established performance objectives. This includes amounts earned under our annual Organizational Bonus Plan (as defined below) for 2019 of $546,040 for Mr. DeStefano, $139,360 for Ms. Butler and $133,122 for Mr. Rowland, and amounts earned under our 2010 Long-Term Rewards Plan for the performance period ending in 2019 of $285,452 for Mr. DeStefano and $98,754 for Ms. Butler. For additional information about non-equity incentive plan compensation, see the section of this prospectus titled "—Cash-Based Incentive Compensation" below.

(3) Amounts in this column represent the additional perquisites and supplemental benefits provided to our named executive officers that are not reported in the other columns of this table. For Mr. DeStefano, the amount shown includes premium payments for long-term disability and life insurance in the amount of $3,209 (which includes an associated tax gross-up of $1,101), reimbursements for certain supplemental benefits and perquisites in the aggregate amount of $22,835 (which includes an associated tax gross-up of $7,834), profit sharing contributions under our 401(k) plan in the amount of $8,400, 401(k) matching contributions in the amount of $8,400, Union League club membership fees in the amount of $10,367 and a service recognition award valued at $2,718 (which includes an associated tax gross-up of $718). For Ms. Butler, the amount shown includes reimbursements for certain supplemental benefits and perquisites in the aggregate amount of $9,582 (which includes an associated tax gross-up of $2,729), profit sharing contributions under our 401(k) plan in the amount of $8,400 and 401(k) matching contributions in the amount of $8,400. For Mr. Rowland, the amount shown includes profit sharing contributions under our 401(k) plan in the amount of $8,400 and 401(k) matching contributions in the amount of $8,400. For additional information about the amounts set forth in this column, see the section of this prospectus titled "—Other Elements of Compensation."

2019 Salaries

The named executive officers receive a base salary to compensate them for services rendered to the company. The base salary payable to each named executive officer is intended to provide a fixed component of compensation reflecting the executive's skill set, experience, role and responsibilities. In early 2019, the board of directors approved increases to the annual base salaries of our named executive officers as set forth in the table below. Mr. DeStefano's base salary was determined following review of a market analysis prepared by Aon, our independent compensation consultant, of chief executive officer compensation for comparable companies in our industry. The 2019 base salaries for Ms. Butler and Mr. Rowland were determined in connection with our annual performance review process for all employees. In addition, the annual base salaries for our named executive officers were increased in early 2020 in connection with our annual performance review process as set forth in the table below.

Name	2018 Salary	2019 Salary	2020 Salary
David DeStefano	$ 495,000	$ 530,016	$ 560,000
Lisa Butler	$ 288,475	$ 297,129	$ 300,398
Bryan Rowland	$ 250,512	$ 258,027	$ 263,188

Cash-Based Incentive Compensation

2019 Annual Bonus. We maintain an annual bonus plan (the "Organizational Bonus Plan"), which is designed to motivate and reward our employees, including our executives and named executive officers, for achievements relative to financial, non-financial and individual performance goals. For 2019, financial performance accounted for 80% of the bonus opportunity and was based on achievements relative to our three most important financial metrics (revenue, pre-tax net income and adjusted cash from operations ("ACFO")). The non-financial metrics for 2019 were based on our progress against critical business objectives and accounted for 20% of the bonus opportunity. Individual performance ratings for the year are also considered when determining awards under the Organizational Bonus Plan.

Each named executive officer has a target bonus opportunity under the Organizational Bonus Plan, defined as a percentage of annual base salary. For 2019, the target bonuses for our named executive officers were 80% for Mr. DeStefano, 40% for Ms. Butler and 40% for Mr. Rowland. In February 2020, our compensation committee assessed achievement against the financial and non-financial metrics described above and the board of directors approved funding the bonus pool at 117.4% of the targeted Organizational Bonus Plan opportunity for 2019.

The actual annual cash bonuses awarded to each named executive officer for 2019 performance are set forth above in the Summary Compensation Table in the column entitled "Non-Equity Incentive Plan Compensation".

Multi-Year Bonus Plans. In addition to the annual Organizational Bonus Plan, we maintain multi-year cash bonus plans for our most senior executives, including our named executive officers, and other key employees. The target bonuses, expressed as a percentage of annual base salary, for our named executive officers under the multi-year cash bonus plans are 50% for Mr. DeStefano and 30% for each of Ms. Butler and Mr. Rowland.

In early 2017, Mr. DeStefano and Ms. Butler were granted awards under our 2010 Long-Term Rewards Plan with performance measured over the three-year period from January 1, 2017 to December 31, 2019. These awards were eligible to be earned based on revenue, pre-tax net income and ACFO growth over the performance period. Following the end of the performance period, the compensation committee assessed growth with respect to these financial metrics over the performance

period and approved bonuses for all participants in the 2010 Long-Term Rewards Plan, including the named executive officers. The actual cash bonuses earned by Mr. DeStefano and Ms. Butler under the 2010 Long-Term Rewards Plan for the performance period ending in 2019 are set forth above in the Summary Compensation Table in the column entitled "Non-Equity Incentive Plan Compensation."

Effective January 2018, we adopted the 2018 Long-Term Rewards Plan for performance periods beginning on and after January 1, 2018. In early 2019, the named executive officers were granted awards under the 2018 Long-Term Rewards Plan for a three-year performance period from January 1, 2019 to December 31, 2021. These awards are scheduled to be earned based on the company's achievements against key financial metrics, including revenue, pre-tax net income, and ACFO at the end of the performance period. Amounts earned by the named executive officers with respect to these awards will be reported in the Summary Compensation Table in the year earned.

Equity Compensation

Our named executive officers have been granted stock appreciation rights ("SARs"). SARs generally entitle their holder, upon exercise, to receive from us an amount in cash equal to the appreciation of the shares subject to the award between the grant date and the exercise date. The SARs generally vest with respect to 50% of the award on the second anniversary of the applicable grant date and as to 50% of the award on the fifth anniversary of the applicable grant date, subject to the holder's continuous service to the company through each vesting date. SARs are exercisable upon 50% vesting or upon the occurrence of certain triggering events; provided that SAR holders are limited to exercising no more than 25% of their vested SARs in any given year and provided further that SAR exercises are limited each year to the proportion of vested SARs to the total units outstanding multiplied by adjusted net cash from operating activities.

The following table sets forth the SARs granted to our named executive officers during 2019 as the long-term equity incentive component of our compensation program. These SARs were granted under our Third Amended and Restated 2007 Stock Appreciation Rights Plan (the "2007 Plan") with exercise prices equal to the fair market value of our common stock on the date of grant, as determined by the board of directors, and subject to our standard vesting schedule described above.

Named Executive Officer	2019 Stock Appreciation Rights Granted
David DeStefano	373,179
Lisa Butler	—
Bryan Rowland	186,588

Treatment of Equity Awards in Connection with this Offering. In connection with this offering, holders of outstanding SARs were offered the opportunity to amend outstanding SARs, whether vested or unvested, so that they become options to purchase shares of our Class A common stock. These options will cover an equal number of shares as the amended SARs and have an exercise price per share equal to the base price of an amended SAR, subject to the 3-for-1 forward stock split that will occur in connection with this offering. For additional information regarding the amendment of outstanding SARs, please see the section titled "Incentive Compensation Plans—2007 Stock Appreciation Rights Plan" below. We expect that all of the eligible SARs held by our named executive officers will become options in connection with this offering.

Prior to 2006, certain current and former service providers were granted options to purchase Class B common stock. In connection with this offering, holders of vested options were offered the opportunity to amend these options so that they become options to purchase our Class A common stock governed by our 2020 Plan. The amended options will cover the same number of shares as the existing options and will have the same exercise price per share as the existing options, subject to the

3-for-1 forward stock split that will occur in connection with this offering. Mr. DeStefano is our only named executive officer that holds a vested option to purchase Class B common stock and we expect that this option will be amended in connection with this offering.

Shares issued to Mr. DeStefano upon the exercise of options to purchase Class A common stock may be sold by him in the event the underwriters exercise their option to purchase additional shares in this offering. For additional information, including the maximum number of shares that may be sold by Mr. DeStefano if the underwriters exercise the over-allotment option in full, see the sections titled "Principal and Selling Stockholders" and "Underwriting."

Future Equity Compensation Programs. We adopted the 2020 Plan in order to facilitate the grant of cash and equity incentives to directors, employees (including our named executive officers) and consultants of the company and certain of its affiliates and to enable the company and certain of its affiliates to obtain and retain services of these individuals, which we believe is essential to our long-term success. The 2020 Plan will be effective on the effective date of the registration statement of which this prospectus forms a part. For additional information about the 2020 Plan, please see the section titled "Incentive Compensation Plans" below.

Other Elements of Compensation

Retirement Plans

We currently maintain a 401(k) retirement savings plan for our employees, including our named executive officers, who satisfy certain eligibility requirements. Our named executive officers are eligible to participate in the 401(k) plan on the same terms as other full-time employees. The Internal Revenue Code allows eligible employees to defer a portion of their compensation, within prescribed limits, on a pre-tax basis through contributions to the 401(k) plan. Currently, we match 50% of contributions made by participants in the 401(k) plan up to 6% of a participant's eligible compensation. During 2019, we also made discretionary profit sharing contributions under the 401(k) plan. These matching and profit sharing contributions are subject to vesting at the rate of 20% each year over the first five years of employment. We believe that providing a vehicle for tax-deferred retirement savings though our 401(k) plan, and making matching contributions, adds to the overall desirability of our executive compensation package and further incentivizes our employees, including our named executive officers, in accordance with our compensation policies.

Health/Welfare Plans

All of our full-time employees, including our named executive officers, are eligible to participate in our health and welfare plans, including, medical and dental benefits; medical and dependent care flexible spending accounts; short-term and long-term disability insurance; and life insurance.

Perquisites and Other Personal Benefits

We provide our named executive officers with perquisites that we believe to be necessary and appropriate to provide a competitive compensation package, certain of which are described below. The actual amount of all perquisites and other personal benefits provided to our named executive officers during 2019 are set forth above in the Summary Compensation Table in the column entitled "All Other Compensation."

Supplemental Executive Benefits. During 2019, our named executive officers were eligible for certain benefits in addition to the standard employee benefits offered to all employees generally, including, (i) supplemental term life insurance in a face amount of $750,000, subject to certain conditions regarding insurability; and (ii) supplemental disability pay and insurance, which when combined with the disability coverage provided under our long-term disability insurance plan, provided the named executive officer with disability income equal to 80% of the named executive officer's

pre-disability base salary. The named executive officers were reimbursed for the premiums paid for such supplemental life and disability insurance, including an associated tax gross-up. The named executive officers will no longer be entitled to these supplemental executive benefits following this offering. See "Recent Changes in Executive Compensation—Executive Employment Agreements" for additional information.

Supplemental Perquisites. Prior to this offering, we provided Ms. Butler and Mr. Rowland with an annual reimbursement of $3,300 (which represents an allowance of $2,000 plus an approximate gross up for income taxes) for the purchase of additional perquisites, including, health club membership, personal financial planning/investment advice, estate planning, certain legal advice, personal physical examination, a home office and vacation travel. Any amounts not used in one year could be "rolled-over" to the next year, but the executives could not receive reimbursement of more than $16,500 for such perquisites in any five-year period.

Pursuant to the terms of his employment agreement, Mr. DeStefano was entitled to reimbursement of up $15,000 per year (plus a tax gross-up on any such reimbursement) for certain expenses related to financial and estate planning services, legal advice related to employment with the company, investment advice, health club memberships, physical examinations, a home office and vacation travel. Additionally, we pay approximately $10,000 per year for Mr. DeStefano's membership in the Union League Club, which he primarily uses for business purposes.

The named executive officers will no longer be entitled to certain of these annual expense reimbursements following this offering. See "Recent Changes in Executive Compensation—Executive Employment Agreements" for additional information.

Ms. Butler is entitled to reimbursement of up to $75,000 (plus a tax gross-up on any such reimbursement) for tuition and tuition-related expenses incurred in connection with her pursuing a master's degree in business administration; provided that, Ms. Butler must repay any such reimbursements in the event she terminates her employment within one year of completing the degree. No amounts have been paid pursuant to this arrangement as of the date of this prospectus.

Strategic Bonus. Pursuant to her employment agreement, Ms. Butler is entitled to a $75,000 cash bonus payment upon the first to occur of (i) filing of the company's first Form 10-Q during 2020; (ii) the date the board of directors determines to terminate pursuit of filing a Form S-1 during 2020; and (iii) December 31, 2020. Additionally, if within 6 months of the occurrence of any of the foregoing, the company and Ms. Butler agree to terminate her employment agreement, Ms. Butler would be entitled to the severance payments and benefits provided under her employment agreement.

Outstanding Equity Awards at Fiscal Year-End

The following table summarizes the number of shares of common stock underlying outstanding equity incentive plan awards for each named executive officer as of December 31, 2019.

		Option Awards				
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable[1]	Number of Securities Underlying Unexercised Options (#) Unexercisable[1]	Option Exercise Price($)	Option Expiration Date	Type of Award
David DeStefano	01/01/2002	1,026,000	—	0.15	N/A	OPTION
	01/01/2016	157,431	157,434(2)	2.50	01/01/2026	SAR
	02/05/2016	53,028	—	2.50	12/31/2020	SAR
	10/31/2016	629,748	629,748(2)	2.50	10/31/2026	SAR
	12/27/2019	—	373,179(2)	3.74	12/27/2029	SAR
Lisa Butler	02/05/2015	157,500	157,500(2)	2.16	02/05/2025	SAR
	02/05/2016	6,216	6,219(3)	2.50	12/31/2020	SAR
	02/05/2016	62,973	62,973(2)	2.50	02/05/2026	SAR
Bryan Rowland	02/09/2018	—	124,863(2)	3.17	02/09/2028	SAR
	02/07/2019	—	124,392(2)	3.74	02/07/2029	SAR
	12/20/2019	—	62,196(2)	3.74	12/20/2029	SAR

(1) The number of shares underlying each SAR that is shown as being exercisable and unexercisable represents, respectively, the number of shares underlying each SAR that was vested and unvested as of December 31, 2019.

(2) The SARs vest with respect to 50% of the award on the second anniversary of the applicable grant date and as to 50% of the award on the fifth anniversary of the applicable grant date, subject to the holder's continuous service to the company through each applicable vesting date.

(3) The SARs vest with respect to 50% of the award on the first anniversary of the applicable grant date and as to 50% of the award on the fourth anniversary of the applicable grant date, subject to the holder's continuous service to the company through each applicable vesting date.

Executive Compensation Arrangements

We have entered into employment agreements with each of our named executive officers that sets forth the terms and conditions of each executive's employment with us. In addition, we entered into an employment agreement with John Schwab, our Chief Financial Officer, in connection with his commencement of employment with us in January 2020.

In connection with this offering, we entered into new employment agreements with Mr. DeStefano, Ms. Butler, Mr. Rowland and Mr. Schwab. See "Recent Changes in Executive Compensation—Executive Employment Agreements" below for additional information.

Salary; Bonus

The employment agreements entitle the executives to annual base salaries and eligibility to earn discretionary bonuses under our annual and long-term cash bonus plans. See "2019 Salaries" and "Cash-Based Incentive Compensation" above for additional information regarding the base salaries and bonus opportunities of our named executive officers for 2019.

Mr. Schwab's employment agreement entitles him to an annual base salary of $420,000 and provides for an annual bonus target under the Organizational Bonus Plan of 60% of his base salary and a bonus target under the Company's Long-Term Rewards Plan of 50% of his base salary. Pursuant to his employment agreement, Mr. Schwab received a one-time bonus of $240,000 and was granted 496,473 stock appreciation rights in connection with his commencement of employment. The sign-on bonus is subject to full or partial repayment in the event Mr. Schwab voluntarily resigns or is

terminated for cause within the first 18 months of employment. The stock appreciation rights vest pursuant to our standard vesting schedule described above. In addition, Mr. Schwab may be entitled to additional cash bonuses of up to $420,000 and stock appreciation rights equivalent to 5% of the company's Class B common stock if this offering does not occur by April 1, 2022.

Term

The initial term of Mr. DeStefano's employment agreement expired in November 2019 and automatically renews for successive two year periods unless 60 days' prior notice of non-renewal is given by either party. The employment agreements for Ms. Butler, Mr. Rowland and Mr. Schwab are for indefinite terms.

Severance

If we terminate Mr. DeStefano, Ms. Butler, Mr. Rowland or Mr. Schwab without cause, or with respect to Mr. Rowland and Mr. Schwab only, the executive resigns for good reason, subject to the executive timely executing a release of claims, the executive is entitled to receive (i) base salary continuation for 12 months (or 24 months for Mr. DeStefano); and (ii) direct payment of, or additional cash payments equal to, the premiums for continued health coverage for up to 18 months. Mr. DeStefano is also entitled to an additional lump sum payment equal to 12 months of health coverage premiums in the event he has not become eligible for health insurance coverage from a subsequent employer by the date that is 15 months following such termination of employment.

Notwithstanding the foregoing, any continued base salary payments for Mr. DeStefano, Mr. Rowland and Mr. Schwab will be reduced by any salary or bonus paid to the executive by a subsequent employer during the applicable severance period.

The receipt of severance payments and benefits for Mr. DeStefano, Mr. Rowland and Mr. Schwab is also subject to the executive's continued compliance with certain restrictive covenants and confidentiality obligations as described below under "Restrictive Covenants." In the event of a material breach of such covenants by Mr. DeStefano, Mr. Rowland or Mr. Schwab, subject to certain cure rights, the executive's right to receive any of the severance payments or benefits described above will cease and the executive will be obligated to repay to the company any such payments or benefits previously paid.

Each of Mr. DeStefano, Ms. Butler, Mr. Rowland and Mr. Schwab is entitled to 30 days' notice, or pay in lieu of notice, in the event we terminate the executive for any reason other than cause.

For purposes of the employment agreements, "cause" generally means, subject to certain notice and cure rights, the executive's (i) material breach of the employment agreement; (ii) repeated failure to perform duties to the company or any subsidiary; (iii) willful misconduct that is materially injurious to the company or any subsidiary (or for Mr. Rowland and Mr. Schwab, willful misconduct or gross negligence with regard to the company, any subsidiary or their business, assets or employees); (iv) dishonesty, unethical, fraudulent or similar misconduct in connection with the executive's employment or service; (v) use of non-prescription controlled substances, misuse of prescription drugs, or habitual intoxication during work hours; (vi) other than for Ms. Butler, indictment for any felony that has or is reasonably likely to cause material adverse consequences to the company, its businesses or prospects; (vii) conviction, guilty plea or plea of nolo contendere to a felony or any crime involving fraud, dishonesty or moral turpitude; (viii) material violation of any company policy; (ix) refusal to follow any reasonable and lawful direction of the board of directors or any person to whom the executive reports, if applicable; or (x) for Mr. Rowland only, breach of a fiduciary duty owed to the company in good faith.

For purposes of the employment agreements with Mr. Rowland and Mr. Schwab, "good reason" is generally defined to mean, subject to certain notice and cure rights, (i) a material diminution in the

executive's duties that is inconsistent with the duties of his position; and (ii) for Mr. Schwab only, the company's material breach of the employment agreement.

See "Recent Changes in Executive Compensation—Executive Employment Agreements" for a description of the severance arrangements that will apply following the closing of this offering.

Restrictive Covenants

Pursuant to their employment agreements, the executives have agreed to refrain from competing with us or soliciting our employees, customers, clients or prospects, in each case, while employed and following termination of employment for a period of 24 months for Mr. DeStefano or 12 months for Ms. Butler, Mr. Rowland and Mr. Schwab. During the applicable restricted period, the executives are also obligated to disclose to us certain business opportunities that relate to the business of the company, its subsidiaries or affiliates. The executives are also bound by certain confidentiality and assignment of inventions obligations.

Recent Changes in Executive Compensation

In connection with this offering, we entered into amended and restated employment agreements with Mr. DeStefano, Ms. Butler, Mr. Rowland and Mr. Schwab and intend to grant certain equity awards to these individuals, each as described in more detail below.

Executive Employment Agreements

We entered into an amended and restated employment agreement with each of Mr. DeStefano, Ms. Butler, Mr. Rowland and Mr. Schwab that will supersede the executive's prior employment agreement with us effective on the closing of this offering.

Mr. DeStefano's amended and restated employment agreement will have an initial term of three years and will automatically renew for successive two year periods unless 60 days' prior notice of non-renewal is given by either party. The terms of Mr. DeStefano's amended and restated employment agreement are substantially the same as Mr. DeStefano's prior employment agreement with us as described above under "Executive Compensation Arrangements", except that (i) Mr. DeStefano's annual base salary will be $572,018, (ii) Mr. DeStefano's rights to severance payments and benefits will also apply in the event he resigns for good reason, (iii) the continued base salary component of his severance payments will no longer be reduced by compensation paid to him by a subsequent employer during the severance period, (iv) the release of claims that Mr. DeStefano must execute to receive any severance payments and benefits is no longer mutual and (v) Mr. DeStefano will no longer be entitled to certain supplemental executive benefits, including supplemental life and disability coverage and the annual reimbursement for those certain business and personal expenses described above under "Other Elements of Compensation—Perquisites and Other Personal Benefits—Supplemental Perquisites".

The terms of Ms. Butler's, Mr. Rowland's and Mr. Schwab's amended and restated employment agreements are substantially the same as their prior employment agreements with us as described above under "Executive Compensation Arrangements", except that (i) Ms. Butler's annual base salary will be $302,679, Mr. Rowland's annual base salary will be $265,313 and Mr. Schwab's annual base salary will be $421,625, (ii) for Ms. Butler, her rights to severance payments and benefits will also apply in the event she resigns for good reason and, for Mr. Rowland and Mr. Schwab, the definition of "good reason" was expanded as further described below, (iii) for Mr. Rowland and Mr. Schwab, the continued base salary components of their severance payments will no longer be reduced by compensation paid by a subsequent employer during the severance period; (iv) for Ms. Butler, the receipt of severance payments and benefits is subject to her continued compliance with certain restrictive covenants and confidentiality obligations, and (v) the executives will no longer be entitled to certain supplemental executive benefits, including supplemental life and disability coverage and the annual reimbursement of

those certain business and personal expenses described above under "Other Elements of Compensation—Perquisites and Other Personal Benefits—Supplemental Perquisites."

For purposes of the amended and restated employment agreements, "good reason" generally means, subject to certain notice and cure rights, any action taken by us that causes (i) a material breach of the employment agreement, (ii) the material diminution of the executive's duties, (iii) a material decrease in the executive's annual base salary, or (iv) any relocation of the executive's principal office by more than fifty (50) miles.

IPO Grants to Named Executive Officers

In connection with this offering, we intend to grant each of our U.S.-based employees, including our named executive officers, an award of restricted stock under the 2020 Incentive Award Plan covering a number of shares determined by dividing $1,000 by the initial public offering price per share of the Class A common stock in this offering, with any partial shares that result being rounded up to the nearest whole share. The shares of restricted stock will vest on the first anniversary of the date the registration statement of which this prospectus forms a part becomes effective, subject to continued service to the company through the vesting date.

In addition, we intend to grant to Mr. DeStefano an award of restricted stock under the 2020 Incentive Award Plan covering a number of shares determined by dividing $4,000,000 by the initial public offering price per share of the Class A common stock in this offering, with any partial shares that result being rounded up to the nearest whole share. The shares of restricted stock granted to Mr. DeStefano will vest in substantially equal installments on each of the first, second and third anniversaries of the date the registration statement of which this prospectus forms a part becomes effective, subject to continued service to the company through each applicable vesting date. We intend to grant to each of Ms. Butler, Mr. Rowland and Mr. Schwab fully vested shares of stock under the 2020 Plan covering a number of shares determined by dividing $50,000 by the initial public offering price per share of the Class A common stock in this offering, with any partial shares that result being rounded up to the nearest whole share.

Director Compensation

The non-employee members of our board of directors are eligible to receive compensation for their service on our board of directors. The 2019 compensation for the non-employee members of our board of directors consisted of (i) an annual director fee of $112,910 (or $80,000 for directors who commenced service on the board of directors in 2018 or 2019); (ii) additional annual fees for committee service of $6,300 for service on a board committee (other than the chair) or $12,600 for service as chair of a board committee; and (iii) consulting fees in the amount of $500 per hour for additional board services beyond the scope of a director's customary service as a member of the board of directors. In addition, during 2019 the non-employee directors were eligible to receive a discretionary annual bonus targeted at $120,000 and payable as to seventy-five percent (75%) in cash and twenty-five percent (25%) in stock appreciation rights. The amount of the annual bonus was determined based on the company's performance against the financial and non-financial goals under the Organizational Bonus Plan for the given year, although the company's stockholders retained discretion to increase or decrease the actual bonuses awarded to the directors. The stockholders did not exercise this discretion with respect to the 2019 bonuses and the actual annual bonuses awarded to each non-employee director for 2019 are set forth in the Director Compensation Table below in the column entitled "Non-Equity Incentive Plan Compensation." See the section of this prospectus titled "—Cash-Based Incentive Compensation" above for a description of company performance under the Organization Bonus Plan for 2019.

During 2019, Ms. Radcliffe, Ms. Thompson and Mr. Westphal were our employees and also members of the board of directors and received no additional compensation for their service on the

board of directors. Effective June 1, 2020, Ms. Radcliffe, Ms. Thompson and Mr. Westphal no longer serve as our employees. See "Certain Relationships and Related Party Transactions" section below for information regarding their employment arrangements with the company.

The following table sets forth information concerning the compensation of our non-employee directors for their service on our board of directors for the year ended December 31, 2019.

Name	Fees Earned or Paid in Cash($)(1)	Option Awards($)(2)	Non-Equity Incentive Plan Compensation($)(3)	All Other Compensation($)(4)	Total($)
Ric Andersen	131,838	—	196,390	84,000	412,228
Terence Kyle	149,838	—	196,390	146,785	493,013
Kevin Robert	131,838	—	196,390	28,625	356,853
Rick Stamm	86,835	—	105,400	41,634	233,869

(1) Includes annual fees for service on the board of directors and committees of the board.

(2) During 2019, Mr. Andersen, Mr. Kyle and Mr. Robert were each granted 78,558 stock appreciation rights and Mr. Stamm was granted 42,123 stock appreciation rights. As a nonpublic business entity, these stock appreciation rights were recorded at their intrinsic value of zero on date of grant. The company accounts for stock appreciation rights as liabilities under ASC Topic 718 and recognizes stock-based compensation expense by remeasuring the stock appreciation rights at the end of each reporting period and accruing the portion of the requisite service rendered at that date. We provide information regarding the accounting value of all stock appreciation rights in Note 1 to the consolidated financial statements included in this prospectus.

(3) Includes the cash portion of the director annual bonus for 2019.

(4) For all non-employee directors, the amount shown includes fees for consulting services, including $24,000 for services to the company regarding guidance in connection with this initial public offering.

The table below shows the aggregate numbers of options and stock appreciation rights (exercisable and unexercisable) held as of December 31, 2019 by each non-employee director who was serving as of December 31, 2019, all of which are fully vested. None of our non-employee directors held unvested stock awards as of December 31, 2019.

Name	Stock Appreciation Rights Vested and Outstanding at Fiscal Year End(#)	Options Vested and Outstanding at Fiscal Year End(#)
Ric Andersen	240,558	0
Terrence Kyle	251,334	273,000
Kevin Robert	240,558	0
Rick Stamm	42,123	0

We expect that all of the options and SARs held by our non-employee directors will become options to purchase shares of our Class A common stock in connection with this offering. For additional information regarding the amendment of outstanding options and SARs, please see the section above titled "Equity Compensation" and the section below titled "Incentive Compensation Plans—2007 Stock Appreciation Rights Plan" below.

Shares issued to Mr. Kyle upon the exercise of options to purchase Class A common stock may be sold by Mr. Kyle in the event the underwriters exercise their option to purchase additional shares in this offering. For additional information, including the maximum number of shares that may be sold by Mr. Kyle if the underwriters exercise the over-allotment option in full, see the sections titled "Principal and Selling Stockholders" and "Underwriting."

Non-Employee Director Compensation Program

In connection with this offering, our board of directors adopted and stockholders approved a new compensation program for our non-employee directors. Under this program our non-employee directors receive the following amounts for their services on our board of directors:

- If a director (i) is initially elected or appointed to our board of directors at an annual meeting of stockholders or (ii) has served on our board of directors as of the date of an annual meeting of stockholders and will continue to serve as a director immediately following such meeting, a number of restricted stock units on the date of the annual meeting determined by dividing $150,000 by the closing price of our common stock on the date of the annual meeting (with any partial shares that result rounded up to the nearest whole share);
- An annual director fee of $42,000;
- If the director serves as lead independent director or chair or on a committee of our board of directors, an additional annual fee as follows:
    - Chair of the board of directors or lead independent director: $15,000;
    - Chair of the audit committee: $20,000;
    - Audit committee member other than the chair, $10,000;
    - Chair of the compensation committee, $15,000;
    - Compensation committee member other than the chair, $6,000;
    - Chair of the nominating and corporate governance committee, $12,000; and
    - Nominating and corporate governance committee member other than the chair, $6,000.

Director fees under the program will be earned and paid monthly. Restricted stock units represent the right to receive one share (or an equal amount in cash) following vesting of the award as described in further detail below in the section entitled "Incentive Compensation Plans—2020 Incentive Award Plan—Awards—Restricted Stock and RSUs." Restricted stock units granted to our non-employee directors under the program will vest in a single installment on the earlier of the day before the next annual meeting of stockholders occurring after the date of grant or the first anniversary of the date of grant, subject to continued service as a non-employee member of our board through the applicable vesting date and accelerated vesting upon a change in control of the company.

IPO Grants to Non-Employee Directors

In connection with this offering, we intend to grant our non-employee directors awards of restricted stock under the 2020 Plan in the amounts set forth in the table below under the heading "Value of Annual Award for 2020" as part of their annual compensation for service on the board during 2020. In addition, in recognition of their significant contributions to the Company in connection with this offering, Mr. Andersen, Mr. Kyle and Mr. Stamm will be granted one-time awards in the amounts set forth in the table below under the heading "Value of One-Time IPO Award". The number of shares subject to each award will be determined by dividing the amounts shown in the table below for such director by the initial public offering price per share of the Class A common stock in this offering, with any partial shares that result being rounded up to the nearest whole share. The shares of restricted stock will vest on the earlier of the day before the next annual meeting of the Company's stockholders occurring after the date of grant or the first anniversary of the date of grant, subject to

such director's continued service as a non-employee member of our board of directors through the applicable vesting date and accelerated vesting upon a change in control.

Name	Value of Annual Award for 2020	Value of One-Time IPO Award
Ric Andersen	$ 225,000	$ 1,700,000
Terrence Kyle	$ 225,000	$ 500,000
Kevin Robert	$ 225,000	—
Rick Stamm	$ 225,000	$ 900,000
Jeffrey Westphal	$ 150,000	—
Amanda Westphal Radcliffe	$ 150,000	—
Stefanie Westphal Thompson	$ 150,000	—

Incentive Compensation Plans

The following summarizes the material terms of the 2020 Plan and the 2020 Employee Stock Purchase Plan, which will be the long-term incentive compensation plans in which our directors and named executive officers will be eligible to participate following the consummation of this offering, subject to the terms and conditions of such plans, and the Third Amended and Restated 2007 Stock Appreciation Rights Plan, under which we have previously made periodic grants of stock appreciation rights to our directors and named executive officers.

2020 Incentive Award Plan

Effective on the effective date of the registration statement of which this prospectus forms a part, we adopted and our stockholders approved the 2020 Plan under which we may grant cash and equity-based incentive awards to eligible service providers in order to attract, retain and motivate the persons who make important contributions to the company. The material terms of the 2020 Plan are summarized below.

Eligibility and Administration. Our employees, consultants and directors, and employees and consultants of our subsidiaries will be eligible to receive awards under the 2020 Plan. The 2020 Plan will be administered by our board of directors with respect to awards to non-employee directors and by our compensation committee with respect to other participants, each of which may delegate its duties and responsibilities to committees of our directors and/or officers (referred to collectively as the plan administrator below), subject to the limitations that may be imposed under the 2020 Plan, Section 16 of the Exchange Act, stock exchange rules and other applicable laws. The plan administrator will have the authority to take all actions and make all determinations under the 2020 Plan, to interpret the 2020 Plan and award agreements and to adopt, amend and repeal rules for the administration of the 2020 Plan as it deems advisable. The plan administrator will also have the authority to determine which eligible service providers receive awards, grant awards and set the terms and conditions of all awards under the 2020 Plan, including any vesting and vesting acceleration provisions, subject to the conditions and limitations in the 2020 Plan.

Shares Available. An aggregate of 16,500,000 shares of our Class A common stock will initially be available for issuance under the 2020 Plan. The number of shares initially available for issuance will be increased by an annual increase on January 1 of each calendar year beginning in 2021 and ending in and including 2030, equal to the lesser of (A) 4% of the shares of Class A and Class B common stock outstanding on the final day of the immediately preceding calendar year and (B) a smaller number of shares as determined by our board of directors. No more than 16,500,000 shares of Class A common stock may be issued under the 2020 Plan upon the exercise of incentive stock options. Shares available under the 2020 Plan may be authorized but unissued shares, shares purchased on the open market or treasury shares.

If an award under the 2020 Plan expires, lapses or is terminated, exchanged for cash, surrendered, repurchased, or canceled without having been fully exercised or forfeited, any unused shares subject to the award will again be available for new grants under the 2020 Plan. Awards granted under the 2020 Plan in substitution for any options or other stock or stock-based awards granted by an entity before the entity's merger or consolidation with us or our acquisition of the entity's property or stock will not reduce the shares available for grant under the 2020 Plan, but will count against the maximum number of shares that may be issued upon the exercise of incentive stock options.

Awards. The 2020 Plan provides for the grant of stock options, including incentive stock options ("ISOs") and nonqualified stock options ("NSOs"), SARs, restricted stock, dividend equivalents, RSUs, and other stock or cash based awards. Certain awards under the 2020 Plan may constitute or provide for payment of "nonqualified deferred compensation" under Section 409A of the Code. All awards under the 2020 Plan will be set forth in award agreements, which will detail the terms and conditions of awards, including any applicable vesting and payment terms and post-termination exercise limitations. A brief description of each award type follows.

- *Stock Options and SARs.* Stock options provide for the purchase of shares of our Class A common stock in the future. ISOs, by contrast to NSOs, may provide tax deferral beyond exercise and favorable capital gains tax treatment to their holders if certain holding period and other requirements of the Code are satisfied. SARs entitle their holder, upon exercise, to receive from us an amount equal to the appreciation of the shares subject to the award between the grant date and the exercise date. The plan administrator will determine the number of shares covered by each option and SAR, the exercise price of each option and SAR and the conditions and limitations applicable to the exercise of each option and SAR. The exercise price of a stock option or SAR will not be less than 100% of the fair market value of the underlying share on the grant date, unless otherwise determined by the plan administrator and except with respect to certain substitute awards granted in connection with a corporate transaction. Unless otherwise determined by the plan administrator, the term of a stock option or SAR may not be longer than ten years. Notwithstanding the foregoing, ISOs granted to certain significant stockholders will have an exercise price no less than 110% of the fair market value of the underlying share on the grant date and a term no longer than five years.

- *Restricted Stock and RSUs.* Restricted stock is an award of nontransferable shares of our Class A common stock that remain forfeitable unless and until specified conditions are met and which may be subject to a purchase price. RSUs are contractual promises to deliver shares of our Class A common stock in the future, which may also remain forfeitable unless and until specified conditions are met and may be accompanied by the right to receive the equivalent value of dividends paid on shares of our Class A common stock prior to the delivery of the underlying shares. The plan administrator may provide that the delivery of the shares underlying RSUs will be deferred on a mandatory basis or at the election of the participant. The terms and conditions applicable to restricted stock and RSUs will be determined by the plan administrator, subject to the conditions and limitations contained in the 2020 Plan.

- *Other Stock or Cash Based Awards.* Other stock or cash based awards are awards of cash, fully vested shares of our Class A common stock and other awards valued wholly or partially by referring to, or otherwise based on, shares of our Class A common stock or other property. Other stock or cash based awards may be granted to participants and may also be available as a payment form in the settlement of other awards, as standalone payments and as payment in lieu of compensation to which a participant is otherwise entitled. The plan administrator will determine the terms and conditions of other stock or cash based awards, which may include any purchase price, performance goal, transfer restrictions and vesting conditions.

Performance Criteria. The plan administrator may select performance criteria for an award to establish performance goals for a performance period. Performance criteria under the 2020 Plan may include, but are not limited to, the following: net earnings or losses (either before or after one or more of interest, taxes, depreciation, amortization, and non-cash equity-based compensation expense); gross or net sales or revenue or sales or revenue growth; net income (either before or after taxes) or adjusted net income; profits (including but not limited to gross profits, net profits, profit growth, net operation profit or economic profit), profit return ratios or operating margin; budget or operating earnings (either before or after taxes or before or after allocation of corporate overhead and bonus); cash flow (including operating cash flow and free cash flow or cash flow return on capital); return on assets; return on capital or invested capital; cost of capital; return on stockholders' equity; total stockholder return; return on sales; costs, reductions in costs and cost control measures; expenses; working capital; earnings or loss per share; adjusted earnings or loss per share; price per share or dividends per share (or appreciation in or maintenance of such price or dividends); regulatory achievements or compliance; implementation, completion or attainment of objectives relating to research, development, regulatory, commercial, or strategic milestones or developments; market share; economic value or economic value added models; division, group or corporate financial goals; customer satisfaction/growth; customer service; employee satisfaction; recruitment and maintenance of personnel; human resources management; supervision of litigation and other legal matters; strategic partnerships and transactions; financial ratios (including those measuring liquidity, activity, profitability or leverage); debt levels or reductions; sales-related goals; financing and other capital raising transactions; cash on hand; acquisition activity; investment sourcing activity; and marketing initiatives, any of which may be measured in absolute terms or as compared to any incremental increase or decrease. Such performance goals also may be based solely by reference to the company's performance or the performance of a subsidiary, division, business segment or business unit of the company or a subsidiary, or based upon performance relative to performance of other companies or upon comparisons of any of the indicators of performance relative to performance of other companies. When determining performance goals, the plan administrator may provide for exclusion of the impact of an event or occurrence which the plan administrator determines should appropriately be excluded, including, without limitation, non-recurring charges or events, acquisitions or divestitures, changes in the corporate or capital structure, events unrelated to the business or outside of the control of management, foreign exchange considerations, and legal, regulatory, tax or accounting changes.

Certain Transactions. In connection with certain corporate transactions and events affecting our Class A common stock, including a change in control, or change in any applicable laws or accounting principles, the plan administrator has broad discretion to take action under the 2020 Plan to prevent the dilution or enlargement of intended benefits, facilitate the transaction or event or give effect to the change in applicable laws or accounting principles. This includes canceling awards for cash or property, accelerating the vesting of awards, providing for the assumption or substitution of awards by a successor entity, adjusting the number and type of shares subject to outstanding awards and/or with respect to which awards may be granted under the 2020 Plan and replacing or terminating awards under the 2020 Plan. In addition, in the event of certain non-reciprocal transactions with our stockholders, the plan administrator will make equitable adjustments to the 2020 Plan and outstanding awards as it deems appropriate to reflect the transaction. In the event of a change in control of the company (as defined in the 2020 Plan), to the extent that the surviving entity declines to continue, convert, assume or replace outstanding awards, then all such awards may become fully vested and exercisable in connection with the transaction. Individual award agreements may provide for additional accelerated vesting and payment provisions.

Provisions of the 2020 Plan Relating to Director Compensation. The 2020 Plan provides that the plan administrator may establish compensation for non-employee directors from time to time subject to the 2020 Plan's limitations. In connection with this offering, our board of directors adopted and stockholders approved a compensation program for our non-employee directors. Our board of directors

or its authorized committee may modify the non-employee director compensation program from time to time in the exercise of its business judgment, taking into account such factors, circumstances and considerations as it shall deem relevant from time to time, provided that the sum of any cash compensation or other compensation and the grant date fair value of any equity awards granted under the 2020 Plan as compensation for services as a non-employee director during any fiscal year may not exceed $750,000, excluding cash and other compensation awarded prior to the effective date of the 2020 Plan, compensation awarded in connection with this offering and compensation granted to a non-employee director who serves in a capacity in addition to that of non-employee director for which he or she receives additional compensation. The plan administrator may make exceptions to this limit for individual non-employee directors in extraordinary circumstances, as the plan administrator may determine in its discretion, subject to the limitations in the 2020 Plan.

Foreign Participants, Claw-Back Provisions, Transferability, and Participant Payments. The plan administrator may modify awards granted to participants who are foreign nationals or employed outside the United States or establish subplans or procedures to address differences in laws, rules, regulations or customs of such foreign jurisdictions. All awards will be subject to any company claw-back policy as set forth in such claw-back policy or the applicable award agreement. Except as the plan administrator may determine or provide in an award agreement, awards under the 2020 Plan are generally non-transferrable, except by will or the laws of descent and distribution, or, subject to the plan administrator's consent, pursuant to a domestic relations order and are generally exercisable only by the participant. With regard to tax withholding obligations arising in connection with awards under the 2020 Plan and exercise price obligations arising in connection with the exercise of stock options under the 2020 Plan, the plan administrator may, in its discretion, accept cash, wire transfer or check, shares of our common stock that meet specified conditions, a promissory note, a "market sell order," such other consideration as the plan administrator deems suitable or any combination of the foregoing.

Plan Amendment and Termination. Our board of directors may amend or terminate the 2020 Plan at any time; however, no amendment, other than an amendment that increases the number of shares available under the 2020 Plan, may materially and adversely affect an award outstanding under the 2020 Plan without the consent of the affected participant and stockholder approval will be obtained for any amendment to the extent necessary to comply with applicable laws. Further, the plan administrator may not, without the approval of our stockholders, amend any outstanding stock option or SAR to reduce its price per share, other than in the context of corporate transactions or equity restructurings, as described above. The 2020 Plan will remain in effect until the tenth anniversary of the earlier of the date the board of directors adopted the 2020 Plan and the date the Company's stockholders approved the 2020 Plan, unless earlier terminated by our board of directors. No awards may be granted under the 2020 Plan after its termination.

2020 Employee Stock Purchase Plan

Effective on the effective date of the registration statement of which this prospectus forms a part, we adopted and our stockholders approved the 2020 Employee Stock Purchase Plan (the "2020 ESPP"), the material terms of which are summarized below.

The 2020 ESPP is comprised of two distinct components in order to provide increased flexibility to grant options to purchase shares under the 2020 ESPP to U.S. and to non-U.S. employees. Specifically, the 2020 ESPP authorizes (1) the grant of options to U.S. employees that are intended to qualify for favorable U.S. federal tax treatment under Section 423 of the Code (the "Section 423 Component"), and (2) the grant of options that are not intended to be tax-qualified under Section 423 of the Code to facilitate participation for employees located outside of the U.S. who do not benefit from favorable U.S. federal tax treatment and to provide flexibility to comply with non-U.S. law and other considerations (the "Non-Section 423 Component"). Where permitted under local law and custom, we

expect that the Non-Section 423 Component will generally be operated and administered on terms and conditions similar to the Section 423 Component.

Shares Available for Awards; Administration. A total of 1,000,000 shares of our Class A common stock will initially be reserved for issuance under the 2020 ESPP. In addition, the number of shares available for issuance under the 2020 ESPP will be annually increased on January 1 of each calendar year beginning in 2021 and ending in and including 2030, by an amount equal to the lesser of (A) 1% of the shares of Class A and Class B common stock outstanding on the final day of the immediately preceding calendar year and (B) such smaller number of shares as is determined by our board of directors, provided that no more than 1,000,000 shares of our Class A common stock may be issued under the Section 423 Component. Our board of directors or a committee of our board of directors will administer and will have authority to interpret the terms of the 2020 ESPP and determine eligibility of participants. We expect that the compensation committee will be the initial administrator of the 2020 ESPP.

Eligibility. We expect that all of our employees will be eligible to participate in the 2020 ESPP. However, an employee may not be granted rights to purchase stock under our 2020 ESPP if the employee, immediately after the grant, would own (directly or through attribution) stock possessing 5% or more of the total combined voting power or value of all classes of our stock.

Grant of Rights. Stock will be offered under the 2020 ESPP during offering periods. The length of the offering periods under the 2020 ESPP will be determined by the plan administrator and may be up to twenty-seven months long. Employee payroll deductions will be used to purchase shares on each purchase date during an offering period. The purchase dates for each offering period will be the final trading day in the offering period. Offering periods under the 2020 ESPP will commence when determined by the plan administrator. We expect the initial offering period under the 2020 ESPP to commence on the pricing date of our Class A common stock in this offering. The plan administrator may, in its discretion, modify the terms of future offering periods. In non-U.S. jurisdictions where participation in the 2020 ESPP through payroll deductions is prohibited, the plan administrator may provide that an eligible employee may elect to participate through contributions to the participant's account under the 2020 ESPP in a form acceptable to the 2020 ESPP administrator in lieu of or in addition to payroll deductions.

The 2020 ESPP permits participants to purchase Class A common stock through payroll deductions of up to a specified percentage of their eligible compensation, provided that participants will be permitted to make lump sum contributions to the 2020 ESPP during the initial offering period. The plan administrator will establish a maximum number of shares that may be purchased by a participant during any offering period. In addition, no employee will be permitted to accrue the right to purchase stock under the Section 423 Component at a rate in excess of $25,000 worth of shares during any calendar year during which such a purchase right is outstanding (based on the fair market value per share of our Class A common stock as of the first day of the offering period).

On the first trading day of each offering period, each participant will automatically be granted an option to purchase shares of our Class A common stock. The option will expire at the end of the applicable offering period, and will be exercised at that time to the extent of the payroll deductions (or contributions) accumulated during the offering period. The purchase price of the shares, in the absence of a contrary designation, will be 85% of the lower of the fair market value of our Class A common stock on the first trading day of the offering period (in the case of the initial offering period, the initial public offering price) or on the purchase date. Participants may voluntarily end their participation in the 2020 ESPP at any time during a specified period prior to the end of the applicable offering period, and will be paid their accrued payroll deductions (and contributions, if applicable) that have not yet been used to purchase shares of Class A common stock. If a participant withdraws from the 2020 ESPP

during an offering period, the participant cannot rejoin until the next offering period. Participation ends automatically upon a participant's termination of employment.

A participant may not transfer rights granted under the 2020 ESPP other than by will or the laws of descent and distribution, and are generally exercisable only by the participant.

Certain Transactions. In the event of certain non-reciprocal transactions or events affecting our Class A common stock, the plan administrator will make equitable adjustments to the 2020 ESPP and outstanding rights. In the event of certain unusual or non-recurring events or transactions, including a change in control, the plan administrator may provide for (1) either the replacement of outstanding rights with other rights or property or termination of outstanding rights in exchange for cash, (2) the assumption or substitution of outstanding rights by the successor or survivor corporation or parent or subsidiary thereof, if any, (3) the adjustment in the number and type of shares of stock subject to outstanding rights, (4) the use of participants' accumulated payroll deductions to purchase stock on a new purchase date prior to the next scheduled purchase date and termination of any rights under ongoing offering periods or (5) the termination of all outstanding rights.

Plan Amendment. The plan administrator may amend, suspend or terminate the 2020 ESPP at any time. However, stockholder approval will be obtained for any amendment that increases the aggregate number or changes the type of shares that may be sold pursuant to rights under the 2020 ESPP or changes the corporations or classes of corporations whose employees are eligible to participate in the 2020 ESPP.

2007 Stock Appreciation Rights Plan

Our board of directors has approved our Third Amended and Restated 2007 Stock Appreciation Rights Plan (the "2007 Plan"), under which we have granted SARs to employees of the company or its subsidiaries and our directors.

In connection with this offering, holders of outstanding SARs were offered the opportunity to amend outstanding SARs, whether vested or unvested, so that they become options to purchase shares of our Class A common stock. These options will cover an equal number of shares as the amended SARs and have an exercise price per share equal to the base price of an amended SAR, subject to the 3-for-1 forward stock split that will occur in connection with this offering. Options resulting from the amendment of SARs that do not have an expiration date or SARs that expire during calendar year 2020 will automatically be exercised in connection with this offering for shares of our Class A common stock. As of June 30, 2020, and giving effect to the 3-for-1 forward stock split to be effected in connection with this offering, there were 1,948,473 SARs outstanding with no expiration date or that expire during calendar year 2020. Of these, we expect that 1,335,587 shares will be sold to us in connection with this offering (assuming an initial public offering price of $15.00 per share of Class A common stock, which is the midpoint of the price range set forth on the cover page of this prospectus). If the amendment of these SARs and related sale of shares to the Company had occurred on June 30, 2020, we would have recorded $12.4 million of additional stock-based compensation during the three months ended June 30, 2020. The recognition of stock-based compensation would affect our cost of revenue and our research and development, sales and marketing, and general and administrative operating expense line items. Options resulting from the amendment of SARs that have an expiration date after calendar year 2020 will not be automatically exercised in connection with this offering. Such options will be governed by the 2020 Plan and the applicable award agreement and, to the extent unvested, will vest pursuant to the same vesting schedule that applied to the amended SARs.

Our board of directors, or a committee of the board, administers the 2007 Plan. Subject to the express terms and conditions of the 2007 Plan, the plan administrator has the authority to make all determinations and interpretations under the 2007 Plan and determine the terms and conditions of all awards under the 2007 Plan.

In the event of the issuance of additional shares by the company, which has the effect of diluting the value of the common stock, the plan administrator has broad discretion to adjust the terms and conditions of existing awards under the 2007 Plan as it deems appropriate and equitable to ameliorate the effect of such dilution. Additionally, the plan administrator may make adjustments to existing awards in recognition of unusual or non-recurring events affecting the company or any subsidiary to prevent dilution or enlargement of the rights of participants under the 2007 Plan.

Following the consummation of this offering, we will not make any further grants under the 2007 Plan, no SARs will remain outstanding under the 2007 Plan and the board of directors may terminate the 2007 Plan at any time.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Stockholders' Agreement

Upon the completion of this offering, our principal stockholders, Amanda Westphal Radcliffe, Stefanie Westphal Thompson and Jeffrey Westphal, each of whom serves as a member of our board of directors, together with their affiliated trust entities and family members, intend to enter into an Amended and Restated Stockholders' Agreement (the "Stockholders' Agreement") with these terms:

Transfer Restrictions

The parties to the Stockholders' Agreement will not transfer shares of our Class B common stock except: (i) to another holder of our Class B common stock; (ii) to Amanda Westphal Radcliffe, Stefanie Westphal Thompson or Jeffrey Westphal or their family members or affiliates, as described in the Stockholders' Agreement; (iii) to the Company; (iv) or in an underwritten public offering or other transaction approved by a majority of the disinterested members of our board of directors or a committee of our board of directors authorized to take such action ("Permitted Transfers"). Each party to whom Class B common stock is transferred will be required to become a party to the Stockholders' Agreement, if they are not a party already. Each share of our Class B common stock will convert automatically into one share of our Class A common stock upon any transfer, whether or not for value, except for certain permitted transfers described in our amended and restated certificate of incorporation, including transfers to Amanda Westphal Radcliffe, Stefanie Westphal Thompson and Jeffrey Westphal or their family members or affiliates.

Right of First Offer / Refusal

Before transferring any shares of our Class B common stock, other than through a Permitted Transfer, the party transferring the shares must offer them, first, to the other stockholder parties and, next, to the Company. If neither of those offers is accepted, the selling stockholder may then transfer the shares to someone else. If any party receives an offer from someone who is not a party to the Stockholders' Agreement to purchase some or all of their Class B common stock, that person must give the other parties notice of the offer and an opportunity to purchase the shares on the same terms.

Subscription Rights

The parties to the Stockholders' Agreement will have the right, but not the obligation, to purchase a number of shares of Class A common stock up to their proportionate interest of any new shares of Class A common stock, or any securities convertible into, exercisable for, or exchangeable for Class A common stock issued in a private offering, other than securities (including either shares of Class A common stock or Class B common stock) issued to any director, employee or consultant of the Company or any of its subsidiaries pursuant to an equity-incentive plan approved by the Board or in connection with stock splits, stock dividends, in-kind equity distributions, recapitalizations and stockholders' rights plans, or a greater amount if any of the other parties to the Stockholders' Agreement do not elect to purchase their proportionate share of the newly issued securities.

Registration Rights

After our initial public offering and the expiration of any related lock-up period, any stockholder party to the Stockholders' Agreement can require us to register under the Securities Act shares of our common stock held by them if the anticipated aggregated offering amount exceeds $50.0 million subject to certain limitations. They will also have shelf registration rights requiring us, when we are eligible for short-form registration, to file a shelf registration statement and to keep it effective to allow sales from time to time. They will also be entitled to participate as selling stockholders on a pro rata basis in any registration of our common stock under the Securities Act that we may undertake. We will pay expenses relating to these registrations and will indemnify the parties participating in these offerings against liabilities that may arise from the offering process.

Standstill

For so long as any stockholder party to the Stockholders' Agreement owns any shares of Class B common stock, the party will not engage or participate in: (i) acquiring the Company's securities (other than through market-based purchases of up to 2% of outstanding equity in any 12-month period, the exercise or conversion of outstanding securities or equity awards); (ii) any tender or exchange offer, merger or other business combination involving the Company, any of our subsidiaries or affiliates or our assets constituting a significant portion of the consolidated assets of the Company and its subsidiaries or affiliates; (iii) any recapitalization, restructuring, liquidation, dilution or other extraordinary transaction involving the Company; or (iv) the solicitation of any proxies or written consents involving the Company. The parties must promptly inform the board of directors about any approaches by a third party regarding any of these matters. The board of directors and holders of a majority of the Class B common stock may agree to waive the standstill prohibition.

Director Designation Rights

For so long as Amanda Westphal Radcliffe, Stefanie Westphal Thompson or Jeffrey Westphal, in each case together with his or her children and related trusts, owns at least five percent of our outstanding common stock, he or she each shall be entitled to designate one individual, including themselves, to serve as a member of our board of directors, and we will be required to use our best efforts to include the designee in the slate of nominees recommended to our stockholders for election as a director at the next annual or special meeting of stockholders.

Director Voting

At any general or special meeting of the stockholders involving the election of directors, each stockholder party to the Stockholders' Agreement must vote all of his or her shares of stock in favor of each individual nominated by the parties to the Stockholders' Agreement. For all matters other than the election of directors, voting shall be discretionary at the option of each stockholder.

Tax Sharing Agreement

Prior to this offering, we have elected to be treated as an S Corporation for U.S. federal income tax purposes, as a result of which our existing stockholders have been required to pay income taxes attributable to our earnings. We have historically paid distributions to our existing stockholders, which have assisted them in paying such income taxes. In connection with this offering, our S Corporation status will terminate and we will thereafter be subject to federal and increased U.S. state income taxes. Our existing stockholders may be required to pay additional income taxes for periods prior to the termination of our S Corporation status as a result of an adjustment to our taxable income for periods beginning after our S Corporation status terminates. Accordingly, we intend to enter into an agreement with our existing stockholders in connection with this offering. Under this agreement, we may be required to make payments in material amounts to our existing stockholders with respect to any incremental income taxes resulting from an adjustment to our taxable income for any period beginning after our S Corporation status terminates. Furthermore, this agreement requires us to indemnify our existing stockholders with respect to unpaid income tax liabilities attributable to our taxable income for any period after the termination of our S Corporation status. We will also indemnify our existing stockholders for any interest, penalties, losses, costs or expenses arising out of any claim under the agreement. However, our existing stockholders will indemnify us with respect to our unpaid tax liabilities (including interest and penalties) to the extent that such unpaid tax liabilities are attributable to a decrease in our existing stockholders' taxable income for any period and a corresponding increase in our taxable income for any period.

Indemnification Agreements

Our amended and restated certificate of incorporation will provide that we will indemnify our directors and officers to the fullest extent permitted by law. In addition, we expect to enter into

indemnification agreements with all of our directors and executive officers prior to the completion of this offering. See "Description of Capital Stock—Limitation on Liability of Directors and Indemnification."

Compensation Arrangements

For a description of the compensation arrangements we have with our executive officers, see "Executive Compensation."

In connection with their service as employees of the Company, each of Stefanie Westphal Thompson, Amanda Westphal Radcliffe and Jeffrey Westphal received annual salaries of $120,191 in 2019, 2018 and 2017 and were also entitled to participate in the Company's standard health, insurance and retirement benefits plans. Effective June 1, 2020, Ms. Radcliffe, Ms. Thompson and Mr. Westphal no longer serve as our employee.

Distributions

During the years ended December 31, 2019, December 31, 2018 and December 31, 2017, we paid distributions of $28.6 million, $28.0 million and $17.6 million, respectively, to our stockholders.

Class B Share Purchase

Jeffrey Westphal, Amanda Westphal Radcliffe, Stefanie Westphal Thompson and Vertex have agreed that Amanda Westphal Radcliffe and Stefanie Westphal Thompson will immediately before this offering purchase from Jeffrey Westphal shares of his Class B common stock equal to a total of $30.0 million, at the public offering price per share, net of underwriting discounts and commissions.

Directed Share Program

At our request, the underwriters have reserved for sale, at the initial public offering price, up to 5% of the Class A common stock offered by this prospectus for sale to some of our directors, officers, employees, business associates and related persons. We do not currently know the extent to which these related persons will participate in our directed share program, if at all.

Our Policy Regarding Related Party Transactions

Upon consummation of this offering, our board of directors will have adopted written policies and procedures for transactions with related persons. As a general matter, the policy will require the audit committee to review and approve or disapprove of the entry by us into certain transactions with related persons. The policy will only apply to transactions, arrangements and relationships where the aggregate amount involved could reasonably be expected to exceed $120,000 in any calendar year and in which a related person has a direct or indirect interest. A related person is: (a) any director, nominee for director or executive officer of our company; (b) any immediate family member of a director, nominee for director or executive officer; and (c) any person, and his or her immediate family members, or entity, including affiliates, that was a beneficial owner of 5% or more of any of our outstanding equity securities at the time the transaction occurred or existed.

The policy will provide that if advance approval of a transaction subject to the policy is not obtained, it must be promptly submitted to the committee for possible ratification, approval, amendment, termination or rescission. In reviewing any transaction, the committee will take into account, among other factors the committee deems appropriate, recommendations from senior management, whether the transaction is on terms no less favorable than terms generally available to a third party in similar circumstances and the extent of the related person's interest in the transaction. Any related person transaction must be conducted at arm's length. Any member of the audit committee who is a related person with respect to a transaction under review may not participate in the deliberations or vote on the approval or ratification of the transaction. However, such a director may be counted in determining the presence of a quorum at a meeting of the audit committee that considers the transaction.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our common stock as of June 30, 2020, both before and after giving effect to the closing of the offering, by:

- each person known to own beneficially more than 5% of our Class A common stock or Class B common stock;
- each of our directors;
- each of our named executive officers;
- all of our directors and executive officers as a group; and
- each of the selling stockholders.

The amounts and percentages of our Class A and Class B common stock beneficially owned are reported on the basis of SEC regulations governing the determination of beneficial ownership of securities. Under SEC rules, a person is deemed to be a "beneficial" owner of a security if that person has or shares voting power or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Securities that can be so acquired are not deemed to be outstanding for purposes of computing any other person's percentage. Under these rules, more than one person may be deemed to be a beneficial owner of securities as to which such person has no economic interest.

Our determination of the percentage of beneficial ownership prior to this offering gives effect to the reclassification and the 3-for-1 forward split of our common stock and is based on 1,664,049 shares of our Class A common stock and 120,417,000 shares of our Class B common stock outstanding as of June 30, 2020. Our determination of beneficial ownership after this offering is based on 25,986,549 shares of our Class A common stock and 120,417,000 shares of our Class B common stock outstanding after closing of the offering and assumes the underwriters exercise their option to purchase up to 3,172,500 shares of Class A common stock from the selling stockholders. Unless otherwise

indicated, the business address of each such beneficial owner is c/o 2301 Renaissance Blvd, King of Prussia, PA 19406.

Name of Beneficial Owners and Selling Stockholders	Shares Beneficially Owned Before the Offering		Percentage of Shares Beneficially Owned Before the Offering		Shares to be Sold Assuming Exercise of Over-Allotment Option[15]	Shares Beneficially Owned After the Offering		Percentage of Shares Beneficially Owned After the Offering		Percentage of Total Voting Power†
	Class A	Class B	Class A	Class B	Class A	Class A	Class B	Class A	Class B	
Executive Officers and Directors:										
David DeStefano[1]	1,813,181	—	48.2%	—	163,404	1,755,827	—	6.8%	—	*
John Schwab	—	—	—	—	—	3,334	—	*	—	*
Lisa Butler[2]	385,384	—	31.2%	—	—	388,718	—	1.5%	—	*
Bryan Rowland[3]	62,432	—	5.7%	—	—	65,766	—	*	—	*
Ric Andersen[4]	240,558	—	23.5%	—		368,892	—	1.4%	—	*
Terrence Kyle[5]	522,538	—	40.0%	—	57,087	513,785	—	1.9%	—	*
Amanda Westphal Radcliffe[6]	—	32,480,372	—	27.0%	—	10,000	32,480,372	*	27.0%	26.4%
Kevin Robert[7]	240,558	—	23.5%	—	—	255,558	—	1.0%	—	*
Rick Stamm[8]	42,123	—	5.1%	—	—	117,124	—	*	—	*
Stefanie Westphal Thompson[9]	—	34,616,666.7	—	28.8%	—	10,000	34,616,666.7	*	28.8%	28.1%
Jeffrey Westphal[10]	—	29,583,000	—	24.6%	—	10,000	29,583,000	*	24.6%	24.0%
All executive officers and directors as a group (11 persons)[11]	3,306,774	96,680,038.7	3.2%	80.3%	220,491	3,499,004	96,680,038.7	12.2%	80.3%	78.9%
Other 5% Stockholders:										
Parties to the Stockholders' Agreement[12]	—	120,417,000	—	100%	—	30,000	120,417,000	*	100%	97.9%
Selling Stockholders:										
Christopher Jones[13]	384,946	—	31.2%	—	41,988	320,673	—	1.2%	—	*
John G. Hurley[14]	1,399,281	—	64.1%	—	279,856	1,020,112	—	3.8%	—	*

* Denotes less than 1.0% of beneficial ownership.

† Percentage of total voting power represents voting power with respect to all shares of our Class A common stock and Class B common stock, as a single class. The holders of our Class A common stock are entitled to one vote per share, and holders of our Class B common stock are entitled to ten votes per share.

(1) Consists of 1,813,181.0 shares of Class A common stock subject to options that are exercisable within 60 days of June 30, 2020.

(2) Consists of (i) 7,411 shares of Class A common stock and (ii) 377,973 shares of Class A common stock subject to options that are exercisable within 60 days of June 30, 2020.

(3) Consists of 62,432 shares of Class A common stock subject to options that are exercisable within 60 days of June 30, 2020.

(4) Consists of 240,558 shares of Class A common stock subject to options that are exercisable within 60 days of June 30, 2020.

(5) Consists of (i) 8,980 shares of Class A common stock and (ii) 513,558 shares of Class A common stock subject to options that are exercisable within 60 days of June 30, 2020.

(6) Consists of (i) 49,000 shares of Class B common stock held directly by Amanda Westphal Radcliffe and (ii) 32,431,372 shares of Class B common stock held by various trusts for which Ms. Radcliffe is a trustee.

(7) Consists of 240,558 shares of Class A common stock subject to options that are exercisable within 60 days of June 30, 2020.

(8) Consists of 240,558 shares of Class A common stock subject to options that are exercisable within 60 days of June 30, 2020

(9) Consists of (i) 49,000 shares of Class B common stock held directly by Stefanie Westphal Thompson and (ii) 34,567,666.7 shares of Class B common stock held in various trusts for which Ms. Thompson is a trustee.

(10) Consists of (i) 49,000 shares of Class B common stock held directly by Jeffrey Westphal and (ii) 29,534,000 shares of Class B common stock held in various trusts for which Mr. Westphal is a trustee.

(11) Consists of (i) 16,391 shares of Class A common stock, (ii) 96,680,038.7 shares of Class B common stock, and (iii) 3,290,383 shares of Class A common stock subject to options that are exercisable within 60 days of June 30, 2020.

(12) Consists of the shares of Class A common stock and Class B common stock beneficially owned by Amanda Westphal Radcliffe, Stefanie Westphal Thompson, Jeffrey Westphal and members of their immediate family.

(13) Consists of 7,514 shares of Class A common stock and (ii) 384,946 shares of Class A common stock subject to options that are exercisable within 60 days of June 30, 2020.

(14) Consists of (i) 94,281 shares of Class A common stock and (ii) 1,305,000 shares of Class A common stock subject to options that are exercisable within 60 days of June 30, 2020.

(15) In each case, the shares to be sold by the selling stockholders will be acquired upon exercise of stock options held by such selling stockholders that are currently exercisable.

DESCRIPTION OF CAPITAL STOCK

General

As of the closing of this offering, after giving effect to the reclassification, our authorized capital stock will consist of 450,000,000 shares of common stock, par value $0.001 per share, and 30,000,000 shares of preferred stock, par value $0.001 per share. Our common stock will be divided into two classes, Class A common stock and Class B common stock. Following this offering, our authorized Class A common stock will consist of 300,000,000 shares and our authorized Class B common stock will consist of 150,000,000 shares.

We are selling 21,150,000 shares of Class A common stock in this offering (23,780,165 shares if the underwriters exercise their over-allotment option in full). All shares of our Class A common stock outstanding upon consummation of this offering will be fully paid and non-assessable.

Based upon the assumed initial public offering price of $15.00 per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, and after giving affect to the reclassification and the issuance of shares of Class A common stock in connection with the amendment of outstanding SARs and as restricted stock awards, as of June 30, 2020, there were 1,664,049 shares of our common stock outstanding, held by 1,112 stockholders of record, 120,417,000 shares of our Class B common stock outstanding held by 20 stockholders of record and no shares of our preferred stock outstanding.

We expect to adopt an amended and restated certificate of incorporation and amended and restated bylaws in connection with the completion of this offering. The following description of our capital stock and provisions of our amended and restated certificate of incorporation and amended and restated bylaws are summaries and are qualified by reference to the amended and restated certificate of incorporation and amended and restated bylaws that will become effective prior to the pricing of this offering. Copies of these documents will be filed with the SEC as exhibits to our registration statement, of which this prospectus forms a part. The description of our capital stock reflects changes to our capital structure that will occur upon the closing of this offering.

Common Stock

We have two classes of authorized common stock: Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting, conversion and transfer rights.

Voting Rights

Holders of shares of our Class A common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Holders of shares of our Class B common stock are entitled to ten votes for each share held of record on all matters submitted to a vote of stockholders. The holders of our common stock do not have cumulative voting rights in the election of directors.

Our amended and restated certificate of incorporation will provide that so long as any shares of Class B common stock remain outstanding, the Company shall not, without the prior affirmative vote of the holders of a majority of the outstanding shares of Class B common stock, voting as a separate class, in addition to any other vote required by applicable law or our amended and restated certificate of incorporation, whether by amendment, or through merger, consolidation or otherwise, amend, alter, change, repeal or adopt any provision of our amended and restated certificate of incorporation inconsistent with, or otherwise alter or change, any of the voting, conversion, dividend or liquidation provision of the shares of Class B common stock or other rights, powers, preferences or privileges of the shares of Class B common stock.

Our amended and restated certificate of incorporation will also require, so long as any shares of Class B common stock remain outstanding, the prior approval of a majority of the outstanding shares of Class B common stock for any change of control transaction.

In addition, Delaware law would require either holders of our Class A common stock or our Class B common stock to vote separately as a class in the following circumstances:

- if we were to seek to amend our amended and restated certificate of incorporation to increase or decrease the par value of the shares of such class of stock; and
- if we were to seek to amend our amended and restated certificate of incorporation in a manner that alters or changes the powers, preferences or special rights of the shares of such class of stock in a manner that affects them adversely.

Economic Rights

Except as otherwise expressly provided in our amended and restated certificate of incorporation or required by applicable law, shares of Class A common stock and Class B common stock will have the same rights and privileges and rank equally, share ratably and be identical in all respects as to all matters, including, without limitation, those described below.

Dividends. Any dividend or distributions paid or payable to the holders of shares of Class A common stock and Class B common stock shall be paid pro rata, on an equal priority, *pari passu* basis, unless different treatment of the shares of each such class is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A common stock and Class B common stock, each voting separately as a class; provided, however, that if a dividend or distribution is paid in the form of Class A common stock or Class B common stock (or rights to acquire shares of Class A common stock or Class B common stock), then the holders of the Class A common stock shall receive Class A common stock (or rights to acquire shares of Class A common stock) and holders of Class B common stock shall receive Class B common stock (or rights to acquire shares of Class B common stock).

Liquidation. In the event of our liquidation, dissolution or winding-up, upon the completion of the distributions required with respect to any series of preferred stock that may then be outstanding, our remaining assets legally available for distribution to stockholders shall be distributed on an equal priority, pro rata basis to the holders of Class A common stock and Class B common stock unless disparate treatment is approved by the affirmative move of the holders of a majority of the outstanding shares of Class A common stock and Class B common stock, each voting separately as a class.

Subdivisions and Combinations. If we subdivide or combine in any manner outstanding shares of Class A common stock or Class B common stock, then the outstanding shares of the other class will be subdivided or combined in the same proportion and manner, unless different treatment of the shares of each class is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A common stock and by the affirmative vote of the holders of a majority of the outstanding shares of Class B common stock, each voting separately as a class.

No Preemptive or Similar Rights

Holders of shares of our common stock do not have preemptive, subscription or redemption rights, except as otherwise provided in the Stockholders' Agreement. There will be no redemption or sinking fund provisions applicable to our common stock.

Conversion

Each outstanding share of our Class B common stock is convertible at any time at the option of the holder into one share of our Class A common stock. Each share of our Class B common stock will convert automatically into one share of our Class A common stock upon any transfer, whether or not for value, except for certain permitted transfers described in our amended and restated certificate of incorporation, including transfers to other Class B stockholders, members of our founder's family, trusts and foundations primarily for the benefit of members of our founder's family, and partnerships, corporations, and other entities exclusively owned by members of our founder's family; provided that, in each case, voting control with respect to the transferred shares of Class B common stock is retained by the transferring holder, members of our founder's family, a trustee of a trust primarily for the benefit of members of our founder's family or another fiduciary who is selected and may be replaced by the transferring holder. Each share of our Class B common stock will also convert automatically into one share of our Class A common stock if the voting power of all then-outstanding shares of our Class B common stock comes to represent less than ten percent of the combined voting power of all shares of our then-outstanding common stock. Once converted or transferred and converted into Class A common stock, the Class B common stock may not be reissued.

Preferred Stock

Under the terms of our amended and restated certificate of incorporation that will become effective prior to the pricing of this offering, our board of directors is authorized to direct us to issue shares of preferred stock in one or more series without stockholder approval. Our board of directors has the discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

The purpose of authorizing our board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock could adversely affect the voting power of holders of our common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions, future financings and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or could discourage a third party from seeking to acquire, a majority of our outstanding voting stock. Upon the closing of this offering, there will be no shares of preferred stock outstanding.

Registration Rights

There will be no registration rights, except as otherwise provided in the Stockholders' Agreement. For more information, see "Certain Relationships and Related Party Transactions—Stockholders' Agreement."

Exclusive Jurisdiction

Our amended and restated certificate of incorporation will provide that, unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a claim of breach of fiduciary duty owed by any of our directors, officers or other employees to us or to our stockholders, any action asserting a claim governed by the internal affairs doctrine or any action asserting a claim arising pursuant to the General Corporation Law of the State of Delaware.

Anti-Takeover Provisions

Our amended and restated certificate of incorporation, as it will be in effect immediately prior to the consummation of this offering, will contain provisions that may delay, defer or discourage another party from acquiring control of us. We expect that these provisions, which are summarized below, will discourage coercive takeover practices or inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors, which we believe may result in an improvement of the terms of any such acquisition in favor of our stockholders. However, they also give our board of directors the power to discourage acquisitions that some stockholders may favor. See "Risk Factors—Risks Related to This Offering and Ownership of Our Class A Common Stock—Anti-takeover provisions contained in our charter documents and Delaware law could prevent a takeover that stockholders consider favorable and could also reduce the market price of our stock."

Authorized but Unissued Shares

The authorized but unissued shares of our common stock and our preferred stock are available for future issuance without stockholder approval, subject to any limitations imposed by the listing standards of the Nasdaq Global Market. These additional shares may be used for a variety of corporate finance transactions, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock and preferred stock could make more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

Classified Board of Directors

Our amended and restated certificate of incorporation will provide that our board of directors will be divided into three classes, with the classes as nearly equal in number as possible and each class serving three-year staggered terms. So long as the holders of shares of our Class B common stock hold at least a majority of the voting power of the outstanding shares of our common stock, directors may be removed from our board of directors with or without cause by the affirmative vote of the holders of a majority in voting power of the shares entitled to vote. If the holders of shares of our Class B common stock no longer hold at least a majority of the voting power of the outstanding shares of our common stock, directors may only be removed from our board of directors for cause by the affirmative vote of the holders of a majority in voting power of the shares entitled to vote. See "Management—Board of Directors, Committees and Executive Officers." These provisions may have the effect of deferring, delaying or discouraging hostile takeovers or changes in control of us or our management.

Stockholder Action; Special Meeting of Stockholders

Our amended and restated certificate of incorporation will provide that for so long as the holders of shares of Class B common stock hold at least a majority of the voting power of the outstanding shares of our common stock, our stockholders will be able to take actions by consent in lieu of a meeting, and, if the holders of shares of Class B common stock no longer hold at least a majority of the voting power of the outstanding shares of our common stock, our stockholders will not be able to take action by consent for any matter and may only take action at annual or special meetings. As a result, if the holders of shares of Class B common stock no longer hold at least a majority of the voting power of the outstanding shares or our common stock, a holder controlling a majority of our capital stock would not be able to amend our amended and restated bylaws or remove directors without holding a meeting of our stockholders called in accordance with our amended and restated bylaws, unless previously approved by our board of directors. Our amended and restated certificate of incorporation will further provide that special meetings of our stockholders may be called only by our board of directors, the chairperson of our board of directors, our chief executive officer or, for so long as any shares of Class B common stock remain outstanding, the holders of at least one third of the

outstanding shares of our Class B common stock, thus limiting the ability of a stockholder to call a special meeting. These provisions might delay the ability of our stockholders to force consideration of a proposal or for stockholders controlling a majority of our capital stock to take any action, including the removal of directors.

Advance Notice Requirements for Stockholder Proposals and Director Nominations

In addition, our amended and restated bylaws will establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of stockholders, including proposed nominations of candidates for election to our board of directors. In order for any matter to be "properly brought" before a meeting, a stockholder will have to comply with advance notice and duration of ownership requirements and provide us with certain information. Stockholders at an annual meeting may only consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of our board of directors or by a qualified stockholder of record on the record date for the meeting who is entitled to vote at the meeting and who has delivered timely written notice in proper form to our secretary of the stockholder's intention to bring such business before the meeting. These provisions could have the effect of delaying stockholder actions that are favored by the holders of a majority of our outstanding voting securities until the next stockholder meeting.

Amendment of Certificate of Incorporation or Bylaws

The DGCL provides generally that the affirmative vote of the holders of a majority in voting power of the shares entitled to vote is required to amend a corporation's certificate of incorporation, unless a corporation's certificate of incorporation requires a greater percentage. Upon consummation of this offering, our bylaws may be amended or repealed by a majority vote of our board of directors or by the affirmative vote of the holders a majority of the votes which all our stockholders would be eligible to cast in an election of directors.

Delaware Anti-Takeover Statute

In general, Section 203 of the DGCL prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the time of the transaction in which the person became an interested stockholder, unless:

- the business combination or transaction which resulted in the stockholder becoming an interested stockholder was approved by the board of directors prior to the time that the stockholder became an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding shares owned by directors who are also officers of the corporation and 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
- at or subsequent to the time the stockholder became an interested stockholder, the business combination was approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least $66^{2}/_{3}\%$ of the outstanding voting stock which is not owned by the interested stockholder at an annual or special meeting of the stockholders.

In general, Section 203 defines a "business combination" to include mergers, asset sales and other transactions resulting in financial benefit to a stockholder and an "interested stockholder" as a person

who, together with affiliates and associates, owns, or, if such person is an affiliate or associate of the corporation within three years did own, 15% or more of the corporation's outstanding voting stock. These provisions may have the effect of delaying, deferring or preventing changes in control of our company.

Under our amended and restated certificate of incorporation, we will opt out of Section 203 of the DGCL and will therefore not be subject to Section 203, unless and until (i) Section 203 by its terms would, but for the relevant provisions in our amended and restated certificate of incorporation, apply to the Company and (ii) no holder of shares of Class B common stock owns (as defined in Section 203) shares of the Company's capital stock representing as least 15% of the voting power of all the then-outstanding shares of capital stock of the Company; if at any time those criteria are met, the Company would thereafter be subject to Section 203.

Corporate Opportunity Doctrine

Delaware law permits corporations to adopt provisions renouncing any interest or expectancy in certain opportunities that are presented to the corporation or its officers, directors or stockholders. Our amended and restated certificate of incorporation will, to the extent permitted by Delaware law, renounce any interest or expectancy that we have in, or right to be offered an opportunity to participate in, specified business opportunities that are from time to time presented to our officers, directors or stockholders or their respective affiliates, other than those officers, directors, stockholders or affiliates who are employees of the Company or its subsidiaries. Notwithstanding the foregoing, our amended and restated certificate of incorporation will not renounce our interest in any business opportunity that is expressly offered to an officer, director, stockholder or affiliate solely in their capacity as an officer, director or stockholder (or affiliate thereof).

Limitation on Liability of Directors and Indemnification

Our amended and restated certificate of incorporation and amended and restated bylaws will limit our directors' and officers' liability to the fullest extent permitted under the General Corporation Law of the State of Delaware. Specifically, our directors and officers will not be liable to us or our stockholders for monetary damages for any breach of fiduciary duty by a director or officer, except for liability:

- for any breach of the director's or officer's duty of loyalty to us or our stockholders;
- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- under Section 174 of the General Corporation Law of the State of Delaware; or
- for any transaction from which a director or officer derives an improper personal benefit.

If the General Corporation Law of the State of Delaware is amended to authorize corporate action further eliminating or limiting the personal liability of directors or officers, then the liability of our directors and officers shall be eliminated or limited to the fullest extent permitted by the General Corporation Law of the State of Delaware, as so amended.

The provision regarding indemnification of our directors and officers in our amended and restated certificate of incorporation will generally not limit liability under state or federal securities laws.

Delaware law and our amended and restated certificate of incorporation and amended and restated bylaws will provide that we will, in certain situations, indemnify any person made or threatened to be made a party to a proceeding by reason of that person's former or present official capacity with our company against judgments, penalties, fines, settlements and reasonable expenses, including reasonable attorney's fees. Any person is also entitled, subject to certain limitations, to payment or

reimbursement of reasonable expenses in advance of the final disposition of the proceeding. In addition, we are party to certain indemnification agreements pursuant to which we have agreed to indemnify the employees who are party thereto.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, your investment may be adversely affected to the extent that, in a class action or direct suit, we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

Transfer Agent and Registrar

The transfer agent and registrar for our Class A common stock will be Equiniti Trust Company.

Listing

We have applied to list our Class A common stock on Nasdaq Global Market under the symbol "VERX."

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our Class A common stock, and we cannot predict the effect, if any, that market sales of shares of our Class A common stock or the availability of shares of our Class A common stock for sale will have on the market price of our Class A common stock prevailing from time to time. Future sales of our Class A common stock in the public market, or the availability of such shares for sale in the public market, could adversely affect market prices prevailing from time to time. As described below, only a limited number of shares of Class A common stock will be available for sale shortly after this offering due to contractual and legal restrictions on resale. Nevertheless, sales of our Class A common stock in the public market after such restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price at such time and our ability to raise equity capital in the future.

After giving effect to the reclassification, based on the number of shares outstanding as of June 30, 2020, upon the completion of this offering, 22,814,049 shares of Class A common stock (25,444,214 shares of Class A common stock if the underwriters exercise their option to purchase additional shares of Class A common stock in full) and 120,417,000 shares of Class B common stock will be outstanding. Of the outstanding shares, all the shares of Class A common stock sold in this offering, including both the shares sold by us and any shares sold by the selling stockholders as a result of the underwriters' exercise of their option to purchase additional shares, will be freely transferrable without restriction or registration under the Securities Act, except that any shares purchased by one of our "affiliates," as that term is defined in Rule 144 under the Securities Act may be sold only in compliance with the limitations described below, and any shares purchased by our directors or officers pursuant to our directed share program shall be subject to the lock-up agreements described below.

The shares of Class B common stock outstanding upon completion of this offering will be restricted securities, as that term is defined in Rule 144 under the Securities Act. These shares of Class B common stock may be sold in the public market only if registered or pursuant to an exemption from registration, such as Rule 144 or Rule 701 under the Securities Act, which are summarized below.

Lock-Up Agreements

All of our directors and executive officers, the selling stockholders and the holders of substantially all of our capital stock have entered or will enter into lock-up agreements under which they agree, subject to certain exceptions, not to sell, transfer or dispose of, directly or indirectly, any shares of our Class A common stock or any securities convertible into or exercisable or exchangeable for shares of our Class A common stock for a period of 180 days after the date of this prospectus. The restrictions described above do not apply to the sales of shares of Class A common stock by us and, to the extent the underwriters exercise their option to purchase additional shares, the selling stockholders, to the underwriters in this offering. Goldman Sachs & Co. LLC and Morgan Stanley & Co. LLC may, in their sole discretion, permit our stockholders who are subject to these lock-up agreements to sell shares prior to the expiration of the lock-up agreements. See "Underwriting" for a description of these agreements.

Rule 144

In general, under Rule 144 as currently in effect, once we have been subject to the public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, a person who is not deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and who has beneficially owned the shares of our Class A common stock proposed to be sold for at least six months is entitled to sell those shares without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares of Class A common stock proposed to be sold for at least one year, including the

holding period of any prior owner other than our affiliates, then that person would be entitled to sell those shares of Class A common stock without complying with any of the requirements of Rule 144.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares of our Class A common stock on behalf of our affiliates are entitled to sell upon expiration of the lock-up agreements described above, within any three-month period, a number of shares of Class A common stock that does not exceed the greater of:

- 1% of the number of shares of our Class A common stock then outstanding, which will equal approximately 228,140 shares of our Class A common stock immediately after this offering assuming no exercise of the underwriters' over-allotment option; and
- the average weekly trading volume of our Class A common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to that sale.

Sales under Rule 144 by our affiliates or persons selling shares of our Class A common stock on behalf of our affiliates are also subject to certain manner-of-sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

Rule 701 generally allows a stockholder who purchased shares of our capital stock pursuant to a written compensatory plan or contract and who is not deemed to have been an affiliate of our company during the immediately preceding 90 days to sell these shares in reliance upon Rule 144, but without being required to comply with the public information, holding period, volume limitation or notice provisions of Rule 144. Rule 701 also permits affiliates of our company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required to wait until 90 days after the date of this prospectus before selling those shares pursuant to Rule 701. Moreover, all Rule 701 shares are subject to lock-up agreements with the underwriters as described above and in the section titled "Underwriting" and will not become eligible for sale until the expiration of those agreements.

Registration Rights

The parties to the Stockholders Agreement, who will collectively own all of the shares of our Class B common stock, are entitled to certain rights with respect to the registration of those shares under the Securities Act. For a description of these registration rights, see "Certain Relationships and Related Party Transactions—Stockholders' Agreement." If these shares are registered, in most cases they will be freely tradable without restriction under the Securities Act, and a large number of shares may be sold into the public market.

Registration Statement on Form S-8

We intend to file a registration statement on Form S-8 under the Securities Act prior to the completion of this offering to register shares of our Class A common stock subject to awards outstanding, as well as reserved for future issuance, under our equity compensation plans. The registration statement on Form S-8 is expected to become effective immediately upon filing, and shares of our Class A common stock covered by the registration statement will then become eligible for sale in the public market, subject to the Rule 144 limitations applicable to affiliates, vesting restrictions and any applicable lock-up agreements.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following discussion is a summary of the material U.S. federal income tax consequences to Non-U.S. Holders (as defined below) of the purchase, ownership and disposition of our Class A common stock issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or non-U.S. tax laws are not discussed. This discussion is based on the Code, Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service (the "IRS"), in each case in effect as of the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a Non-U.S. Holder of our Class A common stock. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance that the IRS or a court will not take a contrary position to that discussed below regarding the tax consequences of the purchase, ownership and disposition of our common stock.

This discussion is limited to Non-U.S. Holders that hold our Class A common stock as a "capital asset" within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a Non-U.S. Holder's particular circumstances, including the impact of the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to Non-U.S. Holders subject to special rules, including, without limitation:

- U.S. expatriates and former citizens or long-term residents of the United States;
- persons subject to the alternative minimum tax;
- persons holding our Class A common stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies, and other financial institutions;
- brokers, dealers or traders in securities;
- "controlled foreign corporations," "passive foreign investment companies," and corporations that accumulate earnings to avoid U.S. federal income tax;
- partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein);
- tax-exempt organizations or governmental organizations;
- persons deemed to sell our Class A common stock under the constructive sale provisions of the Code;
- persons who hold or receive our Class A common stock pursuant to the exercise of any employee stock option or otherwise as compensation;
- tax-qualified retirement plans;
- "qualified foreign pension funds" as defined in Section 897(l)(2) of the Code and entities, all of the interests of which are held by qualified foreign pension funds; and
- persons subject to special tax accounting rules as a result of any item of gross income with respect to the stock being taken into account in an applicable financial statement as described in Section 451(b) of the Code.

If an entity treated as a partnership for U.S. federal income tax purposes holds our Class A common stock, the tax treatment of a partner in the partnership will depend on the status of the

partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding our Class A common stock and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR CLASS A COMMON STOCK ARISING UNDER U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

Definition of a Non-U.S. Holder

For purposes of this discussion, a "Non-U.S. Holder" is any beneficial owner of our Class A common stock that is neither a "U.S. person" nor an entity treated as a partnership for U.S. federal income tax purposes. A U.S. person is any person that, for U.S. federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation) created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more "United States persons" (within the meaning of Section 7701(a)(30) of the Code), or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

Distributions

As described in the section entitled "Dividend Policy," we do not anticipate declaring or paying dividends to holders of our Class A common stock in the foreseeable future. However, if we do make distributions of cash or property on Class A our common stock, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and first be applied against and reduce a Non-U.S. Holder's adjusted tax basis in its Class A common stock, but not below zero. Any excess will be treated as capital gain and will be treated as described below under "—Sale or Other Taxable Disposition."

Subject to the discussion below on effectively connected income, dividends paid to a Non-U.S. Holder of our Class A common stock will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends (or such lower rate specified by an applicable income tax treaty, provided the Non-U.S. Holder furnishes a valid IRS Form W-8BEN or W-8BEN-E (or other applicable documentation) certifying qualification for the lower treaty rate). If the Non-U.S. Holder holds the stock through a financial institution or other agent acting on the holder's behalf, the holder will be required to provide appropriate documentation to the agent. The holder's agent will then be required to provide certification to us or our paying agent, either directly or through other intermediaries. A Non-U.S. Holder that does not timely furnish the required documentation, but that qualifies for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

If dividends paid to a Non-U.S. Holder are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such dividends are attributable), the Non-U.S. Holder will be exempt from the U.S. federal withholding tax described above. To claim the exemption, the Non-U.S. Holder must furnish to the applicable withholding agent a valid IRS Form W-8ECI, certifying that the dividends are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States.

Any such effectively connected dividends will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected dividends, as adjusted for certain items. Non-U.S. Holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

Sale or Other Taxable Disposition

A Non-U.S. Holder will not be subject to U.S. federal income tax on any gain realized upon the sale or other taxable disposition of our Class A common stock unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such gain is attributable);
- the Non-U.S. Holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- our Class A common stock constitutes a U.S. real property interest ("USRPI") by reason of our status as a U.S. real property holding corporation ("USRPHC") for U.S. federal income tax purposes.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected gain, as adjusted for certain items.

Gain described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty), which may be offset by U.S. source capital losses of the Non-U.S. Holder (even though the individual is not considered a resident of the United States), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we believe we currently are not, and do not anticipate becoming, a USRPHC. Because the determination of whether we are a USRPHC depends, however, on the fair market value of our USRPIs relative to the fair market value of our non-U.S. real property interests and our other business assets, there can be no assurance we currently are not a USRPHC or will not become one in the future. Even if we are or were to become a USRPHC, gain arising from the sale or other taxable disposition by a Non-U.S. Holder of our Class A common stock will not be subject to U.S. federal income tax if our Class A common stock is "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, and such Non-U.S. Holder owned, actually and constructively, 5% or less of our Class A common stock throughout the shorter of the five-year period ending on the date of the sale or other taxable disposition or the Non-U.S. Holder's holding period.

Non-U.S. Holders should consult their tax advisors regarding potentially applicable income tax treaties that may provide for different rules.

Information Reporting and Backup Withholding

Payments of dividends on our Class A common stock will not be subject to backup withholding, provided the applicable withholding agent does not have actual knowledge or reason to know the holder is a United States person and the holder either certifies its non-U.S. status, such as by furnishing a valid IRS Form W-8BEN, W-8BEN-E or W-8ECI, or otherwise establishes an exemption. However, information returns are required to be filed with the IRS in connection with any dividends on our Class A common stock paid to the Non-U.S. Holder, regardless of whether any tax was actually withheld. In addition, proceeds of the sale or other taxable disposition of our Class A common stock within the United States or conducted through certain U.S.-related brokers generally will not be subject to backup withholding or information reporting, if the applicable withholding agent receives the certification described above and does not have actual knowledge or reason to know that such holder is a United States person, or the holder otherwise establishes an exemption. Proceeds of a disposition of our Class A common stock conducted through a non-U.S. office of a non-U.S. broker generally will not be subject to backup withholding or information reporting.

Copies of information returns that are filed with the IRS may also be made available under the provisions of an applicable treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides or is established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Additional Withholding Tax on Payments Made to Foreign Accounts

Withholding taxes may be imposed under Sections 1471 to 1474 of the Code (such Sections commonly referred to as the Foreign Account Tax Compliance Act, or "FATCA") on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, or (subject to the proposed Treasury Regulations discussed below) gross proceeds from the sale or other disposition of, our Class A common stock paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (1) the foreign financial institution undertakes certain diligence and reporting obligations, (2) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified United States persons" or "United States owned foreign entities" (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA generally applies to payments of dividends on our Class A common stock. While withholding under FATCA would have applied also to payments of gross proceeds from the sale or other disposition of stock on or after January 1, 2019, recently proposed Treasury Regulations eliminate FATCA withholding on payments of gross proceeds entirely. Taxpayers generally may rely on these proposed Treasury Regulations until final Treasury Regulations are issued.

Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in our Class A common stock.

UNDERWRITING

We and the underwriters named below will enter into an underwriting agreement with respect to the shares of our Class A common stock being offered by this prospectus (the "Underwriting Agreement"). Subject to certain conditions, each underwriter will severally agree to purchase the number of shares of our Class A common stock indicated in the following table. Goldman Sachs & Co. LLC and Morgan Stanley & Co. LLC are the representatives of the underwriters.

Underwriters	Number of Shares
Goldman Sachs & Co. LLC	
Morgan Stanley & Co. LLC	
BofA Securities, Inc.	
Citigroup Global Markets Inc.	
Jefferies LLC	
JMP Securities LLC	
Stifel, Nicolaus & Company, Incorporated	
William Blair & Company, L.L.C.	
CastleOak Securities, L.P.	
Total	21,150,000

Subject to the terms and conditions set forth in the Underwriting Agreement, the underwriters have agreed, severally and not jointly, to purchase all of the shares sold under the Underwriting Agreement if any of these shares are purchased, other than the shares covered by the option described below unless and until this option is exercised. If an underwriter defaults, the Underwriting Agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the Underwriting Agreement may be terminated.

We and the selling stockholders have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officers' certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Option to Purchase Additional Shares

We and the selling stockholders have granted an option to the underwriters, exercisable for 30 days after the date of this prospectus, to purchase up to 3,172,500 additional shares at the public offering price, less underwriting discounts and commissions. Of these shares, 542,335 will be sold by selling stockholders. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the Underwriting Agreement, to purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the above table.

Commissions and Discounts

The representatives have advised us that the underwriters propose initially to offer the shares to the public at the public offering price set forth on the cover page of this prospectus and to dealers at that price less a concession not in excess of $ per share. After the initial offering, the public offering price, concession or any other term of the offering may be changed.

The following table shows the public offering price, underwriting discounts and commissions and proceeds before expenses to us and the selling stockholders. The information assumes either no exercise or full exercise by the underwriters of their option to purchase additional shares.

	Per Share	Without Option	With Option
Public offering price	$	$	$
Underwriting discounts and commissions to be paid by us	$	$	$
Underwriting discounts and commissions to be paid by the selling stockholders	$	$ —	$
Proceeds, before expenses, to us	$	$	$
Proceeds to the selling stockholders	$	$ —	$

The expenses of the offering, not including underwriting discounts and commissions, are estimated at $6,345,000 and are payable by us. The Company has agreed to reimburse the underwriters for certain out-of-pocket expenses in connection with this offering in an amount not to exceed $50,000.

No Sales of Similar Securities

We, our executive officers and directors, the selling stockholders and the holders of substantially all of our outstanding capital stock have agreed, that, without the consent of the representatives on behalf of the underwriters, we and they will not, during the period ending 180 days after the date of this prospectus, or the restricted period:

- offer, pledge, sell or contract to sell any Class A common stock;
- sell any option or contract to purchase any Class A common stock;
- purchase any option or contract to sell any Class A common stock;
- grant any option, right or warrant for the sale of any Class A common stock;
- lend or otherwise dispose of or transfer any Class A common stock;
- engage in any hedging or other transaction or arrangement in respect of Class A common stock;
- request or demand that we file a registration statement related to the Class A common stock; or
- enter into any swap or other agreement that transfers, in whole or in part, economic consequence of ownership of any Class A common stock.

The restrictions described above do not apply to (i) the sale of shares of Class A common stock to the underwriters in this offering, (ii) open market transactions after completion of this offering, and (iii) transfers of the Company's Class A common stock:

- as a *bona fide* gift or gifts, or by will or intestacy upon the death of the holder, provided that the donee or donees, beneficiary or beneficiaries, heir or heirs or legal representatives thereof agree to be bound in writing by the restrictions set forth in the lock-up agreements;
- to any trust, partnership, limited liability company or other entity created for the direct or indirect benefit of the holder or the immediate family of the holder, provided that the trustee of the trust agrees that the trust, or the partnership, limited liability company or other entity agrees that it shall be bound in writing by the restrictions set forth in the lock-up agreements;
- by a trust, to a trustor, trustee or beneficiary of the trust or to the estate of a trustor, trustee or beneficiary of such trust, provided that the transferee agrees to be bound in writing by the restrictions set forth in the lock-up agreements;

- by a corporation, partnership, limited liability company or other business entity, (A) to another corporation, partnership, limited liability company or other business entity that is an affiliate (as defined in Rule 405 promulgated under the Securities Act) of the holder, or (B) to any investment fund or other entity controlled or managed by the holder or affiliates of the holder, or (C) as part of a distribution by the holder to its stockholders, partners, members or other equityholders or to the estate of any such stockholders, partners, members or other equityholders, provided in each case that the transferee agrees to be bound in writing by the restrictions set forth in the lock-up agreements;

- to the Company as the result of a vesting, conversion, exercise or exchange of any security convertible into or exercisable or exchangeable for shares of common stock pursuant to any existing employee benefit plans described in this prospectus;

- pursuant to a defined change of control of the Company;

- to the Company in connection with the conversion of shares of Class B common stock of the Company held by the holder as of the date of the Underwriting Agreement into shares of Class A common stock of the Company, provided that any shares of Class A common stock of the Company received by the holder as a result of such conversion shall be subject to the restrictions set forth in the lock-up agreements;

- pursuant to the Class B Share Purchase;

- to the Company immediately prior to effectiveness of this registration statement in connection with the reclassification; and

- with the prior written consent of the representatives on behalf of the underwriters.

This lock-up provision applies to Class A common stock and to securities convertible into or exchangeable or exercisable for or repayable with Class A common stock. It also applies to Class A common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

Exchange Listing

We have applied to list the shares on the Nasdaq Global Market under the symbol "VERX." In order to meet the requirements for listing on that exchange, the underwriters have undertaken to sell a minimum number of shares to a minimum number of beneficial owners as required by that exchange.

Before this offering, there has been no public market for our Class A common stock. The initial public offering price will be determined through negotiations between us and the representatives. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are:

- the valuation multiples of publicly traded companies that the representatives believe to be comparable to us;

- our financial information;

- the history of, and the prospects for, our company and the industry in which we compete;

- an assessment of our management, its past and present operations, and the prospects for, and timing of, our future revenues; and

- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the shares may not develop. It is also possible that after the offering the shares will not trade in the public market at or above the initial public offering price.

The underwriters do not expect to sell more than 5% of the shares in the aggregate to accounts over which they exercise discretionary authority.

Price Stabilization, Short Positions and Penalty Bids

Until the distribution of the shares is complete, SEC rules may limit underwriters and selling group members from bidding for and purchasing our Class A common stock. However, the representatives may engage in transactions that stabilize the price of the Class A common stock, such as bids or purchases to peg, fix or maintain that price.

In connection with the offering, the underwriters may purchase and sell our Class A common stock in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares described above. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the option granted to them. "Naked" short sales are sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our Class A common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of shares of Class A common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discounts and commissions received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our Class A common stock or preventing or retarding a decline in the market price of our Class A common stock. As a result, the price of our Class A common stock may be higher than the price that might otherwise exist in the open market. The underwriters may conduct these transactions on the Nasdaq Global Market, in the over-the-counter market or otherwise.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our Class A common stock. In addition, none of us or any of the underwriters make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Electronic Distribution

In connection with the offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as e-mail. In addition, the underwriters may facilitate internet distribution for this offering to certain of their respective internet subscription customers. The underwriters may allocate a limited number of shares of common stock for sale to their respective online brokerage customers. An electronic prospectus is available on internet websites maintained by the underwriters. Other than the prospectus in electronic format, the information on the website of the underwriters is not part of this prospectus.

Other Relationships

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates for which they have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Directed Share Program

At our request, the underwriters have reserved for sale, at the initial public offering price, up to 5% of the Class A common stock offered by this prospectus for sale to some of our directors, officers, employees, business associates and related persons. If these persons purchase reserved shares, it will reduce the number of shares available for sale to the general public. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area, each referred to herein as a "Member State", no shares of our Class A common stock have been offered or will be offered pursuant to the offering to the public in that Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation, except that offers of shares may be made to the public in that Member State at any time under the following exemptions under the Prospectus Regulation:

- to any legal entity which is a qualified investor as defined under the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation, subject to obtaining the prior consent of the representatives for any such offer); or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of shares of our Class A common stock shall require the Company or the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares of our Class A common stock in any relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of our Class A common stock to be offered so as to enable an investor to decide to purchase or subscribe for any shares of our Class A common stock, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Notice to Prospective Investors in the United Kingdom

Each underwriter has represented and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, referred to herein as "FSMA") received by it in connection with the issue or sale of the shares of our Class A common stock in circumstances in which Section 21(1) of the FSMA does not apply to us; and

- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares of our Class A common stock in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX"), or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance of prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company or the shares has been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus or taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus, you should consult an authorized financial advisor.

Notice to Prospective Investors in Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission, in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the "Corporations Act"), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons, referred to herein as the "Exempt Investors," who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances and, if necessary, seek expert advice on those matters.

Notice to Prospective Investors in Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) ("Companies (Winding Up and Miscellaneous Provisions) Ordinance") or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("Securities and Futures Ordinance"), or (ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

Notice to Prospective Investors in Japan

The shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may

the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (b) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)), the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

- where no consideration is or will be given for the transfer;

- where the transfer is by operation of law;

- as specified in Section 276(7) of the SFA; or

- as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Notice to Prospective Investors in Canada

The shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 *Underwriting Conflicts* ("NI 33-105"), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

LEGAL MATTERS

The validity of the shares of Class A common stock offered hereby will be passed upon for us by Latham & Watkins LLP, Washington, D.C. The underwriters are being represented by Skadden, Arps, Slate, Meagher & Flom LLP in connection with this offering.

EXPERTS

The consolidated financial statements of the Company at December 31, 2019 and 2018 and for each of the two years in the period ended December 31, 2019 have been audited by Crowe LLP, independent registered public accounting firm, as set forth in its report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

CHANGE IN INDEPENDENT ACCOUNTANT

On October 8, 2019, our board of directors determined to dismiss Baker Tilly Virchow Krause, LLP ("Baker Tilly"). Our board of directors retained Crowe LLP as our independent public accounting firm on December 4, 2019.

The reports of Baker Tilly on our consolidated financial statements for each of the two fiscal years prior to its dismissal did not contain any adverse opinion or disclaimer of opinion, nor were such reports qualified or modified as to uncertainty, audit scope or accounting principles. We had no disagreements with Baker Tilly on any matter of accounting principles or practices, consolidated financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to its satisfaction, would have caused Baker Tilly to make reference in connection with its opinion to the subject matter of the disagreement during its audits for each of the two fiscal years prior to its dismissal or the subsequent interim period through October 8, 2019. During the two most recent fiscal years preceding Baker Tilly's dismissal, and the subsequent interim period through October 8, 2019, there were no "reportable events" as such term is defined in Item 304(a)(1)(v) of Regulation S-K.

During the two years ended December 31, 2018 and the subsequent interim period through December 4, 2019, neither we, nor anyone acting on our behalf, consulted with Crowe LLP on matters that involved the application of accounting principles to a specified transaction, either completed or proposed, the type of audit opinion that might be rendered on our consolidated financial statements, and neither a written report nor oral advice was provided to us by Crowe LLP.

We have provided Baker Tilly with a copy of the foregoing disclosure and have requested that Baker Tilly furnish us with a letter addressed to the SEC stating whether or not Baker Tilly agrees with the above statements and, if not, stating the respects in which it does not agree. A copy of the letter from Baker Tilly has been filed as an exhibit to the registration statement of which this prospectus is a part.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act, with respect to the shares of Class A common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules to the registration statement. Please refer to the registration statement and exhibits for further information with respect to the Class A common stock offered by this prospectus. Statements contained in this prospectus regarding the contents of any contract or other document are only summaries. With respect to any contract or document that is filed as an exhibit to the registration statement, you should refer to the exhibit for a copy of the contract or document, and each statement in this prospectus regarding that contract or document is qualified by

reference to the exhibit. The SEC maintains a website that contains reports, proxy and information statements and other information regarding issuers, like us, that file documents electronically with the SEC. The address of that website is www.sec.gov.

Upon completion of this offering, we will become subject to the information and reporting requirements of the Exchange Act, and, in accordance with this law, will be required to file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information will be available for inspection and copying at the website of the SEC referred to above. We also maintain a website at www.vertexinc.com, at which you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. The information contained on, or that can be accessed through, these websites is not a part of this prospectus. We have included these website addresses in this prospectus solely as an inactive textual reference.

VERTEX, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

Shareholders and the Board of Directors of Vertex, Inc.
King of Prussia, Pennsylvania

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Vertex, Inc. (the "Company") as of December 31, 2019 and 2018, the related consolidated statements of comprehensive income (loss), changes in equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Crowe LLP

We have served as the Company's auditor since 2019.

New York, New York

March 27, 2020

Vertex, Inc.

Consolidated Balance Sheets

As of December 31, 2019 and 2018 and March 31, 2020 (unaudited)

(Amounts in thousands, except per share data)

	December 31,		March 31,	Pro Forma March 31,
	2019	2018	2020	2020
			(unaudited)	
Assets				
Current assets:				
Cash and cash equivalents	$ 75,903	$ 55,838	$ 40,416	$ 27,416
Funds held for customers	7,592	3,336	8,411	8,411
Accounts receivable, net of allowance of $7,515, $5,527, $7,476 (unaudited) and $7,476 (unaudited), respectively	70,367	62,235	61,653	61,653
Advances to stockholders	283	140	218	218
Prepaid expenses and other current assets	11,412	10,772	13,592	13,592
Total current assets	165,557	132,321	124,290	111,290
Funds held for stockholder distributions	—	—	110,000	—
Property and equipment, net of accumulated depreciation	54,727	49,481	55,710	55,710
Capitalized software, net of accumulated amortization	32,075	23,066	33,225	33,225
Goodwill	—	—	20,231	20,231
Deferred commissions	11,196	8,830	10,563	10,563
Deposits and other assets	1,068	1,374	2,110	2,110
Total assets	$ 264,623	$ 215,072	$ 356,129	$ 233,129
Liabilities and Equity				
Current liabilities:				
Current portion of long-term debt	$ 50,804	$ 4,910	$ 9,394	$ 9,394
Accounts payable	10,729	6,860	7,967	7,967
Accrued expenses	13,308	10,628	11,555	11,555
Distributions payable	13,183	10,892	—	—
Customer funds obligations	7,553	3,232	8,471	8,471
Accrued salaries and benefits	15,195	12,549	13,053	13,053
Accrued variable compensation	22,237	19,460	6,363	6,363
Deferred compensation, current	8,935	5,531	6,647	6,647
Deferred revenue	191,745	163,939	189,426	189,426
Deferred rent and other	840	751	878	878
Total current liabilities	334,529	238,752	253,754	253,754
Deferred compensation, net of current portion	18,530	12,570	54,172	54,172
Deferred revenue, net of current portion	14,046	14,764	12,058	12,058
Future acquisition commitment	—	—	11,120	11,120
Long-term debt, net of current portion	682	49,973	164,429	164,429
Deferred other liabilities	9,268	10,709	9,100	9,100
Total liabilities	377,055	326,768	504,633	504,633
Commitments and contingencies (Note 10)				
Options for redeemable shares	17,344	14,581	32,586	32,586
Stockholders' deficit:				
Class A voting common stock, $0.001 par value, 200 shares authorized, 100 shares issued, 49 shares outstanding	—	—	—	—
Class B non-voting common stock, $0.001 par value, 99,800 shares authorized, 54,099, 53,934, 54,099 (unaudited) and 54,099 (unaudited) shares issued, respectively, 40,090 shares outstanding	54	54	54	54
Accumulated deficit	(90,701)	(88,038)	(139,017)	(262,017)
Accumulated other comprehensive loss	(491)	(496)	(3,489)	(3,489)
Treasury stock	(38,638)	(37,797)	(38,638)	(38,638)
Total stockholders' deficit	(129,776)	(126,277)	(181,090)	(304,090)
Total liabilities and equity	$ 264,623	$ 215,072	$ 356,129	$ 233,129

The accompanying notes are an integral part of the consolidated financial statements.

Vertex, Inc.

Consolidated Statements of Comprehensive Income (Loss)

For the Years Ended December 31, 2019 and 2018 and the Three Months Ended March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

	Years ended December 31,		Three months ended March 31,	
	2019	2018	2020	2019
			(unaudited)	
Revenues:				
Software subscriptions	$ 275,629	$ 235,663	$ 75,760	$ 64,384
Services	45,871	36,740	13,485	10,230
Total revenues	321,500	272,403	89,245	74,614
Cost of revenues:				
Software subscriptions	77,259	68,945	24,684	18,426
Services	33,119	26,753	14,778	7,138
Total cost of revenues	110,378	95,698	39,462	25,564
Gross profit	211,122	176,705	49,783	49,050
Operating expenses:				
Research and development	30,557	23,755	13,079	7,573
Selling and marketing	68,127	56,898	24,333	16,047
General and administrative	71,014	58,947	37,636	15,448
Depreciation and amortization	8,996	7,937	2,869	2,045
Impairment of asset	—	32,692	—	—
Other operating (income) expense, net	573	(691)	111	163
Total operating expenses	179,267	179,538	78,028	41,276
Income (loss) from operations	31,855	(2,833)	(28,245)	7,774
Other (income) expense:				
Interest income	(1,083)	(526)	(355)	(292)
Interest expense	2,036	2,120	924	537
Total other expense, net	953	1,594	569	245
Income (loss) before income taxes	30,902	(4,427)	(28,814)	7,529
Income tax (benefit) expense	(155)	1,679	250	204
Net income (loss)	31,057	(6,106)	(29,064)	7,325
Other comprehensive income (loss) from foreign currency translation adjustments and revaluations, net of tax	5	(355)	(2,998)	21
Total comprehensive income (loss)	$ 31,062	$ (6,461)	$ (32,062)	$ 7,346
Net income (loss) attributable to Class A stockholders	$ 38	$ (7)	$ (35)	$ 9
Net income (loss) per Class A share, basic and diluted	$ 0.77	$ (0.15)	$ (0.72)	$ 0.18
Weighted average Class A common stock, basic and diluted	49	49	49	49
Net income (loss) attributable to Class B stockholders	$ 31,019	$ (6,099)	$ (29,029)	$ 7,316
Net income (loss) per Class B share, basic	$ 0.77	$ (0.15)	$ (0.72)	$ 0.18
Weighted average common Class B stock, basic	40,129	40,160	40,090	40,090
Net income (loss) per Class B share, diluted	$ 0.75	$ (0.15)	$ (0.72)	$ 0.18
Weighted average common Class B stock, diluted	41,373	40,160	40,090	41,393
Pro forma information (unaudited) (Note 1):				
Income (loss) before income taxes	$ 30,902		$ (28,814)	
Pro forma reduction to interest expense	1,521		690	
Pro forma provision for income tax expense (benefit)	7,825		(7,290)	
Pro forma net income (loss)	$ 24,598		(20,834)	
Pro forma net income (loss) per new Class A share, basic	$ 0.22		$ (0.16)	
Weighted average pro forma new Class A common stock, basic	3,358		11,667	
Pro forma net income (loss) per new Class A share, diluted	$ 0.10		$ (0.16)	
Weighted average pro forma new Class A common stock, diluted	7,101		11,667	
Pro forma net income (loss) per new Class B share, basic and diluted	$ 0.20		$ (0.16)	
Weighted average pro forma new Class B common stock, basic and diluted	120,535		120,417	

The accompanying notes are an integral part of the consolidated financial statements.

Vertex, Inc.
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2019 and 2018
(Amounts in thousands)

	Outstanding Class A Shares	Class A Common Stock	Outstanding Class B Shares	Class B Common Stock	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Shares Issued	Treasury Stock	Total Stockholders' Deficit	Options for Redeemable Shares
Balance, January 1, 2018	49	$ —	40,090	$ 54	$ (41,977)	$ (141)	13,761	$ (36,520)	$ (78,584)	$ 13,554
Exercise of stock options, net	—	—	134	—	(12)	—	—	—	(12)	—
Remeasurement of options for redeemable shares	—	—	—	—	(1,027)	—	—	—	(1,027)	1,027
Purchase of treasury stock	—	—	(134)	—	—	—	134	(1,277)	(1,277)	—
Distributions declared	—	—	—	—	(38,916)	—	—	—	(38,916)	—
Foreign currency translation adjustments and revaluations	—	—	—	—	—	(355)	—	—	(355)	—
Net loss	—	—	—	—	(6,106)	—	—	—	(6,106)	—
Balance, December 31, 2018	49	—	40,090	54	(88,038)	(496)	13,895	(37,797)	(126,277)	14,581
Remeasurement of options for redeemable shares	—	—	—	—	(2,763)	—	—	—	(2,763)	2,763
Exercise of stock options, net	—	—	75	—	(100)	—	—	—	(100)	—
Purchase of treasury stock	—	—	(75)	—	—	—	75	(841)	(841)	—
Distributions declared	—	—	—	—	(30,857)	—	—	—	(30,857)	—
Foreign currency translation adjustments and revaluations	—	—	—	—	—	5	—	—	5	—
Net income	—	—	—	—	31,057	—	—	—	31,057	—
Balance, December 31, 2019	49	$ —	40,090	$ 54	$ (90,701)	$ (491)	13,970	$ (38,638)	$ (129,776)	$ 17,344

The accompanying notes are an integral part of the consolidated financial statements.

Vertex, Inc.
Consolidated Statements of Changes in Equity
For the Three Months Ended March 31, 2020 and 2019 (unaudited)
(Amounts in thousands)

	Outstanding Class A Shares	Class A Common Stock	Outstanding Class B Shares	Class B Common Stock	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Shares Issued	Treasury Stock	Total Stockholders' Deficit	Options for Redeemable Shares
Balance, January 1, 2019	49	$ —	40,090	$ 54	$ (88,038)	$ (496)	13,895	$ (37,797)	$ (126,277)	$ 14,581
Remeasurement of options for redeemable shares	—	—	—	—	(607)	—	—	—	(607)	607
Distributions declared	—	—	—	—	(5,255)	—	—	—	(5,255)	—
Foreign currency translation adjustments and revaluations	—	—	—	—	—	21	—	—	21	—
Net income	—	—	—	—	7,325	—	—	—	7,325	—
Balance, March 31, 2019	49	$ —	40,090	$ 54	$ (86,575)	$ (475)	13,895	$ (37,797)	$ (124,793)	$ 15,188
Balance, January 1, 2020	49	$ —	40,090	$ 54	$ (90,701)	$ (491)	13,970	$ (38,638)	$ (129,776)	$ 17,344
Remeasurement of options for redeemable shares	—	—	—	—	(15,242)	—	—	—	(15,242)	15,242
Distributions declared	—	—	—	—	(4,010)	—	—	—	(4,010)	—
Foreign currency translation adjustments and revaluations	—	—	—	—	—	(2,998)	—	—	(2,998)	—
Net loss	—	—	—	—	(29,064)	—	—	—	(29,064)	—
Balance, March 31, 2020	49	$ —	40,090	$ 54	$ (139,017)	$ (3,489)	13,970	$ (38,638)	$ (181,090)	$ 32,586

Vertex, Inc.

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2019 and 2018 and the Three Months Ended March 31, 2020 and 2019 (unaudited)

(Amounts in thousands)

	Years ended December 31,		Three months ended March 31,	
	2019	2018	2020	2019
			(unaudited)	
Cash flows from operating activities:				
Net income (loss)	$ 31,057	$ (6,106)	$ (29,064)	$ 7,325
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	25,190	24,901	7,436	5,974
Impairment of asset	—	32,692	—	—
Provision for subscription cancellations and non-renewals	1,984	1,207	(39)	(824)
Amortization of deferred financing costs	266	266	221	67
Stock-based compensation expense	9,460	5,108	34,920	1,310
Other	(327)	899	72	32
Changes in operating assets and liabilities:				
Accounts receivable	(10,116)	(16,958)	9,453	11,731
Advances to stockholders	(142)	18	65	(160)
Prepaid expenses and other current assets	(667)	506	(2,167)	(2,107)
Deferred commissions	(2,366)	(3,154)	634	592
Accounts payable	3,868	3,397	(2,697)	(1,527)
Accrued expenses	2,539	1,566	(1,042)	(836)
Accrued and deferred compensation	5,318	2,060	(19,706)	(14,901)
Deferred revenue	25,938	34,226	(4,307)	3,253
Other	496	(179)	(196)	(30)
Net cash provided by (used in) operating activities	92,498	80,449	(6,417)	9,899
Cash flows from investing activities:				
Acquisition of business, net of cash acquired	—	—	(12,318)	—
Property and equipment additions	(20,339)	(21,053)	(5,632)	(4,200)
Capitalized software additions	(17,221)	(12,261)	(3,706)	(3,915)
Net cash used in investing activities	(37,560)	(33,314)	(21,656)	(8,115)
Cash flows from financing activities:				
Net increase (decrease) in customer funds obligations	4,276	1,711	(208)	5,639
Proceeds from line of credit	—	—	12,500	—
Principal payments on line of credit	—	—	(12,500)	—
Proceeds from long-term debt	—	—	175,000	—
Principal payments on long-term debt	(5,566)	(3,284)	(51,041)	(1,884)
Payments for deferred financing costs	—	—	(2,904)	—
Purchase of treasury stock	(841)	(1,277)	—	—
Proceeds from exercise of stock options	68	177	—	—
Distributions to stockholders	(28,566)	(28,024)	(17,193)	(16,147)
Net cash provided by (used in) financing activities	(30,629)	(30,697)	103,654	(12,392)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	12	(402)	(249)	21
Net increase in cash, cash equivalents and restricted cash	24,321	16,036	75,332	(10,587)
Cash, cash equivalents and restricted cash, beginning of period	59,174	43,138	83,495	59,174
Cash, cash equivalents and restricted cash, end of period	$ 83,495	$ 59,174	$ 158,827	$ 48,587
Reconciliation of cash, cash equivalents and restricted cash to the Consolidated Balance Sheets, end of period:				
Cash and cash equivalents	$ 75,903	$ 55,838	$ 40,416	$ 39,611
Restricted cash—funds held for stockholder distributions	—	—	110,000	—
Restricted cash—funds held for customers	7,592	3,336	8,411	8,976
Total cash, cash equivalents and restricted cash, end of year	$ 83,495	$ 59,174	$ 158,827	$ 48,587

The accompanying notes are an integral part of the consolidated financial statements.

Vertex, Inc.

Notes to Consolidated Financial Statements

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

1. Summary of significant accounting policies

Nature of Business

Vertex, Inc. ("Vertex") and its direct and indirect wholly-owned subsidiaries (collectively, the "Company") operate as solutions providers of state, local and value added tax calculation, compliance and analytics, offering software products which are sold through software license and software as a service ("cloud") subscriptions. The Company also provides implementation and training services in connection with its software license and cloud subscriptions, transaction tax returns outsourcing, and other tax-related services. The Company sells to customers located throughout the United States of America ("U.S.") and internationally.

Basis of Consolidation

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") and include the accounts of the Company. All intercompany transactions have been eliminated in consolidation.

Effective January 7, 2020, the Company acquired a 60% controlling interest in Systax Sistemas Fiscais LTDA ("Systax"), a provider of Brazilian transaction tax content and software. Systax is considered a Variable Interest Entity ("VIE") and its accounts have been included in the consolidated financial statements from the acquisition date. Systax was determined to be a VIE as Vertex is the primary beneficiary of the equity interests in Systax and participates significantly in the variability in the fair value of Systax's net assets. Although Vertex does not have full decision-making authority as it is shared with the minority interest owners, as the minority interest owners are considered a related party, Vertex is considered the most closely associated party to Systax and is required to consolidate. Systax's assets may only be used to settle its own obligations and this will continue until such time as Vertex owns 100% of the VIE. As of March 31, 2020, the net assets of Systax were $20,550 (unaudited). Vertex is at risk to the extent of its current 60% ownership of Systax, which risk will increase over time in proportion to increases in percentage ownership as Vertex exercises its future share purchase commitment through 2023. See Note 2.

Unaudited Interim Financial Information

The accompanying interim consolidated balance sheet as of March 31, 2020 and the consolidated interim statements of comprehensive income (loss), cash flows, and changes in equity during the three months ended March 31, 2020 and 2019 are unaudited. The unaudited interim consolidated financial statements have been prepared on a basis consistent with the annual audited financial statements consolidated and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's financial position as of March 31, 2020 and its results of operations, comprehensive income (loss) and cash flows for the three months ended March 31, 2020 and 2019. The interim results of operations for the three months ended March 31, 2020 and 2019 are not necessarily indicative of the results to be expected for the full fiscal year or for any other future annual or interim periods.

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

1. Summary of significant accounting policies (Continued)

Segments

The Company operates its business as one operating segment. Operating segments are defined as components of an enterprise about which separate financial information is evaluated regularly by the chief operating decision maker ("CODM"), the Company's Chief Executive Officer, in deciding how to allocate resources and assess performance. The Company's CODM allocates resources and assesses performance based upon discrete financial information at the consolidated level. For the years ended December 31, 2019 and 2018 approximately 4% and 3% of the Company's revenue were generated outside of the United States, respectively. For the three months ended March 31, 2020 and 2019 approximately 3% and 3% of the Company's revenue was generated outside of the United States, respectively (unaudited). As of December 31, 2019 and 2018, none of the Company's long-lived assets were held outside of the U.S. As of March 31, 2020, 19%, or $20,518, of the Company's long-lived assets were held outside of the U.S. (unaudited) and consists primarily of goodwill of $20,231 (unaudited) at March 31, 2020 related to the acquisition of the controlling interest in Systax, which is located in Brazil. See Note 2.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to credit risk consist principally of cash and cash equivalents, funds held for customers, accounts receivable and investment securities.

The Company maintains the majority of its cash and cash equivalent balances and funds held for customers in four banks. These amounts exceed federally-insured ("FDIC") limits. The Company periodically evaluates the creditworthiness of the banks. The Company has not experienced any losses in these accounts and believes they are not exposed to significant credit risk on such accounts.

The Company does not require collateral from its customers. Allowances are maintained for subscription cancellations. Credit risk related to accounts receivable is limited due to the industry and geographic diversity within the Company's customer base. No single customer accounted for more than 10% of revenues for the years ended December 31, 2019 and 2018 or for the three months ended March 31, 2020 and 2019 (unaudited).

Fair Value of Financial Instruments

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, funds held for customers, accounts receivable, accounts payable, accrued expenses and debt approximate their related fair values.

Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, equity, revenues and expenses during the reporting period. Significant estimates used in preparing these consolidated financial statements include: (i) the estimated allowance for subscription cancellations, (ii) the reserve for self-insurance, (iii) assumptions related to achievement of technological feasibility for software developed for sale, (iv) product life cycles, (v) estimated useful lives and potential impairment of long-lived assets,

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

1. Summary of significant accounting policies (Continued)

intangible assets and goodwill, (vi) determination of the fair value of tangible and intangible assets acquired, liabilities assumed and consideration transferred in an acquisition, (vii) amortization period of material rights and deferred commissions (viii) valuation for the Company's stock used for stock-based compensation, and (ix) the potential outcome of future tax consequences of events that have been recognized in the consolidated financial statements or tax returns. Actual results may differ from these estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an initial maturity date of three months or less to be cash equivalents.

Funds Held for Stockholder Distributions (unaudited)

Funds held for stockholder distributions of $110,000 at March 31, 2020 is reserved for distribution to stockholders to be paid within 90 days of March 31, 2020, the closing date of the new credit agreement, and is reflected in noncurrent assets in the consolidated balance sheet. If a distribution is not made within this time frame, such amount must be repaid to the bank.

Funds Held for Customers

Funds held for customers in the consolidated balance sheets represents customer funds advanced for transaction tax returns outsourcing. Funds held for customers are restricted for the sole purpose of remitting such funds to satisfy obligations on behalf of such customers and are deposited at FDIC-insured institutions. Customer obligations are included in current liabilities in the consolidated balance sheets, as the obligations are expected to be settled within one year.

Property and Equipment

Property and equipment are stated at cost or fair value when acquired and presented net of accumulated depreciation. Normal maintenance and repairs are charged to expense, while major renewals and betterments are capitalized. Assets under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets and are depreciated over the shorter of the asset's useful life or lease term. Depreciation and amortization are computed straight-line over the estimated useful lives of the assets, as follows:

Leasehold improvements	1 - 12 years
Equipment	3 - 10 years
Computer software	3 - 7 years
Internal-use software developed	3 - 5 years
Furniture and fixtures	7 - 10 years
Automobiles	5 years

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

1. Summary of significant accounting policies (Continued)

Software Development Costs

Internal-Use Software

The Company follows Accounting Standard Codification ("ASC") 350-40, *Goodwill and Other, Internal-Use Software*, to account for development costs incurred for the costs of computer software developed or obtained for internal use. ASC 350-40 requires such costs to be capitalized once certain criteria are met. Capitalized internal-use software costs are primarily comprised of direct labor, related expenses and initial software licenses. ASC 350-40 includes specific guidance on costs not to be capitalized, such as overhead, general and administrative and training costs. Internal-use software includes software utilized for cloud-based solutions as well as software for internal systems and tools. Costs are capitalized once the project is defined, funding is committed and it is confirmed the software will be used for its intended purpose. Capitalization of these costs concludes once the project is substantially complete and the software is ready for its intended purpose. Post-configuration training and maintenance costs are expensed as incurred. Internal-use software is included in internal-use software developed in property and equipment in the consolidated balance sheets once available for its intended use and is depreciated over periods between 3 to 5 years. Depreciation expense for internal-use software utilized for cloud-based solutions and for software for internal systems and tools is included in cost of revenues, software subscriptions and depreciation expense, respectively, in the consolidated statements of comprehensive income (loss).

Software Developed for Sale

The costs incurred for the development of computer software to be sold, leased, or otherwise marketed are capitalized in accordance with ASC 985-20, *Costs of Software to be Sold, Leased or Marketed*, when technological feasibility has been established. Technological feasibility generally occurs when all planning, design, coding and testing activities are completed that are necessary to establish that the product can be produced to meet its design specifications, including functions, features and technical performance requirements. The establishment of technological feasibility is an ongoing assessment of judgment by management with respect to certain external factors, including, but not limited to, anticipated future revenues, estimated economic life and changes in technology. Capitalized software includes direct labor and related expenses for software development for new products and enhancements to existing products and acquired software.

Amortization of capitalized software development costs begins when the product is available for general release. Amortization is provided on a product-by-product basis using the straight-line method over periods between 3 to 5 years. Unamortized capitalized software development costs determined to be in excess of the net realizable value of the product are expensed immediately.

Capitalized software costs are subject to an ongoing assessment of recoverability based on anticipated future revenues and changes in software technologies. At each balance sheet date, unamortized capitalized software costs are compared to the net realizable value of the related product. The carrying value of the related assets are written down to the net realizable value to the extent the unamortized capitalized costs exceed such value. The net realizable value is the estimated future gross

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

1. Summary of significant accounting policies (Continued)

revenues from the related product reduced by the estimated future costs of completing and disposing of such product, including the costs of providing related maintenance and customer support.

Assessment of Long-Lived Assets

The Company reviews the carrying value of long-lived assets, including internal-use software, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Whenever such events or circumstances are present, an impairment loss equal to the excess of the asset carrying value over its fair value, if any, is recorded.

Business Combinations

Upon acquisition of a company, the Company determines if the transaction is a business combination, which is accounted for using the acquisition method of accounting. Under the acquisition method, once control is obtained of a business, the assets acquired, liabilities assumed, consideration transferred and amounts attributed to noncontrolling interests, are recorded at fair value. The Company uses its best estimates and assumptions to assign fair value to the tangible and intangible assets acquired, liabilities assumed, consideration transferred and amounts attributed to noncontrolling interests at the acquisition date. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. The determination of the fair values is based on estimates and judgments made by Management. The Company's estimates of fair value are based upon assumptions it believes to be reasonable, but which are inherently uncertain and unpredictable. Measurement period adjustments to these values as of the acquisition date are reflected at the time identified, up through the conclusion of the measurement period, which is the time at which all information for determination of the values of assets acquired, liabilities assumed, consideration transferred and noncontrolling interests is received, and is not to exceed one year from the acquisition date (the "Measurement Period"). The Company may record adjustments to the fair value of these tangible and intangible assets acquired, liabilities assumed, consideration transferred and noncontrolling interests, with the corresponding offset to goodwill. Additionally, uncertain tax positions and tax-related valuation allowances are initially recorded in connection with a business combination as of the acquisition date. The Company continues to collect information and reevaluate these estimates and assumptions periodically and record any adjustments to preliminary estimates to goodwill, provided the Company is within the Measurement Period with any adjustments to amortization of new or previously recorded identifiable intangibles being recorded to the consolidated statements of comprehensive income (loss) in the period in which they arise. In addition, if outside of the Measurement Period, any subsequent adjustments to the acquisition date fair values are recorded to the consolidated statements of comprehensive income (loss) in the period in which they arise.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of net tangible and intangible assets acquired in a business combination. The Company evaluates goodwill for impairment annually at December 31 and whenever events or circumstances make it more likely than not that impairment may have occurred. The Company has determined that its business comprises one reporting

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

1. Summary of significant accounting policies (Continued)

unit. The Company has the option to first assess qualitative factors to determine whether events or circumstances indicate it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, in which case a quantitative impairment test is not required.

The quantitative goodwill impairment test is performed by comparing the fair value of the reporting unit with its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, goodwill is not impaired. An impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the fair value up to the amount of goodwill allocated to the reporting unit. Income tax effects from any tax-deductible goodwill on the carrying amount of the reporting unit are considered when measuring the goodwill impairment loss, if applicable.

The changes in goodwill for the three months ended March 31, 2020 are as follows:

Balance, January 1, 2020	$ —
Acquisition of Systax	26,124
Foreign currency revaluation	(5,893)
Balance, March 31, 2020	$ 20,231

Deferred Financing Costs

The Company capitalizes costs related to obtaining, renewing or extending loan agreements and amortizes these costs on a straight-line basis, which approximates the interest method, over the life of the loan. Deferred financing costs related to outstanding borrowings under bank debt are reflected as a reduction of current portion of long-term debt and long-term debt, net of current portion. Deferred financing costs related to undrawn debt are reflected in deposits and other assets in the consolidated balance sheets in accordance with ASC 835-30, *Interest—Imputation of Interest*.

Accounting for Stock-Based Compensation

The Company applies the provisions of ASC 718, *Compensation—Stock Compensation*, for the award of equity-based instruments. The provisions of ASC 718 require a company to measure the fair value of stock-based compensation as of the grant date of the award. The Company has stock options and stock appreciation rights ("SAR(s)") (collectively, the "awards") outstanding that are subject to guidance set forth in ASC 718. The Company's Board of Directors (the "Board") intends all awards granted to be exercisable at a price per share not less than the per share fair value of the Company's common stock underlying such awards on the date of grant. Stock-based compensation expense reflects the cost of employee services received in exchange for the awards.

SARs are accounted for as liabilities under ASC 718 and, as such, the Company recognizes stock-based compensation expense by remeasuring the SARs at the end of each reporting period and accruing the portion of the requisite service rendered at that date. As a nonpublic entity, the Company has elected to measure SARs based on their intrinsic values. Management measures the intrinsic value of the SARs as the difference between the fair value of the Company's Class B common stock less the

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

1. Summary of significant accounting policies (Continued)

grant date fair value of the underlying shares as this is the value the SAR participant can derive from exercise of the SAR award. The fair value of the Company's common stock is determined periodically by the Board with the assistance of management and a third-party valuation firm. Management plans to continue to record changes in the intrinsic value of the SARs in 2020 up to the date on which the Company becomes a public entity. Upon becoming a public entity and thereafter, Management will remeasure SARs using the fair value-based method under ASC 718. Any impact from such change in measurement on the date on which the Company becomes a public entity will be accounted for as a change in accounting policy in that period. To the extent the fair value-based measure of the SARs differs materially from the intrinsic value of the SARs, this effect could be material. As the fair value-based measure of the SARs is not determinable at this time, such amount cannot be reasonably estimated with any degree of certainty. Outstanding SARs are included in deferred compensation, current and deferred compensation, net of current portion in the consolidated balance sheets.

Due to the option holders having the right to require the Company to repurchase shares issued in connection with option exercises after six months of share issuance, the options are classified as temporary equity and reflected in options for redeemable shares on the consolidated balance sheets at their redemption value, which equals the options' intrinsic value, as of the end of each balance sheet measurement period. Changes as a result of remeasurement of the redemption value of options for redeemable shares are recorded as adjustments to accumulated deficit.

The fair value of the common stock underlying the awards is determined by the Board with assistance from management and an independent third-party valuation firm. The determination of value uses the market and income approaches, with an adjustment for marketability discount in arriving at the per share fair value (the "valuation methodology"). Under the market approach, the guideline public company method is used, which estimates the fair value of the Company based on market prices of stock of guideline public companies. The income approach involves projecting the future benefits of owning an asset and estimating the present value of those future benefits by discounting them based upon the time value of money and the investment risks associated with ownership. At the end of 2019, due to the consideration by the Board of pursuing an initial public offering of the Company's common stock during 2020, the valuation methodology began to consider the impact of such an event on the value of the Company's common stock underlying the awards. As the Company approaches the offering, Management expects this will result in an increase in the intrinsic value of the awards that will correspondingly result in increases to compensation expense in the consolidated comprehensive statements of income during 2020 that exceed historical results.

Operating Leases and Deferred Rent

Rent expense for operating leases is recognized on a straight-line basis over the period of the related lease. For lease agreements that include future specific rent increases, rent concessions and/or tenant improvement allowances, the difference between the rent payments and the straight-line rent expense is included in deferred rent liability in the consolidated balance sheets.

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

1. Summary of significant accounting policies (Continued)

Self-insurance

The Company is self-insured for the majority of its health insurance costs, including medical claims subject to certain stop-loss provisions. Management periodically reviews the adequacy of the Company's stop-loss insurance coverage. The Company records an estimate of claims incurred but not reported, based on management's judgment and historical experience. Self-insurance accruals are $1,473 and $1,408 at December 31, 2019 and 2018, respectively, and $1,663 at March 31, 2020 (unaudited), and are reflected in accrued salaries and benefits in the consolidated balance sheets. Material differences may result in the amount and timing of insurance expense if actual experience differs significantly from management's estimates.

Revenue Recognition

Revenue from contracts with customers

On January 1, 2018, the Company adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, ("ASC 606"). Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to be received in exchange for those products or services. The Company enters into contracts that can include various combinations of products and services, which are generally capable of being distinct, and accounted for as separate performance obligations. Revenue is recognized net of allowance for subscription and non-renewal cancellations and any taxes collected from customers, which are subsequently remitted to governmental authorities.

Nature of goods and services

Licenses for on-premise software subscriptions provide the customer with a right to use the software as it exists when made available to the customer. Customers purchase a subscription to these licenses, which includes the related software and tax content updates (collectively "updates") and product support. The updates and support, which are part of the subscription agreement, are essential to the continued utility of the software; therefore, the Company has determined the software and the related updates and support to be a single performance obligation. Accordingly, when on-premise software is licensed, the revenue associated with this combined performance obligation is recognized ratably over the license term as these subscriptions are provided for the duration of the license term. Revenue recognition begins on the later of the beginning of the subscription period or the date the software is made available to the customer to download. The Company's on-premise software subscription prices in the initial subscription year are higher than standard renewal prices. The excess initial year price over the renewal price ("new sale premium") is a material right that provides customers with the right to this reduced renewal price. The Company recognizes revenue associated with this material right over the estimated period of benefit to the customer, which is generally three years.

Cloud-based subscriptions allow customers to use Company-hosted software over the contract period without taking possession of the software. The cloud-based offerings also include related updates and support. Cloud-based contracts consistently provide a benefit to the customer during the

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

1. Summary of significant accounting policies (Continued)

subscription period, thus the associated revenue is recognized ratably over the related subscription period. Revenue recognition begins on the later of the beginning of the subscription period or the date the customer is provided access to the cloud-based solutions.

Revenue from deliverable-based services is recognized as services are delivered. Revenue from fixed fee services is recognized as services are performed using the percentage of completion input method.

The Company has elected the "right to invoice" practical expedient for revenue related to services that are billed on an hourly basis, which enables revenue to be recognized as the services are performed.

The Company has determined that the methods applied to measuring its progress toward complete satisfaction of performance obligations recognized over time are a faithful depiction of the transfer of control of software subscriptions and services to customers.

Significant Judgments

Contracts with customers often include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. Identification of the amortization periods of material rights and contract costs requires significant judgement by management.

Disaggregation of revenue

The table reflects revenue by major source for the following periods:

	For the years ended December 31,		For the three months ended March 31,	
	2019	2018	2020	2019
			(unaudited)	
Sources of revenue:				
Software subscriptions	$ 275,629	$ 235,663	$ 75,760	$ 64,384
Services	45,871	36,740	13,485	10,230
Total revenue	$ 321,500	$ 272,403	$ 89,245	$ 74,614

Contract balances

Timing of revenue recognition may differ from the timing of invoicing customers. A receivable is recorded in the consolidated balance sheets when customers are billed related to revenue to be collected and recognized for subscription agreements as there is an unconditional right to invoice and receive payment in the future related to these subscriptions. A receivable and related revenue may also be recorded in advance of billings to the extent services have been performed and the Company has a right under the contract to bill and collect for such performance. Subscription-based customers are

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

1. Summary of significant accounting policies (Continued)

generally invoiced annually at the beginning of each annual subscription period. Accounts receivable is presented net of an allowance for potentially uncollectible accounts and estimated cancellations of software license and cloud-based subscriptions (the "allowance") of $7,515 and $5,527 at December 31, 2019 and 2018, respectively, and $7,476 at March 31, 2020 (unaudited). The allowance is based on management's assessment of uncollectible accounts on a specific identification basis, with the estimate of potential cancellations being determined based on management's review of historical cancellation rates.

The beginning and ending balances of accounts receivable, net of allowance, are as follows:

	For the years ended December 31,		For the three months ended March 31,
	2019	2018	2020
			(unaudited)
Balance, beginning of period	$ 62,235	$ 46,487	$ 70,367
Balance, end of period	70,367	62,235	61,653
Increase (decrease), net	$ 8,132	$ 15,748	$ (8,714)

A contract liability is recorded as deferred revenue on the consolidated balance sheets when customers are billed in advance of performance obligations being satisfied, and revenue is recognized after invoicing ratably over the subscription period or over the amortization period of material rights. Deferred revenue is reflected net of a related deferred allowance for subscription cancellations (the "deferred allowance") of $5,614 and $4,858 at December 31, 2019 and 2018, respectively, and $5,118 at March 31, 2020 (unaudited). The deferred allowance represents the portion of the allowance for subscription cancellations associated with deferred revenue.

The beginning and ending balances of and changes to the allowance and the deferred allowance are as follows:

	For the year ended December 31, 2018	
	Balance	Net Change
Allowance balance. January 1	$ (4,320)	
Allowance balance, December 31	(5,527)	
Change in allowance		$ 1,207
Deferred allowance balance, January 1	3,888	
Deferred allowance balance, December 31	4,858	
Change in deferred allowance		(970)
Net amount charged to revenue		$ 237

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

1. Summary of significant accounting policies (Continued)

	For the year ended December 31, 2019	
	Balance	Net Change
Allowance balance. January 1	$ (5,527)	
Allowance balance, December 31	(7,515)	
Change in allowance		$ 1,988
Deferred allowance balance, January 1	4,858	
Deferred allowance balance, December 31	5,614	
Change in deferred allowance		(756)
Net amount charged to revenue		$ 1,232

	For the three months ended March 31, 2020 (unaudited)	
	Balance	Net Change
Allowance balance. January 1	$ (7,515)	
Allowance balance, March 31	(7,476)	
Change in allowance		$ (39)
Deferred allowance balance, January 1	5,614	
Deferred allowance balance, March 31	5,118	
Change in deferred allowance		496
Net amount charged to revenue		$ (457)

The amount of revenue recognized during the year ended December 31, 2019 that was included in the opening deferred revenue balance as of December 31, 2018 was approximately $163,939. The portion of deferred revenue expected to be recognized in revenue beyond one year is included in deferred revenue, net of current portion in the consolidated balance sheets.

The table provides information about the balances of and changes to deferred revenue for the following periods:

	As of December 31,		As of March 31, 2020
	2019	2018	(unaudited)
Balances:			
Deferred revenue, current	$ 191,745	$ 163,939	$ 189,426
Deferred revenue, non-current	14,046	14,764	12,058
Total deferred revenue, end of period	$ 205,791	$ 178,703	$ 201,484

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

1. Summary of significant accounting policies (Continued)

	For the years ended December 31,		For the three months ended March 31,	
	2019	2018	2020	2019
			(unaudited)	
Changes to deferred revenue:				
Beginning balance	$ 178,703	$ 139,059	$ 205,791	$ 178,703
Additional amounts deferred	348,588	312,047	84,938	77,868
Revenue recognized	(321,500)	(272,403)	(89,245)	(74,614)
Ending balance	$ 205,791	$ 178,703	$ 201,484	$ 181,957

Deferred revenue at December 31, 2019 will be recognized as follows for all future years:

Years Ending December 31,	
2020	$ 191,745
2021	7,473
2022	4,798
2023	1,775
Total	$ 205,791

Contract costs

Deferred sales commissions earned by the Company's sales force and certain sales incentive programs and vendor referral agreements are considered incremental and recoverable costs of obtaining a contract with a customer. An asset is recognized for these incremental contract costs and reflected as deferred commissions in the consolidated balance sheets. These contract costs are amortized on a straight-line basis over a period consistent with the transfer of the associated product and services to the customer, which is generally three years. Amortization of these costs are included in selling and marketing expense in the consolidated statements of comprehensive income (loss). The Company periodically reviews these contract assets to determine whether events or changes in circumstances have occurred that could impact the period of benefit of these assets. There were no impairment losses recorded for the periods presented.

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

1. Summary of significant accounting policies (Continued)

The table provides information about the changes to contract cost balances as of and for the following periods:

	As of December 31,		As of March 31, 2020 (unaudited)
	2019	2018	
Deferred commissions:			
Beginning balance	$ 8,830	$ 5,676	$ 11,196
Additions	10,140	8,691	1,972
Amortization	(7,774)	(5,537)	(2,605)
Ending balance	$ 11,196	$ 8,830	$ 10,563

Payment terms

Payment terms and conditions vary by contract, although the Company's terms generally include a requirement of payment within 30 days. In instances where the timing of revenue recognition differs from the timing of payment, the Company has determined that its contracts do not include a significant financing component. The primary purpose of invoicing terms is to provide customers with simplified and predictable ways of purchasing products and services, not to receive financing from customers or to provide customers with financing.

Cost of Revenues

Cost of revenues, software subscriptions includes the direct cost to develop, host and distribute software products, the direct cost to provide customer support, and amortization of costs capitalized for software developed for sale and for internal-use software utilized for cloud-based subscriptions. Cost of revenues, services includes the direct costs of implementation, training, transaction tax returns outsourcing and other tax-related services.

Reimbursable Costs

Reimbursable costs passed through and invoiced to customers of the Company are recorded as services revenues with the associated expenses recorded as cost of revenues, services in the consolidated statements of comprehensive income (loss). These amounts were $1,107 and $902 for the years ended December 31, 2019 and 2018, respectively, and $185 and $220 for the three months ended March 31, 2020 and 2019, respectively (unaudited).

Research and Development

Research and development costs consist primarily of personnel and related expenses for research and development activities including salaries, benefits and other compensation. Research and development costs are expensed as incurred in accordance with ASC 730, *Research and Development*, and are included in the consolidated statements of comprehensive income (loss).

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

1. Summary of significant accounting policies (Continued)

Advertising

Advertising expense is recorded as incurred and is reflected in selling and marketing expense in the consolidated statements of comprehensive income (loss). Total advertising expense was $11,921 and $8,956 for the years ended December 31, 2019 and 2018, respectively, and $1,523 and $1,787 for the three months ended March 31, 2020 and 2019, respectively (unaudited).

Foreign Currency

The Company transacts business in various foreign currencies. Management has concluded that the local country's currency is the functional currency of its foreign operations. Consequently, operating activities outside the U.S. are translated into U.S. Dollars using average exchange rates, while assets and liabilities of operations outside the U.S. are translated into U.S. Dollars using exchange rates at the balance sheet date. The effects of foreign currency translation adjustments are included in stockholders' deficit as a component of accumulated other comprehensive loss in the consolidated balance sheets. Related periodic movements in exchange rates are included in other comprehensive income (loss) in the consolidated statements of comprehensive income (loss). Other expense (income), net in the consolidated statements of comprehensive income (loss) includes net foreign exchange transaction losses of $84 and $121 for the years ended December 31, 2019 and 2018, respectively, and $107 and $41 for the three months ended March 31, 2020 and 2019, respectively (unaudited).

Income Taxes

Vertex is taxed as an S-corporation for U.S. federal income tax purposes and for most states. As a result, net income or loss is allocated to the stockholders and is included on their individual income tax returns. In certain states, Vertex is taxed at the corporate level. Accordingly, the income tax provision or benefit is based on taxable income allocated to these states. In certain foreign jurisdictions, Vertex subsidiaries are taxed at the corporate level. Similar to states, the income tax provision or benefit is based on taxable income sourced to these foreign jurisdictions.

Certain direct and indirect wholly-owned subsidiaries are treated as disregarded entities for U.S. federal income tax purposes and most states under the Internal Revenue Service ("IRS") "check-the-box" regulations. The income and loss from these disregarded entities are reported on the Company's U.S. federal and most state income tax returns in addition to being reported on a foreign jurisdiction tax return if a foreign subsidiary. Other foreign subsidiaries in which we own greater than 50% of the equity by measure of vote or value are treated as controlled foreign companies ("CFCs") for U.S. federal income tax purposes and most states under the IRS foreign tax regulations. The income and loss from these entities is reported on the Company's U.S. federal and some state income tax returns when the foreign earnings are repatriated or deemed to be repatriated to the U.S.

The Company records deferred income taxes using the liability method. The Company recognizes deferred tax assets and liabilities for future tax consequences of events that have been previously recognized in the Company's consolidated financial statements and tax returns. The measurement of deferred tax assets and liabilities is based on provisions of the enacted tax law. The effects of future changes in tax laws or rates are not anticipated.

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

1. Summary of significant accounting policies (Continued)

The Company records uncertain tax positions in accordance with ASC 740, *Income Taxes*, on the basis of a two step process whereby: (i) management determines whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position, and (ii) for those tax positions that meet the more likely than not recognition threshold, management recognizes the largest amount of tax benefit that is greater than 50 percent likely to be realized upon ultimate settlement with the related tax authority. The impact as a result of the application of ASC 740 is reflected in the consolidated financial statements.

Total Comprehensive Income (Loss)

Total comprehensive income (loss) consists of net income and other comprehensive income (loss). Other comprehensive income (loss) refers to revenues, expenses, gains and losses that under U.S. GAAP are recorded as elements of stockholders' deficit but are excluded from net income. Other comprehensive income (loss) is comprised of foreign currency translation adjustments and revaluations.

Earnings Per Share

The Company calculates basic and diluted net income per share attributable to common stockholders using the treasury stock method. The Company has Class A voting common stock ("Class A common stock") and Class B non-voting common stock ("Class B common stock") outstanding. Neither class of stock has any liquidity or dividend preferences and are both considered to be participating securities. The diluted net income per share attributable to common stockholders is computed by giving effect to all potential dilutive common stock equivalents outstanding for the period. For purposes of this calculation, options to purchase common stock are considered common stock equivalents.

The table below illustrates the calculation of basic and diluted net income (loss) per common share for the Class A and Class B common stock for the following periods:

	For the years ended December 31,		For the three months ended March 31,	
Class A common stock:	**2019**	**2018**	**2020**	**2019**
			(unaudited)	
Numerator:				
Net income (loss) attributable to all stockholders	$ 31,057	$ (6,106)	$ (29,064)	$ 7,325
Class A stock as a percentage of total shares outstanding	0.12%	0.12%	0.12%	0.12%
Net income (loss) attributable to Class A stockholders	$ 38	$ (7)	$ (35)	9
Denominator:				
Weighted-average Class A stock outstanding—basic	49	49	49	49
Dilutive effect of stock equivalents	—	—	—	—
Weighted-average Class A stock outstanding—diluted	49	49	49	49
Net income (loss) per Class A share, basic and diluted	$ 0.77	$ (0.15)	$ (0.72)	0.18

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

1. Summary of significant accounting policies (Continued)

Class B common stock:	For the years ended December 31, 2019	2018	For the three months ended March 31, 2020	2019
			(unaudited)	
Numerator:				
Net income (loss) attributable to all stockholders	$ 31,057	$ (6,106)	$ (29,064)	$ 7,325
Class B stock as a percentage of total stock outstanding	99.88%	99.88%	99.88%	99.88%
Net income (loss) attributable to Class B stockholders	$ 31,019	$ (6,099)	$ (29,029)	$ 7,316
Denominator:				
Weighted-average Class B stock outstanding—basic	40,129	40,160	40,090	40,090
Dilutive effect of stock equivalents	1,244	—	—	1,303
Weighted-average Class B stock outstanding—diluted	41,373	40,160	40,090	41,393
Net income (loss) per Class B share, basic	$ 0.77	$ (0.15)	$ (0.72)	0.18
Net income (loss) per Class B share, diluted	$ 0.75	$ (0.15)	$ (0.72)	0.18

Unaudited Pro Forma Balance Sheet

The company has presented a pro forma balance sheet as of March 31, 2020 to reflect the impact to cash, funds held for stockholder distributions and accumulated deficit of the $123,000 distribution to stockholders on May 29, 2020.

Unaudited Pro Forma Income Taxes

These financial statements have been prepared in anticipation of a proposed initial public offering (the "Offering") of the common stock of Vertex, Inc. In connection with the Offering, the Company will convert and be taxed as a C corporation for U.S. income tax purposes. Accordingly, a pro forma income tax provision has been disclosed as if the Company was a taxable Corporation for the periods ended December 31, 2019 and March 31, 2020. The Company has computed pro forma entity level income tax expense using an estimated effective tax rate of approximately 25% for the periods ended December 31, 2019 and March 31, 2020, inclusive of all applicable U.S. federal, state, local and foreign income taxes.

Unaudited Pro Forma Earnings Per Share

The Company has presented pro forma earnings per share for the year ended December 31, 2019 and the three months ended March 31, 2020. Pro forma basic and diluted income per share for the year ended December 31, 2019 was computed to give effect to the number of shares whose proceeds would be necessary to repay the $50,375 term loan outstanding at December 31, 2019 which was refinanced by the $175,000 term loan entered into by the Company at March 31, 2020 and which is required to be repaid in the event the Offering occurs. Pro forma basic and diluted loss per share for March 31, 2020 was computed to give effect to the number of shares whose proceeds would be necessary to repay the $175,000 term loan that was entered into by the Company at March 31, 2020

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

1. Summary of significant accounting policies (Continued)

and which is required to be repaid in the event the Offering occurs. The pro forma shares for both periods have been computed, assuming an initial public offering price of $15.00 per share, to give effect to the number of shares whose proceeds would be necessary to repay the term loan. The Company has assumed an Offering price of $15.00, the midpoint in the estimated price range set forth on the cover of the prospectus included in the Company's Form S-1 Registration Statement.

In addition to the above share adjustments, the determination of pro forma shares outstanding gives effect to the following activity which will occur concurrent with the Offering: (i) a three-for-1 forward split for all classes of common stock and common stock equivalents outstanding at December 31, 2019 and March 31, 2020, and (ii) the exchange of the Class A and Class B common stock outstanding at December 31, 2019 and March 31, 2020 for the respective new series of Class A and B common stock.

Pro forma net income (loss) used to calculate pro forma earnings per share is determined by adjusting net income (loss) for the following: (i) a reduction to interest expense, net of tax effect, assuming repayment of the $50,375 and $175,000 term loans at December 31, 2019 and March 31, 2020, respectively, in connection with the use of the Offering proceeds, and (ii) the pro forma adjustment to income taxes resulting from the conversion to a C-Corporation effective upon the Offering for both periods.

The table below illustrates the calculation of pro forma basic and diluted net income (loss) per share for the pro forma Class A and Class B common stock outstanding for the following periods:

Pro forma Class A common stock:	**For the year ended December 31, 2019**	**For the three months ended March 31, 2020**
	(unaudited)	
Numerator:		
Pro forma net income (loss) attributable to all stockholders	$ 24,598	$ (20,834)
Pro forma Class A stock as a percentage of total stock outstanding	3%	9%
Pro forma net income (loss) attributable to Class A stockholders	$ 738	$ (1,875)
Denominator:		
Pro forma weighted-average Class A stock outstanding—basic	3,358	11,667
Dilutive effect of stock equivalents	3,743	—
Pro forma weighted-average Class A stock outstanding—diluted	7,101	11,667
Pro forma net income (loss) per Class A share, basic	$ 0.22	$ (0.16)
Pro forma net income (loss) per Class A share, diluted	$ 0.10	$ (0.16)

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

1. Summary of significant accounting policies (Continued)

Pro forma Class B common stock:	For the year ended December 31, 2019	For the three months ended March 31, 2020
	(unaudited)	
Numerator:		
Pro forma net income (loss) attributable to all stockholders	$ 24,598	$ (20,834)
Pro forma Class B stock as a percentage of total shares outstanding	97%	91%
Pro forma net income (loss) attributable to pro forma Class B stockholders	$ 23,860	$ (18,959)
Denominator:		
Pro forma weighted-average Class B stock outstanding—basic	120,535	120,417
Dilutive effect of stock equivalents	—	—
Pro forma weighted-average Class B stock outstanding—diluted	120,535	120,417
Pro forma net income (loss) per Class B share, basic and diluted	$ 0.20	$ (0.16)

Supplemental Cash Flow Disclosures

Supplemental cash flow disclosures are as follows for the respective periods:

	For the years ended December 31,		For the three months ended March 31,	
	2019	2018	2020	2019
			(unaudited)	
Cash paid for:				
Interest	$ 1,766	$ 1,853	$ 559	$ 460
Income taxes	$ 945	$ 668	$ 104	$ 105
Non-cash investing and financing activities:				
Exercised options exchanged in lieu of income taxes	$ 184	$ 209	$ —	$ —
Acquisition purchase commitment liability	$ —	$ —	$ 14,344	$ —
Equipment acquired through capital leases	$ 1,904	$ —	$ —	$ —
Remeasurement of options for redeemable shares	$ 2,763	$ 1,027	$ 15,242	$ 607
Distributions payable	$ 13,183	$ 10,892	$ —	$ —

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

1. Summary of significant accounting policies (Continued)

Recently Issued Accounting Pronouncements

As an "emerging growth company," the Jumpstart Our Business Startups Act (the "JOBS Act") allows the Company to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. The Company has elected to delay adoption of certain new or revised accounting standards. As a result, the Company's financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective date for new or revised accounting standards that are applicable to public companies.

In November 2016, ASU No. 2016-18, *Restricted Cash*, related to the classification of restricted cash in the cash flow statement was issued. This adds and clarifies guidance on the classification and presentation of changes in restricted cash on the statement of cash flows and to eliminate the diversity in practice related to such classifications. The guidance in ASU No. 2016-18 is required for annual reporting periods beginning after December 15, 2017, for business entities that are public, and after December 15, 2018 for all other entities. The Company adopted this guidance effective January 1, 2019 on a retrospective basis.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This standard amends several of aspects of lease accounting, including requiring lessees to recognize operating leases with a term greater than one year on their balance sheet as a right-of-use asset, and a corresponding lease liability, measured at the present value of the future minimum lease payments. The standard is effective for public entities for fiscal years beginning after December 15, 2018, and after December 15, 2020 for all other companies, with early adoption permitted. The Company intends to adopt this standard effective January 1, 2021 using the modified retrospective transition method and therefore will not restate comparative periods. The Company expects to elect the "package of three" practical expedients permitted under the transition guidance, which allows (i) a carry forward of the historical lease classification conclusions, (ii) management's assessment on whether a contract is or contains a lease, and (iii) the initial direct costs for any leases that exist prior to adoption of the new standard. The Company is currently evaluating the impact this guidance will have on the Company's consolidated financial statements. While the Company has not yet quantified the impact, resulting adjustments are expected to materially increase total assets and total liabilities relative to such amounts reported prior to adoption, but not have a material impact on the consolidated statements of comprehensive income (loss) or consolidated statements of cash flows.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326)*: *Measurement of Credit Losses on Financial Instruments*, ("ASU 2016-13") which replaces the existing incurred loss impairment model with an expected credit loss model and requires financial assets, including trade receivables, to be measured at amortized cost to be presented at the net amount expected to be collected. ASU 2016-13 is effective for annual periods, and interim periods within those years, beginning after December 15, 2019, for business entities that are public and meet the definition of an SEC filer (excluding smaller reporting companies), and after December 15, 2022 for all other entities. The Company has elected to delay adoption of this guidance until January 1, 2021. The implementation of ASC 2016-13 is not expected to have a material impact on the Company's financial position.

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

1. Summary of significant accounting policies (Continued)

In January 2017, the FASB issued ASU 2017-04, *Simplifying the Test for Goodwill Impairment*, ("ASU 2017-04") to eliminate step two of the goodwill impairment test requiring a hypothetical purchase price allocation. Goodwill impairment, if any, is determined by comparing the reporting unit's fair value to its carrying value. An impairment loss is recognized in an amount equal to the excess of the reporting unit's carrying value over its fair value, up to the amount of goodwill allocated to the reporting unit. In addition, income tax effects from any tax-deductible goodwill on the carrying amount of the reporting unit should be considered when measuring the goodwill impairment loss, if applicable. ASU 2017-04 is effective for annual periods, and interim periods within those years, beginning after December 15, 2019, for business entities that are public and meet the definition of an SEC filer (excluding smaller reporting companies), and after December 15, 2022 for all other entities. The Company has adopted this guidance effective as of January 1, 2020.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*, ("ASU 2017-01") which clarifies when transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill and consolidation. This new guidance is effective for annual reporting periods beginning after December 15, 2017, for business entities that are public, and after December 15, 2018 for all other entities, with early adoption permitted. The Company adopted this guidance as of January 1, 2019.

In December 2019, the FASB issued ASU Update No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, ("ASU 2019-12") which simplifies the accounting for income taxes. The guidance in ASU 2019-12 is required for annual reporting periods, including interim periods within those annual periods, beginning after December 15, 2020, for business entities that are public, and after December 15, 2021, including interim periods within those annual periods for all other entities, with early adoption permitted. The Company will adopt this guidance on January 1, 2021. The Company is currently evaluating the impact this guidance will have on the Company's consolidated financial statements.

Risks and Uncertainties

In December 2019, a novel strain of coronavirus, COVID-19, appeared. The spread of COVID-19 has negatively impacted the global economy and may continue to result in reduced economic activity. This could lead to declines in our customers' revenue, spending and fewer transactions for which transaction tax is due, any of which may result in decreased revenue. However, the extent to which COVID-19 may impact our business will depend on future developments, which are highly uncertain and cannot be predicted.

2. Acquisition (unaudited)

On January 7, 2020, the Company acquired a 60% controlling interest in Systax, a provider of Brazilian transaction tax content and software. Cash consideration for the purchase was $12,374 and was funded through borrowings under the revolving line of credit (the "Line of Credit"). This acquisition provides the Company with full access to a sizeable database of Brazilian tax content that is critical to supporting its global multi-national customers' business expansion into Brazil. The Company

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

2. Acquisition (unaudited) (Continued)

has a contractual purchase commitment to acquire the remaining 40% equity interest from the original Systax Quotaholders incrementally between 2021 through 2024. Future purchase commitment payments for these incremental acquisition amounts are based on a multiple of Systax revenue and earnings before interest, depreciation, amortization and income taxes ("EBITDA") performance at the end of 2020, 2022 and 2023, whereby the Company will have full ownership after the final transaction in 2024. Management has determined these future purchase commitments to be a forward contract, resulting in the Company being required to estimate and record an estimated future purchase commitment amount (the "Purchase Commitment Liability") in connection with recording the initial purchase. The Purchase Commitment Liability is estimated to be $14,344 at the acquisition date based on information currently available. This amount is reflected in future acquisition commitment in the consolidated balance sheet at March 31, 2020, and any adjustments to the acquisition date fair value of this commitment will be adjusted to goodwill during the Measurement Period. Adjustments to the settlement date value that arise as a result of remeasurement at future balance sheet dates will be recorded as interest expense in the consolidated statements of comprehensive income (loss) in the period the change is identified.

The acquisition was accounted for as a business combination and the total preliminary purchase price was allocated to the net tangible assets acquired and liabilities assumed based on their estimated fair values on the acquisition date, with the excess being recorded as goodwill. The net tangible assets acquired and liabilities assumed were valued at their respective carrying amounts as of the acquisition date pending the receipt of additional information during the Measurement Period. The contractual value of accounts receivable was $867 at acquisition date. The excess of the purchase consideration over the net tangible assets is recorded as goodwill and primarily reflects the value of the tax content database, the assembled workforce and expected future synergies. Goodwill is deductible for tax purposes. The preliminary values recorded will be adjusted during the Measurement Period as more detailed analyses are performed and further information becomes available regarding the fair values of these amounts as of the acquisition date. Any such adjustments may be material. Subsequent adjustments to these values not associated with determination of their fair values on the acquisition date would be recorded in the consolidated statements of comprehensive income (loss) in the period the change is identified. The following table presents the preliminary purchase price allocation recorded in the Company's consolidated balance sheet as of the acquisition date (unaudited):

Net Assets and Assumed Liabilities	Initial Purchase Price Allocation (unaudited) (in thousands)
Cash and cash equivalents	$ 56
Accounts receivable	867
Property and equipment	48
Other assets	18
Goodwill	26,124
Accounts payable and accrued expenses	(228)
Accrued compensation	(162)
Other liabilities	(5)
Total consideration at acquisition date	$ 26,718

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

2. Acquisition (unaudited) (Continued)

The Company has included the financial results of Systax in the consolidated statement of comprehensive income (loss) from the date of acquisition in accordance with ASC 810 due to the Company having a controlling financial interest in Systax. Systax revenue and net loss for the three months ended March 31, 2020 reflected in the consolidated statement of comprehensive income (loss) were $1,143 and $(256), respectively. As the Systax acquisition did not have a material impact on the Company's reported revenue or net loss for the three months ended March 31, 2020. Accordingly, pro forma financial information has not been presented. The transaction costs associated with the acquisition were approximately $504 and were recorded in general and administrative expense in the year ending December 31, 2019.

3. Property and equipment

The major components of property and equipment are as follows:

	As of December 31,		As of March 31, 2020
	2019	2018	(unaudited)
Leasehold improvements	$ 20,887	$ 20,884	$ 20,881
Equipment	40,598	35,608	42,013
Computer software acquired	11,232	10,777	11,275
Internal-use software developed			
Cloud-based services	51,442	43,073	54,689
Internal systems and tools	23,957	16,197	24,584
Furniture and fixtures	7,451	7,516	7,500
Automobiles	27	27	61
In-process internal-use software	809	1,881	1,133
	156,403	135,963	162,136
Less accumulated depreciation	(101,676)	(86,482)	(106,426)
Property and equipment, net	$ 54,727	$ 49,481	$ 55,710

Depreciation expense for property and equipment, excluding all internal-use software, was $7,951 and $7,319 for the years ended December 31, 2019 and 2018, respectively, and $2,343 and $1,479 for the three months ended March 31, 2020 and 2019, respectively (unaudited), and is reflected in depreciation and amortization in the consolidated statements of comprehensive income (loss).

Assets under capital leases of $1,455 and $116, net of accumulated depreciation of $627 and $62, at December 31, 2019 and 2018, respectively, are included in property and equipment in the consolidated balance sheets. Depreciation expense for assets held under capital leases was $565 and $40 for the years ended December 31, 2019 and 2018, respectively, and is included in depreciation and amortization expense in the consolidated statements of comprehensive income (loss). Assets under capital leases of $1,287, net of accumulated depreciation of $794, at March 31, 2020 (unaudited) are included in property and equipment in the consolidated balance sheets. Depreciation expense for assets held under capital leases was $168 and $62 for the three months ended March 31, 2020 and 2019, respectively (unaudited), and is included in depreciation and amortization expense in the consolidated statements of comprehensive income (loss).

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

3. Property and equipment (Continued)

The major components of internal-use software are as follows:

	As of December 31,		As of March 31, 2020
	2019	2018	(unaudited)
Internal-use software developed	$ 75,399	$ 59,270	$ 79,274
Less accumulated depreciation	(53,852)	(44,824)	(56,390)
	21,547	14,446	22,884
In-process internal-use software	809	1,881	1,133
Internal-use software developed, net	$ 22,356	$ 16,327	$ 24,017

Amounts capitalized for internal-use software and included in property and equipment additions on the consolidated statements of cash flows are as follows:

	For the years ended December 31,		As of March 31, 2020
	2019	2018	(unaudited)
Cloud-based solutions	$ 10,179	$ 14,345	$ 3,834
Internal systems and tools	4,860	2,484	382
Total	$ 15,039	$ 16,829	$ 4,216

In-process internal-use software is not depreciated until it is available for its intended use. Depreciation expense for internal-use software used for cloud-based solutions for the years ended December 31, 2019 and 2018 was $7,983 and $11,707, respectively, and is included in cost of revenues, software subscriptions in the consolidated statements of comprehensive income (loss). Depreciation expense for internal-use software utilized for internal systems and tools for the years ended December 31, 2019 and 2018 was $1,045 and $618, respectively, and is included in depreciation and amortization in the consolidated statements of comprehensive income (loss). Research and development costs associated with internal-use software were $813 and $2,345 for the years ended December 31, 2019 and December 31, 2018, respectively.

Depreciation expense for internal-use software used for cloud-based solutions for the three months ended March 31, 2020 and 2019 was $2,011 and $2,114, respectively (unaudited), and is included in cost of revenues, software subscriptions in the consolidated statements of comprehensive income (loss). Depreciation expense for internal-use software utilized for internal systems and tools for the three months ended March 31, 2020 and 2019 was $526 and $566, respectively (unaudited), and is included in depreciation and amortization in the consolidated statements of comprehensive income (loss). Research and development costs associated with internal-use software were $495 and $187 for the three months ended March 31, 2020 and 2019, respectively (unaudited).

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

3. Property and equipment (Continued)

Amortization expense of internal-use software, excluding in-process internal-use software not yet available for its intended use, at December 31, 2019 is as follows for all future years:

Years Ending December 31,	Internal solutions	Cloud-based Systems
2020	$ 7,404	$ 2,100
2021	5,087	1,990
2022	2,265	1,677
2023	346	715
2024	—	308
Total	$ 15,102	$ 6,790

During the year ended December 31, 2018, the Company recorded an impairment of capitalized internal-use software previously utilized to provide cloud-based solutions to customers of $32,692, net of accumulated amortization of $11,907, due to a product strategy shift that resulted in this service no longer being offered to customers after 2018. The software was deemed to be fully impaired due to the net book value of the software exceeding expected future cash flows. This amount is included in impairment of assets in the 2018 consolidated statement of comprehensive income (loss).

4. Capitalized software

Capitalized software includes acquired software and direct labor and related expenses for software developed for sale for new products and enhancements to existing products. Software development costs capitalized for the years ended December 31, 2019 and 2018 were $17,221 and $12,261, respectively, and for the three months ended March 31, 2020 and 2019 were $3,706 and $3,915, respectively (unaudited).

The major components of capitalized software are as follows:

	As of December 31,		As of March 31, 2020
	2019	2018	(unaudited)
Capitalized software	$ 47,862	$ 29,669	$ 47,862
Less accumulated amortization	20,281	12,069	22,837
	27,581	17,600	25,025
In-process capitalized software	4,494	5,466	8,200
Capitalized software, net	$ 32,075	$ 23,066	$ 33,225

Capitalized software amortization expense for the years ended December 31, 2019 and 2018 was $8,212 and $5,257, respectively, and $2,556 and $1,815 for the three months ended March 31, 2020 and 2019, respectively (unaudited), and is included in cost of revenues, software subscriptions in the consolidated statements of comprehensive income (loss).

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

4. Capitalized software (Continued)

In-process capitalized software at December 31, 2019 was not available for general release to customers as of the balance sheet date and therefore not included in the table below. Amortization expense of capitalized software available for general release to customers as of December 31, 2019 is as follows for all future years:

Years Ending December 31,	
2020	$ 9,926
2021	8,156
2022	4,927
2023	2,890
2024	1,682
Total	$ 27,581

5. Debt

In November 2015, the Company entered into a $105,000 credit agreement (the "Credit Agreement") consisting of a $65,000 term loan (the "Term Loan") and a $40,000 committed Line of Credit. The Company has the option to select an applicable interest rate at either the bank base rate plus an applicable margin (the "Base Rate Option") or the London Interbank Offered Rate ("LIBOR") plus an applicable margin (the "LIBOR Option"). The applicable margins are determined by certain financial covenant performance as defined in the Credit Agreement. At December 31, 2019 and 2018, the Base Rate Option resulted in rates of 4.75% and 5.50%, respectively. At December 31, 2019 and 2018, the LIBOR Option resulted in rates of 2.69% and 3.60%, respectively. The Credit Agreement is collateralized by certain assets of the Company. The Credit Agreement contains financial and operating covenants, which include limitations on the amount of dividends payable in a given period. The Company was in compliance with these covenants at December 31, 2019.

Term Loan

The Term Loan requires quarterly principal payments over five years, with a balloon payment in November 2020. The interest rate on the Term Loan was 2.69% at December 31, 2019 as the Company selected the LIBOR Option. Term Loan outstanding amounts are reported in current portion of long-term debt and long-term debt, net of current portion, in the consolidated balance sheets. As a result of the Term Loan becoming due in November 2020, the balance outstanding of $50,375 is included in current portion of long-term debt on the consolidated balance sheet at December 31, 2019.

Line of Credit

The Line of Credit expires on November 1, 2020. The Company is required to pay a quarterly fee on the difference between the $40,000 maximum borrowings allowed under the Line of Credit and the unpaid principal balance outstanding under the line at an applicable rate. The applicable rate, determined by certain financial covenant performance as defined in the Credit Agreement, was 0.200%

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

5. Debt (Continued)

and 0.225% as of December 31, 2019 and 2018, respectively. During the years ended December 31, 2019 and 2018, there were no advances against the Line of Credit.

Deferred Financing Costs

Unamortized deferred financing costs of $221 and $487 at December 31, 2019 and 2018, respectively, are included as a reduction in current portion of long-term debt and long-term debt, net of current portion in the consolidated balance sheets. Amortization expense of deferred financing costs was $266 for each of the years ended December 31, 2019 and 2018 and is included in interest expense in the consolidated statements of comprehensive income (loss). Amortization expense of deferred financing costs will be $221 in 2020.

Capital Leases

Capital lease obligations are included in current portion of long-term debt and long-term debt, net of current portion in the consolidated balance sheets.

Future minimum capital lease payments as of December 31, 2019 are as follows:

Years Ending December 31,	
2020	$ 696
2021	696
2022	10
Total	1,402
Less amount representing interest	70
Present value of minimum lease payments	1,332
Less current portion	650
Capital lease obligations, net of current portion	$ 682

New Credit Agreement (unaudited)

On March 31, 2020, the Company entered into a new credit agreement with a bank, which was subsequently amended on April 3, 2020 to permit another bank to be a party to the agreement, consisting of a $175,000 term loan (the "New Term Loan") and a $100,000 committed line of credit (the "New Line of Credit") (collectively, the "New Credit Agreement"). Absent the occurrence of a triggering event, such as an initial public offering which requires immediate repayment of the New Term Loan, the New Term Loan matures in March 2023 and requires quarterly principal payments of $4,375 starting October 1, 2020, with a balloon payment on the payoff date. The Company is required to distribute not less than $110,000 and not more than $125,000 to stockholders within 90 days of the closing date of the New Credit Facility or such amount must be repaid to the lender. The Company has reflected the $110,000 as funds held for distribution to stockholders in the consolidated balance sheet at March 31, 2020. Net proceeds from the New Term Loan after payment of financing fees of $2,904

5. Debt (Continued)

and repayment of the amounts outstanding under the previous credit agreement of $61,656, were used to fund a portion of the $123,000 distribution made to the stockholders on May 29, 2020. The New Line of Credit matures in March 2025 and had no outstanding borrowings at closing. The Company has the option to select an applicable interest rate at either the bank base rate plus an applicable margin (the "New Base Rate Option") or the LIBOR plus an applicable margin (the "New LIBOR Option"). The applicable margins are determined by certain financial covenant performance as defined in the New Credit Agreement. At March 31, 2020 and May 31, 2020, the New Base Rate Option and New LIBOR Option were 3.75% and 2.50%, respectively. The New Credit Agreement is collateralized by certain assets of the Company. The New Credit Agreement contains financial and operating covenants.

6. Options for redeemable shares

Prior to 2006, Vertex issued stock options under separate option agreements, not subject to an option plan, permitting certain key members of management and the Board to purchase shares of Class B common stock. At December 31, 2019, 1,283 shares of Class B common stock were reserved for issuance under these option agreements. The exercise price of the shares under these option agreements is equal to the fair value of the shares as of the grant date, as determined by the Board with assistance from management and an independent third-party valuation provider. All options are fully vested at December 31, 2019.

The options are exercisable upon: (i) any time after the option holder is no longer an employee of the Company or a member of the Board; (ii) the Grantee's death or disability; (iii) the occurrence of a Partial Triggering Event (as defined below); or (iv) the occurrence of a Triggering Event (as defined below). In addition, the option agreements provide employee option holders with the ability to exercise a portion of their options between April 15 and April 30 of each year based upon the fair value of the Class B common stock as of December 31 of the prior calendar year, provided that certain Company performance is achieved. At the election of the Company, the option agreements allow option holders to satisfy tax withholding obligations incurred in connection with the exercise by exchanging exercised options in lieu of payment of income taxes paid by the Company on their behalf. The fair value of exchanged exercised options is recorded as a reduction to stockholders' deficit as part of the exercise of the related options, net of cash received.

Since these option agreements permit the option holders to put their exercised shares back to the Company for a price per share based upon the fair value of the Class B common stock determined six months after the holder exercised the options, they are classified as temporary equity and included in options for redeemable shares on the consolidated balance sheets. In addition, these option agreements permit the Company to call the shares based upon the fair value of the Class B common stock determined six months after the options were exercised. The Company has never exercised its right to call any shares issued from option exercises. In the event of the sale of at least 50% of the Company's stock or all the assets of the Company ("Triggering Event") in a single or multiple transactions, the option holders have the right to exercise their options and sell their related shares in connection with the transactions. Unexercised options expire after a Triggering Event. In the event of a sale of at least 25% of the Company's assets to an unrelated third-party in a single or multiple transactions ("Partial

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

6. Options for redeemable shares (Continued)

Triggering Event"), the option holders have the right to exercise a portion of their options pro rata based on the sales price and sell their related shares in connection with the transaction. Unexercised options remaining after a Partial Triggering Event remain outstanding. In addition, in the event stockholders owning at least 51% of the outstanding stock of the Company (the "selling stockholders") sell a portion of their stock to an unrelated third-party, the option holders have the right to exercise and sell an amount of options in the same proportion as the selling stockholders (a "tag-along right"). The option holders may also be required to exercise all their outstanding options and sell all related shares in the event the selling stockholders sell at least 51% of their ownership to an unrelated third-party (a "drag-along right").

The table below reflects stock option activity for the following periods:

	Options	Intrinsic values	Per share range of option prices	Per share weighted average option prices
Outstanding at January 1, 2018	1,531	$ 13,554	$0.46—$2.14	$ 0.65
Exercised	(156)	$ 1,310	$0.46—$2.14	$ 1.13
Outstanding at December 31, 2018	1,375	$ 14,581	$0.46—$2.14	$ 0.59
Exercised	(92)	$ 957	$0.46—$1.15	$ 0.74
Outstanding at December 31, 2019	1,283	$ 17,344	$0.46—$2.14	$ 0.58
Outstanding at March 31, 2020 (unaudited)	1,283	$ 32,586	$0.46—$2.14	$ 0.58

No options have been issued since December 2005.

7. Stockholders' deficit

Common Stock

There are no dividend or liquidation preference differences between the Class A or Class B common stock.

In April 2019, Vertex issued 75 shares of Class B common stock in connection with the exercise of stock options by option holders for cash of $68, net of 17 shares that were immediately returned to Vertex upon exercise in lieu of payment of income taxes payable by the option holders of $184. Vertex repurchased the 75 shares of Class B common stock in October 2019 at the request of the option holders for cash of $841.

In April 2018, Vertex issued 134 shares of Class B common stock in connection with the exercise of stock options by option holders for cash of $177, net of 22 shares that were immediately returned to Vertex upon exercise in lieu of payment of income taxes payable by the option holders of $209. Vertex repurchased the 134 shares of Class B common stock in October 2018 at the request of the option holders for cash of $1,277.

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

7. Stockholders' deficit (Continued)

At December 31, 2019 and 2018, repurchased shares ("Treasury Stock") aggregating 13,970 and 13,895, respectively, are carried at cost and included in Treasury Stock in the consolidated balance sheets. Treasury Stock includes 13,919 and 13,844 shares of Class B common stock at December 31, 2019 and 2018, respectively, and 51 shares of Class A common stock for both years.

The Board declared aggregate distributions to stockholders of the Class A and Class B common stock of $13,183 and $10,892 in December 2019 and 2018, respectively, to be paid pro rata to stockholders in January 2020 and 2019, respectively. Such amounts are reflected in distributions payable on the consolidated balance sheets. Payment of distributions to stockholders is limited by certain debt covenants.

The Board declared and paid aggregate distributions pro rata to stockholders of the Class A and Class B common stock of $4,010 during the three months ended March 31, 2020 (unaudited). In May 2020 the Board declared and paid aggregate distributions pro rata to stockholders of the Class A and Class B common stock of $123,000 (unaudited).

8. Employee benefit and deferred compensation plans

401(k) Plan

The Company maintains a 401(k) plan that covers eligible employees subject to certain age and length of service requirements. The Company matches up to 3% of eligible compensation during the period in which an eligible participant contributes to the plan. Matching contributions were $3,419 and $2,893 for the years ended December 31, 2019 and 2018, respectively, and $1,125 and $1,150 for the three months ended March 31, 2020 and 2019, respectively (unaudited). In addition, a discretionary profit-sharing contribution of 3% of eligible compensation for eligible employees was approved and aggregated $3,363 and $2,886 for the years ended December 31, 2019 and 2018, respectively, and is reflected in accrued salaries and benefits in the consolidated balance sheets.

Long-Term Rewards Plan

The Company has a long-term rewards ("LTR") plan for certain key employees which provides for compensation related to growth in certain financial measures over a three-year period (the "Reward Performance Period"), subject to achieving an annual minimum net income target (the "Net Income Target") during each year of the Reward Performance Period. Each year, eligible LTR plan participants receive an individual target award opportunity ("Award Opportunity") for a new three-year Reward Performance Period (i.e. target award grant made in 2018 is for years 2018 through 2020). For Reward Performance Periods prior to 2018, compensation earned for growth in the financial measures over each Reward Performance Period is paid in cash in the year following the end of the respective Reward Performance Period, assuming the Net Income Target was achieved for each year of the respective Reward Performance Period. Starting in 2018, the Net Income Target is only required to be achieved in the final year of the Reward Performance Period. Estimated compensation is recorded during each year of a Reward Performance Period ("accrued LTR Award Opportunities").

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

8. Employee benefit and deferred compensation plans (Continued)

Compensation expense of $2,462 and $2,012 was recorded in the consolidated statements of comprehensive income (loss) for accrued LTR Award Opportunities for the years ended December 31, 2019 and 2018, respectively, and $798 and $492 for the three months ended March 31, 2020 and 2019, respectively (unaudited), for open Reward Performance Periods. The Net Income Target was not achieved in 2018, which would have resulted in the LTR Award Opportunities being zero for the three-year Reward Performance Periods that started in 2016 and 2017. The Board waived the 2018 Net Income Target requirement for these Reward Performance Periods. Amounts to be paid to participants in 2020 for the Reward Performance Period starting in 2017 of $2,717, and amounts paid in 2019 for the Reward Performance Period that started in 2017 are reflected in deferred compensation, current in the consolidated balance sheets as of December 31, 2019 and 2018, respectively. The remaining balances of accrued LTR Award Opportunities for open Reward Performance Periods of $1,812 and $2,085 at December 31, 2019 and 2018, respectively, and $2,610 as of March 31, 2020 (unaudited) are reflected in deferred compensation, net of current portion, in the consolidated balance sheets.

SAR Plan

The Company has a SAR plan for the purpose of providing incentives to key members of management to contribute to the growth and financial success of the Company. SAR plan awards ("SAR Awards") are represented as a fixed number of shares of Class B common stock ("SAR Units"). SAR Units outstanding aggregated 4,092 and 3,557 at December 31, 2019 and 2018, respectively, and 4,051 at March 31, 2020 (unaudited). SAR Units are issued at the equivalent of the fair value of the equivalent number of shares of the Company's Class B common stock on the grant date ("Base Value"), as determined by the Board with assistance from management and an independent third-party valuation provider, and compensation is based upon the appreciation of the SAR Units in excess of the Base Value over the service vesting period. SAR Awards are exercisable upon 50% vesting or upon the occurrence of a triggering event.

Vested SAR units are redeemed upon the occurrence of a triggering event. Triggering events include: (i) expiration of the term of the SAR; (ii) a change of control of the Company whereby stockholders holding at least 50% of the voting stock of the company sell their shares; (iii) a merger of the Company with an unrelated third-party; (iv) an initial public offering; and (v) death, disability or retirement of a SAR participant.

SAR participants are limited to exercising no more than 25% of their vested SAR Units in any given year. SAR Awards generally vest 50% and 100% after two years and five years, respectively, from the grant date, or as determined by the Board. Maximum contractual terms range from ten years to term of employment of the participant. SAR Awards are settled in cash only, not through the issuance of shares. SAR Award exercises are limited each year to the proportion of the vested SAR units to the total units outstanding multiplied by adjusted net cash from operating activities (the "Liquidity Pool"), which is defined as cash from operating activities less cash paid for property and equipment and capitalized software for a given period.

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

8. Employee benefit and deferred compensation plans (Continued)

The below table represents SAR activity for the following periods:

	Vested Units	Nonvested Units	Total Units	Range of Grant Values
Balance, January 1, 2018	1,803	1,503	3,306	$2.77–$9.50
Granted	49	542	591	$9.50
Exercised	(319)	—	(319)	$2.77–$7.50
Forfeited	—	(21)	(21)	$7.50
Vested	430	(430)	—	
Balance, December 31, 2018	1,963	1,594	3,557	$2.77–$9.50
Granted	99	704	803	$11.20
Exercised	(203)	—	(203)	$3.94–$7.50
Forfeited	—	(65)	(65)	$6.40–$7.50
Vested	210	(210)	—	
Balance, December 31, 2019	2,069	2,023	4,092	$2.77–$11.20
Granted (unaudited)	7	227	234	$14.10
Exercised (unaudited)	(254)	—	(254)	$3.94–$7.50
Forfeited (unaudited)	—	(21)	(21)	$7.50
Vested (unaudited)	418	(418)	—	
Balance, March 31, 2020 (unaudited)	2,240	1,811	4,051	$2.77–$14.10

The weighted average grant date intrinsic value of the SARs on grant date is zero as the Company's Board grants all awards at a price per share not less than the per share fair value of the Company's Class B common stock underlying such awards on the date of grant.

During the years ended December 31, 2019 and 2018, $9,460 and $5,108, respectively, and the three months ended March 31, 2020 and 2019, $34,920 and $1,310, respectively (unaudited), was recorded as compensation expense in the consolidated statements of comprehensive income (loss) to reflect the appreciation in value of the vested portion of outstanding SAR Awards over the Base Value from the grant date. SAR Awards totaling $1,229 and $1,825 were exercised during 2019 and 2018, respectively, and $2,391 during the three months ended March 31, 2020 (unaudited). Accrued SAR Awards of $5,790 and $3,979 at December 31, 2019 and 2018, respectively, and $5,790 at March 31, 2020 (unaudited), representing SAR Units scheduled for redemption and 25% of the vested SAR Units eligible for exercise in 2020 and 2019, respectively, are reflected in deferred compensation in the consolidated balance sheets. The remaining balances of accrued SAR Awards of $16,506 and $10,086 at December 31, 2019 and 2018, respectively, and $49,035 at March 31, 2020 (unaudited) are reflected as deferred compensation, net of current portion, in the consolidated balance sheets. We had approximately $3,900 and $16,772 of total unrecognized compensation expense for unvested SAR Awards at December 31, 2019 and March 31, 2020 (unaudited), respectively, which we expect to recognize over a period of approximately one to five years.

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

9. Related parties

The Company advanced amounts to certain stockholders of the Company of $283 and $140 at December 31, 2019 and 2018, respectively, and $218 at March 31, 2020 (unaudited). These amounts are non-interest bearing as they are short-term in nature and repaid within three months. These amounts are included in advances to stockholders in the consolidated balance sheets.

10. Commitments and contingencies

The Company leases office space under operating leases that expire at various dates through September 2028. Rent expense under all property operating leases was $6,408 and $6,291 for the years ended December 31, 2019 and 2018, respectively, and $1,697 and $1,518 for the three months ended March 31, 2020 and 2019, respectively (unaudited). These amounts are reflected in general and administrative expense in the consolidated statements of comprehensive income (loss).

Future minimum lease obligations as of December 31, 2019 for all operating property leases for all future years, excluding operating costs, are as follows:

Years Ending December 31,	
2020	$ 4,534
2021	4,486
2022	3,944
2023	4,007
2024	3,996
Thereafter	14,947
Total	$ 35,914

11. Income taxes

The components of net income (loss) before income taxes, by geography, consists of the following for the years ended December 31:

	2019	2018
U.S.	$ 32,131	$ (1,999)
Foreign	(1,229)	(2,428)
Net income (loss) before income taxes	$ 30,902	$ (4,427)

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

11. Income taxes (Continued)

Income tax benefit (expense) consists of the following for the years ended December 31:

	2019	2018
Current income taxes:		
State and local	$ (578)	$ (537)
Foreign	(115)	(295)
Total current	(693)	(832)
Deferred income taxes:		
State and local	677	(818)
Foreign	171	(29)
Total deferred	848	(847)
Income tax benefit (expense)	$ 155	$ (1,679)

The reconciliation of the effective tax rate to tax at the statutory rates for the years ended December 31 is as follows:

	2019		2018	
	Total	Tax Rate	Total	Tax Rate
Pretax net income (loss)	$ 30,902		$ (4,427)	
Taxes:				
U.S. federal income tax at statutory rate	—	0.0%	—	0.0%
State income taxes	$ (98)	(0.3%)	$ 1,355	(30.6%)
Impact of foreign operations	(57)	(0.2%)	324	(7.3%)
Taxes and effective tax rate	$ (155)	(0.5%)	$ 1,679	(37.9%)

Vertex, Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2019 and 2018 and
March 31, 2020 and 2019 (unaudited)

(Amounts in thousands, except per share data)

11. Income taxes (Continued)

Significant components of the Company's net deferred tax assets (liabilities) are as follows at December 31:

	2019	2018
Deferred tax assets:		
Deferred revenue	$ 326	$ 209
State operating loss carry forwards	56	73
Foreign loss carry forwards	217	13
Accrued expenses	98	116
Accrued variable compensation	(47)	(49)
Deferred compensation	548	384
Other	46	13
Deferred tax assets	1,244	759
Valuation allowance	(46)	(13)
Total deferred tax assets	1,198	746
Deferred tax liabilities:		
Depreciation and amortization	(860)	(754)
Prepaid expenses	(40)	(45)
Total deferred tax liabilities	(900)	(799)
Net deferred tax asset (liability)	$ 298	$ (53)

At December 31, 2019, the Company has available foreign operating losses of approximately $1,169, some of which expire as early as 2025, and others which carry forward indefinitely. In addition, the Company has $54 of foreign non-operating losses, which carryforward indefinitely. A valuation allowance for a portion of the foreign operating and all of the foreign non-operating losses are recorded at December 31, 2019 and 2018.

At December 31, 2019, the Company has available U.S. state operating loss carry forwards of $1,255 which expire through 2026. Management expects to fully utilize these state operating loss carry forwards.

The Company files tax returns as prescribed by the tax laws of the jurisdictions in which the Company operates. Under applicable U.S. federal statutes, tax years ended December 31, 2016 through December 31, 2019 remain subject to examination. Under applicable statutes, state and foreign corporate tax returns filed for the Company and its respective foreign subsidiaries for years ended December 31, 2014 through December 31, 2019 remain subject to examination by the respective authorities.

The Company used an annual effective tax rate approach to calculate income taxes for the three months ended March 31, 2020 and 2019. The annual effective tax rate differs from the U.S. federal statutory rate due primarily to state tax expense in states that do not recognize the federal S corporation election but instead tax the Company at the corporate level. Income taxes for international operations are not material for the three months ended March 31, 2020 and 2019 (unaudited).

The effective income tax rate was an expense of (0.9%) and 2.7% for the three months ended March 31, 2020 and 2019, respectively (unaudited). The difference is due primarily to a pretax loss for the three months ended March 31, 2020 from an increase in deferred compensation costs during the quarter.

Through and including , 2020 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

21,150,000 Shares

Vertex, Inc.

Class A Common Stock

PROSPECTUS

, 2020

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth the costs and expenses, other than the underwriting discounts and commissions, payable by the registrant in connection with the offering and sale of the Class A common stock being registered. All amounts shown are estimates except for the SEC registration fee, the Financial Industry Regulatory Authority, Inc. ("FINRA") filing fee and the exchange listing fee.

	Amount Paid or to Be Paid
SEC registration fee	$ 50,513
FINRA filing fee	58,874
Exchange listing fee	25,000
Printing and engraving expenses	250,000
Legal fees and expenses	3,000,000
Accounting fees and expenses	1,700,000
Transfer agent and registrar fees and expenses	450,000
Miscellaneous expenses	810,613
Total	$ 6,345,000

Item 14. Indemnification of Directors and Officers

Section 102 of the General Corporation Law of the State of Delaware permits a corporation to eliminate the personal liability of directors of a corporation to the corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director, except where the director breached his or her duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. We expect to adopt an amended and restated certificate of incorporation, or Amended Charter, which will become effective upon the consummation of this offering, and which will provide that none of our directors shall be personally liable to us or to our stockholders for monetary damages for any breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability, except to the extent that the General Corporation Law of the State of Delaware prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty.

Section 145 of the General Corporation Law of the State of Delaware provides that a corporation has the power to indemnify a director, officer, employee or agent of the corporation, or a person serving at the request of the corporation for another corporation, partnership, joint venture, trust or other enterprise in related capacities, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with an action, suit or proceeding to which he or she was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of such position, if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful, except that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or other adjudicating court determines that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and

reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Upon consummation of this offering, our Amended Charter and our amended and restated bylaws, or Amended Bylaws, will provide indemnification for our directors and officers to the fullest extent permitted by the General Corporation Law of the State of Delaware, subject to certain limited exceptions. We will indemnify each person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of us) by reason of the fact that he or she is or was, or has agreed to become, a director or officer, or is or was serving, or has agreed to serve, at our request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (all such persons being referred to as an "Indemnitee"), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding and any appeal therefrom, if such Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, and, with respect to any criminal action or proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful. Our Amended Charter and Amended Bylaws will provide that we will indemnify any Indemnitee who was or is a party to an action or suit by or in the right of us to procure a judgment in our favor by reason of the fact that the Indemnitee is or was, or has agreed to become, a director or officer, or is or was serving, or has agreed to serve, at our request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees) and, to the extent permitted by law, amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding, and any appeal therefrom, if the Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, except that no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to us, unless a court determines that, despite such adjudication but in view of all of the circumstances, he or she is entitled to indemnification of such expenses. Notwithstanding the foregoing, to the extent that any Indemnitee has been successful, on the merits or otherwise, he or she will be indemnified by us against all expenses (including attorneys' fees) actually and reasonably incurred in connection therewith. Expenses must be advanced to an Indemnitee under certain circumstances.

We have entered into indemnification agreements with each of our directors. Prior to the consummation of this offering, we entered into separate indemnification agreements with each of our executive officers. Each indemnification agreement provides, or will provide, among other things, for indemnification to the fullest extent permitted by law and our Amended Charter and Amended Bylaws against any and all expenses, judgments, fines, penalties and amounts paid in settlement of any claim. The indemnification agreements will provide for the advancement or payment of all expenses to the indemnitee and for the reimbursement to us if it is found that such indemnitee is not entitled to such indemnification under applicable law and our Amended Charter and Amended Bylaws.

We maintain a general liability insurance policy that covers certain liabilities of directors and officers of our corporation arising out of claims based on acts or omissions in their capacities as directors or officers.

In any underwriting agreement we enter into in connection with the sale of common stock being registered hereby, the underwriters will agree to indemnify, under certain conditions, us, our directors, our officers and persons who control us within the meaning of the Securities Act of 1933, as amended (the "Securities Act") against certain liabilities.

Item 15. Recent Sales of Unregistered Securities

The following sets forth information regarding all unregistered securities sold by us since January 1, 2017:

2007 Plan-Related Issuances

From January 1, 2017 through February 5, 2020, we granted to our directors, officers and employees 1,950,331 SARs as the long term equity incentive component of our compensation program under the 2007 Plan. The SARs generally entitle their holder, upon exercise, to receive from us an amount in cash equal to the appreciation of the shares subject to the award between the grant date and the exercise date. In connection with this offering, holders of outstanding SARs were offered the opportunity to amend outstanding SARs, whether vested or unvested, so that they become options to purchase shares of our Class A common stock. These options will cover an equal number of shares as the amended SARs and have an exercise price per share equal to the base price of an amended SAR, subject to any stock split that occurs in connection with this offering. The SARs granted between January 1, 2017 and February 5, 2020 have exercise prices ranging from $8.00 to $14.10 under our 2007 Plan prior to giving effect to the stock split to be effectuated in connection with this offering.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering. Unless otherwise stated, the sales of the above securities were deemed to be exempt from registration under the Securities Act in reliance on Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer pursuant to benefit plans and contracts relating to compensation as provided under Rule 701. All recipients had adequate access, through their relationships with us, to information about us. The issuance of these securities were made without any general solicitation or advertising.

(a) Exhibits

A list of exhibits required to be filed under this item is set forth on the Exhibit Index of this registration statement and is incorporated in this Item 16(a) by reference.

(b) Financial Statement Schedules.

Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

Item 17. Undertakings

The undersigned Registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

INDEX TO EXHIBITS

The following exhibits are filed as part of this registration statement.

Exhibit No.	
1.1*	Form of Underwriting Agreement.
3.1	Form of Amended and Restated Certificate of Incorporation of Vertex, Inc.
3.2	Form of Amended and Restated Bylaws of Vertex, Inc.
4.1*	Specimen Stock Certificate evidencing the shares of Class A common stock.
4.2*	Form of Third Amended and Restated Stockholders' Agreement.
5.1	Opinion of Latham & Watkins LLP.
10.1**	Credit Agreement by and among Vertex, Inc., the guarantors party thereto, PNC Bank, National Association, and the lenders party thereto, dated as of March 31, 2020.
10.2**	First Amendment to Loan Documents, by and among Vertex, Inc., the guarantors party thereto, the lenders party thereto and PNC Bank, National Association, dated as of April 3, 2020.
10.3#	Form of Indemnification Agreement between Vertex, Inc. and each of its Executive Officers and Directors.
10.4**	2007 Stock Appreciation Plan
10.5#	Form of Executive Employment Agreement, as amended and restated, by and between Vertex, Inc. and Lisa Butler.
10.6#	Executive Employment Agreement, as amended and restated, by and between Vertex, Inc. and David DeStefano.
10.7#	Form of Executive Employment Agreement, as amended and restated, by and between Vertex, Inc. and Bryan Rowland.
10.8#	Form of Executive Employment Agreement, as amended and restated, by and between Vertex, Inc. and John Schwab.
10.9	Form of S Corporation Termination and Tax Sharing Agreement.
10.10#	Vertex Inc. & Subsidiaries 2010 Long-Term Rewards Plan
10.11#	Vertex Inc. & Subsidiaries 2018 Long-Term Rewards Plan
10.12#	Form of Stock Option Amendment Agreement
10.13#	Form of Option Award Agreement under 2020 Incentive Award Plan for Amended Options
10.14#	Form of Option Award Agreement under 2020 Incentive Award Plan for Amended Stock Appreciation Rights
10.15#	Vertex, Inc. 2020 Incentive Award Plan
10.16#	Form of Option Award Agreement under 2020 Incentive Award Plan
10.17#	Form of Restricted Stock Award Agreement under 2020 Incentive Award Plan
10.18#	Form of Restricted Stock Unit Award Agreement under 2020 Incentive Award Plan
10.19#	Form of Stock Award Agreement under 2020 Incentive Award Plan

Exhibit No.	
10.20#	Form of Option Transfer Agreement
10.21#	Vertex, Inc. 2020 Employee Stock Purchase Plan
10.22#	Vertex, Inc. Non-Employee Director Compensation Program
16.1**	Letter of Baker Tilly Virchow Krause, LLP to the Securities and Exchange Commission.
21.1	List of Subsidiaries.
23.1	Consent of Latham & Watkins LLP (included in Exhibit 5.1).
23.2	Consent of Crowe LLP.
24.1**	Powers of Attorney (included on the signature pages).

* To be filed by amendment.

** Previously filed.

# Indicates a management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of King of Prussia, state of Pennsylvania, on July 20, 2020.

Vertex, Inc.

By: /s/ DAVID DESTEFANO

David DeStefano
President, Chief Executive Officer and Chairperson

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ DAVID DESTEFANO David DeStefano	President, Chief Executive Officer and Chairperson (Principal Executive Officer)	July 20, 2020
/s/ JOHN SCHWAB John Schwab	Chief Financial Officer (Principal Financial Officer)	July 20, 2020
** Lisa Butler	Chief Accounting Officer (Principal Accounting Officer)	July 20, 2020
** Eric Andersen	Director	July 20, 2020
** Terrence Kyle	Director	July 20, 2020
** Kevin Robert	Director	July 20, 2020
** J. Richard Stamm	Director	July 20, 2020

Signature	Title	Date
**		
Amanda Westphal Radcliffe	Director	July 20, 2020
**		
Stefanie Westphal Thompson	Director	July 20, 2020
**		
Jeffrey Westphal	Director	July 20, 2020

**By: /s/ DAVID DESTEFANO

David DeStefano
Attorney-in-Fact

Exhibit 3.1

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION OF

VERTEX, INC.

Vertex, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "DGCL"), hereby certifies as follows:

1. The name of the corporation is Vertex, Inc. The date of the filing of its original certificate of incorporation with the Secretary of State of the State of Delaware was June 26, 2020.

2. This Amended and Restated Certificate of Incorporation (this "Certificate of Incorporation"), which restates, integrates and further amends the certificate of incorporation of this corporation as heretofore amended and restated, has been duly adopted by the corporation in accordance with Sections 242 and 245 of the DGCL and has been adopted by the requisite vote of the stockholders of the corporation, acting by written consent in lieu of a meeting in accordance with Section 228 of the DGCL.

3. The certificate of incorporation of this corporation is hereby amended and restated in its entirety to read as follows:

ARTICLE I

NAME

The name of the corporation is "Vertex, Inc." (hereinafter called the "Corporation").

ARTICLE II

REGISTERED OFFICE AND AGENT

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

ARTICLE III

PURPOSE

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

ARTICLE IV

CAPITAL STOCK

Section 1. Authorized Shares

The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is 480,000,000 shares, consisting of 300,000,000 shares of Class A Common Stock, par value $0.001 per share ("Class A Common Stock"), 150,000,000 shares of Class B Common Stock, par value $0.001 per share ("Class B Common Stock", and together with the Class A Common Stock, the "Common Stock"), and 30,000,000 shares of Preferred Stock, par value $0.001 per share ("Preferred Stock"). Subject to the rights of the holders of any series of Preferred Stock, the number of authorized shares of Class A Common Stock, Class B Common Stock or Preferred Stock may be increased or decreased (but not below (i) the number of shares thereof then outstanding and (ii) with respect to the Class A Common Stock, the number of shares of Class A Common Stock reserved pursuant to Section 2(i) of this Article IV) by the affirmative vote of the holders of capital stock representing a majority of the voting power of all the then-outstanding shares of capital stock of the Corporation entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the DGCL.

Section 2. Class A Common Stock and Class B Common Stock

The following is a statement of the designations and the powers, preferences, privileges and rights, and the qualifications, limitations or restrictions thereof in respect of each class of Common Stock of the Corporation.

Unless otherwise indicated, references to "Sections" or "Subsections" in this Section 2 of this Article IV refer to sections and subsections of Section 2 of this Article IV.

(a) Equal Status; General. Except as otherwise provided in this Certificate of Incorporation or required by applicable law, shares of Class A Common Stock and Class B Common Stock shall have the same rights, privileges and powers, rank equally (including as to dividends and distributions, and upon any liquidation, dissolution, distribution of assets or winding up of the Corporation), share ratably and be identical in all respects and as to all matters. The voting, dividend, liquidation and other rights, powers and preferences of the holders of Class A Common Stock and Class B Common Stock are subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock of any series as may be designated by the Board of Directors of the Corporation (the "Board") upon any issuance of the Preferred Stock of any series.

(b) Voting. Except as otherwise required by applicable law, at all meetings of stockholders and on all matters submitted to a vote of stockholders of the Corporation generally, each holder of Class A Common Stock, as such, shall have the right to one (1) vote per share of Class A Common Stock held of record by such holder and each holder of Class B Common Stock, as such, shall have the right to ten (10) votes per share of Class B Common Stock held of record by such holder. Except as otherwise required by applicable law or provided in this Certificate of

Incorporation, the holders of shares of Class A Common Stock and Class B Common Stock, as such, shall (i) at all times vote together as a single class on all matters (including the election of directors) submitted to a vote of the stockholders of the Corporation generally, (ii) be entitled to notice of any stockholders' meeting in accordance with the Amended and Restated Bylaws of the Corporation (as the same may be amended and/or restated from time to time, the "Bylaws"), and (iii) be entitled to vote upon such matters and in such manner as may be provided by applicable law; *provided*, *however*, that, except as otherwise required by applicable law, holders of Class A Common Stock and Class B Common Stock as such, shall not be entitled to vote on any amendment to this Certificate of Incorporation that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Certificate of Incorporation or applicable law. There shall be no cumulative voting.

(c) Dividend Rights. Shares of Class A Common Stock and Class B Common Stock shall be treated equally, identically and ratably, on a per share basis, with respect to any dividends as may be declared and paid from time to time by the Board out of any assets of the Corporation legally available therefor; *provided*, *however*, that in the event a dividend is paid in the form of shares of Class A Common Stock or Class B Common Stock (or rights to acquire, or securities convertible into or exchangeable for, such shares), then holders of Class A Common Stock shall be entitled to receive shares of Class A Common Stock (or rights to acquire, or securities convertible into or exchangeable for, such shares, as the case may be), and holders of Class B Common Stock shall be entitled to receive shares of Class B Common Stock (or rights to acquire, or securities convertible into or exchangeable for, such shares, as the case may be), with holders of shares of Class A Common Stock and Class B Common Stock receiving, on a per share basis, an identical number of shares of Class A Common Stock or Class B Common Stock (or rights to acquire, or securities convertible into or exchangeable for, such shares, as the case may be), as applicable. Notwithstanding the foregoing, the Board may pay or make a disparate dividend per share of Class A Common Stock or Class B Common Stock (whether in the amount of such dividend payable per share, the form in which such dividend is payable, the timing of the payment, or otherwise) if such disparate dividend is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class.

(d) Subdivisions, Combinations or Reclassifications. Shares of Class A Common Stock or Class B Common Stock may not be subdivided, combined or reclassified unless the shares of the other class is concurrently therewith proportionately subdivided, combined or reclassified in a manner that maintains the same proportionate equity ownership between the holders of the outstanding Class A Common Stock and Class B Common Stock on the record date for such subdivision, combination or reclassification; *provided*, *however*, that shares of one such class may be subdivided, combined or reclassified in a different or disproportionate manner if such subdivision, combination or reclassification is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class.

(e) Liquidation, Dissolution or Winding Up. Subject to the preferential or other rights of any holders of Preferred Stock then outstanding, upon the dissolution, distribution of assets, liquidation or winding up of the Corporation, whether voluntary or involuntary, holders of

Class A Common Stock and Class B Common Stock will be entitled to receive ratably all assets of the Corporation available for distribution to its stockholders unless disparate or different treatment of the shares of each such class with respect to distributions upon any such liquidation, dissolution, distribution of assets or winding up is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class.

(f) Certain Transactions.

(1) Merger or Consolidation. In the case of any distribution or payment in respect of the shares of Class A Common Stock or Class B Common Stock, or any consideration into which such shares are converted, upon the consolidation or merger of the Corporation with or into any other entity, such distribution, payment or consideration that the holders of shares of Class A Common Stock or Class B Common Stock have the right to receive, or the right to elect to receive, shall be made ratably on a per share basis among the holders of the Class A Common Stock and Class B Common Stock as a single class; *provided, however*, that shares of such classes may receive, or have the right to elect to receive, different or disproportionate consideration in connection with such consolidation, merger or other transaction if (a) the only difference in the per share consideration to the holders of the Class A Common Stock and Class B Common Stock is that any securities distributed to the holder of, or issuable upon the conversion of, a share of Class B Common Stock have ten (10) times the voting power of any securities distributed to the holder of, or issuable upon the conversion of, a share of Class A Common Stock or (b) such different or disproportionate consideration is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class.

(2) Third-Party Tender or Exchange Offers. The Corporation may not enter into any agreement pursuant to which a third party may by tender or exchange offer acquire any shares of Class A Common Stock or Class B Common Stock unless the holders of (a) the Class A Common Stock shall have the right to receive, or the right to elect to receive, the same form of consideration and the same amount of consideration on a per share basis as the holders of the Class B Common Stock would receive, or have the right to elect to receive, and (b) the Class B Common Stock shall have the right to receive, or the right to elect to receive, the same form of consideration and the same amount of consideration on a per share basis as the holders of the Class A Common Stock would receive, or have the right to elect to receive; *provided, however*, that shares of such classes may receive, or have the right to elect to receive, different or disproportionate consideration in connection with such tender or exchange offer if (a) the only difference in the per share consideration to the holders of the Class A Common Stock and Class B Common Stock is that any securities exchanged for a share of Class B Common Stock have ten (10) times the voting power of any securities exchanged for a share of Class A Common Stock or (b) such different or disproportionate consideration is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class.

(g) Special Approval Rights. Notwithstanding any other provision of this Certificate of Incorporation, so long as any shares of Class B Common Stock remain outstanding, the Corporation shall not, and shall cause all direct or indirect subsidiaries of the Corporation to

not, take any of the following actions (whether by merger, consolidation or otherwise) without the prior affirmative vote of the holders of a majority of the outstanding shares of Class B Common Stock, voting as a separate class:

(1) Amend or modify this Certificate of Incorporation, the Bylaws, or any other Organizational Documents of the Corporation or any of the Corporation's subsidiaries, in a manner adverse to the holders of Class B Common Stock; or

(2) a Change of Control Transaction.

(h) Conversion.

(1) Optional Conversion of Class B Common Stock. Each share of Class B Common Stock shall be convertible into one (1) fully paid and nonassessable share of Class A Common Stock at the option of the holder thereof at any time upon written notice to the Corporation (an "Optional Class B Conversion Event"). Before any holder of Class B Common Stock shall be entitled to convert any shares of Class B Common Stock into shares of Class A Common Stock pursuant to this Section 2(h)(1), such holder shall surrender the certificate or certificates therefor (if any), duly endorsed, at the principal corporate office of the Corporation or of any transfer agent for the Class B Common Stock, and shall provide written notice to the Corporation at its principal corporate office, of such conversion election and shall state therein the name or names (i) in which the certificate or certificates representing the shares of Class A Common Stock into which the shares of Class B Common Stock are so converted are to be issued (if such shares of Class A Common Stock are certificated) or (ii) in which such shares of Class A Common Stock are to be registered in book-entry form (if such shares of Class A Common Stock are uncertificated). If the shares of Class A Common Stock into which the shares of Class B Common Stock are to be converted are to be issued in a name or names other than the name of the holder of the shares of Class B Common Stock being converted, such notice shall be accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder, or to the nominee or nominees of such holder, a certificate or certificates representing the number of shares of Class A Common Stock to which such holder shall be entitled upon such conversion (if such shares of Class A Common Stock are certificated) or shall register such shares of Class A Common Stock in book-entry form (if such shares of Class A Common Stock are uncertificated). Any conversion made pursuant to this Section 2(h)(1) shall be deemed to be effective immediately prior to the close of business on the date of such surrender of the shares of Class B Common Stock to be converted following or contemporaneously with the provision of written notice of such conversion election as required by this Section 2(h)(1) (the "Optional Conversion Effective Time"), the shares of Class A Common Stock issuable upon such conversion shall be deemed to be outstanding as of the Optional Conversion Effective Time, and the Person or Persons entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be deemed to be the record holder or holders of such shares of Class A Common Stock as of the Optional Conversion Effective Time. Notwithstanding anything herein to the contrary, shares of Class B Common Stock represented by a lost, stolen or destroyed stock certificate may be converted pursuant to an Optional Class B Conversion Event if the holder thereof notifies the Corporation or its transfer agent that such certificate has been lost, stolen or destroyed and makes an affidavit of that fact acceptable to the Corporation and executes an

agreement acceptable to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificate. Each share of Class B Common Stock that is converted pursuant to this Section 2(h)(1) shall thereupon automatically be retired and shall not be available for reissuance.

(2) Automatic Conversion of Class B Common Stock. Each share of Class B Common Stock shall automatically convert into one (1) fully paid and nonassessable share of Class A Common Stock upon the occurrence of an event described below (a "Mandatory Class B Conversion Event"):

(A) Transfers; Grants of Voting Control. Each share of Class B Common Stock shall automatically, without further action by the Corporation or the holder thereof, convert into one (1) fully paid and nonassessable share of Class A Common Stock upon (i) the occurrence of a Transfer, other than a Permitted Transfer, of such share of Class B Common Stock; or (ii) the grant by a Qualified Stockholder of Voting Control to any Person other than a Qualified Person, a trustee of a Qualified Trust, or an Applicable Proxy.

(B) Reduction in Voting Power. Each outstanding share of Class B Common Stock shall automatically, without further action by the Corporation or the holder thereof, convert into one (1) fully paid and nonassessable share of Class A Common Stock upon the first date on which the voting power of all then-outstanding shares of Class B Common Stock represents less than ten percent (10%) of the combined voting power of all then-outstanding shares of Common Stock.

(C) Affirmative Vote. Each outstanding share of Class B Common Stock shall automatically, without further action by the Corporation or the holder thereof, convert into one (1) fully paid and nonassessable share of Class A Common Stock upon the date specified by the holders of at least seventy-five percent (75%) of the then outstanding shares of Class B Common Stock, voting as a separate class.

(3) Certificates. Each outstanding stock certificate (if shares are in certificated form) that, immediately prior to the occurrence of a Mandatory Class B Conversion Event, represented one or more shares of Class B Common Stock subject to such Mandatory Class B Conversion Event shall, upon such Mandatory Class B Conversion Event, be deemed to represent an equal number of shares of Class A Common Stock, without the need for surrender or exchange thereof. The Corporation shall, upon the request of any holder whose shares of Class B Common Stock have been converted into shares of Class A Common Stock as a result of a Mandatory Class B Conversion Event and upon surrender by such holder to the Corporation of the outstanding certificate(s) formerly representing such holder's shares of Class B Common Stock, if any (or, in the case of any lost, stolen or destroyed certificate, upon such holder providing an affidavit of that fact acceptable to the Corporation and executing an agreement acceptable to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificate), issue and deliver to such holder certificate(s) representing the shares of Class A Common Stock into which such holder's shares of Class B Common Stock were converted as a result of such Mandatory Class B Conversion Event (if such shares are certificated) or, if such shares are uncertificated, register such shares in book-entry form. Each share of Class B Common

Stock that is converted pursuant to this Section 2(h)(2) shall thereupon automatically be retired and shall not be available for reissuance.

(4) Policies and Procedures. The Corporation may, from time to time, establish such policies and procedures, not in violation of applicable law or the other provisions of this Certificate of Incorporation or the Bylaws, relating to the conversion of the Class B Common Stock into Class A Common Stock, as it may deem necessary or advisable in connection therewith. If the Corporation has reason to believe that a Transfer, an Optional Class B Conversion Event or Mandatory Class B Conversion Event giving rise to a conversion of shares of Class B Common Stock into Class A Common Stock has occurred but has not theretofore been reflected on the books of the Corporation (or in book-entry as maintained by the transfer agent of the Corporation), the Corporation may request that the holder of such shares furnish affidavits or other evidence to the Corporation as the Corporation deems necessary to determine whether a conversion of shares of Class B Common Stock to Class A Common Stock has occurred, and if such holder does not within ten (10) days after the date of such request furnish sufficient evidence to the Corporation (in the manner provided in the request) to enable the Corporation to determine that no such conversion has occurred, any such shares of Class B Common Stock, to the extent not previously converted, shall be automatically converted into shares of Class A Common Stock and the same shall thereupon be registered on the books and records of the Corporation (or in book-entry as maintained by the transfer agent of the Corporation). In connection with any action of stockholders taken at a meeting, the stock ledger of the Corporation (or in book-entry as maintained by the transfer agent of the Corporation) shall be presumptive evidence as to who are the stockholders entitled to vote in person or by proxy at any meeting of stockholders and the class or classes or series of shares held by each such stockholder and the number of shares of each class or classes or series held by such stockholder.

(i) Reservation of Stock. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock, solely for the purpose of effecting the conversion of the shares of Class B Common Stock, such number of shares of Class A Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Class B Common Stock into shares of Class A Common Stock.

(j) Protective Provision. The Corporation shall not, whether by merger, consolidation or otherwise, amend, alter, repeal or waive any provision of Section 2 of this Article IV (or adopt any provision inconsistent therewith), unless such action is first approved by the affirmative vote (or written consent) of the holders of a majority of the then-outstanding shares of Class B Common Stock, voting as a separate class, in addition to any other vote required by applicable law, this Certificate of Incorporation or the Bylaws.

(k) Definitions. For purposes of this Article IV:

(1) "2001 Trust" means each of (i) those two separate and distinct trusts for the respective primary benefit of Antoinette R. Radcliffe and Kailey A. Radcliffe under The Trust of Amanda W. Radcliffe dated October 5, 2001, and that certain trust known as the "Third Party Funded Special Needs Trust for Callum W. Radcliffe" dated May 15, 2015, (ii) those three separate and distinct trusts for the respective primary benefit of Anne Marie Westphal, Kyle R. Westphal and Jacob J. Westphal under The Trust of Jeffrey R. Westphal dated October 5, 2001,

and (iii) those four separate and distinct trusts for the respective primary benefit of Andrea P. Schmerin (f/k/a Andrea P. Lucas), Melanie H. Lucas, Mackenzie S. Lucas and Samantha W. Lucas under The Trust of Stefanie W. Lucas dated October 5, 2001.

(2) "2009 Trust" means each of (i) The Amanda W. Radcliffe Generation-Skipping Trust, (ii) The 2009 Jeffrey R. Westphal Generation-Skipping Trust and (iii) The 2009 Stefanie W. Lucas Generation-Skipping Trust.

(3) "Applicable Proxy" means the President of the Corporation and any other person designated by the Board, and each of them, whom a holder of Class B Common Stock (a "Class B Stockholder") has constituted and appointed as such Class B Stockholder's true and lawful proxy and attorney-in-fact, with full power of substitution, to represent and vote all of such Class B Stockholder's shares of Common Stock in accordance with the obligations of such Class B Stockholder to vote such Class B Stockholder's shares of Common Stock pursuant to an agreement entered into with the Corporation and other Class B Stockholders (the "Voting Obligations"), so long as:

(A) the Applicable Proxy may exercise the irrevocable proxy granted to it at any time any Class B Stockholder fails to vote (including by failing to cause such Class B Stockholder's shares to be present at the meeting) or attempts to vote (whether by proxy, in person or by written consent) in a manner that does not comply with the Voting Obligations;

(B) the proxies and powers granted by such Class B Stockholder to the Applicable Proxy shall be irrevocable until the termination of the agreement to which the Voting Obligations relate and shall, to the fullest extent permitted by law, survive the death, incompetency and disability of each such Class B Stockholder who is an individual and the existence of each such Class B Stockholder that is a trust or other entity; and

(C) the Applicable Proxy may not use such irrevocable proxy unless a Class B Stockholder fails to vote (including by failing to cause such Class B Stockholder's shares to be present at the meeting) or attempts to vote (whether by proxy, in person or by written consent) in a manner that does not comply with the Voting Obligations and, to the extent the Applicable Proxy uses such irrevocable proxy, it will only vote such Class B Stockholder's shares of Common Stock with respect to the matters specified in, and in accordance with the provisions of the Voting Obligations.

(4) "Business Day" means any day other than a Saturday, Sunday or other day in the City of New York on which banking institutions are authorized or required by applicable law or regulations to close.

(5) "Change of Control Transaction" means (i) the sale, lease, exchange, or other disposition (other than liens and encumbrances created in the ordinary course of business, including liens or encumbrances to secure indebtedness for borrowed money that are approved by the Board, so long as no foreclosure occurs in respect of any such lien or encumbrance) of all or substantially all of the Corporation's property and assets (which shall for such purpose include the property and assets of any direct or indirect subsidiary of the Corporation), *provided* that any sale, lease, exchange or other disposition of property or assets

exclusively between or among the Corporation and any direct or indirect subsidiary or subsidiaries of the Corporation shall not be deemed a "Change of Control Transaction"; (ii) the sale, lease, exchange, or other disposition (other than liens and encumbrances created in the ordinary course of business, including liens or encumbrances to secure indebtedness for borrowed money that are approved by the Board, so long as no foreclosure occurs in respect of any such lien or encumbrance) of assets of the Corporation (which shall for such purpose include the property and assets of any direct or indirect subsidiary of the Corporation) that generated at least fifty percent (50%) of the consolidated annual revenues of the Corporation and its direct and indirect subsidiaries, taken as a whole, as of the most recent audited annual income statement preceding the execution and delivery of an agreement to effect such sale, lease, exchange or other disposition; (iii) the merger, consolidation, business combination, or other similar transaction of the Corporation with any other entity, other than a merger, consolidation, business combination, or other similar transaction that would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its Parent) more than fifty percent (50%) of the total voting power represented by the voting securities of the Corporation (or of the surviving entity, or in the case that the Corporation or the surviving entity is a wholly owned subsidiary following the transaction, of its ultimate Parent) and more than fifty percent (50%) of the total number of outstanding shares of the Corporation's (or the surviving entity's, or in the case that the Corporation or the surviving entity is a wholly owned subsidiary following the transaction, of the ultimate Parent's) capital stock, in each case as outstanding immediately after such merger, consolidation, business combination, or other similar transaction, and the stockholders of the Corporation immediately prior to the merger, consolidation, business combination, or other similar transaction continuing to own voting securities of the Corporation, the surviving entity or its Parent immediately following the merger, consolidation, business combination, or other similar transaction in substantially the same proportions (vis a vis each other) as such stockholders owned of the voting securities of the Corporation immediately prior to the transaction; and (iv) a recapitalization, liquidation, dissolution, or other similar transaction involving the Corporation or any of its subsidiaries.

(6) "Family Member" means, for any individual, (i) a lineal descendant of such individual by blood or adoption (a "Descendant"), (ii) any spouse or widow or widower of such Descendant (but not a divorced former spouse or a spouse from whom such Descendant currently is, or at the time of his or her death was, legally separated) or (iii) any stepchild or lineal descendant by blood or adoption of a stepchild of such Descendant. Notwithstanding the foregoing, an adopted person whose adoption did not either occur during the adopted person's minority or reflect an earlier parent-child relationship with the adopting parent that had existed during the adopted person's minority, shall not be treated as the child of his or her adopted parent, and such adopted person and his or her lineal descendants shall not be treated as the lineal descendants of the adopted parent or of any ancestor of the adopted parent.

(7) "Fiduciary" means a Person who (a) is an executor, personal representative, administrator, trustee, manager, managing member, general partner, director,

officer or any other agent of a Person and (b) manages, controls or otherwise has decision-making authority with respect to such Person.

(8) "Founder" means Amanda W. Radcliffe, Jeffrey R. Westphal, or Stefanie W. Thompson (formerly known as Stefanie W. Lucas).

(9) "Founder Qualified Stockholder" means a Qualified Stockholder who is also a Founder.

(10) "IPO Date" means the date of the consummation of the Corporation's initial public offering of shares of its Class A Common Stock.

(11) "Liquidation Event" means any liquidation, dissolution, or winding up of the Corporation, whether voluntary or involuntary, or any Change of Control Transaction.

(12) "Organizational Documents" means, with respect to any Person (other than an individual), (a) the certificate or articles of association or incorporation or organization or limited partnership or limited liability company, and any joint venture, limited liability company, operating or partnership agreement and other similar documents adopted or filed in connection with the creation, formation or organization of such Person and (b) all bylaws, regulations and similar documents or agreements relating to the organization or governance of such Person, in each case, as amended or supplemented.

(13) "Parent" of an entity means any entity that directly or indirectly owns or controls a majority of the voting power of the voting securities of such entity.

(14) "Permitted Entity" means with respect to a Qualified Stockholder:

(A) a Qualified Trust;

(B) a Qualified Foundation;

(C) any general partnership, limited partnership, limited liability company, corporation, public benefit corporation or other entity exclusively owned by (i) one or more Qualified Stockholders, (ii) one or more Family Members of such Qualified Stockholders and/or (iii) any other Permitted Entity of such Qualified Stockholders; or

(D) the estate of a Qualified Stockholder upon the death of such Qualified Stockholder, including the executor or personal representative of such estate to the extent

the executor or personal representative is acting in the capacity of executor or personal representative of such estate;

Except as explicitly provided for herein, a Permitted Entity of a Qualified Stockholder shall not cease to be a Permitted Entity of that Qualified Stockholder solely by reason of the death of that Qualified Stockholder.

(15) "Permitted Transfer" means, and is restricted to, any Transfer of a share of Class B Common Stock:

(A) by a Qualified Stockholder (or, in the case of a deceased Founder Qualified Stockholder, the executor or personal representative of the estate of such deceased Founder Qualified Stockholder) to (i) any other Qualified Stockholder or (ii) any Qualified Extended Family Member;

(B) by a Qualified Stockholder (or, in the case of a deceased Founder Qualified Stockholder, the executor or personal representative of the estate of such deceased Founder Qualified Stockholder) to any Permitted Entity of such Qualified Stockholder or of a Qualified Extended Family Member, *so long as* Voting Control over such shares is exercised by (i) such Qualified Stockholder, (ii) a Founder or Qualified Extended Family Member, (iii) a trustee of a Qualified Trust, or (iv) a Fiduciary of such Permitted Entity who is selected by such Qualified Stockholder, and whom such Qualified Stockholder has the power to remove and replace with another Fiduciary selected by such Qualified Stockholder;

(C) by a Permitted Entity of a Qualified Stockholder (or, in the case of a deceased Founder Qualified Stockholder, the executor or personal representative of the estate of such deceased Founder Qualified Stockholder) to (i) such Qualified Stockholder or one or more Qualified Extended Family Members, (ii) any other Permitted Entity of such Qualified Stockholder or (iii) any Permitted Entity of a Qualified Extended Family Member;

(D) to a broker or other nominee; *provided* that the transferor, immediately following such Transfer, retains (i) Voting Control, (ii) control over the disposition of such shares, and (iii) the economic consequences of ownership of such shares; or

(E) approved in advance by the Board, or a duly authorized committee of the Board, upon a determination that such Transfer is consistent with the purposes of the foregoing provisions of this definition of "Permitted Transfer."

For the avoidance of doubt, (i) the direct Transfer of any share or shares of Class B Common Stock by a holder thereof to any other Person shall qualify as a "Permitted Transfer" within the meaning of this Section, if such Transfer could have been completed indirectly through one or more transactions involving more than one Transfer, so long as each Transfer in such transaction or transactions would otherwise have qualified as a "Permitted Transfer" within the meaning of this Section; and (ii) each of the foregoing clauses (A) through (E) constitutes a "Permitted Transfer" within the meaning of this Section without regard to any other clause of this

Section (or any requirement of, or proviso in, any such clause) as may be applicable to such Transfer.

(16) "Permitted Transferee" means a transferee of shares of Class B Common Stock received in a Permitted Transfer.

(17) "Person" means any individual, partnership, corporation, limited liability company, association, trust, estate, or other entity.

(18) "Qualified Foundation" means any foundation that is (i) primarily for the benefit of one or more Qualified Persons or (ii) a donor-advised fund.

(19) "Qualified Extended Family Member" means a Family Member of Rainer J. Westphal.

(20) "Qualified Person" means (i) Rainer J. Westphal, (ii) a Founder, or (iii) any Qualified Extended Family Member.

(21) "Qualified Stockholder" means:

(A) any registered holder of a share of Class B Common Stock as of 11:59 p.m. Eastern Time on the IPO Date;

(B) the initial record holder of any shares of Class B Common Stock that are originally issued by the Corporation after the IPO Date upon the approval of the Board or the Compensation Committee of the Board;

(C) each natural Person who Transferred shares of or equity awards for Class B Common Stock (including any option or warrant exercisable or convertible into, or any RSU or restricted stock that can be settled in shares of, Class B Common Stock) to a Permitted Entity;

(D) any Qualified Person; and

(E) any Permitted Transferee.

(22) "Qualified Trust" means each 2009 Trust, each 2001 Trust and any other trust that (i) is primarily for the benefit of one or more Qualified Persons, and (ii) as to which, at the time the determination is made whether or not it is a Qualified Trust, no person other than a Qualified Person or another Qualified Trust is currently eligible or entitled to receive any distribution of income or principal from the trust. For avoidance of doubt, the mere possibility that, by reason of exercise of a power of appointment granted in the governing instrument or otherwise, Persons other than Qualified Persons or other Qualified Trusts might at some future date become eligible or entitled to receive distributions of income or principal from the trust shall not prevent a trust from being considered a Qualified Trust.

(23) "Transfer" means any sale, exchange, gift, bequest, pledge, hypothecation, encumbrance, descent or distribution pursuant to intestacy laws or other operation

of law, or any other direct or indirect disposition of Class B Common Stock which would change the legal or beneficial ownership thereof, including without limitation the creation of any form of common or joint ownership in Class B Common Stock between a holder of Class B Common Stock and one or more Persons. A Transfer shall also be deemed to have occurred with respect to a share of Class B Common Stock beneficially held by (x) an entity that is a Permitted Entity if there occurs any act or circumstance that causes such entity to no longer be a Permitted Entity or (y) an entity that is a Qualified Stockholder if there occurs a Transfer on a cumulative basis, from and after the IPO Date, of a majority of the voting power of the voting securities of such entity or any direct or indirect Parent of such entity. In addition, for the avoidance of doubt, a Transfer shall be deemed to have occurred if a holder that is a partnership, limited partnership, limited liability company or corporation distributes or otherwise transfers its shares of Class B Common Stock to its partners, stockholders, members or other equity owners. Notwithstanding the foregoing, none of the following (individually or in combination) shall be considered a Transfer:

(A) the granting of a revocable proxy to (i) an officer or director of the Corporation at the request of the Board in connection with actions to be taken at an annual or special meeting of stockholders or any other action of the stockholders permitted by this Certificate of Incorporation; (ii) a Qualified Person or (iii) the trustee of a Qualified Trust;

(B) the granting of a proxy to an Applicable Proxy;

(C) entering into a voting trust, agreement or arrangement (with or without granting a proxy) solely with stockholders who are holders of Class B Common Stock, which voting trust, agreement or arrangement does not involve any payment of cash, securities or other property to the holder of the shares subject thereto other than the mutual promise to vote shares in a designated manner; for the avoidance of doubt, any voting trust, agreement or arrangement entered into prior to the IPO Date shall not constitute a Transfer;

(D) the assignment, pledging, hypothecation or encumbrance ("Pledge") by a holder of Class B Common Stock (the "Pledging Stockholder") of shares of Class B Common Stock (the "Pledged Interest") to an individual or entity (the "Pledgee") for the purpose of securing the obligation of the Pledging Stockholder or any other Person to repay a loan or to render any other performance, *provided that* (i) no Pledge nor any related loan, obligation or other performance shall be conditioned upon or in any way related to the financial performance or position of the Corporation, or require a guarantee or other form of support by the Corporation or any other holder of Class B Common Stock, (ii) no Pledging Stockholder shall engage in any transaction (including a Pledge) with the Pledgee without first providing the Corporation with five (5) Business Days' prior notice of the proposed transaction with the Pledgee, and (iii) no Pledging Stockholder shall engage in any transaction (including a Pledge) with the Pledgee without first entering into an agreement (the "Pledge Agreement") with the Pledgee that expressly requires that, should the Pledgee desire and if the Pledge Agreement otherwise permits, the Pledgee may take for itself or Transfer to any Person other than the Pledging Stockholder the title to the Pledged Interest only if, prior to so taking or Transferring the Pledged Interest, the Pledgee shall allow the

Corporation or one or more holders of Class B Common Stock to assume the Pledging Stockholder's obligations under the Pledge Agreement;

(E) any change in the trustee(s) or the Person(s) and/or entity(ies) having or exercising Voting Control over shares of Class B Common Stock of a Permitted Entity, *provided* that following such change such Permitted Entity continues to be a Permitted Entity and a Founder, a Family Member of such Founder or a trustee of a Qualified Trust continues to have Voting Control over the shares of Class B Common Stock held by such Permitted Entity;

(F) the Transfer of Class B Common Stock pursuant to the terms of a planned trading program effected pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, that has been approved by at least a majority of the disinterest members of (i) the Board or (ii) a committee of the Board authorized to take such action; *provided, however*, that a sale of such shares of Class B Common Stock pursuant to such plan shall constitute a "Transfer" at the time of such sale;

(G) in connection with a Change of Control Transaction that has been approved by the Board, (1) the entering into a support, voting, tender or similar agreement or arrangement (with or without a proxy), (2) the granting of any proxy and/or (3) the tendering of any shares in any tender or exchange offer for all of the outstanding shares of Class A Common Stock and Class B Common Stock, in each case that has also been approved by the Board;

(H) due to the fact that the spouse of any holder of shares of Class B Common Stock possesses or obtains an interest in such holder's shares of Class B Common Stock arising solely by reason of the application of the community property laws of any jurisdiction, so long as no other event or circumstance shall exist or have occurred that constitutes a "Transfer" of such shares of Class B Common Stock; *provided* that any transfer of shares by any holder of shares of Class B Common Stock to such holder's spouse, including a transfer in connection with a divorce proceeding, domestic relations order or similar legal requirement, shall constitute a "Transfer" of such shares of Class B Common Stock unless otherwise exempt from the definition of Transfer; and/or

(I) in connection with a Liquidation Event that has been approved by the Board, the entering into a support, voting, tender or similar agreement, arrangement or understanding (with or without granting a proxy) or consummating the actions or transactions contemplated therein (including, without limitation, tendering shares of Class B Common Stock in connection with a Liquidation Event, the consummation of a Liquidation Event or the sale, assignment, transfer, conveyance, hypothecation or other transfer or disposition of shares of Class B Common Stock or any legal or beneficial interest in shares of Class B Common Stock in connection with a Liquidation Event), in each case that has also been approved by the Board.

(24) "Voting Control" means, with respect to a share of Class B Common Stock, the power (whether exclusive or shared) to vote or direct the voting of such share by proxy,

voting agreement or otherwise. Notwithstanding the foregoing, none of the following (individually or in combination) shall be considered a grant of Voting Control:

(A) the granting of a revocable proxy to (1) an officer or director of the Corporation at the request of the Board in connection with actions to be taken at an annual or special meeting of stockholders or any other action of the stockholders permitted by this Certificate of Incorporation, (2) a Qualified Person or, (3) the trustee of a Qualified Trust;

(B) the granting of a proxy to an Applicable Proxy;

(C) entering into a voting trust, agreement or arrangement (with or without granting a proxy) solely with stockholders who are holders of Class B Common Stock, which voting trust, agreement or arrangement does not involve any payment of cash, securities or other property to the holder of the shares subject thereto other than the mutual promise to vote shares in a designated manner;

(D) the Pledge by a Pledging Stockholder of Pledged Interest to a Pledgee for the purpose of securing the obligation of the Pledging Stockholder or any other Person to repay a loan or to render any other performance; *provided that* (i) no Pledge nor any related loan, obligation or other performance shall be conditioned upon or in any way related to the financial performance or position of the Corporation, or require a guarantee or other form of support by the Corporation or any other holder of Class B Common Stock, (ii) no Pledging Stockholder shall engage in any transaction (including a Pledge) with the Pledgee without first providing the Corporation with five (5) Business Days' prior notice of the proposed transaction with the Pledgee, and (iii) no Pledging Stockholder shall engage in any transaction (including a Pledge) with the Pledgee without first entering into a Pledge Agreement with the Pledgee that expressly requires that, should the Pledgee desire and if the Pledge Agreement otherwise permits, the Pledgee may take for itself or Transfer to any Person other than the Pledging Stockholder the title to the Pledged Interest only if, prior to so taking or Transferring the Pledged Interest, the Pledgee shall allow the Corporation or one or more holders of Class B Common Stock to assume the Pledging Stockholder's obligations under the Pledge Agreement;

(E) any change in the trustee(s) or the Person(s) and/or entity(ies) having or exercising Voting Control over shares of Class B Common Stock of a Permitted Entity, *provided* that following such change such Permitted Entity continues to be a Permitted Entity and a Founder, a Family Member of such Founder or a trustee of a Qualified Trust continues to have Voting Control over the shares of Class B Common Stock held by such Permitted Entity;

(F) the Transfer of Class B Common Stock pursuant to the terms of a planned trading program effected pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, that has been approved by at least a majority of the disinterest members of (i) the Board or (ii) a committee of the Board authorized to take such action; *provided, however*,

that a sale of such shares of Class B Common Stock pursuant to such plan shall constitute a grant of Voting Control at the time of such sale;

(G) in connection with a Change of Control Transaction that has been approved by the Board, (1) the entering into a support, voting, tender or similar agreement or arrangement (with or without a proxy), (2) the granting of any proxy and/or (3) the tendering of any shares in any tender or exchange offer for all of the outstanding shares of Class A Common Stock and Class B Common Stock, in each case that has also been approved by the Board;

(H) due to the fact that the spouse of any holder of shares of Class B Common Stock possesses or obtains an interest in such holder's shares of Class B Common Stock arising solely by reason of the application of the community property laws of any jurisdiction, so long as no other event or circumstance shall exist or have occurred that constitutes a "Transfer" of such shares of Class B Common Stock; *provided* that any transfer of shares by any holder of shares of Class B Common Stock to such holder's spouse, including a transfer in connection with a divorce proceeding, domestic relations order or similar legal requirement, shall constitute a grant of Voting Control of such shares of Class B Common Stock unless otherwise exempt from constituting a grant of Voting Control; and/or

(I) in connection with a Liquidation Event that has been approved by the Board, the entering into a support, voting, tender or similar agreement, arrangement or understanding (with or without granting a proxy) or consummating the actions or transactions contemplated therein (including, without limitation, tendering shares of Class B Common Stock in connection with a Liquidation Event, the consummation of a Liquidation Event or the sale, assignment, transfer, conveyance, hypothecation or other transfer or disposition of shares of Class B Common Stock or any legal or beneficial interest in shares of Class B Common Stock in connection with a Liquidation Event), in each case that has also been approved by the Board.

Section 3. Preferred Stock

Preferred Stock may be issued from time to time in one or more series, each of such series to have such terms as stated or expressed herein and in the resolution or resolutions providing for the issue of such series adopted by the Board as hereinafter provided. Subject to the rights of the holders of any series of Preferred Stock and except as otherwise provided by law, any shares of Preferred Stock that may be redeemed, purchased or acquired by the Corporation may be reissued by the Corporation.

Authority is hereby expressly granted to the Board from time to time to issue the Preferred Stock in one or more series and in connection with the creation of any such series, by adopting a resolution or resolutions providing for the issuance of the shares thereof and by filing a certificate of designations relating thereto in accordance with the DGCL, to determine and fix the number of shares of such series and such voting powers, full or limited, or no voting powers, and such designations, preferences and relative participating, optional or other special rights, and qualifications, limitations or restrictions thereof, including without limitation thereof, dividend rights, conversion rights, redemption privileges and liquidation preferences, as shall be stated and expressed in such resolutions, all to the full extent now or hereafter permitted by the DGCL.

Without limiting the generality of the foregoing, the resolutions providing for issuance of any series of Preferred Stock may provide that such series shall be superior, equal or junior to any other series of Preferred Stock to the extent permitted by law.

ARTICLE V

AMENDMENT OF THE CERTIFICATE OF INCORPORATION

The Corporation reserves the right to amend, alter, change, adopt or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation; *provided, however,* that notwithstanding any other provision of this Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any vote of the holders of shares of any class or series of capital stock of the Corporation required by law or by this Certificate of Incorporation, the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend or repeal, or adopt any provision of this Certificate of Incorporation inconsistent with Articles IV, V, VI, VII, VIII, IX, X, XI and XII; *provided further,* that so long as any shares of Class B Common Stock remain outstanding, the Corporation shall not, without the prior affirmative vote of the holders of a majority of the outstanding shares of Class B Common Stock, voting as a separate class, in addition to any other vote required by applicable law or this Certificate of Incorporation, directly or indirectly, whether by amendment, or through merger, recapitalization, consolidation or otherwise amend, alter, change, repeal or adopt any provision of this Certificate of Incorporation (1) in a manner that is inconsistent with, or that otherwise alters or changes, any of the voting, conversion, dividend or liquidation provisions of the shares of Class B Common Stock or other rights, powers, preferences or privileges of the shares of Class B Common Stock; (2) to provide for each share of Class A Common Stock to have more than one (1) vote per share or any rights to a separate class vote of the holders of shares of Class A Common Stock other than as provided by this Certificate of Incorporation or required by the DGCL; or (3) to otherwise adversely impact the rights, powers, preferences or privileges of the shares of Class B Common Stock in a manner that is disparate from the manner in which it affects the rights, powers, preferences or privileges of the shares of Class A Common Stock; *provided further*, so long as any shares of Class A Common Stock remain outstanding, the Corporation shall not, without the prior affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock, voting as a separate class, in addition to any other vote required by applicable law or this Certificate of Incorporation, directly or indirectly, whether by amendment, or through merger, recapitalization, consolidation or otherwise amend, alter, change, repeal or adopt any provision of this Certificate of Incorporation, to provide for each share of Class B Common Stock to have more than ten (10) votes per share or any rights to a separate class vote of the holders of shares of Class B Common Stock other than as provided by this Certificate of Incorporation or required by the DGCL. For the avoidance of doubt, nothing in the immediately preceding provisos shall limit the rights of the Board as specified in Section 3 of Article IV or in Article VI of this Certificate of Incorporation.

ARTICLE VI

AMENDMENT OF THE BYLAWS

In furtherance and not in limitation of the powers conferred upon it by the DGCL, the Board shall have the power to adopt, amend, alter or repeal the Bylaws. The stockholders shall also have the power to adopt, amend, alter or repeal the Bylaws; provided, however, that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by this Certificate of Incorporation, such action by stockholders shall require the affirmative vote of the holders of at least a majority of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

ARTICLE VII

CORPORATE OPPORTUNITIES

To the fullest extent permitted by law, the Corporation renounces any interest or expectancy of the Corporation pursuant to Section 122(17) of the DGCL in, or in being offered an opportunity to participate in, any Excluded Opportunity. An "Excluded Opportunity" is any matter, transaction, business opportunity or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of, any director of the Corporation who is not an employee or officer of the Corporation or any of its subsidiaries (a "Covered Person"), unless such matter, transaction, business opportunity or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person's capacity as a director of the Corporation.

ARTICLE VIII

BOARD OF DIRECTORS

Section 1. General Powers

The business and affairs of the Corporation shall be managed by or under the direction of the Board, except as otherwise provided by law.

Section 2. Number of Directors; Election of Directors

Subject to the rights of holders of any series of Preferred Stock to elect directors, the number of the directors of the Corporation shall be fixed from time to time by resolution of the Board.

Section 3. Classes of Directors

Subject to the rights of holders of any series of Preferred Stock to elect directors, the Board shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one third of the total number of directors constituting the entire Board. The Board is authorized to assign members of the Board already in office to Class I, Class II or Class III at the time such classification becomes effective.

Section 4. Terms of Office

Subject to the rights of holders of any series of Preferred Stock to elect directors, each director shall serve for a term ending on the date of the third annual meeting of stockholders following the annual meeting of stockholders at which such director was elected; provided that each director initially assigned to Class I shall serve for a term expiring at the Corporation's first annual meeting of stockholders held following the time at which the initial classification of the Board becomes effective; each director initially assigned to Class II shall serve for a term expiring at the Corporation's second annual meeting of stockholders held following the time at which the initial classification of the Board becomes effective; and each director initially assigned to Class III shall serve for a term expiring at the Corporation's third annual meeting of stockholders held following the time at which the initial classification of the Board becomes effective; provided further, that the term of each director shall continue until the election and qualification of his or her successor and be subject to his or her earlier death, disqualification, resignation or removal.

Section 5. Vacancies

Subject to the rights of holders of any series of Preferred Stock, any newly created directorship that results from an increase in the number of directors or any vacancy on the Board that results from the death, resignation, disqualification or removal of any director or from any other cause shall be filled solely by the affirmative vote of a majority of the total number of directors then in office, even if less than a quorum, or by a sole remaining director and shall not be filled by the stockholders. Any director elected to fill a newly created directorship or vacancy in accordance with the preceding sentence shall hold office until the next annual meeting of stockholders held to elect the class of directors to which such director is elected and until his or her successor shall be elected and qualified, subject to his or her earlier death, disqualification, resignation or removal.

Section 6. Removal

Subject to the rights of the holders of any series of Preferred Stock, (i) for so long as the holders of Class B Common Stock hold at least a majority of the voting power of the outstanding shares of Common Stock of the Corporation, any director or the entire Board may be removed from office at any time, with or without cause, by the holders of a majority in voting power of the shares of capital stock of the Corporation then entitled to vote at an election of directors and (ii) if the holders of Class B Common Stock no longer hold at least a majority of the voting power of the outstanding shares of Common Stock of the Corporation, any director or the entire Board may be removed from office at any time, but only for cause, by the holders of a majority in voting power of the shares of capital stock of the Corporation then entitled to vote at an election of directors.

Section 7. Committees

Pursuant to the Bylaws of the Corporation, the Board may establish one or more committees to which may be delegated any or all of the powers and duties of the Board to the full extent permitted by law.

Section 8. Stockholder Nominations and Introduction of Business.

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

Section 9. Preferred Stock Directors.

During any period when the holders of any series of Preferred Stock have the right to elect additional directors as provided for or fixed pursuant to the provisions of Article IV hereof or any certificate of designation of any series of Preferred Stock, then upon commencement and for the duration of the period during which such right continues: (i) the then otherwise total number of authorized directors of the Corporation shall automatically be increased by such specified number of directors, and the holders of such Preferred Stock shall be entitled to elect the additional directors so provided for or fixed pursuant to said provisions, and (ii) each such additional director shall serve until such director's successor shall have been duly elected and qualified, or until such director's right to hold such office terminates pursuant to said provisions, whichever occurs earlier, subject to his earlier death, disqualification, resignation or removal. Except as otherwise provided for or fixed pursuant to the provisions of Article IV hereof or any certificate of designation of any series of Preferred Stock, whenever the holders of any series of Preferred Stock having such right to elect additional directors are divested of such right pursuant to the provisions of such stock, all such additional directors elected by the holders of such stock, or elected or appointed to fill any vacancies resulting from the death, resignation, disqualification or removal of such additional directors shall automatically cease to be qualified as directors, the terms of office of all such directors shall forthwith terminate and the total authorized number of directors of the Corporation shall be reduced accordingly.

ARTICLE IX

ELECTION OF DIRECTORS

Unless and except to the extent that the Bylaws shall so require, the election of directors of the Corporation need not be by written ballot.

ARTICLE X

LIMITATION OF DIRECTOR LIABILITY

To the fullest extent permitted by the DGCL as the same exists or as may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director; *provided*, *however*, that nothing contained in this Article X shall eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or

omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to the provisions of Section 174 of the DGCL, or (iv) for any transaction from which the director derived an improper personal benefit. If the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended. No amendment, repeal or modification of this Article X shall apply to or have any adverse effect on any right or protection of, or any limitation of the liability of, a director of the Corporation existing at the time of such amendment, repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

ARTICLE XI

INDEMNIFICATION

The Corporation may indemnify, and advance expenses to, to the fullest extent permitted by law, any person who was or is a party to or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that the person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise.

ARTICLE XII

CONSENT OF STOCKHOLDERS IN LIEU OF MEETING

Subject to the terms of any series of Preferred Stock, (i) for so long as the holders of shares of Class B Common Stock hold at least a majority of the voting power of the outstanding shares of the Common Stock of the Corporation, any action required or permitted to be taken by the stockholders of the Corporation may be effected by consent in lieu of a meeting and (ii) if the holders of shares of Class B Common Stock no longer hold at least a majority of the voting power of the outstanding shares of the Common Stock of the Corporation, any action required or permitted to be taken by the stockholders of the Corporation must be effected at an annual or special meeting of the stockholders and may not be effected by consent in lieu of a meeting.

ARTICLE XIII

SPECIAL MEETING OF STOCKHOLDERS

Special meetings of stockholders for any purpose or purposes may be called at any time by (i) the Board, (ii) the Chairman of the Board, (iii) the Chief Executive Officer of the Corporation or (iv) for so long as any shares of Class B Common Stock remain outstanding, the holders of at least one third (1/3) of the outstanding shares of Class B Common Stock. Business transacted at

any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting.

ARTICLE XIV

SECTION 203

The Corporation shall not be governed by Section 203 of the DGCL (or any successor provision thereto) ("Section 203"), and the restrictions contained in Section 203 shall not apply to the Corporation, until immediately following the time at which both of the following conditions exist (if ever): (a) Section 203 by its terms would, but for the provisions of this Article XIV, apply to the Corporation; and (b) no holder of Class B Common Stock owns (as defined in Section 203) shares of capital stock of the Corporation representing at least fifteen percent (15%) of the voting power of all the then outstanding shares of capital stock of the Corporation, and the Corporation shall thereafter be governed by Section 203 if and for so long as Section 203 by its terms shall apply to the Corporation.

ARTICLE XV

FORUM SELECTION

Unless the Corporation consents in writing to the selection of an alternative forum, (A) the Court of Chancery (the "Chancery Court") of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for (1) any derivative action or proceeding brought on behalf of the Corporation, (2) any action asserting a claim of breach of a fiduciary duty owed by, or any other wrongdoing by, any current or former director, officer, other employee or stockholder of the Corporation, (3) any action asserting a claim against the Corporation arising pursuant to any provision of the DGCL, this Certificate of Incorporation or the Bylaws or as to which the DGCL confers jurisdiction on the Chancery Court or (4) any action asserting a claim governed by the internal affairs doctrine, and (B) the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended. If any action the subject matter of which is within the scope of the preceding sentence is filed in a court other than a court located within the State of Delaware (a "Foreign Action") in the name of any stockholder, such stockholder shall, to the fullest extent permitted by applicable law, be deemed to have consented to (a) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce the preceding sentence and (b) having service of process made upon such stockholder in any such action by service upon such stockholder's counsel in the Foreign Action as agent for such stockholder. This provision will not apply to claims arising under the Securities Exchange Act of 1934, as amended,. Any Person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article XV.

* * *

IN WITNESS WHEREOF, this Certificate of Incorporation has been executed this day of [ ], 2020.

VERTEX, INC.

By: _____
Name:
Title:

EXHIBIT 3.2

Amended and Restated Bylaws of

Vertex, Inc.

(a Delaware corporation)

Table of Contents

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

Amended and Restated Bylaws of
Vertex, Inc.

Article I - Corporate Offices

1.1 Registered Office.

The address of the registered office of Vertex, Inc. (the "Corporation") in the State of Delaware, and the name of its registered agent at such address, shall be as set forth in the Corporation's certificate of incorporation, as the same may be amended and/or restated from time to time (the "Certificate of Incorporation").

1.2 Other Offices.

The Corporation may have additional offices at any place or places, within or outside the State of Delaware, as the Corporation's board of directors (the "Board") may from time to time establish or as the business of the Corporation may require.

Article II - Meetings of Stockholders

2.1 Place of Meetings.

Meetings of stockholders shall be held at any place within or outside the State of Delaware, designated by the Board. The Board may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the General Corporation Law of the State of Delaware (the "DGCL"). In the absence of any such designation or determination, stockholders' meetings shall be held at the Corporation's principal executive office.

2.2 Annual Meeting.

The Board shall designate the date and time of the annual meeting. At the annual meeting, directors shall be elected and other proper business properly brought before the meeting in accordance with Section 2.4 of these Bylaws may be transacted. The Board may postpone, reschedule or cancel any previously scheduled annual meeting of stockholders.

2.3 Special Meeting.

Special meetings of the stockholders may be called only by such persons and only in such manner as set forth in the Certificate of Incorporation.

No business may be transacted at any special meeting of stockholders other than the business specified in the notice of such meeting. The Board may postpone, reschedule or cancel any previously scheduled special meeting of stockholders.

2.4 Notice of Business to be Brought before a Meeting.

(a) At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (i) specified in a notice of meeting given by or at the direction of the Board of Directors, (ii) if not specified in a notice of meeting, otherwise brought before the meeting by the Board of Directors or (iii) otherwise properly brought before the meeting by a stockholder present in person who (A) (1) was a record owner of shares of the Corporation both at the time of giving the notice provided for in this Section 2.4 and at the time of the meeting, (2) is entitled to vote at the meeting, and (3) has complied with this Section 2.4 in all applicable respects or (B) properly made such proposal in accordance with Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (as so amended and inclusive of such rules and regulations, the "*Exchange Act*"). The foregoing clause (iii) shall be the exclusive means for a stockholder to propose business to be brought before an annual meeting of the stockholders. The only matters that may be brought before a special meeting are the matters specified in the notice of meeting given by or at the direction of the person calling the meeting pursuant to Section 2.6, and stockholders shall not be permitted to propose business to be brought before a special meeting of the stockholders. For purposes of this Section 2.4, "present in person" shall mean that the stockholder proposing that the business be brought before the annual meeting of the Corporation, or a qualified representative of such proposing stockholder, appear at such annual meeting. A "qualified representative" of such proposing stockholder shall be a duly authorized officer, manager or partner of such stockholder or any other person authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders. Stockholders seeking to nominate persons for election to the Board of Directors must comply with Section 2.5 and Section 2.6 and this Section 2.4 shall not be applicable to nominations except as expressly provided in Section 2.5 and Section 2.6.

(b) Without qualification, for business to be properly brought before an annual meeting by a stockholder, the stockholder must (i) provide Timely Notice (as defined below) thereof in writing and in proper form to the Secretary of the Corporation and (ii) provide any updates or supplements to such notice at the times and in the forms required by this Section 2.4. To be timely, a stockholder's notice must be delivered to, or mailed and received at, the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the one-year anniversary of the preceding year's annual meeting which, in the case of the first annual meeting of stockholders following the closing of the Corporation's initial underwritten public offering of common stock, the date of the preceding year's annual meeting shall be deemed to be [*month, day*]; *provided, however,* that if the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by the stockholder to be timely must be so delivered, or mailed and received, not earlier than the one hundred twentieth (120th) day prior to such annual meeting and not later than the later of the ninetieth (90^{th}) day prior to such annual meeting or the tenth (10^{th}) day following the day on which public disclosure of the date of such annual meeting was first made by the Corporation (such notice within such time periods, "*Timely Notice*"). In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period (or extend any time period) for the giving of Timely Notice as described above.

(c) To be in proper form for purposes of this Section 2.4, a stockholder's notice to the Secretary shall set forth:

(i) As to each Proposing Person (as defined below), (A) the name and address of such Proposing Person (including, if applicable, the name and address that appear on the Corporation's books and records); and

(B) the class or series and number of shares of the Corporation that are, directly or indirectly, owned of record or beneficially owned (within the meaning of Rule 13d-3 under the Exchange Act) by such Proposing Person, except that such Proposing Person shall in all events be deemed to beneficially own any shares of any class or series of the Corporation as to which such Proposing Person has a right to acquire beneficial ownership at any time in the future (the disclosures to be made pursuant to the foregoing clauses (A) and (B) are referred to as "*Stockholder Information*");

(ii) As to each Proposing Person, (A) the full notional amount of any securities that, directly or indirectly, underlie any "derivative security" (as such term is defined in Rule 16a-1(c) under the Exchange Act) that constitutes a "call equivalent position" (as such term is defined in Rule 16a-1(b) under the Exchange Act) ("*Synthetic Equity Position*") and that is, directly or indirectly, held or maintained by such Proposing Person with respect to any shares of any class or series of shares of the Corporation; provided that, for the purposes of the definition of "Synthetic Equity Position," the term "derivative security" shall also include any security or instrument that would not otherwise constitute a "derivative security" as a result of any feature that would make any conversion, exercise or similar right or privilege of such security or instrument becoming determinable only at some future date or upon the happening of a future occurrence, in which case the determination of the amount of securities into which such security or instrument would be convertible or exercisable shall be made assuming that such security or instrument is immediately convertible or exercisable at the time of such determination; and, provided, further, that any Proposing Person satisfying the requirements of Rule 13d-1(b)(1) under the Exchange Act (other than a Proposing Person that so satisfies Rule 13d-1(b)(1) under the Exchange Act solely by reason of Rule 13d-1(b)(1)(ii)(E)) shall not be deemed to hold or maintain the notional amount of any securities that underlie a Synthetic Equity Position held by such Proposing Person as a hedge with respect to a bona fide derivatives trade or position of such Proposing Person arising in the ordinary course of such Proposing Person's business as a derivatives dealer, (B) any rights to dividends on the shares of any class or series of shares of the Corporation owned beneficially by such Proposing Person that are separated or separable from the underlying shares of the Corporation, (C) any material pending or threatened legal proceeding in which such Proposing Person is a party or material participant involving the Corporation or any of its officers or directors, or any affiliate of the Corporation, (D) any other material relationship between such Proposing Person, on the one hand, and the Corporation, any affiliate of the Corporation, on the other hand, (E) any direct or indirect material interest in any material contract or agreement of such Proposing Person with the Corporation or any affiliate of the Corporation (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement), (F) a representation that such Proposing Person intends or is part of a group which intends to deliver a proxy statement or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or otherwise solicit proxies from stockholders in support of such proposal and (G) any other information relating to such Proposing Person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies or consents by such Proposing Person in support of the business proposed to be brought before the meeting pursuant to Section 14(a) of the Exchange Act (the disclosures to be made pursuant to the foregoing clauses (A) through (G) are referred to as "*Disclosable Interests*"); *provided*, *however*, that Disclosable Interests shall not include any such disclosures with respect to the ordinary course business activities of any broker, dealer, commercial bank, trust company or other nominee who is a Proposing Person solely as a result of being the stockholder directed to prepare and submit the notice required by these Bylaws on behalf of a beneficial owner; and

(iii) As to each item of business that the stockholder proposes to bring before the annual meeting, (A) a brief description of the business desired to be brought before the annual meeting, the reasons for conducting such business at the annual meeting and any material interest in such business of each Proposing Person, (B) the text of the proposal or business (including the text of any resolutions proposed for consideration

and in the event that such business includes a proposal to amend the Bylaws, the language of the proposed amendment), and (C) a reasonably detailed description of all agreements, arrangements and understandings (x) between or among any of the Proposing Persons or (y) between or among any Proposing Person and any other record or beneficial holder(s) or persons(s) who have a right to acquire beneficial ownership at any time in the future of the shares of any class or series of the Corporation or any other person or entity (including their names) in connection with the proposal of such business by such stockholder; and (D) any other information relating to such item of business that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies in support of the business proposed to be brought before the meeting pursuant to Section 14(a) of the Exchange Act; *provided*, *however*, that the disclosures required by this paragraph (iii) shall not include any disclosures with respect to any broker, dealer, commercial bank, trust company or other nominee who is a Proposing Person solely as a result of being the stockholder directed to prepare and submit the notice required by these Bylaws on behalf of a beneficial owner.

For purposes of this Section 2.4, the term "*Proposing Person*" shall mean (i) the stockholder providing the notice of business proposed to be brought before an annual meeting, (ii) the beneficial owner or beneficial owners, if different, on whose behalf the notice of the business proposed to be brought before the annual meeting is made, and (iii) any participant (as defined in paragraphs (a)(ii)-(vi) of Instruction 3 to Item 4 of Schedule 14A) with such stockholder in such solicitation.

(d) A Proposing Person shall update and supplement its notice to the Corporation of its intent to propose business at an annual meeting, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 2.4 shall be true and correct as of the record date for stockholders entitled to vote at the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for stockholders entitled to vote at the meeting (in the case of the update and supplement required to be made as of such record date), and not later than eight (8) business days prior to the date for the meeting or, if practicable, any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed) (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof). For the avoidance of doubt, the obligation to update and supplement as set forth in this paragraph or any other Section of these Bylaws shall not limit the Corporation's rights with respect to any deficiencies in any notice provided by a stockholder, extend any applicable deadlines hereunder or enable or be deemed to permit a stockholder who has previously submitted notice hereunder to amend or update any proposal or to submit any new proposal, including by changing or adding matters, business or resolutions proposed to be brought before a meeting of the stockholders.

(e) Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at an annual meeting that is not properly brought before the meeting in accordance with this Section 2.4. The presiding officer of the meeting shall, if the facts warrant, determine that the business was not properly brought before the meeting in accordance with this Section 2.4, and if he or she should so determine, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

(f) This Section 2.4 is expressly intended to apply to any business proposed to be brought before an annual meeting of stockholders other than any proposal made in accordance with Rule 14a-8 under the Exchange Act and included in the Corporation's proxy statement. In addition to the requirements of this Section 2.4 with respect to any business proposed to be brought before an annual meeting, each Proposing Person shall comply with all applicable requirements of the Exchange Act with respect to any such business.

Nothing in this Section 2.4 shall be deemed to affect the rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

(g) For purposes of these Bylaws, "*public disclosure*" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act.

2.5 Notice of Nominations for Election to the Board of Directors.

(a) Nominations of any person for election to the Board of Directors at an annual meeting or at a special meeting (but only if the election of directors is a matter specified in the notice of meeting given by or at the direction of the person calling such special meeting) may be made at such meeting only (i) by or at the direction of the Board of Directors, including by any committee or persons authorized to do so by the Board of Directors or these Bylaws, or (ii) by a stockholder present in person (A) who was a record owner of shares of the Corporation both at the time of giving the notice provided for in this Section 2.5 and at the time of the meeting, (B) is entitled to vote at the meeting, and (C) has complied with this Section 2.5 and Section 2.6 as to such notice and nomination. For purposes of this Section 2.5, "present in person" shall mean that the stockholder making the nomination, or a qualified representative of such stockholder, appear at such meeting. A "qualified representative" of such proposing stockholder shall be a duly authorized officer, manager or partner of such stockholder or any other person authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders. The foregoing clause (ii) shall be the exclusive means for a stockholder to make any nomination of a person or persons for election to the Board of Directors at an annual meeting or special meeting.

(b) (i) Without qualification, for a stockholder to make any nomination of a person or persons for election to the Board of Directors at an annual meeting, the stockholder must (1) provide Timely Notice (as defined in Section 2.4) thereof in writing and in proper form to the Secretary of the Corporation, (2) provide the information, agreements and questionnaires with respect to such stockholder and its candidate for nomination as required to be set forth by this Section 2.5 and Section 2.6 and (3) provide any updates or supplements to such notice at the times and in the forms required by this Section 2.5 and Section 2.6.

(ii) Without qualification, if the election of directors is a matter specified in the notice of meeting given by or at the direction of the person calling a special meeting, then for a stockholder to make any nomination of a person or persons for election to the Board of Directors at a special meeting, the stockholder must (i) provide timely notice thereof in writing and in proper form to the Secretary of the Corporation at the principal executive offices of the Corporation, (ii) provide the information with respect to such stockholder and its candidate for nomination as required by this Section 2.5 and Section 2.6 and (iii) provide any updates or supplements to such notice at the times and in the forms required by this Section 2.5. To be timely, a stockholder's notice for nominations to be made at a special meeting must be delivered to, or mailed and received at, the principal executive offices of the Corporation not earlier than the one hundred twentieth (120th) day prior to such special meeting and not later than the ninetieth (90th) day prior to such special meeting or, if later, the tenth (10th) day following the day on which public disclosure (as defined in Section 2.4) of the date of such special meeting was first made.

(iii) In no event shall any adjournment or postponement of an annual meeting or special meeting or the announcement thereof commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(iv) In no event may a Nominating Person provide Timely Notice with respect to a greater number of director candidates than are subject to election by stockholders at the applicable meeting. If the Corporation shall, subsequent to such notice, increase the number of directors subject to election at the meeting, such notice but only with respect to any additional nominees shall be due on the later of (i) the conclusion of the time period for Timely Notice for annual meetings or the date set forth in Section 2.5(b)(ii) for special meetings or (ii) the tenth day following the date of public disclosure (as defined in Section 2.4) of such increase.

(c) To be in proper form for purposes of this Section 2.5, a stockholder's notice to the Secretary shall set forth:

(i) As to each Nominating Person (as defined below), the Stockholder Information (as defined in Section 2.4(c)(i), except that for purposes of this Section 2.5 the term "Nominating Person" shall be substituted for the term "Proposing Person" in all places it appears in Section 2.4(c)(i));

(ii) As to each Nominating Person, any Disclosable Interests (as defined in Section 2.4(c)(ii), except that for purposes of this Section 2.5 the term "Nominating Person" shall be substituted for the term "Proposing Person" in all places it appears in Section 2.4(c)(ii) and the disclosure with respect to the business to be brought before the meeting in Section 2.4(c)(ii) shall be made with respect to the nomination of persons for election to the Board at the meeting); and

(iii) As to each candidate whom a Nominating Person proposes to nominate for election as a director, (A) all information with respect to such candidate for nomination that would be required to be set forth in a stockholder's notice pursuant to this Section 2.5 and Section 2.6 if such candidate for nomination were a Nominating Person, (B) all information relating to such candidate for nomination that is required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14(a) under the Exchange Act (including such candidate's written consent to being named in the Corporation's proxy statement as a nominee and to serving as a director if elected), (C) a description of any direct or indirect material interest in any material contract or agreement between or among any Nominating Person, on the one hand, and each candidate for nomination or his or her respective associates or any other participants in such solicitation, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Item 404 under Regulation S-K if such Nominating Person were the "registrant" for purposes of such rule and the candidate for nomination were a director or executive officer of such registrant (the disclosures to be made pursuant to the foregoing clauses (A) through (C) are referred to as "*Nominee Information*"), and (D) a completed and signed questionnaire, representation and agreement as provided in Section 2.6(a).

For purposes of this Section 2.5, the term "*Nominating Person*" shall mean (i) the stockholder providing the notice of the nomination proposed to be made at the meeting, (ii) the beneficial owner or beneficial owners, if different, on whose behalf the notice of the nomination proposed to be made at the meeting is made, and (iii) any other participant (as defined in paragraphs (a)(ii)-(vi) of Instruction 3 to Item 4 of Schedule 14A) with such stockholder in such solicitation.

(d) A stockholder providing notice of any nomination proposed to be made at a meeting shall further update and supplement such notice, if necessary, so that the information provided or required to

be provided in such notice pursuant to this Section 2.5 shall be true and correct as of the record date for stockholders entitled to vote at the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for stockholders entitled to vote at the meeting (in the case of the update and supplement required to be made as of such record date), and not later than eight (8) business days prior to the date for the meeting or, if practicable, any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed) (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof). For the avoidance of doubt, the obligation to update and supplement as set forth in this paragraph or any other Section of these Bylaws shall not limit the Corporation's rights with respect to any deficiencies in any notice provided by a stockholder, extend any applicable deadlines hereunder or enable or be deemed to permit a stockholder who has previously submitted notice hereunder to amend or update any nomination or to submit any new nomination.

(e) In addition to the requirements of this Section 2.5 with respect to any nomination proposed to be made at a meeting, each Nominating Person shall comply with all applicable requirements of the Exchange Act with respect to any such nominations.

2.6 Additional Requirements for Valid Nomination of Candidates to Serve as Director and, if Elected, to be Seated as Directors.

(a) To be eligible to be a candidate for election as a director of the Corporation at an annual or special meeting, a candidate must be nominated in the manner prescribed in Section 2.5 and the candidate for nomination, whether nominated by the Board of Directors or by a stockholder of record, must have previously delivered (with respect to nominations by stockholders pursuant to Section 2.5, within the time period for delivery of the stockholder's notice pursuant to Section 2.5), to the Secretary at the principal executive offices of the Corporation, (i) a completed written questionnaire (in a form provided by the Corporation upon request) with respect to the background, qualifications, stock ownership and independence of such proposed nominee, and such additional information with respect to such proposed nominee as would be required to be provided by the Corporation pursuant to Schedule 14A if such proposed nominee were a participant in the solicitation of proxies by the Corporation in connection with such annual or special meeting and (ii) a written representation and agreement (in form provided by the Corporation upon request) that such candidate for nomination (A) is not and, if elected as a director during his or her term of office, will not become a party to (1) any agreement, arrangement or understanding with, and has not given and will not give any commitment or assurance to, any person or entity as to how such proposed nominee, if elected as a director of the Corporation, will act or vote on any issue or question that has not been disclosed to the Corporation (a "*Voting Commitment*") or (2) any Voting Commitment that could limit or interfere with such proposed nominee's ability to comply, if elected as a director of the Corporation, with such proposed nominee's fiduciary duties under applicable law, (B) is not, and will not become a party to, any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation or reimbursement for service as a director that has not been disclosed therein or to the Corporation, (C) if elected as a director of the Corporation, will comply with all applicable corporate governance, conflict of interest, confidentiality, stock ownership and trading and other policies and guidelines of the Corporation applicable to directors and in effect during such person's term in office as a director (and, if requested by any candidate for nomination, the Secretary of the Corporation shall provide to such candidate for nomination all such policies and guidelines then in effect), (D) if elected as director of the Corporation, intends to serve the entire term until the next meeting at which such candidate would face re-election and (E) consents to being named as a nominee in the Corporation's proxy

statement pursuant to Rule 14a-4(d) under the Exchange Act and any associated proxy card of the Corporation and agrees to serve if elected as a director.

(b) The Board of Directors may also require any proposed candidate for nomination as a Director to furnish such other information as may reasonably be requested by the Board of Directors in writing prior to the meeting of stockholders at which such candidate's nomination is to be acted upon in order for the Board of Directors to determine the eligibility of such candidate for nomination to be an independent director of the Corporation.

(c) A candidate for nomination as a director shall further update and supplement the materials delivered pursuant to this Section 2.6, if necessary, so that the information provided or required to be provided pursuant to this Section 2.6 shall be true and correct as of the record date for stockholders entitled to vote at the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation (or any other office specified by the Corporation in any public announcement) not later than five (5) business days after the record date for stockholders entitled to vote at the meeting (in the case of the update and supplement required to be made as of such record date), and not later than eight (8) business days prior to the date for the meeting or, if practicable, any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed) (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof). For the avoidance of doubt, the obligation to update and supplement as set forth in this paragraph or any other Section of these Bylaws shall not limit the Corporation's rights with respect to any deficiencies in any notice provided by a stockholder, extend any applicable deadlines hereunder or enable or be deemed to permit a stockholder who has previously submitted notice hereunder to amend or update any proposal or to submit any new proposal, including by changing or adding nominees, matters, business or resolutions proposed to be brought before a meeting of the stockholders.

(d) No candidate shall be eligible for nomination as a director of the Corporation unless such nomination was made in accordance with Section 2.5 and this Section 2.6, as applicable. The presiding officer at the meeting shall, if the facts warrant, determine that a nomination was not properly made in accordance with Section 2.5 and this Section 2.6, and if he or she should so determine, he or she shall so declare such determination to the meeting, the defective nomination shall be disregarded and any ballots cast for the candidate in question (but in the case of any form of ballot listing other qualified nominees, only the ballots cast for the nominee in question) shall be void and of no force or effect.

(e) Notwithstanding anything in these Bylaws to the contrary, no candidate for nomination shall be eligible to be seated as a director of the Corporation unless nominated in accordance with Section 2.5 and this Section 2.6.

2.7 Notice of Stockholders' Meetings.

Unless otherwise provided by law, the Certificate of Incorporation or these Bylaws, the notice of any meeting of stockholders shall be sent or otherwise given in accordance with Section 8.1 of these Bylaws not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting. The notice shall specify the place, if any, date and time of the meeting, the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person

and vote at such meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called.

2.8 Quorum.

Unless otherwise provided by law, the Certificate of Incorporation or these Bylaws, the holders of a majority in voting power of the stock issued and outstanding and entitled to vote, present in person or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the stockholders. A quorum, once established at a meeting, shall not be broken by the withdrawal of enough votes to leave less than a quorum. If, however, a quorum is not present or represented at any meeting of the stockholders, then either (i) the person presiding over the meeting or (ii) a majority in voting power of the stockholders entitled to vote at the meeting, present in person, or by remote communication, if applicable, or represented by proxy, shall have power to adjourn the meeting from time to time in the manner provided in Section 2.9 of these Bylaws until a quorum is present or represented. At any adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally noticed.

2.9 Adjourned Meeting; Notice.

When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time, place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At any adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for determination of stockholders entitled to vote is fixed for the adjourned meeting, the Board shall fix as the record date for determining stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting, and shall give notice of the adjourned meeting to each stockholder of record entitled to vote at such meeting as of the record date so fixed for notice of such adjourned meeting.

2.10 Conduct of Business.

The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the person presiding over the meeting. The Board may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board, the person presiding over any meeting of stockholders shall have the right and authority to convene and (for any or no reason) to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures (which need not be in writing) and to do all such acts as, in the judgment of such presiding person, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the person presiding over the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present (including, without limitation, rules and procedures for removal of disruptive persons from the meeting); (iii) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as the person presiding over the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to

questions or comments by participants. The presiding person at any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting (including, without limitation, determinations with respect to the administration and/or interpretation of any of the rules, regulations or procedures of the meeting, whether adopted by the Board or prescribed by the person presiding over the meeting), shall, if the facts warrant, determine and declare to the meeting that a matter of business was not properly brought before the meeting and if such presiding person should so determine, such presiding person shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board or the person presiding over the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

2.11 Voting.

Except as may be otherwise provided in the Certificate of Incorporation, each stockholder shall be entitled to one (1) vote for each share of capital stock held by such stockholder.

Except as otherwise provided by the Certificate of Incorporation, at all duly called or convened meetings of stockholders at which a quorum is present, for the election of directors, a plurality of the votes cast shall be sufficient to elect a director. Except as otherwise provided by the Certificate of Incorporation, these Bylaws, the rules or regulations of any stock exchange applicable to the Corporation, or applicable law or pursuant to any regulation applicable to the Corporation or its securities, each other matter presented to the stockholders at a duly called or convened meeting at which a quorum is present shall be decided by the affirmative vote of the holders of a majority in voting power of the votes cast (excluding abstentions and broker non-votes which do not count as votes cast) on such matter.

2.12 Record Date for Stockholder Meetings and Other Purposes.

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

In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment or any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of capital stock, or for the purposes of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing

the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

2.13 Proxies.

Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting, but no such proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 212 of the DGCL. A proxy may be in the form of an electronic transmission which sets forth or is submitted with information from which it can be determined that the transmission was authorized by the stockholder.

2.14 List of Stockholders Entitled to Vote.

The Corporation shall prepare, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting (provided, however, that if the record date for determining the stockholders entitled to vote is less than ten (10) days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the tenth day before the meeting date), arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. The Corporation shall not be required to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least ten (10) days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the Corporation's principal executive office. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Such list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them. Except as otherwise provided by law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 2.14 or to vote in person or by proxy at any meeting of stockholders.

2.15 Inspectors of Election.

Before any meeting of stockholders, the Corporation shall appoint an inspector or inspectors of election to act at the meeting or its adjournment and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If any person appointed as inspector or any alternate fails to appear or fails or refuses to act, then the person presiding over the meeting shall appoint a person to fill that vacancy.

Such inspectors shall:

(i) determine the number of shares outstanding and the voting power of each, the number of shares represented at the meeting and the validity of any proxies and ballots;

(ii) count all votes or ballots;

(iii) count and tabulate all votes;

(iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspector(s); and

(v) certify its or their determination of the number of shares represented at the meeting and its or their count of all votes and ballots.

Each inspector, before entering upon the discharge of the duties of inspector, shall take and sign an oath faithfully to execute the duties of inspection with strict impartiality and according to the best of such inspector's ability. Any report or certificate made by the inspectors of election is prima facie evidence of the facts stated therein. The inspectors of election may appoint such persons to assist them in performing their duties as they determine.

2.16 Delivery to the Corporation.

Whenever this Article II requires one or more persons (including a record or beneficial owner of stock) to deliver a document or information to the Corporation or any officer, employee or agent thereof (including any notice, request, questionnaire, revocation, representation or other document or agreement), such document or information shall be in writing exclusively (and not in an electronic transmission) and shall be delivered exclusively by hand (including, without limitation, overnight courier service) or by certified or registered mail, return receipt requested, and the Corporation shall not be required to accept delivery of any document not in such written form or so delivered. For the avoidance of doubt, the Corporation expressly opts out of Section 116 of the DGCL with respect to the delivery of information and documents to the Corporation required by this Article II.

Article III - Directors

3.1 Powers.

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

3.2 Number of Directors.

Subject to the Certificate of Incorporation, the total number of directors constituting the Board shall be determined from time to time by resolution of the Board. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

3.3 Election, Qualification and Term of Office of Directors.

Except as provided in Section 3.4 of these Bylaws, and subject to the Certificate of Incorporation, each director, including a director elected to fill a vacancy or newly created directorship, shall hold office until the

expiration of the term of the class, if any, for which elected and until such director's successor is elected and qualified or until such director's earlier death, resignation, disqualification or removal. Directors need not be stockholders. The Certificate of Incorporation or these Bylaws may prescribe qualifications for directors.

3.4 Resignation and Vacancies.

Any director may resign at any time upon notice given in writing or by electronic transmission to the Corporation. The resignation shall take effect at the time specified therein or upon the happening of an event specified therein, and if no time or event is specified, at the time of its receipt. When one or more directors so resigns and the resignation is effective at a future date or upon the happening of an event to occur on a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office as provided in Section 3.3.

Unless otherwise provided in the Certificate of Incorporation or these Bylaws, vacancies resulting from the death, resignation, disqualification or removal of any director, and newly created directorships resulting from any increase in the authorized number of directors shall be filled only by a majority of the directors then in office, although less than a quorum, or by a sole remaining director.

3.5 Place of Meetings; Meetings by Telephone.

The Board may hold meetings, both regular and special, either within or outside the State of Delaware.

Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, members of the Board, or any committee designated by the Board, may participate in a meeting of the Board, or any committee, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting pursuant to this bylaw shall constitute presence in person at the meeting.

3.6 Regular Meetings.

Regular meetings of the Board may be held within or outside the State of Delaware and at such time and at such place as which has been designated by the Board and publicized among all directors, either orally or in writing, by telephone, including a voice-messaging system or other system designed to record and communicate messages, facsimile, telegraph or telex, or by electronic mail or other means of electronic transmission. No further notice shall be required for regular meetings of the Board.

3.7 Special Meetings; Notice.

Special meetings of the Board for any purpose or purposes may be called at any time by the chairperson of the Board, the Chief Executive Officer, the President, the Secretary or a majority of the total number of directors constituting the Board.

Notice of the time and place of special meetings shall be:

(i) delivered personally by hand, by courier or by telephone;

(ii) sent by United States first-class mail, postage prepaid;

(iii) sent by facsimile or electronic mail; or

(iv) sent by other means of electronic transmission,

directed to each director at that director's address, telephone number, facsimile number or electronic mail address, or other address for electronic transmission, as the case may be, as shown on the Corporation's records.

If the notice is (i) delivered personally by hand, by courier or by telephone, (ii) sent by facsimile or electronic mail, or (iii) sent by other means of electronic transmission, it shall be delivered or sent at least twenty-four (24) hours before the time of the holding of the meeting. If the notice is sent by U.S. mail, it shall be deposited in the U.S. mail at least four (4) days before the time of the holding of the meeting. The notice need not specify the place of the meeting (if the meeting is to be held at the Corporation's principal executive office) nor the purpose of the meeting.

3.8 Quorum.

At all meetings of the Board, unless otherwise provided by the Certificate of Incorporation, a majority of the total number of directors shall constitute a quorum for the transaction of business. The vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board, except as may be otherwise specifically provided by statute, the Certificate of Incorporation or these Bylaws. If a quorum is not present at any meeting of the Board, then the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

3.9 Board Action without a Meeting.

Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission. After an action is taken, the consent or consents relating thereto shall be filed with the minutes of the proceedings of the Board, or the committee thereof, in the same paper or electronic form as the minutes are maintained. Such action by written consent or consent by electronic transmission shall have the same force and effect as a unanimous vote of the Board.

3.10 Fees and Compensation of Directors.

Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the Board shall have the authority to fix the compensation, including fees and reimbursement of expenses, of directors for services to the Corporation in any capacity.

Article IV - Committees

4.1 Committees of Directors.

The Board may designate one (1) or more committees, each committee to consist, of one (1) or more of the directors of the Corporation. The Board may designate one (1) or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may

unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent permitted by applicable law or provided in the resolution of the Board or in these Bylaws, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority to (i) approve or adopt, or recommend to the stockholders, any action or matter expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopt, amend or repeal any bylaw of the Corporation.

4.2 Committee Minutes.

Each committee shall keep regular minutes of its meetings and report the same to the Board when required.

4.3 Meetings and Actions of Committees.

Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of:

(i) Section 3.5 (place of meetings; meetings by telephone);

(ii) Section 3.6 (regular meetings);

(iii) Section 3.7 (special meetings; notice);

(iv) Section 3.9 (board action without a meeting); and

(v) Section 7.13 (waiver of notice),

with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the Board and its members. *However*:

(i) the time of regular meetings of committees may be determined either by resolution of the Board or by resolution of the committee;

(ii) special meetings of committees may also be called by resolution of the Board or the chairperson of the applicable committee; and

(iii) the Board may adopt rules for the governance of any committee to override the provisions that would otherwise apply to the committee pursuant to this Section 4.3, provided that such rules do not violate the provisions of the Certificate of Incorporation or applicable law.

4.4 Subcommittees.

Unless otherwise provided in the Certificate of Incorporation, these Bylaws or the resolutions of the Board designating the committee, a committee may create one (1) or more subcommittees, each subcommittee to consist of one (1) or more members of the committee, and delegate to a subcommittee any or all of the powers and authority of the committee.

Article V - Officers

5.1 Officers.

The officers of the Corporation shall include a Chief Executive Officer, a President and a Secretary. The Corporation may also have, at the discretion of the Board, a Chairperson of the Board, a Vice Chairperson of the Board, a Chief Financial Officer, a Treasurer, one (1) or more Vice Presidents, one (1) or more Assistant Vice Presidents, one (1) or more Assistant Treasurers, one (1) or more Assistant Secretaries, and any such other officers as may be appointed in accordance with the provisions of these Bylaws. Any number of offices may be held by the same person. No officer need be a stockholder or director of the Corporation.

5.2 Appointment of Officers.

The Board shall appoint the officers of the Corporation, except such officers as may be appointed in accordance with the provisions of Section 5.3 of these Bylaws.

5.3 Subordinate Officers.

The Board may appoint, or empower the Chief Executive Officer or, in the absence of a Chief Executive Officer, the President, to appoint, such other officers and agents as the business of the Corporation may require. Each of such officers and agents shall hold office for such period, have such authority, and perform such duties as are provided in these Bylaws or as the Board may from time to time determine.

5.4 Removal and Resignation of Officers.

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by the Board or, except in the case of an officer chosen by the Board, by any officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time by giving notice to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice. Unless otherwise specified in the notice of resignation, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

5.5 Vacancies in Offices.

Any vacancy occurring in any office of the Corporation shall be filled by the Board or as provided in Section 5.2.

5.6 Representation of Shares of Other Corporations.

The Chairperson of the Board, the Chief Executive Officer, or the President of this Corporation, or any other person authorized by the Board, the Chief Executive Officer or the President, is authorized to vote, represent and exercise on behalf of this Corporation all rights incident to any and all shares or voting securities of any other corporation or other entity standing in the name of this Corporation. The authority granted herein may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by such person having the authority.

5.7 Authority and Duties of Officers.

All officers of the Corporation shall respectively have such authority and perform such duties in the management of the business of the Corporation as may be provided herein or designated from time to time by the Board and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board.

5.8 Compensation.

The compensation of the officers of the Corporation for their services as such shall be fixed from time to time by or at the direction of the Board. An officer of the Corporation shall not be prevented from receiving compensation by reason of the fact that he or she is also a director of the Corporation.

Article VI - Records

A stock ledger consisting of one or more records in which the names of all of the Corporation's stockholders of record, the address and number of shares registered in the name of each such stockholder, and all issuances and transfers of stock of the corporation are recorded in accordance with Section 224 of the DGCL shall be administered by or on behalf of the Corporation. Any records administered by or on behalf of the Corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or by means of, or be in the form of, any information storage device, or method, or one or more electronic networks or databases (including one or more distributed electronic networks or databases), provided that the records so kept can be converted into clearly legible paper form within a reasonable time and, with respect to the stock ledger, that the records so kept (i) can be used to prepare the list of stockholders specified in Sections 219 and 220 of the DGCL, (ii) record the information specified in Sections 156, 159, 217(a) and 218 of the DGCL, and (iii) record transfers of stock as governed by Article 8 of the Uniform Commercial Code as adopted in the State of Delaware.

Article VII - General Matters

7.1 Execution of Corporate Contracts and Instruments.

The Board, except as otherwise provided in these Bylaws, may authorize any officer or officers, or agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation; such authority may be general or confined to specific instances.

7.2 Stock Certificates.

The shares of the Corporation shall be represented by certificates, provided that the Board by resolution may provide that some or all of the shares of any class or series of stock of the Corporation shall be uncertificated. Certificates for the shares of stock, if any, shall be in such form as is consistent with the Certificate of Incorporation and applicable law. Every holder of stock represented by a certificate shall be entitled to have a certificate signed by, or in the name of the Corporation by, any two officers authorized to sign stock certificates representing the number of shares registered in certificate form. The Chairperson or Vice Chairperson of the Board, Chief Executive Officer, the President, Vice President, the Treasurer, any Assistant Treasurer, the Secretary or any Assistant Secretary of the Corporation shall be specifically authorized to sign stock certificates. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer

agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

The Corporation may issue the whole or any part of its shares as partly paid and subject to call for the remainder of the consideration to be paid therefor. Upon the face or back of each stock certificate issued to represent any such partly paid shares, or upon the books and records of the Corporation in the case of uncertificated partly paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated. Upon the declaration of any dividend on fully paid shares, the Corporation shall declare a dividend upon partly paid shares of the same class, but only upon the basis of the percentage of the consideration actually paid thereon.

7.3 Special Designation of Certificates.

If the Corporation is authorized to issue more than one class of stock or more than one series of any class, then the powers, the designations, the preferences and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or on the back of the certificate that the Corporation shall issue to represent such class or series of stock (or, in the case of uncertificated shares, set forth in a notice provided pursuant to Section 151 of the DGCL); provided, however, that except as otherwise provided in Section 202 of the DGCL, in lieu of the foregoing requirements, there may be set forth on the face of back of the certificate that the Corporation shall issue to represent such class or series of stock (or, in the case of any uncertificated shares, included in the aforementioned notice) a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, the designations, the preferences and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

7.4 Lost Certificates.

Except as provided in this Section 7.4, no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the Corporation and cancelled at the same time. The Corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

7.5 Shares Without Certificates

The Corporation may adopt a system of issuance, recordation and transfer of its shares of stock by electronic or other means not involving the issuance of certificates, provided the use of such system by the Corporation is permitted in accordance with applicable law.

7.6 Construction; Definitions.

Unless the context requires otherwise, the general provisions, rules of construction and definitions in the DGCL shall govern the construction of these Bylaws. Without limiting the generality of this provision, the singular number includes the plural and the plural number includes the singular.

7.7 Dividends.

The Board, subject to any restrictions contained in either (i) the DGCL or (ii) the Certificate of Incorporation, may declare and pay dividends upon the shares of its capital stock. Dividends may be paid in cash, in property or in shares of the Corporation's capital stock.

The Board may set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve. Such purposes shall include but not be limited to equalizing dividends, repairing or maintaining any property of the Corporation, and meeting contingencies.

7.8 Fiscal Year.

The fiscal year of the Corporation shall be fixed by resolution of the Board and may be changed by the Board.

7.9 Seal.

The Corporation may adopt a corporate seal, which shall be adopted and which may be altered by the Board. The Corporation may use the corporate seal by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

7.10 Transfer of Stock.

Shares of the Corporation shall be transferable in the manner prescribed by law and in these Bylaws. Shares of stock of the Corporation shall be transferred on the books of the Corporation only by the holder of record thereof or by such holder's attorney duly authorized in writing, upon surrender to the Corporation of the certificate or certificates representing such shares endorsed by the appropriate person or persons (or by delivery of duly executed instructions with respect to uncertificated shares), with such evidence of the authenticity of such endorsement or execution, transfer, authorization and other matters as the Corporation may reasonably require, and accompanied by all necessary stock transfer stamps. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing the names of the persons from and to whom it was transferred.

7.11 Stock Transfer Agreements.

The Corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes or series of stock of the Corporation to restrict the transfer of shares of stock of the Corporation of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

7.12 Registered Stockholders.

The Corporation:

(i) shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner; and

(ii) shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of another person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

7.13 Waiver of Notice.

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

Article VIII - Notice

8.1 Delivery of Notice; Notice by Electronic Transmission.

Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under any provisions of the DGCL, the Certificate of Incorporation, or these Bylaws may be given in writing directed to the stockholder's mailing address (or by electronic transmission directed to the stockholder's electronic mail address, as applicable) as it appears on the records of the Corporation and shall be given (1) if mailed, when the notice is deposited in the U.S. mail, postage prepaid, (2) if delivered by courier service, the earlier of when the notice is received or left at such stockholder's address or (3) if given by electronic mail, when directed to such stockholder's electronic mail address unless the stockholder has notified the Corporation in writing or by electronic transmission of an objection to receiving notice by electronic mail. A notice by electronic mail must include a prominent legend that the communication is an important notice regarding the Corporation.

Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under any provision of the DGCL, the Certificate of Incorporation or these Bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice or electronic transmission to the Corporation. Notwithstanding the provisions of this paragraph, the Corporation may give a notice by electronic mail in accordance with the first paragraph of this section without obtaining the consent required by this paragraph.

Any notice given pursuant to the preceding paragraph shall be deemed given:

(i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice;

(ii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and

(iii) if by any other form of electronic transmission, when directed to the stockholder.

Notwithstanding the foregoing, a notice may not be given by an electronic transmission from and after the time that (1) the Corporation is unable to deliver by such electronic transmission two (2) consecutive notices given by the Corporation and (2) such inability becomes known to the Secretary or an Assistant Secretary of the Corporation or to the transfer agent, or other person responsible for the giving of notice, provided, however, the inadvertent failure to discover such inability shall not invalidate any meeting or other action.

An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of the Corporation that the notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Article IX - Indemnification

9.1 Indemnification of Directors and Officers.

The Corporation shall indemnify and hold harmless, to the fullest extent permitted by the DGCL as it presently exists or may hereafter be amended, any director or officer of the Corporation (a "covered person") who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding") by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of the Corporation or, while serving as a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or non-profit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees, judgments, fines ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred by such person in connection with any such Proceeding. Notwithstanding the preceding sentence, except as otherwise provided in Section 9.4, the Corporation shall be required to indemnify a person in connection with a Proceeding initiated by such person only if the Proceeding was authorized in the specific case by the Board.

9.2 Indemnification of Others.

The Corporation shall have the power to indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any employee or agent of the Corporation who was or is made or is threatened to be made a party or is otherwise involved in any Proceeding by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was an employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or non-profit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses reasonably incurred by such person in connection with any such Proceeding.

9.3 Prepayment of Expenses.

The Corporation shall to the fullest extent not prohibited by applicable law pay the expenses (including attorneys' fees) incurred by any covered person, and may pay the expenses incurred by any employee or agent of the Corporation, in defending any Proceeding in advance of its final disposition; *provided, however*, that such payment of expenses in advance of the final disposition of the Proceeding shall be made only upon receipt

of an undertaking by the person to repay all amounts advanced if it should be ultimately determined that the person is not entitled to be indemnified under this Article IX or otherwise.

9.4 Determination; Claim.

If a claim for indemnification (following the final disposition of such Proceeding) under this Article IX is not paid in full within sixty (60) days, or a claim for advancement of expenses under this Article IX is not paid in full within thirty (30) days, after a written claim therefor has been received by the Corporation the claimant may thereafter (but not before) file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim to the fullest extent permitted by law. In any such action the Corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification or payment of expenses under applicable law.

9.5 Non-Exclusivity of Rights.

The rights conferred on any person by this Article IX shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, these Bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

9.6 Insurance.

The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust enterprise or non-profit entity against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of the DGCL.

9.7 Other Indemnification.

The Corporation's obligation, if any, to indemnify or advance expenses to any person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or non-profit entity shall be reduced by any amount such person may collect as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, enterprise or non-profit enterprise.

9.8 Continuation of Indemnification.

The rights to indemnification and to prepayment of expenses provided by, or granted pursuant to, this Article IX shall continue notwithstanding that the person has ceased to be a director or officer of the Corporation and shall inure to the benefit of the estate, heirs, executors, administrators, legatees and distributees of such person.

9.9 Amendment or Repeal; Interpretation.

The provisions of this Article IX shall constitute a contract between the Corporation, on the one hand, and, on the other hand, each individual who serves or has served as a director or officer of the Corporation (whether before or after the adoption of these Bylaws), in consideration of such person's performance of such services, and pursuant to this Article IX the Corporation intends to be legally bound to each such current or

former director or officer of the Corporation. With respect to current and former directors and officers of the Corporation, the rights conferred under this Article IX are present contractual rights and such rights are fully vested, and shall be deemed to have vested fully, immediately upon adoption of theses Bylaws. With respect to any directors or officers of the Corporation who commence service following adoption of these Bylaws, the rights conferred under this provision shall be present contractual rights and such rights shall fully vest, and be deemed to have vested fully, immediately upon such director or officer commencing service as a director or officer of the Corporation. Any repeal or modification of the foregoing provisions of this Article IX shall not adversely affect any right or protection (i) hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification or (ii) under any agreement providing for indemnification or advancement of expenses to an officer or director of the Corporation in effect prior to the time of such repeal or modification.

Any reference to an officer of the Corporation in this Article IX shall be deemed to refer exclusively to the Chief Executive Officer, President, and Secretary, or other officer of the Corporation appointed by (x) the Board pursuant to Article V of these Bylaws or (y) an officer to whom the Board has delegated the power to appoint officers pursuant to Article V of these Bylaws, and any reference to an officer of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be deemed to refer exclusively to an officer appointed by the board of directors (or equivalent governing body) of such other entity pursuant to the certificate of incorporation and Bylaws (or equivalent organizational documents) of such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise. The fact that any person who is or was an employee of the Corporation or an employee of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise has been given or has used the title of “Vice President” or any other title that could be construed to suggest or imply that such person is or may be an officer of the Corporation or of such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall not result in such person being constituted as, or being deemed to be, an officer of the Corporation or of such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise for purposes of this Article IX.

Article X - Amendments

The Board is expressly empowered to adopt, amend or repeal the Bylaws of the Corporation. The stockholders also shall have power to adopt, amend or repeal the Bylaws of the Corporation; *provided*, *however*, that such action by stockholders shall require, in addition to any other vote required by the Certificate of Incorporation or applicable law, the affirmative vote of the holders of at least a majority of the voting power of all the then-outstanding shares of voting stock of the Corporation with the power to vote generally in an election of directors, voting together as a single class.

Article XI - Emergency Bylaws

11.1 Emergency Bylaws. This Article XI shall be operative during any emergency, resulting from an attack on the United States or on a locality in which the Corporation conducts its business or customarily holds meetings of its Board or its stockholders, or during any nuclear or atomic disaster or during the existence of any catastrophe, including, but not limited to, an epidemic or pandemic, and a declaration of a national emergency by the United States government, or other similar emergency condition, irrespective of whether a quorum of the Board or a standing committee thereof can readily be convened for action (an "Emergency"), notwithstanding any different or conflicting provision in the these Bylaws, the Certificate of Incorporation or the General Corporation Law of the State of Delaware. To the extent not inconsistent with the provisions of this Article XI, the other provisions of these Bylaws and the Certificate of Incorporation shall remain in effect during such Emergency, and upon termination of such Emergency, the provisions of this Article XI shall cease to be operative.

11.2 Notice. During any Emergency, a meeting of the Board or a committee thereof may be called by any director or officer, and notice of the place and time of any such meeting of the Board or any committee may be given only to such directors as it may be feasible to reach at the time and by such means as may be feasible at the time. Such notice shall be given at such time in advance of the meeting as, in the judgment of the person calling the meeting, circumstances permit. No notice of such meeting need be given to the Designated Officers (as defined below) or to the officers.

11.3 Quorum. At any meeting of the Board or any committee thereof, called in accordance with Section 2, the director or directors in attendance at the meeting shall constitute a quorum. Vacancies on the Board, or any committee thereof, may be filled by a majority vote of the directors in attendance at the meeting. In the event that no directors are able to attend the meeting of the Board, then the Designated Officers in attendance shall serve as directors for the meeting, without any additional quorum requirement and will have full powers to act as directors of the Corporation for such meeting. For purposes of this Article XI, "Designated Officers" means a list of officers of the Corporation who shall be deemed to be directors of the Corporation for purposes of obtaining a quorum during an Emergency if a quorum of directors cannot otherwise be obtained during such Emergency, which officers have been designated by the Board or a committee thereof, as the case may be, from time to time but in any event prior to such time or times as an Emergency may have occurred. If the Board or a committee thereof has not approved a list of Designated Officers prior to the Emergency, then the officers of the Corporation in attendance shall serve as directors for the meeting, without any additional quorum requirement and will have full powers to act as directors of the Corporation for such meeting.

11.4 Liability. No officer, director or employee acting in accordance with this Article XI shall be liable except for willful misconduct.

11.5 Powers. The Board, either before or during any Emergency, may, effective in the Emergency, change the principal executive office or designate several alternative principal executive offices or regional offices, or authorize the officers so to do. Without limiting any powers or emergency actions that the Board may take during an Emergency, during an Emergency, the Board may take any action that it determines to be practical and necessary to address the circumstances of the Emergency including, without limitation, taking the actions with respect to stockholder meetings and dividends as provided in Section 110(i) of the General Corporation Law of the State of Delaware.

11.6 Amendments. At any meeting called in accordance with Section 2, the Board may modify, amend or add to the provisions of this Article XI so as to make any provision that may be practical or necessary for the circumstances of the Emergency.

11.7 Repeal or Change. The provisions of this Article XI shall be subject to repeal or change by further action of the Board or by action of the stockholders, but no such repeal or change shall modify the provisions of Section 4 with regard to action taken prior to the time of such repeal or change.

11.8 Nonexclusivity. Nothing contained in this Article XI shall be deemed exclusive of any other provisions for emergency powers consistent with other sections of the General Corporation Law of the State of Delaware which have been or may be adopted by corporations created under the General Corporation Law of the State of Delaware.]

Article XII - Definitions

As used in these Bylaws, unless the context otherwise requires, the following terms shall have the following meanings:

An "electronic transmission" means any form of communication, not directly involving the physical transmission of paper, including the use of, or participation in, one or more electronic networks or databases (including one or more distributed electronic networks or databases), that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

An "electronic mail" means an electronic transmission directed to a unique electronic mail address (which electronic mail shall be deemed to include any files attached thereto and any information hyperlinked to a website if such electronic mail includes the contact information of an officer or agent of the Corporation who is available to assist with accessing such files and information).

An "electronic mail address" means a destination, commonly expressed as a string of characters, consisting of a unique user name or mailbox (commonly referred to as the "local part" of the address) and a reference to an internet domain (commonly referred to as the "domain part" of the address), whether or not displayed, to which electronic mail can be sent or delivered.

The term "person" means any individual, general partnership, limited partnership, limited liability company, corporation, trust, business trust, joint stock company, joint venture, unincorporated association, cooperative or association or any other legal entity or organization of whatever nature, and shall include any successor (by merger or otherwise) of such entity.

Vertex, Inc.

Certificate of Amendment and Restatement of Bylaws

The undersigned hereby certifies that he is the duly elected, qualified, and acting Secretary of Vertex, Inc., a Delaware corporation (the "Corporation"), and that the foregoing Bylaws were approved on , 2020, effective as of , 2020 by the Corporation's board of directors.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this day of , 2020.

Bryan Rowland
General Counsel and Secretary

Exhibit 5.1

LATHAM & WATKINS LLP

53rd at Third
885 Third Avenue
New York, New York 10022-4834
Tel: +1.212.906.1200 Fax: +1.212.751.4864
www.lw.com

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London	Singapore
Los Angeles	Tokyo
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Milan	

July 20, 2020

Vertex, Inc.
2301 Renaissance Blvd
King of Prussia, Pennsylvania 19406

Re: Registration Statement No. 333-239644; 23,780,165 shares of Class A common stock, par value $0.001 per share

Ladies and Gentlemen:

We have acted as special counsel to Vertex, Inc., a Delaware corporation (the "***Company***"), in connection with the proposed issuance of up to 23,780,165 shares of Class A common stock, $0.001 par value per share (the "***Shares***"). The Shares are included in a registration statement on Form S—1 under the Securities Act of 1933, as amended (the "***Act***"), filed with the Securities and Exchange Commission (the "***Commission***") on July 2, 2020 (Registration No. 333—239644) (as amended, the "***Registration Statement***"). The term "Shares" shall include any additional shares of Class A common stock registered by the Company pursuant to Rule 462(b) under the Act in connection with the offering contemplated by the Registration Statement. This opinion is being furnished in connection with the requirements of Item 601(b)(5) of Regulation S-K under the Act, and no opinion is expressed herein as to any matter pertaining to the contents of the Registration Statement or related Prospectus, other than as expressly stated herein with respect to the issue of the Shares.

As such counsel, we have examined such matters of fact and questions of law as we have considered appropriate for purposes of this letter. With your consent, we have relied upon certificates and other assurances of officers of the Company and others as to factual matters without having independently verified such factual matters. We are opining herein as to General Corporation Law of the State Delaware, and we express no opinion with respect to any other laws.

Subject to the foregoing and the other matters set forth herein, it is our opinion that, as of the date hereof, when the Shares shall have been duly registered on the books of the transfer agent and registrar therefor in the name or on behalf of the purchasers, and have been issued by the Company against payment therefor (not less than par value) in the circumstances contemplated by the form of underwriting agreement most recently filed as an exhibit to the Registration Statement, the issue and sale of the Shares will have been duly authorized by all

necessary corporate action of the Company, and the Shares will be validly issued, fully paid and nonassessable. In rendering the foregoing opinion, we have assumed that the Company will comply with all applicable notice requirements regarding uncertificated shares provided in the General Corporation Law of the State of Delaware.

This opinion is for your benefit in connection with the Registration Statement and may be relied upon by you and by persons entitled to rely upon it pursuant to the applicable provisions of the Act. We consent to your filing this opinion as an exhibit to the Registration Statement and to the reference to our firm in the Prospectus under the heading "Legal Matters." We further consent to the incorporation by reference of this letter and consent into any registration statement filed pursuant to Rule 462(b) with respect to the Shares. In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ Latham & Watkins LLP

EXHIBIT 10.3

INDEMNIFICATION AND ADVANCEMENT AGREEMENT

This Indemnification and Advancement Agreement ("Agreement") is made as of , 2020 by and between Vertex, Inc. a Delaware corporation (the "Company"), and , [a member of the Board of Directors/an officer/an employee/an agent/a fiduciary] of the Company ("Indemnitee"). This Agreement supersedes and replaces any and all previous Agreements between the Company and Indemnitee covering indemnification and advancement.

RECITALS

WHEREAS, the Board of Directors of the Company (the "Board") believes that highly competent persons have become more reluctant to serve publicly-held corporations as directors, officers, or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification and advancement of expenses against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

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

WHEREAS, the uncertainties relating to such insurance, to indemnification, and to advancement of expenses may increase the difficulty of attracting and retaining such persons;

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

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

WHEREAS, this Agreement is a supplement to and in furtherance of the Bylaws, Certificate of Incorporation and any resolutions adopted pursuant thereto, and is not a substitute therefor, nor diminishes or abrogates any rights of Indemnitee thereunder; and

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

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnitee agrees to serve as [a/an] [director/officer/employee/agent/fiduciary] of the Company. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law). This Agreement does not create any obligation on the Company to continue Indemnitee in such position and is not an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee.

Section 2. Definitions. As used in this Agreement:

(a) "Agent" means any person who is authorized by the Company or an Enterprise to act for or represent the interests of the Company or an Enterprise, respectively.

(b) A "Change in Control" occurs upon the earliest to occur after the date of this Agreement of any of the following events:

i. Acquisition of Stock by Third Party. Any Person (as defined below) is or becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company representing fifteen percent (15%) or more of the combined voting power of the Company's then outstanding securities unless the change in relative beneficial ownership of the Company's securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors;

ii. Change in Board of Directors. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 2(b)(i), 2(b)(iii) or 2(b)(iv)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Board;

iii. Corporate Transactions. The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity;

iv. Liquidation. The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; and

v. Other Events. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act (as defined below), whether or not the Company is then subject to such reporting requirement.

vi. For purposes of this Section 2(b), the following terms have the following meanings:

1 "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

2 "Person" has the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however, that Person excludes (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

3 "Beneficial Owner" has the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that Beneficial Owner excludes any Person otherwise becoming a Beneficial Owner by reason of the stockholders of the Company approving a merger of the Company with another entity.

(c) "Corporate Status" describes the status of a person who is or was acting as a director, officer, employee, fiduciary, or Agent of the Company or an Enterprise.

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

(e) "Enterprise" means any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other entity for which Indemnitee is or was serving at the request of the Company as a director, officer, employee, or Agent.

(f) "Expenses" includes all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts and other professionals, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent, and (ii) for purposes of Section 14(d) only, Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement, by litigation or otherwise. The parties agree that for the purposes of any advancement of Expenses for which Indemnitee has made written demand to the Company in accordance with this Agreement, all Expenses included in such demand that are certified by affidavit of Indemnitee's counsel as being reasonable in the good faith judgment of such counsel will be presumed conclusively to be reasonable. Expenses, however, do not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(g) "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" does not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(h) The term "Proceeding" includes any threatened, pending or completed action, suit, claim, counterclaim, cross claim, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative, legislative, or investigative (formal or informal) nature, including any appeal therefrom, in which Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of Indemnitee's Corporate Status or by reason of any action taken by Indemnitee (or a failure to take action by Indemnitee) or of any action (or failure to act) on Indemnitee's part while acting pursuant to Indemnitee's Corporate Status, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which

indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement. A Proceeding also includes a situation the Indemnitee believes in good faith may lead to or culminate in the institution of a Proceeding.

Section 3. Indemnity in Third-Party Proceedings. The Company will indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines and amounts paid in settlement) actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding had no reasonable cause to believe that Indemnitee's conduct was unlawful.

Section 4. Indemnity in Proceedings by or in the Right of the Company. The Company will indemnify Indemnitee in accordance with the provisions of this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. The Company will not indemnify Indemnitee for Expenses under this Section 4 related to any claim, issue or matter in a Proceeding for which Indemnitee has been finally adjudged by a court to be liable to the Company, unless, and only to the extent that, the Delaware Court of Chancery or any court in which the Proceeding was brought determines upon application by Indemnitee that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. To the fullest extent permitted by applicable law, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee in connection with any Proceeding the extent that Indemnitee is successful, on the merits or otherwise. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with or related to each successfully resolved claim, issue or matter to the fullest extent permitted by law. For purposes of this Section 5 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, will be deemed to be a successful result as to such claim, issue or matter.

Section 6. Indemnification For Expenses of a Witness. To the fullest extent permitted by applicable law, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with any Proceeding

to which Indemnitee is not a party but to which Indemnitee is a witness, deponent, interviewee, or otherwise asked to participate.

Section 7. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company will indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

Section 8. Additional Indemnification. Notwithstanding any limitation in Sections 3, 4, or 5, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law (including but not limited to, the DGCL and any amendments to or replacements of the DGCL adopted after the date of this Agreement that expand the Company's ability to indemnify its officers and directors) if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor).

Section 9. Exclusions. Notwithstanding any provision in this Agreement, the Company is not obligated under this Agreement to make any indemnification payment to Indemnitee in connection with any Proceeding:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except to the extent provided in Section 16(b) and except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(b) for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act (as defined in Section 2(b) hereof) or similar provisions of state statutory law or common law, (ii) any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act) or (iii) any reimbursement of the Company by Indemnitee of any compensation pursuant to any compensation recoupment or clawback policy adopted by the Board or the compensation committee of the Board, including but not limited to any such policy adopted to comply with stock exchange listing requirements implementing Section 10D of the Exchange Act; or

(c) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Proceeding or part of any Proceeding is to enforce Indemnitee's rights to indemnification or advancement, of Expenses, including a Proceeding (or any part of any Proceeding) initiated pursuant to Section 14 of this Agreement, (ii) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (iii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

Section 10. Advances of Expenses.

(a) The Company will advance, to the extent not prohibited by law, the Expenses incurred by Indemnitee in connection with any Proceeding (or any part of any Proceeding) not initiated by Indemnitee or any Proceeding (or any part of any Proceeding) initiated by Indemnitee if (i) the Proceeding or part of any Proceeding is to enforce Indemnitee's rights to obtain indemnification or advancement of Expenses from the Company or Enterprise, including a proceeding initiated pursuant to Section 14 or (ii) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation. The Company will advance the Expenses within thirty (30) days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding.

(b) Advances will be unsecured and interest free. Indemnitee undertakes to repay the amounts advanced (without interest) to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company, thus Indemnitee qualifies for advances upon the execution of this Agreement and delivery to the Company. No other form of undertaking is required other than the execution of this Agreement. The Company will make advances without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement.

Section 11. Procedure for Notification of Claim for Indemnification or Advancement.

(a) Indemnitee will notify the Company in writing of any Proceeding with respect to which Indemnitee intends to seek indemnification or advancement of Expenses hereunder as soon as reasonably practicable following the receipt by Indemnitee of written notice thereof. Indemnitee will include in the written notification to the Company a description of the nature of the Proceeding and the facts underlying the Proceeding and provide such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of such Proceeding. Indemnitee's failure to notify the Company will not relieve the Company from any obligation it may have to Indemnitee under this Agreement, and any delay in so notifying the Company will not constitute a waiver by Indemnitee of any rights under this Agreement. The Secretary of the Company will, promptly upon receipt of such a request for indemnification or advancement, advise the Board in writing that Indemnitee has requested indemnification or advancement.

(b) The Company will be entitled to participate in the Proceeding at its own expense.

Section 12. Procedure Upon Application for Indemnification.

(a) Unless a Change of Control has occurred, the determination of Indemnitee's entitlement to indemnification will be made:

i. by a majority vote of the Disinterested Directors, even though less than a quorum of the Board;

ii. by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board;

iii. if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by written opinion provided by Independent Counsel selected by the Board; or

iv. if so directed by the Board, by the stockholders of the Company.

(b) If a Change in Control has occurred, the determination of Indemnitee's entitlement to indemnification will be made by written opinion provided by Independent Counsel selected by Indemnitee (unless Indemnitee requests such selection be made by the Board)

(c) The party selecting Independent Counsel pursuant to subsection (a)(iii) or (b) of this Section 12 will provide written notice of the selection to the other party. The notified party may, within ten (10) days after receiving written notice of the selection of Independent Counsel, deliver to the selecting party a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection will set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected will act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or the Delaware Court has determined that such objection is without merit. If, within thirty (30) days after the later of submission by Indemnitee of a written request for indemnification pursuant to Section 11(a) hereof and the final disposition of the Proceeding, Independent Counsel has not been selected or, if selected, any objection to has not been resolved, either the Company or Indemnitee may petition the Delaware Court for the appointment as Independent Counsel of a person selected by such court or by such other person as such court designates. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 14(a) of this Agreement, Independent Counsel will be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(d) Indemnitee will cooperate with the person, persons or entity making the determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. The Company will advance and pay any Expenses incurred by Indemnitee in so cooperating with the person, persons or entity making the indemnification determination irrespective of the determination as to Indemnitee's entitlement to indemnification and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom. The Company promptly will advise Indemnitee in writing of the determination that Indemnitee is or is not entitled to indemnification, including a description of any reason or basis for which indemnification has been denied and providing a copy of any written opinion provided to the Board by Independent Counsel.

(e) If it is determined that Indemnitee is entitled to indemnification, the Company will make payment to Indemnitee within thirty (30) days after such determination.

Section 13. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination will, to the fullest extent not prohibited by law, presume Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 11(a) of this Agreement, and the Company will, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption. Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, will be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) If the determination of the Indemnitee's entitlement to indemnification has not made pursuant to Section 12 within sixty (60) days after the later of (i) receipt by the Company of Indemnitee's request for indemnification pursuant to Section 11(a) and (ii) the final disposition of the Proceeding for which Indemnitee requested Indemnification (the "Determination Period"), the requisite determination of entitlement to indemnification will, to the fullest extent not prohibited by law, be deemed to have been made and Indemnitee will be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law. The Determination Period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and provided, further, the Determination Period may be extended an additional fifteen (15) days if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 12(a)(iv) of this Agreement.

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

(d) For purposes of any determination of good faith, Indemnitee will be deemed to have acted in good faith if Indemnitee acted based on the records or books of account of the Company, its subsidiaries, or an Enterprise, including financial statements, or on information supplied to Indemnitee by the directors or officers of the Company, its subsidiaries, or an Enterprise in the course of their duties, or on the advice of legal counsel for the Company, its subsidiaries, or an Enterprise or on information or records given or reports made to the Company or an Enterprise by an independent certified public accountant or by an appraiser, financial advisor

or other expert selected with reasonable care by or on behalf of the Company, its subsidiaries, or an Enterprise. Further, Indemnitee will be deemed to have acted in a manner "not opposed to the best interests of the Company," as referred to in this Agreement if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan. The provisions of this Section 13(d) is not exclusive and does not limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any director, officer, trustee, partner, managing member, fiduciary, agent or employee of the Enterprise may not be imputed to Indemnitee for purposes of determining Indemnitee's right to indemnification under this Agreement.

Section 14. Remedies of Indemnitee.

(a) Indemnitee may commence litigation against the Company in the Delaware Court of Chancery to obtain indemnification or advancement of Expenses provided by this Agreement in the event that (i) a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) the Company does not advance Expenses pursuant to Section 10 of this Agreement, (iii) the determination of entitlement to indemnification is not made pursuant to Section 12 of this Agreement within the Determination Period, (iv) the Company does not indemnify Indemnitee pursuant to Section 5 or 6 or the second to last sentence of Section 12(d) of this Agreement within thirty (30) days after receipt by the Company of a written request therefor, (v) the Company does not indemnify Indemnitee pursuant to Section 3, 4, 7, or 8 of this Agreement within thirty (30) days after a determination has been made that Indemnitee is entitled to indemnification, or (vi) in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, the Indemnitee the benefits provided or intended to be provided to the Indemnitee hereunder. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee must commence such Proceeding seeking an adjudication or an award in arbitration within one hundred and eighty (180) days following the date on which Indemnitee first has the right to commence such Proceeding pursuant to this Section 14(a); provided, however, that the foregoing clause does not apply in respect of a Proceeding brought by Indemnitee to enforce Indemnitee's rights under Section 5 of this Agreement. The Company will not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) If a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced

pursuant to this Section 14 will be conducted in all respects as a *de novo* trial, or arbitration, on the merits and Indemnitee may not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 14 the Company will have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be, and will not introduce evidence of the determination made pursuant to Section 12 of this Agreement.

(c) If a determination is made pursuant to Section 12 of this Agreement that Indemnitee is entitled to indemnification, the Company will be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 14, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company is, to the fullest extent not prohibited by law, precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 14 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and will stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(e) It is the intent of the Company that, to the fullest extent permitted by law, the Indemnitee not be required to incur legal fees or other Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnitee hereunder. The Company, to the fullest extent permitted by law, will (within thirty (30) days after receipt by the Company of a written request therefor) advance to Indemnitee such Expenses which are incurred by Indemnitee in connection with any action concerning this Agreement, Indemnitee's right to indemnification or advancement of Expenses from the Company, or concerning any directors' and officers' liability insurance policies maintained by the Company, and will indemnify Indemnitee against any and all such Expenses unless the court determines that each of the Indemnitee's claims in such action were made in bad faith or were frivolous or are prohibited by law.

Section 15. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The indemnification and advancement of Expenses provided by this Agreement are not exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. The indemnification and advancement of Expenses provided by this Agreement may not be limited or restricted by any amendment, alteration or repeal of this Agreement in any way with respect to any action taken or omitted by Indemnitee in Indemnitee's Corporate Status occurring prior to any amendment, alteration or repeal of this Agreement. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Bylaws, Certificate of Incorporation, or this Agreement, it is the intent of the parties hereto that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or

remedy, and every other right and remedy is cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other right or remedy.

(b) The Company hereby acknowledges that Indemnitee may have certain rights to indemnification, advancement of Expenses and/or insurance provided by one or more other Persons with whom or which Indemnitee may be associated. The relationship between the Company and such other Persons, other than an Enterprise, with respect to the Indemnitee's rights to indemnification, advancement of Expenses, and insurance is described by this subsection, subject to the provisions of subsection (d) of this Section 16 with respect to a Proceeding concerning Indemnitee's Corporate Status with an Enterprise.

i. The Company hereby acknowledges and agrees:

1) the Company is the indemnitor of first resort with respect to any request for indemnification or advancement of Expenses made pursuant to this Agreement concerning any Proceeding;

2) the Company is primarily liable for all indemnification and indemnification or advancement of Expenses obligations for any Proceeding, whether created by law, organizational or constituent documents, contract (including this Agreement) or otherwise;

3) any obligation of any other Persons with whom or which Indemnitee may be associated to indemnify Indemnitee and/or advance Expenses to Indemnitee in respect of any proceeding are secondary to the obligations of the Company's obligations;

4) the Company will indemnify Indemnitee and advance Expenses to Indemnitee hereunder to the fullest extent provided herein without regard to any rights Indemnitee may have against any other Person with whom or which Indemnitee may be associated or insurer of any such Person; and

ii. the Company irrevocably waives, relinquishes and releases (A) any other Person with whom or which Indemnitee may be associated from any claim of contribution, subrogation, reimbursement, exoneration or indemnification, or any other recovery of any kind in respect of amounts paid by the Company to Indemnitee pursuant to this Agreement and (B) any right to participate in any claim or remedy of Indemnitee against any Person, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from any Person, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right.

iii. In the event any other Person with whom or which Indemnitee may be associated or their insurers advances or extinguishes any liability or loss for Indemnitee, the payor has a right of subrogation against the Company or its insurers for all amounts so paid which would otherwise be payable by the Company or its insurers under this Agreement. In no event will payment by any other Person with whom or which Indemnitee may be associated or their insurers affect the obligations of the Company hereunder or shift primary liability for the

Company's obligation to indemnify or advance of Expenses to any other Person with whom or which Indemnitee may be associated.

iv. Any indemnification or advancement of Expenses provided by any other Person with whom or which Indemnitee may be associated is specifically in excess over the Company's obligation to indemnify and advance Expenses or any valid and collectible insurance (including but not limited to any malpractice insurance or professional errors and omissions insurance) provided by the Company.

(c) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents of the Company, the Company will obtain a policy or policies covering Indemnitee to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies, including coverage in the event the Company does not or cannot, for any reason, indemnify or advance Expenses to Indemnitee as required by this Agreement. If, at the time of the receipt of a notice of a claim pursuant to this Agreement, the Company has director and officer liability insurance in effect, the Company will give prompt notice of such claim or of the commencement of a Proceeding, as the case may be, to the insurers in accordance with the procedures set forth in the respective policies. The Company will thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies. Indemnitee agrees to assist the Company efforts to cause the insurers to pay such amounts and will comply with the terms of such policies, including selection of approved panel counsel, if required.

(d) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee for any Proceeding concerning Indemnitee's Corporate Status with an Enterprise will be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses from such Enterprise. The Company and Indemnitee intend that any such Enterprise (and its insurers) be the indemnitor of first resort with respect to indemnification and advancement of Expenses for any Proceeding related to or arising from Indemnitee's Corporate Status with such Enterprise. The Company's obligation to indemnify and advance Expenses to Indemnitee is secondary to the obligations the Enterprise or its insurers owe to Indemnitee. Indemnitee agrees to take all reasonably necessary and desirable action to obtain from an Enterprise indemnification and advancement of Expenses for any Proceeding related to or arising from Indemnitee's Corporate Status with such Enterprise.

(e) In the event of any payment made by the Company under this Agreement, the Company will be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee from any Enterprise or insurance carrier. Indemnitee will execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

Section 16. Duration of Agreement. This Agreement continues until and terminates upon the later of: (a) ten (10) years after the date that Indemnitee ceases to have a Corporate Status or (b) one (1) year after the final termination of any Proceeding then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any Proceeding commenced by Indemnitee pursuant to Section 14 of this Agreement relating thereto.

The indemnification and advancement of Expenses rights provided by or granted pursuant to this Agreement are binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or of any other Enterprise, and inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

Section 17. Severability. If any provision or provisions of this Agreement is held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) will not in any way be affected or impaired thereby and remain enforceable to the fullest extent permitted by law; (b) such provision or provisions will be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) will be construed so as to give effect to the intent manifested thereby.

Section 18. Interpretation. Any ambiguity in the terms of this Agreement will be resolved in favor of Indemnitee and in a manner to provide the maximum indemnification and advancement of Expenses permitted by law. The Company and Indemnitee intend that this Agreement provide to the fullest extent permitted by law for indemnification and advancement in excess of that expressly provided, without limitation, by the Certificate of Incorporation, the Bylaws, vote of the Company stockholders or disinterested directors, or applicable law.

Section 19. Enforcement.

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

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement is a supplement to and in furtherance of the Certificate of Incorporation, the Bylaws and applicable law, and is not a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 20. Modification and Waiver. No supplement, modification or amendment of this Agreement is binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement will be deemed or constitutes a waiver of any other provisions of this Agreement nor will any waiver constitute a continuing waiver.

Section 21. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company does not relieve the Company of any obligation which it may have to the Indemnitee under this Agreement or otherwise.

Section 22. Notices. All notices, requests, demands and other communications under this Agreement will be in writing and will be deemed to have been duly given if (a) delivered by hand to the other party, (b) sent by reputable overnight courier to the other party or (c) sent by facsimile transmission or electronic mail, with receipt of oral confirmation that such communication has been received:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee provides to the Company.

(b) If to the Company to:

[Name]:
[Address]:
Attention:
Fax:
Email:

or to any other address as may have been furnished to Indemnitee by the Company.

Section 23. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, will contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

Section 24. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties are governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 14(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or Proceeding arising out of or in connection with this Agreement may be brought only in the Delaware Court of Chancery and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or Proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or Proceeding

in the Delaware Court, and (iv) waive, and agree not to plead or to make, any claim that any such action or Proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 25. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which will for all purposes be deemed to be an original but all of which together constitutes one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 26. Headings. The headings of this Agreement are inserted for convenience only and do not constitute part of this Agreement or affect the construction thereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

COMPANY.	INDEMNITEE
By: _____	_____
Name:	Name:
Office:	Address:

EXHIBIT 10.5

EXECUTIVE EMPLOYMENT AGREEMENT
(as amended and restated)

THIS EXECUTIVE EMPLOYMENT AGREEMENT ("Agreement") is made as of , 2020 by and between VERTEX, INC., a Delaware corporation ("Company"), with offices at 2301 Renaissance Boulevard, King of Prussia, PA 19406, and Lisa A. Butler ("Executive").

Recital

WHEREAS, Executive is currently employed by the Company as Chief Accounting Officer, pursuant to an Employment Agreement dated February 12, 2015, as amended from time to time (the "Prior Agreement");

WHEREAS, in the course of its business, the Company has invested and will continue to invest substantial time, effort, money and other resources in the creation, development, maintenance and protection of confidential and proprietary business methods, Documents (as defined herein) and information, as well as substantial and ongoing customer and industry relationships, all of which gain for the Company a substantial advantage in the marketplace and represent assets of great value to the Company and all of which will continue to be disclosed to Executive in the course of Executive's employment with the Company;

WHEREAS, the Company and Executive recognize the Company's legitimate business interest in protecting its confidential and proprietary business methods, Documents and information, as well as its substantial and ongoing customer and industry relationships; and

WHEREAS, Executive and the Company desire to enter into this Agreement to set out the terms and conditions for the continued employment relationship of Executive with the Company effective as of the date of consummation of the initial public offering of the Company's Class A common stock pursuant to an effective registration statement filed under the Securities Act of 1933, as amended, (the "Effective Date").

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and, specifically, in consideration of the Company's continued employment of Executive and Executive's resulting access to the Company's confidential and proprietary business methods, Documents and information as well as to its substantial and ongoing customer and industry relationships, the Company and Executive agree as follows:

1. Employment and Duties. The Company shall continue to employ Executive in the position of Chief Accounting Officer of the Company reporting to the Chief Financial Officer of the Company, and Executive hereby accepts such continued employment. Executive shall perform duties incident to this position, as well as any other duties that may be assigned to Executive from time to time by the Chief Financial Officer and/or the Chief Executive Officer of the Company (the "CEO") or his or her designee, that are not inconsistent with service as an officer of the Company, including duties for any Company subsidiary or affiliate. Executive shall abide by the Company's Code of Ethics and Business Conduct ("Code of Conduct"), policies, practices, procedures, and rules.

2. Term; Termination.

(a) Subject to the provisions of Section 14, Executive's employment under this Agreement shall remain in effect until terminated in accordance with the provisions of this paragraph.

(b) Executive's employment may be terminated hereunder as follows:

(i) Executive's employment shall terminate automatically upon Executive's death and may be terminated at any time, in the Company's sole discretion, upon Executive's "Disability." For purposes of this Agreement, "Disability" shall mean that because of physical or mental illness or incapacity Executive is unable to substantially perform all of the essential functions of Executive's position on a full-time basis with or without reasonable accommodation, for a period of 90 consecutive days or in excess of 180 days in any one-year period. This provision does not limit Executive's access to and use of benefits made available to Executive by the Company pursuant to this Agreement. Further, this provision is not intended to replace or supersede any applicable laws.

(ii) The Company may terminate Executive's employment for "Cause," without advance notice and with no other continuing obligations of the Company to Executive under this Agreement. For purposes of this Agreement, "Cause" shall mean (A) Executive's material breach of this Agreement (including but not limited to Sections 6, 7, or 8 hereof); (B) Executive's repeated failure to perform Executive's duties or obligations to the Company or any corporation or other legal entity of which the Company has at least 51% equity ownership (a "Subsidiary"); (C) Executive's willful misconduct that is materially injurious to the Company or any Subsidiary; (D) dishonesty, unethical, fraudulent or similar misconduct on the part of Executive in connection with Executive's employment by, or performance of services for, the Company or any Subsidiary; (E) Executive's use of non-prescription controlled substances, misuse of prescription drugs, or habitual intoxication during work hours; (F) Executive's conviction (which includes a guilty plea or plea of nolo contendere) of a felony or any other crime involving fraud, dishonesty or moral turpitude; (G) Executive's material violation of any policy of the Company or of any Subsidiary for which Executive performs services; or (H) Executive's refusal to follow any directions of the Board of Directors of the Company (the "Board") or any other person at the Company or any Subsidiary to whom Executive reports that are reasonable, lawful and consistent with the Company's Code of Conduct, policies, practices, procedures, and rules. Notwithstanding the foregoing, the parties agree that "Cause" does not include any act of Executive covered by (A), (B), (G) or (H) of the foregoing sentence, that in the sole discretion of the CEO or his or her designee, is capable of cure and is cured by Executive within thirty (30) days after written notice thereof has been provided to Executive.

(iii) The Company may terminate Executive's employment without Cause upon thirty (30) days' written notice to Executive (or, at the Company's option, the Company may provide Executive a maximum of thirty (30) days' pay in lieu of such notice). In the event of (x) any termination by the Company without Cause pursuant to this subparagraph 2(b)(iii), or (y) any termination by Executive for Good Reason (as defined below) pursuant to subparagraph 2(b)(vi), provided, in any case, Executive first signs a general separation agreement and release of claims against the Company, its Subsidiaries and affiliates, in form to be provided by the Company that is substantially similar to the sample form attached hereto as Appendix A ("Release"), and further provided that Executive remains in compliance with Executive's continuing obligations under paragraphs 6 and 7 of this Agreement, Executive will be entitled to the following: (a) payment of Executive's Base Salary (as defined below) under Section 3(a) at the rate in effect on the date of termination of employment for a period of twelve (12) months (the "Severance Period"); and (b) if Executive timely elects continuation coverage under COBRA, payment of insurance premiums in order to continue Executive's then-existing health insurance coverage for a period of eighteen (18) months, or, at the Company's option, payment to Executive as additional severance pay in an amount equal to the premium payments for such continuation coverage. The health insurance continuation (or equivalent payment as additional severance) shall be at the Company's expense, but shall in all events terminate on the date Executive becomes eligible for health insurance coverage under the medical plan of a new employer.

(iv) Executive may terminate Executive's employment for any reason or no reason upon at least thirty (30) days' written notice to the Company; *provided*, *however*, that following such notice of termination, the Company may, at its option, select a shorter notice period and earlier termination date than Executive provided, without incurring liability hereunder or changing the nature of Executive's termination.

(v) Except as provided in subparagraph 2(b)(iii), in the event of termination of employment for any reason, Executive (or Executive's estate, as applicable) shall be entitled to no payments or benefits following the date of termination other than payment of (i) accrued but unpaid Base Salary earned through the termination date; (ii) the unpaid portion of incentive compensation, if any, earned by Executive with respect to the calendar year preceding the calendar year in which the date of termination occurs, subject to the terms and conditions of any plan governing such incentive compensation; (iii) expenses reimbursable under Section 5 incurred but not yet reimbursed to Executive prior to the termination date; and (iv) any vested benefits or amounts through the date of termination due and owing to Executive under the terms of any plan, program, or arrangement of the Company, less any amounts then owed by Executive to the Company. For the avoidance of doubt, if Executive's employment shall terminate as a result of Executive's death or Disability pursuant to Section 2(b)(i), pursuant to Section 2(b)(ii) for Cause, or pursuant to Section 2(b)(iv) for Executive's resignation from the Company without Good Reason or for no reason, then Executive shall not be entitled to any payments or benefits, except for those payments and benefits provided in clauses (i), (ii), (iii) and (iv) of this Section 2(b)(v).

(vi) Executive may terminate Executive's employment for Good Reason. "Good Reason" means, unless otherwise consented to by Executive, any action taken by the Company that causes (i) a material breach of this Agreement, (ii) the material diminution of Executive's duties, (iii) a material decrease in Base Salary or (iv) any relocation of Executive's principal office to a location more than fifty (50) miles from Executive's then current office. Before resigning for Good Reason, Executive shall provide written notice to the Company of the ground giving rise to Good Reason. The notice shall be provided within sixty (60) days of the occurrence of the event giving rise to Good Reason. The Company shall then have thirty (30) days within which to cure such event. If the Company fails to cure, Executive shall have the right to resign for Good Reason, provided the resignation occurs no later than one hundred and twenty (120) days from the date of the occurrence of the event giving rise to Good Reason.

(c) Amounts payable under this Agreement that are subject to Executive's execution of the Release shall commence on the sixtieth day after Executive's separation from service. Executive shall not be entitled to any such payments unless Executive executes the Release within forty-five days of the later of the date Executive receives the Release or Executive's separation from service, and does not revoke the Release; provided, however, that in no event shall the Company provide such Release to Executive later than five (5) business days after Executive's separation from service. Any amounts payable under this Agreement as an uninterrupted continuation of Executive's Base Salary or health insurance coverage that are delayed pending Executive's execution of a Release shall be paid in an aggregate lump sum upon such sixtieth day; provided, however, that Executive shall be responsible for paying any premiums that are due and necessary for the continuation of Executive's health insurance coverage prior to such sixtieth day, subject to reimbursement of such amounts to Executive by the Company upon the lapse of such sixty-day period. In the event Executive commits a material breach of Section 6 or Section 7 that, in the sole discretion of the CEO or his or her designee, is not capable of cure, or is not cured by Executive within thirty (30) days after notice thereof to Executive, then, without limiting the availability to the Company of any other relief or remedy, Executive shall no longer be entitled to any severance compensation or benefits provided for above in subparagraph 2(b)(iii) that have not yet been paid, and shall be required to repay to the Company any amounts theretofore paid under such subsection.

(d) Prior to and following any termination of employment, (i) Executive shall not disparage the professional or personal reputation of the Company, its Subsidiaries and affiliates or any of their officers, shareholders, directors, management, or employees or any products or services of the Company, its Subsidiaries and affiliates (other than good faith statements made in the performance of Executive's duties during Executive's employment); and (ii) the Board shall not disparage the professional or personal reputation of Executive (other than good faith statements made during Executive's employment). Nothing in this paragraph shall preclude any party from making truthful statements that are reasonably necessary to comply with applicable law, regulation or legal process, or to defend or enforce a party's rights under this Agreement.

(e) In event of termination of Executive's employment for any reason, Executive shall be deemed to have resigned from each position Executive holds as an officer or director of the Company and any Subsidiary or affiliate of the Company effective as of no later than the termination date.

3. Compensation.

(a) Salary. Beginning on the Effective Date, Executive's annual base salary ("Base Salary") shall be three hundred two thousand six hundred seventy-nine dollars ($302,679), payable in accordance with the Company's generally applicable payroll practices and subject to any payroll or other deductions required by law, government or court order, or by agreement with, or consent of, Executive. The Base Salary may be increased from time to time in the discretion of the Board or the CEO or his or her designee.

(b) Incentive Compensation. Executive shall continue to be eligible to participate in the incentive compensation plans the Company may implement from time to time. The target bonus amounts and performance targets for Executive shall be established at the same time such amounts and targets are established for other executive officers of the Company, shall be as determined by the Board, and shall be payable only upon the Company's achievement of established targets as determined by the Board. Notwithstanding the foregoing, the Company and Executive agree that Executive's target annual bonus will equal forty percent (40%) of Executive's Base Salary.

(c) Performance Bonus. Executive shall be eligible to receive a bonus in the amount of seventy-five thousand dollars ($75,000) ("Performance Bonus"), subject to the Company's generally applicable payroll practices and any payroll or other deductions required by law, upon the earlier to occur of the following: (i) the filing of the Company's first quarterly public company financial statement during calendar year 2020, (ii) the date the Board makes a determination to terminate the pursuit of the filing of a registration statement on Form S-1 during calendar year 2020, or (iii) December 31, 2020. Payment of the Performance Bonus by the Company is to occur no later than thirty (30) days from the date of the event giving rise to the obligation for such Performance Bonus. Executive must remain actively employed and in compliance with the Company's policies and directives concerning job performance and conduct to receive the Performance Bonus.

(d) Early Termination. Within six (6) months of (i) the timely filing of the Company's first quarterly public company financial statement during calendar year 2020, (ii) the date the Board makes a determination to terminate the pursuit of the filing of a registration statement on Form S-1 during calendar year 2020, or (iii) December 31, 2020, the Company and Executive may mutually agree that Executive and the Company should terminate this Agreement and Executive would be entitled to the severance payments and benefits set forth in Section 2(b)(iii), subject to the terms and conditions of that section.

(e) Executive MBA. The Company agrees to reimburse Executive for a maximum of $75,000 in tuition and tuition related expenses for an accredited executive master's degree in business administration ("EMBA") program located in the United States. Executive shall submit (i) tuition costs to the Company for approval prior to incurring these expenses and (ii) any tuition-related expenses, including books and travel, after they have been incurred in accordance with the Company's expense reimbursement policy. To the extent such reimbursement is determined to be treated as taxable compensation to the Executive, the Company shall reimburse Executive or pay such amounts directly (through payroll gross up). If Executive voluntarily terminates this Agreement within one (1) year from completion of the EMBA, Executive shall reimburse the Company for the $75,000 in its entirety (excluding any payroll tax payments or reimbursements) within forty-five (45) days of such termination and Executive authorizes the Company to deduct (in compliance with federal and state laws) from any amounts then owed to Executive by the Company, all amounts owed to the Company under this Section (3)(e).

4. Vacation and Executive Benefits.

(a) Executive shall be entitled to paid time off ("PTO") in accordance with the Company's standard PTO policy, as well as five (5) days PTO in addition to what is provided under the Company's standard PTO policy; provided, that Executive will use Executive's reasonable discretion, taking into account the Company's needs, when determining the time to take vacation.

(b) Executive shall be entitled to participate in the same manner and under the same terms and conditions as similarly-situated executives of the Company, in the Company's medical insurance, retirement plans, and other fringe benefit programs, including, for the avoidance of doubt, any group life and/or long-term disability insurance plans or programs adopted by the Company after the Effective Date, with Executive's rights and responsibilities under these programs governed by the terms of those plans and programs as they may be in effect and modified from time-to-time.

5. Expenses. The Company shall reimburse Executive for all reasonable and substantiated ordinary and necessary business expenses incurred in performing Executive's duties under this Agreement, provided that Executive shall comply with all Company requirements relating to the submission and documentation of such expenses.

6. Loyalty, Best Efforts, Non-Competition, Non-Solicitation.

(a) Executive will, while employed by the Company, devote all of Executive's full time and best efforts and, during work hours, all of Executive's attention, to the business of the Company, its Subsidiaries and affiliates and to the performance of Executive's duties. Further, Executive will not, without the advance, written permission of the CEO or his or her designee, engage in any activity that would in any way or to any extent, interfere with the performance of Executive's duties, including, without limitation, engaging to any extent in any other employment or occupation, whether or not for compensation, or undertaking any financial or other investment.

(b) Executive hereby agrees that during Executive's employment with the Company and for the period of twelve (12) months after termination of employment for any reason (the "Restricted Period"), Executive will not, without the advance, written permission of the CEO or his or her designee, engage in Competition (as defined below) with the Company. Executive shall be deemed to be engaging in "Competition" if Executive (A) engages anywhere within the United States of America or any other place where the Company, its Subsidiaries or affiliates are engaged during Executive's employment or actively preparing to be engaged in business (the "Restricted Territory"), in any business in which the Company, any of its Subsidiaries or affiliates is engaged or has invested material funds in development at

the time of such termination of employment, and/or (B) owns, in whole or in part, is employed by, provides financing to, consults with or otherwise renders services to any person or entity who is engaged in any business (or proposes to engage in any business) in which the Company, any of its Subsidiaries or affiliates is engaged or has invested material funds in development at the time of such termination of employment anywhere within the Restricted Territory (for avoidance of doubt, such persons or entities include, but are not limited to, any of the following entities or their successors: Thomson Reuters, CCH/Wolters Kluwer, Avalara, Longview Solutions, MLM CorpTax, Taxware). Notwithstanding anything herein to the contrary, Executive may make passive investments in any enterprise the shares of which are publicly traded if such investment constitutes less than two percent (2%) of the equity of such enterprise.

(c) During the Restricted Period, Executive will not, directly or indirectly, (i) hire or assist any other person or entity to hire any current or former employee of the Company, its Subsidiaries or its affiliates, or (ii) recruit, solicit or induce, or assist any other person or entity to recruit, solicit or induce, any current or former employee to leave the employment of the Company, its Subsidiaries or its affiliates. For purposes of this subparagraph (c), "former employee" shall mean an individual who was employed by the Company, any of its Subsidiaries or any of its affiliates at any time within the twelve months prior to this prohibited activity.

(d) During the Restricted Period, Executive will not, directly or indirectly, solicit, induce, or attempt to induce any customer, client, or prospect of the Company, its Subsidiaries or its affiliates, to stop doing business in whole or in part with or through the Company, its Subsidiaries or affiliates, or to do business with any person or entity that competes with the Company. For the purposes of this subparagraph (d), "prospect" means any person or entity which the Company, its Subsidiaries or its affiliates had solicited for business within one year prior to the termination of Executive's employment.

(e) During the Restricted Period, Executive will promptly disclose to the Company any and all direct contacts, solicitations, inquiries or other actual or potential business opportunities of which Executive may become aware and which relate to the business of the Company or any of its Subsidiaries or affiliates; *provided, however*, that the disclosure obligation under this paragraph shall apply only to such contacts, solicitations, inquiries, and opportunities of which Executive became aware during Executive's employment with the Company.

(f) Executive acknowledges and agrees that the restrictions imposed by this Paragraph 6 are a condition of Executive's employment with the Company; are fair and reasonably required for the protection of the Company; and will not preclude Executive from becoming gainfully employed following the termination of employment with the Company, regardless of reason. Executive further acknowledges and agrees that Executive provides and/or will provide unique services to the Company and that this Agreement has unique, substantial, and immeasurable value to the Company. If the Company seeks enforcement based on a breach of the provisions of this Section 6, the Company shall be entitled to reimbursement for the reasonable attorney's fees and expenses incurred by the Company in that effort if the Company prevails in whole or in substantial part in its action. In the event of any breach of subparagraphs (b) through (e) above, the time periods set forth in those paragraphs shall be extended by the length of time Executive is in breach. In the event that the provisions of this Paragraph 6 should ever be deemed to exceed the limitations permitted by applicable laws, Executive and the Company agree that such provisions shall be reformed to the maximum limitations permitted by the applicable laws.

7. Confidentiality and Ownership of Documents, Methods and Information.

(a) Executive agrees that, both during employment with the Company and thereafter, Executive will treat the business affairs of the Company, its Subsidiaries and its affiliates as confidential and will not discuss or disclose any Confidential Information (as hereafter defined) of the Company, its Subsidiaries or its affiliates with or to any third party, except (i) as required in connection with the performance of duties on behalf of the Company or (ii) as authorized in advance by the CEO or his or her designee, and in each such case only after ensuring that the recipient has agreed in writing to appropriate confidentiality obligations, unless Executive has been otherwise instructed by the CEO or his or her designee. Further, Executive shall take reasonable steps and security precautions to prevent the unauthorized disclosure of Confidential Information and all components thereof, and to maintain the confidentiality of the Company's intellectual property. Notwithstanding the foregoing, Executive may disclose Confidential Information to the extent required by law or regulation; provided that Executive promptly notifies the Company of the disclosure request and, at the Company's request, provides reasonable assistance in any effort to prevent or limit such disclosure.

(b) Executive agrees that all Confidential Information, Documents, materials, business methods and other information created by, disclosed to or otherwise acquired by Executive in the course of employment with the Company (collectively, "Works") are and remain the exclusive property of the Company and are "works made for hire" for the Company under the copyright laws; that Executive will not retain, copy or otherwise appropriate any Work for Executive's own use or purposes or the use or purposes of any third party and that, upon the termination of employment, Executive will return all Works, including all copies or multiple versions thereof, to the Company and, in the case of Confidential Information, will destroy all electronic versions Executive may have on any device in Executive's possession or under Executive's control and in any format or media, and all excerpts and references that may be in any items Executive may have created, and, to the extent that Executive is not able to destroy all such copies, excerpts and references shall continue to hold them as the confidential and proprietary property of the Company and not disclose them or use them for any purpose. Further, in return for good and valuable consideration including Executive's employment relationship with the Company, Executive hereby assigns to the Company Executive's entire right, title and interest in and to all Works. Executive also agrees, at the Company's request and expense, to execute specific assignments to the Works, and execute, acknowledge and deliver such other documents and take such further action as the Company may require, at any time during or subsequent to the period of Executive's employment with the Company, to vest title in such Works in the Company and to obtain and defend copyright registrations in any and all countries. In addition, all inventions conceived and/or reduced to practice during Executive's employment with the Company and which relate to the business of the Company are hereby assigned to the Company, in return for good and valuable consideration including Executive's employment relationship with the Company. Executive agrees, at the Company's request and expense, to execute specific assignments to any inventions and to execute, acknowledge and deliver such other documents and take such further action as the Company may require, at any time during or subsequent to the period of Executive's employment with the Company, to vest title in all such inventions in the Company in any and all countries; to obtain patents covering such inventions in any and all countries; and to vest title in such patents in the Company. Executive also agrees that an invention disclosed by Executive to a third person or described in a patent application filed by or on Executive's behalf within twelve months following termination of Executive's employment with the Company for any reason shall be presumed to have been conceived or made by Executive during the period of employment, unless proved to have been conceived or made by Executive following the termination of Executive's employment with the Company. Executive hereby assigns Executive's entire right, title and interest in and to such inventions to the Company, and agrees to execute and deliver any documents or take any such actions as requested by the Company to vest title in such inventions exclusively in the Company.

(c) Executive is hereby notified that the requirements of paragraph (b) above do not apply to an invention for which no equipment, supplies, facility or Confidential Information of the

Company was used and which was developed entirely on Executive's own time, unless (i) the invention relates to (A) the business of the Company, its Subsidiaries or its affiliates, or (B) the Company's actual or demonstrably anticipated research or development, or (ii) the invention results from any work performed by Executive for the Company.

(d) For purposes of this Agreement the term "Document" shall include correspondence, email, other written communications, data processing and storage units, computer software, tapes, contracts, agreements, notes, memoranda, telephone messages, analyses, projections, indices, work papers, studies, surveys, diaries, calendars, films, photographs, minutes of meetings, management or sales proposals, operations manuals or any other writing, including copies of any of the foregoing, in any format or media, past, current or future, including, without limitation, written, printed, typed, recorded or graphic matter or electronic media, however produced or reproduced. For the purposes of this Agreement the term "Confidential Information" means information (i) developed by, disclosed to or known by Executive as a consequence of Executive's employment with the Company, (ii) not generally known to others outside the Company, and (iii) which relates to the business of the Company, its Subsidiaries and its affiliates. Confidential Information includes but is not limited to the trade secrets, equipment, equipment configuration, research, development efforts, methodologies, testing, engineering, manufacturing, marketing, sales, finances, operations, processes, formulas, methods, techniques, devices, software programs, projections, strategies and plans, personnel information, and customer information, including customer needs, contacts, particular projects, lists, and pricing of the Company, its Subsidiaries and its affiliates. Confidential Information shall not include any information which has been published in a form generally available to the public prior to the date upon which Executive either wrongfully discloses or proposes to disclose such information.

(e) Notwithstanding anything to the contrary herein, nothing in this Agreement is intended to or will be used by the Company in any way to prohibit Executive from reporting possible violations of federal law or regulation to any United States governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or any other whistleblower protection provisions of state or federal law or regulation (including the right to receive an award for information provided to any such government agencies). Furthermore, in accordance with 18 U.S.C. § 1833, notwithstanding anything to the contrary in this Agreement: (A) Executive shall not be in breach of this Agreement and shall not be held criminally or civilly liable under any federal or state trade secret law (x) for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (y) for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (B) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney, and may use the trade secret information in the court proceeding, if Executive files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

8. Conflict of Interest; Avoiding the Appearance of Impropriety. Executive agrees that Executive's duty of loyalty to the Company requires both complete fidelity to the interests of the Company in fact and the avoidance of any appearance of impropriety, favoritism, personal benefit or aggrandizement or confusion between Executive's personal and business activities. Executive further agrees that Executive's conduct must be consistent with the Company's Code of Conduct. To that end, while an executive officer of the Company, Executive shall not, without the advance, written approval of the CEO or his or her designee:

(a) accept gifts, gratuities or favors of more than nominal value from any person or organization doing business or seeking to do business with the Company, its Subsidiaries or its affiliates,

or from any employee of the Company with whom Executive has a direct or indirect reporting relationship;

(b) offer or provide any gift, gratuity or favor of more than nominal value to any person or organization with whom or which the Company, any of its Subsidiaries or any of its affiliates is doing business or seeking to do business or take any other action in respect of such person or organization, specifically including but not limited to, any public entity, officer thereof or federal, state or local government employee or officeholder, suggestive of any intent or effort to influence such individual or organization in the performance of their or its duties; or

(c) make use of Executive's job title or affiliation with the Company in connection with participation in outside organizations (with the exception of professional and industry organizations relating to Executive's job duties) or support of political, legal or other causes or organizations.

9. Injunctive Relief. Subject to the provisions of Paragraph 10, the Company will, in addition to other remedies provided by law, have the right to injunctive relief in court to the extent such relief may be available at law or in equity. Executive acknowledges that any breach or threatened breach of the provisions of this Agreement, including but not limited to the provisions of Paragraphs 6 and 7, will cause irreparable damage to the Company for which monetary damages will not provide an adequate remedy. Nothing contained herein will be construed as prohibiting the parties from pursuing any other remedies available to them for such breach or threatened breach, including any recovery of damages.

10. Dispute Resolution. With the specific exception only of the Company's right at any time to seek equitable relief to enforce the provisions of Paragraphs 6 and 7 of this Agreement in the courts, in the event of any dispute between the Company and Executive, whether arising out of or relating to this Agreement, the breach of this Agreement, or Executive's employment with the Company, Executive and the Company hereby agree that, after making a good-faith effort to resolve any dispute, such dispute shall be resolved by final and binding arbitration in Chester County, Pennsylvania, administered by the American Arbitration Association ("AAA") in accordance with its Commercial Arbitration Rules then in effect, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof, subject to the provisions of subparagraph 16(b). Any arbitration shall be held before a single arbitrator who shall be selected by mutual agreement of the Company and Executive, unless the parties are unable to agree to an arbitrator, in which case the arbitrator will be selected under the procedures of the AAA. The arbitrator shall have the authority to award any remedy or relief that a court of competent jurisdiction could order or grant, including, without limitation, the issuance of an injunction, and the parties hereby agree to the emergency procedures of the AAA. Issues of arbitrability are to be decided by the arbitrator. A demand for arbitration under this paragraph must be made in writing to the other party within the time limit set by law for bringing that claim in court, or that claim shall be forever barred. The prevailing party shall be entitled to an award which shall include all costs of arbitration, including reasonable attorneys' fees, unless the arbitrator determines that to do so would be inconsistent with applicable law.

11. Notice. Any notice, demand, or other communication required to be given pursuant to the provisions of this Agreement shall be in writing and shall be personally delivered to the other party in person or at their place of business or to Executive at Executive's residence, delivered by a nationally recognized overnight delivery service, or sent by certified mail, email or other electronic means, return receipt requested, postage prepaid (as applicable), addressed to the respective addresses last given by each party to the other, and such notice shall be deemed to have been given upon personal delivery, if personally delivered, as of the close of the third business day following the date of mailing if mailed (except that notice of change of address shall be effective only upon receipt), or on the next

business day in the case of overnight delivery service, email or other electronic means. Any notice to the Company shall be addressed to the attention of the General Counsel.

12. Entire Agreement; Modification. This Agreement represents the entire agreement between the parties with respect to its subject matter and supersedes all prior agreements and understandings, oral or written, between them, with respect to its subject matter, including the Prior Agreement. This Agreement may not be modified or amended except by a writing signed by both parties; provided, however, that this paragraph shall not limit the right of the Company to promulgate nor excuse Executive from compliance with, such workplace rules, policies and procedures as it may, from time-to-time, deem appropriate or to alter, amend, modify or terminate any employee benefit plan (whether or not referenced in this Agreement) in accordance with the terms of such plan.

13. Successors and Assigns. This Agreement shall inure to the benefit of the Company's successors and permitted assigns. Executive's rights and obligations under this Agreement are personal and not assignable or delegable by Executive in any manner or to any extent. Executive agrees that the Company can assign this Agreement to an entity that is a successor to the Company by statutory merger or otherwise, or that has purchased substantially all of the assets of the Company, without the consent or approval of Executive. As used in this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which assumes and agrees to perform this Agreement by operation of law or otherwise.

14. Termination and Survivability. This Agreement shall terminate upon the termination of Executive's employment with the Company; provided, however, that the provisions of Paragraphs 2 and 6 through 20 shall survive the termination and any expiration of the Agreement.

15. Waiver. The waiver by any party of a breach of any provision of this Agreement by any other party shall not operate or be construed as a waiver of any subsequent breach.

16. Governing Law; Choice of Forum.

(a) This Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania (and United States federal law, to the extent applicable), without giving effect to otherwise applicable principles of conflicts of law.

(b) Without limiting in any way the Company's right to enforce the provisions of Paragraphs 6, 7 & 8 of this Agreement, any action to enforce the decision or award of the arbitrator under Paragraph 10 hereof may be brought and maintained only in the Court of Common Pleas of Chester County, Pennsylvania or the United States District Court for the Eastern District of Pennsylvania (to the extent that the latter court may have jurisdiction over the subject matter).

17. Headings. The headings used herein are for convenience of reference only and shall not affect the interpretation of any term or provision hereof.

18. Severability. If any provision of this Agreement shall be found invalid or unenforceable for any reason, in whole or in part, then such provision shall be deemed modified, restricted, or reformulated to the extent and in the manner necessary to render the same valid and enforceable, or shall be deemed excised from this Agreement, as the case may require, and this Agreement shall be construed and enforced to the maximum extent permitted by law, as if such provision had been originally incorporated herein as so modified, restricted, or reformulated or as if such provision had not been originally incorporated herein, as the case may be.

19. Withholding. All Base Salary, incentive compensation, expense reimbursements, severance pay, and other payments made by the Company to Executive under this Agreement shall be subject to customary withholding for applicable federal, state and local taxes, FICA and other amounts required by applicable law.

20. Internal Revenue Code Section 409A.

(a) This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the corresponding regulations, and the payments and benefits provided hereunder are intended to qualify for any applicable exemptions from the definition of deferred compensation under Code Section 409A. To the maximum extent permitted, the parties agree that (i) this Agreement shall be interpreted as being in compliance with Code Section 409A, and (ii) the payments and benefits will be reported to the Internal Revenue Service as being in compliance with Code Section 409A. For purposes of Code Section 409A, each payment made under this Agreement shall be treated as a separate payment. Severance benefits under this Agreement are intended to be exempt from Code Section 409A under the "short term deferral" exemption, to the extent applicable. A portion, the amount of which to be determined in accordance with Treas. Reg. § 1.409A-1(b)(9)(iii), of any additional monthly severance compensation under this Agreement shall be considered payments under a "separation pay plan" under Code Section 409A. In no event may Executive designate, directly or indirectly, the calendar year of payment.

(b) Notwithstanding anything in this Agreement to the contrary, to the extent required by Code Section 409A if Executive is considered a "specified employee" for purposes of Code Section 409A, and if the payment of any amounts under this Agreement is required to be delayed for a period of six months after "separation from service" pursuant to Code Section 409A, payment of such amounts shall be delayed as required by Code Section 409A and the accumulated amounts shall be paid in a single lump sum within five days after the end of the six-month period. If Executive dies during the postponement period prior to the payment of benefits, amounts withheld on account of Code Section 409A shall be paid to the personal representative of Executive's estate within sixty days after the date of Executive's death.

(c) For purposes of this Agreement, "separation from service" shall mean Executive's separation from service with the Company and its affiliates within the meaning of Treas. Reg. Section 1.409A-1(h).

(d) In the case of any in-kind benefits or any expenses eligible for reimbursement provided hereunder that are subject to Code Section 409A, (i) the benefits provided or the amount of expenses eligible for reimbursement during any calendar year shall not affect the benefits provided or expenses eligible for reimbursement in any other calendar year, except as provided in Treas. Reg. § 1.409A-3(i)(1)(iv)(B), and (ii) the reimbursement of an eligible expense shall be made as soon as possible after Executive requests such reimbursement, but not later than December 31 following the calendar year in which the expense was incurred.

(e) Executive's right to receive any installment payments of deferred compensation shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment as permitted under Code Section 409A. Except as otherwise permitted under Code Section 409A, no payment to you shall be accelerated or deferred unless such acceleration or deferral would not result in additional tax or interest pursuant to Code Section 409A.

21. Counterparts. This Agreement may be executed in counterparts with the same effect as if the parties executing the counterparts all had executed one counterpart as of the date hereof. All such counterparts taken together shall be deemed the original Agreement.

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

EXECUTIVE:	VERTEX, INC.
	By: _____
Lisa A. Butler	
Date	Date

APPENDIX A

EXECUTIVE EMPLOYMENT AGREEMENT

SEPARATION AGREEMENT AND RELEASE

This confidential Separation Agreement and Release ("*Agreement*") is entered into by and between Vertex, Inc., a Delaware corporation (the "*Company*") and (hereinafter referred to as "you," or "your") to resolve any and all disputes concerning your employment with the Company and your separation from employment on . The actual date of separation is referred to herein as the "*Separation Date*."

WHEREAS, you are employed by the Company as , pursuant to an Employment Agreement dated ("*Employment Agreement*");

WHEREAS, the Company has decided to terminate your employment without Cause or you have decided to resign for Good Reason under the Employment Agreement, entitling you to certain payments and benefits pursuant to paragraph 2(b)(iii) thereunder ("*Severance Benefits*"), provided you first sign (and do not revoke) this Agreement and are otherwise in compliance with the Employment Agreement;

NOW THEREFORE, in consideration of the mutual covenants, agreements, and promises hereinafter set forth, and of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1) Consideration. On the eighth day after you execute this Agreement ("*Effective Date*"), provided that you do not revoke this Agreement under paragraph 6(e), the Company agrees to begin to provide you the Severance Benefits as set forth in the Employment Agreement.

2) Termination of Employment. You understand and agree that your employment with the Company and any affiliates, including any positions on any Company boards and committees, will terminate effective the Separation Date, and such termination shall be deemed a resignation effective the Separation Date from each position you hold as an officer or director of the Company and any subsidiary or affiliate of the Company.

3) No Additional Payments. You acknowledge and agree that you will receive no additional payments or benefits other than as set forth herein or as required by law.

4) Release. In exchange for the promises herein which you acknowledge as good and valuable consideration, and except as provided in paragraph 5, you release and discharge the Company and its past, present and future parents, divisions, subsidiaries, and affiliates, predecessors, successors and assigns, and their past, present, and future officers, directors, members, partners, attorneys, employees, independent contractors, agents, clients, and representatives ("*Released Parties*") from any and all actions, causes of action, debts, dues, claims and demands of every name and nature, without limitation, at law, in equity, or administrative, against the Released Parties which you may have had, now have, or may have, by reason of any matter or thing arising up to the date you execute this Agreement, including the ending of your employment. Those claims and causes of action from which you release the Released Parties include, but are not limited to, any known or unknown claim or action sounding in tort, contract, or discrimination of any kind, any claim arising under the Employment Agreement, and/or any cause of action arising under federal, state or local constitution, statute or ordinance, including, but not limited to, Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment

Act (including the Older Worker Benefit Protection Act), as amended, the Americans With Disabilities Act, as amended, the Employee Retirement Income Security Act, as amended, the Family and Medical Leave Act, as amended, the Equal Pay Act, as amended, Section 1981 of the Civil Rights Act of 1866, as amended, the Worker Adjustment and Retraining Notification Act, as amended, the Sarbanes Oxley Act of 2002, as amended, the Pennsylvania Human Relations Act, as amended, the Pennsylvania Equal Pay Law, as amended, the Pennsylvania Wage Payment and Collection Law, as amended, the Pennsylvania Minimum Wage Act, as amended, and any other employee-protective law of any jurisdiction that may apply, and/or any claim for attorneys' fees or costs, whether presently accrued, accruing to, or to accrue to you on account of, arising out of, or in any way connected with any acts or activities by you or the Released Parties arising up to the date you execute this Agreement. You expressly acknowledge that no claim or cause of action against the Released Parties from the beginning of time to the date you execute this Agreement (other than as provided in paragraph 5) shall be deemed to be outside the scope of this Agreement whether mentioned herein or not. You agree that this release should be interpreted as broadly as possible to achieve your intention to waive, to the maximum extent permitted by law, any and all claims against the Released Parties. Excluded from the release set forth in this paragraph is any claim which cannot be waived as a matter of law and your right to indemnification by the Company or any of its affiliates pursuant to contract or applicable law.

5) Rights and Claims Preserved. Nothing in this Agreement limits your right, where applicable, to file or participate in an investigative proceeding of any federal, state, or local governmental agency, including filing a charge with the United States Equal Employment Opportunity Commission ("*EEOC*"). To the extent permitted by law, you agree that if such an administrative claim is made, you shall not be entitled to recover, accept, or retain any individual monetary relief or other individual remedies with respect to any matter covered by this Agreement. Nothing in this Agreement prevents you from filing a lawsuit limited to challenging the validity of your waiver of federal age discrimination claims under the Age Discrimination in Employment Act and the Older Workers Benefit Protection Act.

6) OWBPA. The release in paragraph 4 of this Agreement includes a waiver of claims against the Released Parties under the Age Discrimination in Employment Act ("*ADEA*") and the Older Workers Benefit Protection Act ("*OWBPA*"). Therefore, pursuant to the requirements of the ADEA and the OWBPA, you specifically acknowledge that:

(a) you are and have been advised to consult with an attorney of your choosing concerning the legal significance of this Agreement;

(b) this Agreement is written in a manner you understand;

(c) the consideration set forth in paragraph 1 of the Agreement is adequate and sufficient for your entering into this Agreement and consists of benefits to which you are not otherwise entitled;

(d) you have been afforded twenty-one (21) days to consider this Agreement before signing it, although you may sign it at any time within those 21 days, and that any changes to this Agreement subsequently agreed upon by the parties, whether material or immaterial, do not restart this period for consideration; and

(e) you have been advised that during the seven (7) day period after you sign the Agreement, you may revoke your acceptance of this Agreement by delivering written notice to , and that this Agreement shall not become effective or enforceable until after the revocation period has expired.

7) No Admission of Wrongdoing. The Company denies any wrongdoing whatsoever in connection with its dealings with you, including but not limited to your employment and termination. It is expressly understood and agreed that nothing contained in this Agreement shall constitute or be treated as an admission of any wrongdoing or liability on the part of the Company.

8) Non-Disclosure. The parties understand and agree that this Agreement, and the matters discussed in negotiating its terms, are entirely confidential. It is therefore expressly understood and agreed that neither party will reveal, discuss, publish or in any way communicate any of the terms, amount or fact of this Agreement to any person, organization or other entity, with the exception of your immediate family members and professional representatives, or, with respect to the Company, with the exception of its professional representatives or as otherwise consistent with business need or necessity, or with respect to both parties, in an action to enforce the Agreement's terms, unless required by subpoena or court order.

9) Non-Disparagement. You agree that you will not disparage any of the Released Parties or make or publish any communication that reflects adversely upon any of them, consistent with paragraph 2(d) of the Employment Agreement.

10) No Filing of Claims. You represent that you have not filed, and to the maximum extent permitted by law and except as provided in paragraph 5, you agree that you will not file, any charge, complaint, lawsuit or claim (collectively, "*Claim*") with any administrative agency, federal, state or local court (collectively, "*Agency*") related in any way to your employment or the separation of your employment with the Company. You further agree that you will not accept, and will not be entitled to retain, any judgment, award, settlement or other payment or other relief resulting from, or related to, any Claim filed with any Agency related in any way to your employment with the Company or the termination of your employment. Nothing in this Agreement prevents you from filing for a state claim of unemployment compensation should you choose to do so.

11) No Voluntary Cooperation. Except as provided in paragraph 5, and/or unless required to do so by court order or subpoena, you agree that you will not (i) voluntarily make statements, take action, or give testimony adverse or detrimental to the interests of the Company; or (ii) aid or assist in any manner the efforts of any third party to sue or prosecute a claim against the Company. Should you ever be required to give testimony concerning any matter related to your employment with the Company, you agree to provide notice of such compulsory process to , within two (2) business days of its receipt so that the Company may take appropriate measures to quash or otherwise defend its interests.

12) Cooperation with the Company. Upon request of the Company, you agree to fully cooperate with the Company and to provide information and/or testimony regarding any current or future litigation arising from actions or events occurring during your employment with the Company.

13) Reemployment. You agree that you will not seek reemployment with the Company or any current or future parent, subsidiary, or affiliate, except at the request of the Company.

14) Return of Company Property. You agree that, as a condition precedent to receiving any payment under this Agreement, you will by the Separation Date return all property belonging to the Company, including, but not limited to, corporate credit cards; keys and access cards; documents; tapes; cell phones; computers, laptops, iPhone and other computer equipment and software; and any and all confidential and proprietary information.

15) Continuing Obligations. You acknowledge that you remain bound by and affirm that you will comply with all continuing obligations under the Employment Agreement, including, but not limited to, those set forth in paragraphs 6 and 7 thereof (pertaining to non-competition, non-solicitation, and confidentiality), and that such compliance is a condition of receipt of the Severance Benefits. You affirm that you have not violated the terms of the Employment Agreement during your employment with the Company.

16) Return of Consideration in Event of Breach. You agree that receipt of any consideration and all payments under this Agreement is contingent on your full compliance with its terms and conditions. Should you breach any provision of this Agreement (including but not limited to filing a lawsuit based upon any claim covered by this Agreement (but excluding a lawsuit covered by paragraph 5 of this Agreement)) or any continuing obligation under the Employment Agreement, the Company shall have the right to recover from you any Severance Benefits already paid, and the Company shall no longer be obligated to provide you any Severance Benefits otherwise due.

17) Attorneys' Fees and Jury Waiver. The prevailing party in an action for breach of this Agreement (except for a lawsuit covered by paragraph 5) will have its reasonable costs and attorneys' fees paid for by the party found to have breached. You and the Company hereby waive trial by jury as to any and all litigation arising out of and/or relating to this Agreement.

18) Arbitration. Any dispute, controversy, or difference arising out of, or related to, this Agreement or your employment with the Company shall be resolved by binding arbitration pursuant to paragraph 10 of the Employment Agreement.

19) Certification of Understanding and Competence. You acknowledge and agree that (a) you have read this Agreement in its entirety; (b) you are competent to understand, and do understand, the content and effect of this Agreement; (c) by entering into this Agreement, you are releasing forever the Released Parties from any claim or liability (including claims for attorney's fees and costs) arising from your employment with the Company; (d) you are entering this Agreement of your own free will in exchange for the consideration herein, which you agree is adequate and satisfactory; and (e) neither the Company nor the Released Parties have made any representations to you concerning the terms or effect of this Agreement, other than those contained in the Agreement.

20) Acknowledgments. You acknowledge and agree that (a) except for amounts due under Section 2(b)(v) of the Employment Agreement, you are not owed any wages by the Company for work performed, whether as wages or salary, overtime, bonuses or commissions, or for accrued but unused paid time off, and that you have been fully compensated for all hours worked; (b) you are not aware of any factual basis for a claim that the Company has defrauded the government of the United States or any state; (c) you have incurred no work related injuries; (d) you have received all family or medical leave to which you were entitled under the law; and (e) you have been and hereby are advised to consult with legal counsel of your choice prior to execution and delivery of this Agreement, and that you have done so or voluntarily elected not to do so.

21) Ownership of Claims. You represent and warrant that you are the sole and lawful owner of all rights, title and interest in and to all released matters, claims and demands referred to herein. You further represent and warrant that there has been no assignment or other transfer of any interest in any such matters, claims or demands which you may have against the Released Parties.

22) Counterparts. This Agreement may be executed in separate counterparts and by facsimile, and each such counterpart shall be deemed an original with the same effect as if all parties had signed the same document.

23) No Other Understandings. This Agreement, consisting of six (6) pages, together with the Employment Agreement, constitutes the entire Agreement between the parties with respect to its subject matter, and is binding upon and shall inure to the benefit of the parties and their respective heirs, executors, administrators, personal or legal representatives, successors and/or assigns. This Agreement may be amended only by a written agreement signed by you and the Company.

24) Headings. The headings in this Agreement are for convenience only and are not to be considered a construction of the provisions hereof.

25) Severability and Governing Law. If any provision of this Agreement is found to be invalid, unenforceable or void for any reason, such provision shall be severed from the Agreement and shall not affect the validity or enforceability of the remaining provisions. This Agreement shall be interpreted, enforced and governed by the laws of the Commonwealth of Pennsylvania, without regard to the conflicts of law provisions thereof.

26) Acceptance of Agreement. As provided in paragraph 6(d), the Company is providing you 21 days to consider whether to accept this Agreement (although you may accept it at any time within those 21 days), after which time the offer expires and is withdrawn if you have not yet accepted it. To accept the Agreement, you must sign below and send it to .

Dated: _____

_____
[NAME]

Dated: _____

_____
[NAME]
[TITLE]
Vertex, Inc.

EXHIBIT 10.6

EXECUTIVE EMPLOYMENT AGREEMENT
(as amended and restated)

THIS EXECUTIVE EMPLOYMENT AGREEMENT ("Agreement") is made as of July 6, 2020 by and between VERTEX, INC., a Delaware corporation ("Company"), with offices at 2301 Renaissance Boulevard, King of Prussia, PA 19406, and David J. DeStefano ("Executive").

Recital

WHEREAS, Executive is currently employed by the Company as President and Chief Executive Officer, pursuant to an Employment Agreement dated October 7, 2015, as amended from time to time (the "Prior Agreement"); and

WHEREAS, Executive and the Company desire to enter into this Agreement to set out the terms and conditions for the continued employment relationship of Executive with the Company effective as of the date of consummation of the initial public offering of the Company's Class A common stock pursuant to an effective registration statement filed under the Securities Act of 1933, as amended, (the "Effective Date").

NOW, THEREFORE, 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 Company and Executive agree as follows:

1. Employment and Duties.

(a) The Company shall continue to employ Executive in the position of President and Chief Executive Officer of the Company reporting to the Board of Directors of the Company ("Board"), and Executive hereby accepts such continued employment. Executive shall perform duties incident to this position, as well as any other duties that may be assigned to Executive from time to time by the Board that are not inconsistent with service as an officer of the Company, including duties for any Company subsidiary or affiliate. Executive shall abide by the Company's Code of Ethics and Business Conduct ("Code of Conduct"), policies, practices, procedures, and rules.

(b) Executive shall also serve as a member of the Board, subject to any required stockholder approval, and provided Executive's employment has not been earlier terminated in accordance with the provisions of this Agreement.

2. Term; Termination.

(a) The term of this Agreement will begin as of the Effective Date and continue until three (3) years after the Effective Date, unless further extended as provided herein or sooner terminated as provided in Section 2(b) below (the "Employment Period"). The Employment Period shall be automatically extended for additional two (2) year periods unless either party has provided the other party with written notice of non-extension not less than sixty (60) days prior to the then current end of the Employment Period. If such notice of non-extension is timely given, the Employment Period shall not be further extended and Executive's employment shall terminate, unless sooner terminated as provided in Section 2(b) below, at the end of business on the day that is the end of the Employment Period.

(b) During the Employment Period, Executive's employment may be terminated hereunder as follows:

(i) Executive's employment shall terminate automatically upon Executive's death and may be terminated at any time, in the Company's sole discretion, upon Executive's "Disability." For purposes of this Agreement, "Disability" shall mean that because of illness or injury Executive is unable to perform all of the essential functions of Executive's position on a full-time basis with or without reasonable accommodation, for a period of 90 consecutive days or in excess of 180 days in any one-year period.

(ii) The Company may terminate Executive's employment for "Cause," without advance notice and with no other continuing obligations of the Company to Executive under this Agreement. For purposes of this Agreement, "Cause" shall mean (A) the commitment by Executive of a material breach of this Agreement (including but not limited to Sections 6, 7, or 8 hereof); (B) Executive's repeated failure to perform Executive's duties or obligations to the Company or any corporation or other legal entity of which the Company has at least 51% equity ownership (a "Subsidiary"); (C) Executive's willful misconduct that is materially injurious to the Company or any Subsidiary; (D) dishonesty, unethical, fraudulent or similar misconduct on the part of Executive in connection with Executive's employment by, or performance of services for, the Company or any Subsidiary; (E) Executive's use of non-prescription controlled substances, misuse of prescription drugs, or habitual intoxication due to alcohol or any non-prescription drugs or other substances during work hours; (F) Executive's indictment for any felony, if in the Board's reasonable determination such indictment has caused or is reasonably likely to cause material adverse consequences to the Company, its businesses or prospects, or Executive's conviction (which includes a guilty plea or plea of nolo contendere) of a felony or any other crime involving fraud, dishonesty or moral turpitude; (G) Executive's material violation of any policy of the Company or of any Subsidiary for which Executive performs services; or (H) Executive's refusal to follow any directions of the Board that are reasonable, lawful and consistent with the Company's Code of Conduct, policies, practices, procedures, and rules. Notwithstanding the foregoing, the parties agree that "Cause" not include any act of Executive covered by (A), (B), (G) or (H) of the foregoing sentence, that in the sole discretion of the Board, is capable of cure and is cured by Executive within (30) days after written notice by the Board thereof has been provided to Executive.

(iii) The Company may terminate Executive's employment without Cause upon thirty (30) days' written notice to Executive (or, at the Company's option, the Company may provide Executive a maximum of thirty (30) days' pay in lieu of such notice). In the event of (x) any termination by the Company without Cause pursuant to this subparagraph 2(b)(iii), (y) any termination by Executive for Good Reason (as defined below) pursuant to subparagraph 2(b)(iv), or (z) any termination due to the expiration and non-renewal of the Employment Period by the Company, provided, in any case, Executive first signs a general separation agreement and release of claims against the Company, its Subsidiaries and affiliates, in form to be provided by the Company that is substantially similar to the sample form attached hereto as Appendix A ("Release"), and further provided that Executive remains in compliance with his continuing obligations under paragraphs 6 and 7 of this Agreement, Executive will be entitled to the following: (a) payment of Executive's Base Salary under Section 3(a) at the rate in effect on the date of termination of employment for a period of twenty-four (24) months (the "Severance Period"); (b) if Executive timely elects continuation coverage under COBRA, payment of insurance premiums in order to continue Executive's then-existing health insurance coverage for a period of eighteen (18) months, or, at the Company's option, payment to Executive as additional severance pay in an amount equal to the premium payments for such continuation coverage; and (c) payment, in a lump sum on the date that is fifteen (15) months following the date of termination of employment, as additional severance pay of an amount equal to twelve (12) months of insurance premiums under clause 2(b)(iii)(b). The health insurance continuation (or equivalent payment as additional severance) under clause 2(b)(iii)(b) and (c) shall be at the Company's expense, but shall in all events terminate on the date Executive becomes eligible for health insurance coverage under the medical plan of a new employer (and

with respect to the payment under clause 2(b)(iii)(c), the Company shall not be required to make such payment in the event Executive becomes eligible for such insurance coverage from a new employer prior to the date the payment is due).

(iv) Executive may terminate Executive's employment for any reason or no reason upon at least sixty (60) days' written notice to the Company; *provided, however*, that following such notice of termination, the Company may, at its option, select a shorter notice period and earlier termination date than Executive provided, without incurring liability hereunder or changing the nature of Executive's termination. Executive may also terminate his employment for "Good Reason" as specified below. For purposes of this Agreement, "Good Reason" shall mean any action taken by the Company that causes (i) a material breach of this Agreement, (ii) the material diminution of Executive's duties, (iii) a material decrease in Base Salary (as defined below) or (iv) any relocation of Executive's principal office to a location more than fifty (50) miles from Executive's then current office. Before resigning for Good Reason, Executive shall provide written notice to the Company of the ground giving rise to Good Reason. The notice shall be provided within sixty (60) days of the occurrence of the event giving rise to Good Reason. The Company shall then have thirty (30) days within which to cure such event. If the Company fails to cure, Executive shall have the right to resign for Good Reason, provided the resignation occurs no later than one hundred and twenty (120) days from the date of the occurrence of the event giving rise to Good Reason.

(v) Except as provided in subparagraph 2(b)(iii)in the event of termination of employment for any reason , Executive (or Executive's estate, as applicable) shall be entitled to no payments or benefits following the date of termination other than payment of (i) accrued but unpaid Base Salary earned through the termination date; (ii) expenses reimbursable under Section 5 incurred but not yet reimbursed to Executive prior to the termination date; and (iii) any vested benefits or amounts through the date of termination due and owing to Executive under the terms of any plan, program, or arrangement of the Company, less any amounts then owed by Executive to the Company. For the avoidance of doubt, if Executive's employment shall terminate as a result of Executive's death or Disability pursuant to Section 2(b)(i), pursuant to Section 2(b)(ii) for Cause, or pursuant to Section 2(b)(iv) for Executive's resignation from the Company without Good Reason or for no reason, including due to the expiration and non-renewal of the Employment Period by Executive, then Executive shall not be entitled to any payments or benefits, except for those payments and benefits provided in clauses (i), (ii) and (iii) of this Section 2(b)(v).

(c) Amounts payable under this Agreement that are subject to Executive's execution of the Release shall commence on the sixtieth day after Executive's separation from service. Executive shall not be entitled to any such payments unless Executive executes the Release within forty-five days of the later of the date Executive receives the Release or Executive's separation from service, and does not revoke the Release; provided, however, that in no event shall the Company provide such Release to Executive later than five (5) business days after Executive's separation from service. Any amounts payable under this Agreement as an uninterrupted continuation of Executive's base salary or health insurance coverage that are delayed pending Executive's execution of a Release shall be paid in an aggregate lump sum upon such sixtieth day; provided, however, that Executive shall be responsible for paying any premiums that are due and necessary for the continuation of Executive's health insurance coverage prior to such sixtieth day, subject to reimbursement of such amounts to Executive by the Company upon the lapse of such sixty-day period. In the event Executive commits a material breach of Section 6 or Section 7 that, in the sole discretion of the Board, is not capable of cure, or is not cured by Executive within thirty (30) days after notice by the Board thereof to Executive, then, without limiting the availability to the Company of any other relief or remedy, Executive shall no longer be entitled to any severance compensation or benefits provided for above in subparagraph 2(b)(iii) that have not yet been paid, and shall be required to repay to the Company any amounts theretofore paid under such subsection.

(d) Prior to and following any termination of employment, (i) Executive shall not disparage the professional or personal reputation of the Company, its Subsidiaries and affiliates or any of their officers, shareholders, directors, management, or employees or any products or services of the Company, its Subsidiaries and affiliates (other than good faith statements made in the performance of his duties during his employment); and (ii) the Board shall not disparage the professional or personal reputation of Executive (other than good faith statements made during his employment). Nothing in this paragraph shall preclude any party from making truthful statements that are reasonably necessary to comply with applicable law, regulation or legal process, or to defend or enforce a party's rights under this Agreement.

(e) In event of termination of Executive's employment for any reason (including due to expiration and non-renewal of the Employment Period), Executive shall be deemed to have resigned from each position he holds as an officer or director of the Company and any Subsidiary or affiliate of the Company effective as of no later than the termination date.

3. Compensation.

(a) Salary. Beginning on the Effective Date, Executive's annual base salary ("Base Salary") shall be five hundred seventy-two thousand eighteen dollars ($572,018), payable in accordance with the Company's generally applicable payroll practices and subject to any payroll or other deductions required by law, government or court order, or by agreement with, or consent of, Executive. The Base Salary may be increased from time to time in the discretion of the Board.

(b) Performance Assessments. Executive shall be provided an assessment of his performance from time to time. The parties intend for such assessments to be provided to Executive by the Board at least twice a year, and upon the reasonable request of Executive. The provision of such assessments shall not obligate the Board to increase any compensation or benefits to Executive under this Agreement.

(c) Incentive Compensation. During the Employment Period, Executive shall continue to be eligible to participate in the incentive compensation plans the Company may implement from time to time. The target bonus amounts and performance targets for Executive shall be established at the same time such amounts and targets are established for other executive officers of the Company, shall be as determined by the Board, and shall be payable only upon the Company's achievement of established targets as determined by the Board. Notwithstanding the foregoing, the Company and Executive agree that Executive's target annual bonus will equal ninety percent (90%) of Executive's Base Salary.

4. Vacation and Executive Benefits.

(a) During the Employment Period, Executive shall be entitled to unlimited paid time off ("PTO"); provided, that Executive will use his reasonable discretion, taking into account the Company's needs, when determining the time to take vacation. In no event shall Executive receive pay in lieu of taking PTO or receive payout for any untaken PTO on termination of employment.

(b) During the Employment Period, Executive shall be entitled to participate in the same manner and under the same terms and conditions as similarly-situated executives of the Company, in the Company's medical insurance, retirement plans, and other fringe benefit programs, including, for the avoidance of doubt, any group life and/or long-term disability insurance plans or programs adopted by the Company after the Effective Date, with Executive's rights and responsibilities under these programs

governed by the terms of those plans and programs as they may be in effect and modified from time-to-time.

5. Expenses. The Company shall reimburse Executive for all reasonable and substantiated ordinary and necessary business expenses incurred in performing Executive's duties under this Agreement, provided that Executive shall comply with all Company requirements relating to the submission and documentation of such expenses.

6. Loyalty, Best Efforts, Non-Competition, Non-Solicitation.

(a) Executive will, while employed by the Company, devote all of Executive's full time and best efforts and, during work hours, all of Executive's attention, to the business of the Company, its Subsidiaries and affiliates and to the performance of Executive's duties. Further, Executive will not, without the advance, written permission of the Board, engage in any activity that would in any way or to any extent, interfere with the performance of Executive's duties, including, without limitation, engaging to any extent in any other employment or occupation, whether or not for compensation, or undertaking any financial or other investment.

(b) Executive hereby agrees that during Executive's employment with the Company and for the period of twenty-four (24) months after such termination of employment for any reason (including due to the expiration and non-renewal of this Agreement by any party) (the "Restricted Period"), Executive will not, without the advance, written permission of the Board, engage in Competition (as defined below) with the Company. Executive shall be deemed to be engaging in "Competition" if Executive (A) engages anywhere within the United States of America or any other place where the Company, its Subsidiaries or affiliates are engaged during Executive's employment or actively preparing to be engaged in business (the "Restricted Territory"), in any business in which the Company, any of its Subsidiaries or affiliates is engaged or has invested material funds in development at the time of such termination of employment, and/or (B) owns, in whole or in part, is employed by, provides financing to, consults with or otherwise renders services to any person or entity who is engaged in any business (or proposes to engage in any business) in which the Company, any of its Subsidiaries or affiliates is engaged or has invested material funds in development at the time of such termination of employment anywhere within the Restricted Territory (for avoidance of doubt, such persons or entities include, but are not limited to, any of the following entities or their successors: Thomson Reuters, CCH/Wolters Kluwer, Avalara, Longview Solutions, MLM CorpTax, Taxware). Notwithstanding anything herein to the contrary, Executive may make passive investments in any enterprise the shares of which are publicly traded if such investment constitutes less than two percent (2%) of the equity of such enterprise.

(c) During the Restricted Period, Executive will not, directly or indirectly, (i) hire or assist any other person or entity to hire any current or former employee of the Company, its Subsidiaries or its affiliates, or (ii) recruit, solicit or induce, or assist any other person or entity to recruit, solicit or induce, any current or former employee to leave the employment of the Company, its Subsidiaries or its affiliates. For purposes of this subparagraph (c), "former employee" shall mean an individual who was employed by the Company, any of its Subsidiaries or any of its affiliates at any time within the twelve months prior to this prohibited activity.

(d) During the Restricted Period, Executive will not, directly or indirectly, solicit, induce, or attempt to induce any customer, client, or prospect of the Company, its Subsidiaries or its affiliates, to stop doing business in whole or in part with or through the Company, its Subsidiaries or affiliates, or to do business with any person or entity that competes with the Company. For the purposes of this subparagraph (d), "prospect" means any person or entity which the Company, its Subsidiaries or

its affiliates had solicited for business within one year prior to the termination of Executive's employment.

(e) During the Restricted Period, Executive will promptly disclose to the Company any and all direct contacts, solicitations, inquiries or other actual or potential business opportunities of which Executive may become aware and which relate to the business of the Company or any of its Subsidiaries or affiliates; *provided, however*, that the disclosure obligation under this paragraph shall apply only to such contacts, solicitations, inquiries, and opportunities of which Executive became aware during his employment with the Company.

(f) Executive acknowledges and agrees that the restrictions imposed by this Paragraph 6 are a condition of Executive's employment with the Company; are fair and reasonably required for the protection of the Company; and will not preclude Executive from becoming gainfully employed following the termination of employment with the Company, regardless of reason. Executive further acknowledges and agrees that Executive provides and/or will provide unique services to the Company and that this Agreement has unique, substantial, and immeasurable value to the Company. If the Company seeks enforcement based on a breach of the provisions of this Paragraph 6, the party who prevails in whole or in substantial part in such action shall be entitled to reimbursement for the reasonable attorney's fees and expenses incurred by such party. In the event of any breach of subparagraphs (b) through (e) above, the time periods set forth in those paragraphs shall be extended by the length of time Executive is in breach. In the event that the provisions of this Paragraph 6 should ever be deemed to exceed the limitations permitted by applicable laws, Executive and the Company agree that such provisions shall be reformed to the maximum limitations permitted by the applicable laws.

7. Confidentiality and Ownership of Documents, Methods and Information.

(a) Executive agrees that, both during employment with the Company and thereafter, Executive will treat the business affairs of the Company, its Subsidiaries and its affiliates as confidential and will not discuss or disclose any Confidential Information (as hereafter defined) of the Company, its Subsidiaries or its affiliates with or to any third party, except (i) as required in connection with the performance of duties on behalf of the Company or (ii) as authorized in advance by the Board, and in each such case only after ensuring that the recipient has agreed in writing to appropriate confidentiality obligations, unless Executive has been otherwise instructed by the Board or advised by the Company's General Counsel. Further, Executive shall take reasonable steps and security precautions to prevent the unauthorized disclosure of Confidential Information and all components thereof, and to maintain the confidentiality of the Company's intellectual property. Notwithstanding the foregoing, Executive may disclose Confidential Information to the extent required by law or regulation; provided that Executive promptly notifies the Company of the disclosure request and, at the Company's request, provides reasonable assistance in any effort to prevent or limit such disclosure.

(b) Executive agrees that all Confidential Information, Documents (as defined below), materials, business methods and other information created by, disclosed to or otherwise acquired by Executive in the course of employment with the Company (collectively, "Works") are and remain the exclusive property of the Company and are "works made for hire" for the Company under the copyright laws; that Executive will not retain, copy or otherwise appropriate any Work for Executive's own use or purposes or the use or purposes of any third party and that, upon the termination of employment, Executive will return all Works, including all copies or multiple versions thereof, to the Company and, in the case of Confidential Information, will destroy all electronic versions Executive may have on any device in his possession or under his control and in any format or media, and all excerpts and references that may be in any items Executive may have created, and, to the extent that Executive is not able to destroy all such copies, excerpts and references shall continue to hold them as the confidential and

proprietary property of the Company and not disclose them or use them for any purpose. Further, in return for good and valuable consideration including Executive's employment relationship with the Company, Executive hereby assigns to the Company Executive's entire right, title and interest in and to all Works. Executive also agrees, at the Company's request and expense, to execute specific assignments to the Works, and execute, acknowledge and deliver such other documents and take such further action as the Company may require, at any time during or subsequent to the period of Executive's employment with the Company, to vest title in such Works in the Company and to obtain and defend copyright registrations in any and all countries. In addition, all inventions conceived and/or reduced to practice during Executive's employment with the Company and which relate to the business of the Company are hereby assigned to the Company, in return for good and valuable consideration including Executive's employment relationship with the Company. Executive agrees, at the Company's request and expense, to execute specific assignments to any inventions and to execute, acknowledge and deliver such other documents and take such further action as the Company may require, at any time during or subsequent to the period of Executive's employment with the Company, to vest title in all such inventions in the Company in any and all countries; to obtain patents covering such inventions in any and all countries; and to vest title in such patents in the Company. Executive also agrees that an invention disclosed by Executive to a third person or described in a patent application filed by or on Executive's behalf within twelve months following termination of Executive's employment with the Company for any reason shall be presumed to have been conceived or made by Executive during the period of employment, unless proved to have been conceived or made by Executive following the termination of Executive's employment with the Company. Executive hereby assigns Executive's entire right, title and interest in and to such inventions to the Company, and agrees to execute and deliver any documents or take any such actions as requested by the Company to vest title in such inventions exclusively in the Company.

(c) Executive is hereby notified that the requirements of paragraph (b) above do not apply to an invention for which no equipment, supplies, facility or Confidential Information of the Company was used and which was developed entirely on Executive's own time, unless (i) the invention relates to (A) the business of the Company, its Subsidiaries or its affiliates, or (B) the Company's actual or demonstrably anticipated research or development, or (ii) the invention results from any work performed by Executive for the Company.

(d) For purposes of this Agreement the term "Document" shall include correspondence, email, other written communications, data processing and storage units, computer software, tapes, contracts, agreements, notes, memoranda, telephone messages, analyses, projections, indices, work papers, studies, surveys, diaries, calendars, films, photographs, minutes of meetings, management or sales proposals, operations manuals or any other writing, including copies of any of the foregoing, in any format or media, past, current or future, including, without limitation, written, printed, typed, recorded or graphic matter or electronic media, however produced or reproduced. For the purposes of this Agreement the term "Confidential Information" means information (i) developed by, disclosed to or known by Executive as a consequence of Executive's employment with the Company, (ii) not generally known to others outside the Company, and (iii) which relates to the business of the Company, its Subsidiaries and its affiliates. Confidential Information includes but is not limited to the trade secrets, equipment, equipment configuration, research, development efforts, methodologies, testing, engineering, manufacturing, marketing, sales, finances, operations, processes, formulas, methods, techniques, devices, software programs, projections, strategies and plans, personnel information, and customer information, including customer needs, contacts, particular projects, lists, and pricing of the Company, its Subsidiaries and its affiliates. Confidential Information shall not include any information which has been published in a form generally available to the public prior to the date upon which Executive either wrongfully discloses or proposes to disclose such information.

(e) Notwithstanding anything to the contrary herein, nothing in this Agreement is intended to or will be used by the Company in any way to prohibit Executive from reporting possible violations of federal law or regulation to any United States governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or any other whistleblower protection provisions of state or federal law or regulation (including the right to receive an award for information provided to any such government agencies). Furthermore, in accordance with 18 U.S.C. § 1833, notwithstanding anything to the contrary in this Agreement: (A) Executive shall not be in breach of this Agreement and shall not be held criminally or civilly liable under any federal or state trade secret law (x) for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (y) for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (B) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney, and may use the trade secret information in the court proceeding, if Executive files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

8. Conflict of Interest; Avoiding the Appearance of Impropriety. Executive agrees that Executive's duty of loyalty to the Company requires both complete fidelity to the interests of the Company in fact and the avoidance of any appearance of impropriety, favoritism, personal benefit or aggrandizement or confusion between Executive's personal and business activities. Executive further agrees that Executive's conduct must be consistent with the Company's Code of Conduct. To that end, while an executive officer of the Company, Executive shall not, without the advance, written approval of the Board:

(a) accept gifts, gratuities or favors of more than nominal value from any person or organization doing business or seeking to do business with the Company, its Subsidiaries or its affiliates, or from any employee of the Company with whom Executive has a direct or indirect reporting relationship;

(b) offer or provide any gift, gratuity or favor of more than nominal value to any person or organization with whom or which the Company, any of its Subsidiaries or any of its affiliates is doing business or seeking to do business or take any other action in respect of such person or organization, specifically including but not limited to, any public entity, officer thereof or federal, state or local government employee or officeholder, suggestive of any intent or effort to influence such individual or organization in the performance of their or its duties; or

(c) make use of Executive's job title or affiliation with the Company in connection with participation in outside organizations (with the exception of professional and industry organizations relating to Executive's job duties) or support of political, legal or other causes or organizations.

9. Injunctive Relief. Subject to the provisions of Paragraph 10, the Company will, in addition to other remedies provided by law, have the right to injunctive relief in court to the extent such relief may be available at law or in equity. Executive acknowledges that any breach or threatened breach of the provisions of this Agreement, including but not limited to the provisions of Paragraphs 6 and 7, will cause irreparable damage to the Company for which monetary damages will not provide an adequate remedy. Nothing contained herein will be construed as prohibiting the parties from pursuing any other remedies available to them for such breach or threatened breach, including any recovery of damages.

10. Dispute Resolution. With the specific exception only of the Company's right at any time to seek equitable relief to enforce the provisions of Paragraphs 6 and 7 of this Agreement in the

courts, in the event of any dispute between the Company and Executive, whether arising out of or relating to this Agreement, the breach of this Agreement, or Executive's employment with the Company, Executive and the Company hereby agree that, after making a good-faith effort to resolve any dispute, such dispute shall be resolved by final and binding arbitration in Chester County, Pennsylvania, administered by the American Arbitration Association ("AAA") in accordance with its Commercial Arbitration Rules then in effect, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof, subject to the provisions of subparagraph 17(b). Any arbitration shall be held before a single arbitrator who shall be selected by mutual agreement of the Company and Executive, unless the parties are unable to agree to an arbitrator, in which case the arbitrator will be selected under the procedures of the AAA. The arbitrator shall have the authority to award any remedy or relief that a court of competent jurisdiction could order or grant, including, without limitation, the issuance of an injunction, and the parties hereby agree to the emergency procedures of the AAA. Issues of arbitrability are to be decided by the arbitrator. A demand for arbitration under this paragraph must be made in writing to the other party within the time limit set by law for bringing that claim in court, or that claim shall be forever barred. The prevailing party shall be entitled to an award which shall include all costs of arbitration, including reasonable attorneys' fees, unless the arbitrator determines that to do so would be inconsistent with applicable law.

11. Indemnification. The parties acknowledge and agree that, no later than the Effective Date, they will enter into an Indemnification and Advancement Agreement in substantially the form entered into by the Company with other members of the Board.

12. Notice. Any notice, demand, or other communication required to be given pursuant to the provisions of this Agreement shall be in writing and shall be personally delivered to the other party in person or at their place of business or to Executive at Executive's residence, delivered by a nationally recognized overnight delivery service, or sent by certified mail, email or other electronic means, return receipt requested, postage prepaid (as applicable), addressed to the respective addresses last given by each party to the other, and such notice shall be deemed to have been given upon personal delivery, if personally delivered, as of the close of the third business day following the date of mailing if mailed (except that notice of change of address shall be effective only upon receipt), or on the next business day in the case of overnight delivery service, email or other electronic means. Any notice to the Company shall be addressed to the attention of the General Counsel.

13. Entire Agreement; Modification. This Agreement represents the entire agreement between the parties with respect to its subject matter and supersedes all prior agreements and understandings, oral or written, between them, with respect to its subject matter, including the Prior Agreement. This Agreement may not be modified or amended except by a writing signed by both parties; provided, however, that this paragraph shall not limit the right of the Company to promulgate nor excuse Executive from compliance with, such workplace rules, policies and procedures as it may, from time-to-time, deem appropriate or to alter, amend, modify or terminate any employee benefit plan (whether or not referenced in this Agreement) in accordance with the terms of such plan.

14. Successors and Assigns. This Agreement shall inure to the benefit of the Company's successors and permitted assigns. Executive's rights and obligations under this Agreement are personal and not assignable or delegable by Executive in any manner or to any extent. Executive agrees that the Company can assign this Agreement to an entity that is a successor to the Company by statutory merger or otherwise, or that has purchased substantially all of the assets of the Company, without the consent or approval of Executive. As used in this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which assumes and agrees to perform this Agreement by operation of law or otherwise.

15. Termination and Survivability. This Agreement shall terminate upon the termination of Executive's employment with the Company; provided, however, that the provisions of Paragraphs 2 and 6 through 21 shall survive the termination and any expiration of the Agreement.

16. Waiver. The waiver by any party of a breach of any provision of this Agreement by any other party shall not operate or be construed as a waiver of any subsequent breach.

17. Governing Law; Choice of Forum.

(a) This Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania (and United States federal law, to the extent applicable), without giving effect to otherwise applicable principles of conflicts of law.

(b) Without limiting in any way the Company's right to enforce the provisions of Paragraphs 6, 7 & 8 of this Agreement, any action to enforce the decision or award of the arbitrator under Paragraph 10 hereof may be brought and maintained only in the Court of Common Pleas of Chester County, Pennsylvania or the United States District Court for the Eastern District of Pennsylvania (to the extent that the latter court may have jurisdiction over the subject matter).

18. Headings. The headings used herein are for convenience of reference only and shall not affect the interpretation of any term or provision hereof.

19. Severability. If any provision of this Agreement shall be found invalid or unenforceable for any reason, in whole or in part, then such provision shall be deemed modified, restricted, or reformulated to the extent and in the manner necessary to render the same valid and enforceable, or shall be deemed excised from this Agreement, as the case may require, and this Agreement shall be construed and enforced to the maximum extent permitted by law, as if such provision had been originally incorporated herein as so modified, restricted, or reformulated or as if such provision had not been originally incorporated herein, as the case may be.

20. Withholding. All Base Salary, incentive compensation, expense reimbursements, severance pay, and other payments made by the Company to Executive under this Agreement shall be subject to customary withholding for applicable federal, state and local taxes, FICA and other amounts required by applicable law.

21. Internal Revenue Code Section 409A.

(a) This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the corresponding regulations, and the payments and benefits provided hereunder are intended to qualify for any applicable exemptions from the definition of deferred compensation under Code Section 409A. To the maximum extent permitted, the parties agree that (i) this Agreement shall be interpreted as being in compliance with Code Section 409A, and (ii) the payments and benefits will be reported to the Internal Revenue Service as being in compliance with Code Section 409A. For purposes of Code Section 409A, each payment made under this Agreement shall be treated as a separate payment. Severance benefits under this Agreement are intended to be exempt from Code Section 409A under the "short term deferral" exemption, to the extent applicable. A portion, the amount of which to be determined in accordance with Treas. Reg. § 1.409A-1(b)(9)(iii), of any additional monthly severance compensation under this Agreement shall be considered payments under a "separation pay plan" under Code Section 409A. In no event may Executive designate, directly or indirectly, the calendar year of payment.

(b) Notwithstanding anything in this Agreement to the contrary, to the extent required by Code Section 409A if Executive is considered a "specified employee" for purposes of Code Section 409A, and if the payment of any amounts under this Agreement is required to be delayed for a period of six months after "separation from service" pursuant to Code Section 409A, payment of such amounts shall be delayed as required by Code Section 409A and the accumulated amounts shall be paid in a single lump sum within five days after the end of the six-month period. If Executive dies during the postponement period prior to the payment of benefits, amounts withheld on account of Code Section 409A shall be paid to the personal representative of Executive's estate within sixty days after the date of Executive's death.

(c) For purposes of this Agreement, "separation from service" shall mean Executive's separation from service with the Company and its affiliates within the meaning of Treas. Reg. Section 1.409A-1(h).

(d) In the case of any in-kind benefits or any expenses eligible for reimbursement provided hereunder that are subject to Code Section 409A, (i) the benefits provided or the amount of expenses eligible for reimbursement during any calendar year shall not affect the benefits provided or expenses eligible for reimbursement in any other calendar year, except as provided in Treas. Reg. § 1.409A-3(i)(1)(iv)(B), and (ii) the reimbursement of an eligible expense shall be made as soon as possible after Executive requests such reimbursement, but not later than December 31 following the calendar year in which the expense was incurred.

(e) Executive's right to receive any installment payments of deferred compensation shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment as permitted under Code Section 409A. Except as otherwise permitted under Code Section 409A, no payment to you shall be accelerated or deferred unless such acceleration or deferral would not result in additional tax or interest pursuant to Code Section 409A.

22. Counterparts. This Agreement may be executed in counterparts with the same effect as if the parties executing the counterparts all had executed one counterpart as of the date hereof. All such counterparts taken together shall be deemed the original Agreement.

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

EXECUTIVE:	VERTEX, INC.
/s/ David J. DeStefano	By: /s/ Eric Andersen
David J. DeStefano	
7/6/2020	7/6/2020
Date	Date

APPENDIX A

EXECUTIVE EMPLOYMENT AGREEMENT

SEPARATION AGREEMENT AND RELEASE

This confidential Separation Agreement and Release ("*Agreement*") is entered into by and between Vertex, Inc., a Delaware corporation (the "*Company*") and (hereinafter referred to as "you," or "your") to resolve any and all disputes concerning your employment with the Company and your separation from employment on . The actual date of separation is referred to herein as the "*Separation Date*."

WHEREAS, you are employed by the Company as , pursuant to an Employment Agreement dated ("*Employment Agreement*");

WHEREAS, the Company has decided to terminate your employment without Cause or you have decided to resign for Good Reason under the Employment Agreement, entitling you to certain payments and benefits pursuant to paragraph 2(b)(iii) thereunder ("*Severance Benefits*"), provided you first sign (and do not revoke) this Agreement and are otherwise in compliance with the Employment Agreement;

NOW THEREFORE, in consideration of the mutual covenants, agreements, and promises hereinafter set forth, and of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1) Consideration. On the eighth day after you execute this Agreement ("*Effective Date*"), provided that you do not revoke this Agreement under paragraph 6(e), the Company agrees to begin to provide you the Severance Benefits as set forth in the Employment Agreement.

2) Termination of Employment. You understand and agree that your employment with the Company and any affiliates, including any positions on any Company boards and committees, will terminate effective the Separation Date, and such termination shall be deemed a resignation effective the Separation Date from each position you hold as an officer or director of the Company and any subsidiary or affiliate of the Company.

3) No Additional Payments. You acknowledge and agree that you will receive no additional payments or benefits other than as set forth herein or as required by law.

4) Release. In exchange for the promises herein which you acknowledge as good and valuable consideration, and except as provided in paragraph 5, you release and discharge the Company and its past, present and future parents, divisions, subsidiaries, and affiliates, predecessors, successors and assigns, and their past, present, and future officers, directors, members, partners, attorneys, employees, independent contractors, agents, clients, and representatives ("*Released Parties*") from any and all actions, causes of action, debts, dues, claims and demands of every name and nature, without limitation, at law, in equity, or administrative, against the Released Parties which you may have had, now have, or may have, by reason of any matter or thing arising up to the date you execute this Agreement, including the ending of your employment. Those claims and causes of action from which you release the Released Parties include, but are not limited to, any known or unknown claim or action sounding in tort, contract, or discrimination of any kind, any claim arising under the Employment Agreement, and/or any cause of action arising under federal, state or local constitution, statute or ordinance, including, but not limited to, Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment

Act (including the Older Worker Benefit Protection Act), as amended, the Americans With Disabilities Act, as amended, the Employee Retirement Income Security Act, as amended, the Family and Medical Leave Act, as amended, the Equal Pay Act, as amended, Section 1981 of the Civil Rights Act of 1866, as amended, the Worker Adjustment and Retraining Notification Act, as amended, the Sarbanes Oxley Act of 2002, as amended, the Pennsylvania Human Relations Act, as amended, the Pennsylvania Equal Pay Law, as amended, the Pennsylvania Wage Payment and Collection Law, as amended, the Pennsylvania Minimum Wage Act, as amended, and any other employee-protective law of any jurisdiction that may apply, and/or any claim for attorneys' fees or costs, whether presently accrued, accruing to, or to accrue to you on account of, arising out of, or in any way connected with any acts or activities by you or the Released Parties arising up to the date you execute this Agreement. You expressly acknowledge that no claim or cause of action against the Released Parties from the beginning of time to the date you execute this Agreement (other than as provided in paragraph 5) shall be deemed to be outside the scope of this Agreement whether mentioned herein or not. You agree that this release should be interpreted as broadly as possible to achieve your intention to waive, to the maximum extent permitted by law, any and all claims against the Released Parties. Excluded from the release set forth in this paragraph is any claim which cannot be waived as a matter of law and your right to indemnification by the Company or any of its affiliates pursuant to contract or applicable law.

5) Rights and Claims Preserved. Nothing in this Agreement limits your right, where applicable, to file or participate in an investigative proceeding of any federal, state, or local governmental agency, including filing a charge with the United States Equal Employment Opportunity Commission ("*EEOC*"). To the extent permitted by law, you agree that if such an administrative claim is made, you shall not be entitled to recover, accept, or retain any individual monetary relief or other individual remedies with respect to any matter covered by this Agreement. Nothing in this Agreement prevents you from filing a lawsuit limited to challenging the validity of your waiver of federal age discrimination claims under the Age Discrimination in Employment Act and the Older Workers Benefit Protection Act.

6) OWBPA. The release in paragraph 4 of this Agreement includes a waiver of claims against the Released Parties under the Age Discrimination in Employment Act ("*ADEA*") and the Older Workers Benefit Protection Act ("*OWBPA*"). Therefore, pursuant to the requirements of the ADEA and the OWBPA, you specifically acknowledge that:

(a) you are and have been advised to consult with an attorney of your choosing concerning the legal significance of this Agreement;

(b) this Agreement is written in a manner you understand;

(c) the consideration set forth in paragraph 1 of the Agreement is adequate and sufficient for your entering into this Agreement and consists of benefits to which you are not otherwise entitled;

(d) you have been afforded twenty-one (21) days to consider this Agreement before signing it, although you may sign it at any time within those 21 days, and that any changes to this Agreement subsequently agreed upon by the parties, whether material or immaterial, do not restart this period for consideration; and

(e) you have been advised that during the seven (7) day period after you sign the Agreement, you may revoke your acceptance of this Agreement by delivering written notice to , and that this Agreement shall not become effective or enforceable until after the revocation period has expired.

7) No Admission of Wrongdoing. The Company denies any wrongdoing whatsoever in connection with its dealings with you, including but not limited to your employment and termination. It is expressly understood and agreed that nothing contained in this Agreement shall constitute or be treated as an admission of any wrongdoing or liability on the part of the Company.

8) Non-Disclosure. The parties understand and agree that this Agreement, and the matters discussed in negotiating its terms, are entirely confidential. It is therefore expressly understood and agreed that neither party will reveal, discuss, publish or in any way communicate any of the terms, amount or fact of this Agreement to any person, organization or other entity, with the exception of your immediate family members and professional representatives, or, with respect to the Company, with the exception of its professional representatives or as otherwise consistent with business need or necessity, or with respect to both parties, in an action to enforce the Agreement's terms, unless required by subpoena or court order.

9) Non-Disparagement. You agree that you will not disparage any of the Released Parties or make or publish any communication that reflects adversely upon any of them, consistent with paragraph 2(d) of the Employment Agreement.

10) No Filing of Claims. You represent that you have not filed, and to the maximum extent permitted by law and except as provided in paragraph 5, you agree that you will not file, any charge, complaint, lawsuit or claim (collectively, "*Claim*") with any administrative agency, federal, state or local court (collectively, "*Agency*") related in any way to your employment or the separation of your employment with the Company. You further agree that you will not accept, and will not be entitled to retain, any judgment, award, settlement or other payment or other relief resulting from, or related to, any Claim filed with any Agency related in any way to your employment with the Company or the termination of your employment. Nothing in this Agreement prevents you from filing for a state claim of unemployment compensation should you choose to do so.

11) No Voluntary Cooperation. Except as provided in paragraph 5, and/or unless required to do so by court order or subpoena, you agree that you will not (i) voluntarily make statements, take action, or give testimony adverse or detrimental to the interests of the Company; or (ii) aid or assist in any manner the efforts of any third party to sue or prosecute a claim against the Company. Should you ever be required to give testimony concerning any matter related to your employment with the Company, you agree to provide notice of such compulsory process to , within two (2) business days of its receipt so that the Company may take appropriate measures to quash or otherwise defend its interests.

12) Cooperation with the Company. Upon request of the Company, you agree to fully cooperate with the Company and to provide information and/or testimony regarding any current or future litigation arising from actions or events occurring during your employment with the Company.

13) Reemployment. You agree that you will not seek reemployment with the Company or any current or future parent, subsidiary, or affiliate, except at the request of the Company.

14) Return of Company Property. You agree that, as a condition precedent to receiving any payment under this Agreement, you will by the Separation Date return all property belonging to the Company, including, but not limited to, corporate credit cards; keys and access cards; documents; tapes; cell phones; computers, laptops, iPhone and other computer equipment and software; and any and all confidential and proprietary information.

15) Continuing Obligations. You acknowledge that you remain bound by and affirm that you will comply with all continuing obligations under the Employment Agreement, including, but not limited to, those set forth in paragraphs 6 and 7 thereof (pertaining to non-competition, non-solicitation, and confidentiality), and that such compliance is a condition of receipt of the Severance Benefits. You affirm that you have not violated the terms of the Employment Agreement during your employment with the Company.

16) Return of Consideration in Event of Breach. You agree that receipt of any consideration and all payments under this Agreement is contingent on your full compliance with its terms and conditions. Should you breach any provision of this Agreement (including but not limited to filing a lawsuit based upon any claim covered by this Agreement (but excluding a lawsuit covered by paragraph 5 of this Agreement)) or any continuing obligation under the Employment Agreement, the Company shall have the right to recover from you any Severance Benefits already paid, and the Company shall no longer be obligated to provide you any Severance Benefits otherwise due.

17) Attorneys' Fees and Jury Waiver. The prevailing party in an action for breach of this Agreement (except for a lawsuit covered by paragraph 5) will have its reasonable costs and attorneys' fees paid for by the party found to have breached. You and the Company hereby waive trial by jury as to any and all litigation arising out of and/or relating to this Agreement.

18) Arbitration. Any dispute, controversy, or difference arising out of, or related to, this Agreement or your employment with the Company shall be resolved by binding arbitration pursuant to paragraph 10 of the Employment Agreement.

19) Certification of Understanding and Competence. You acknowledge and agree that (a) you have read this Agreement in its entirety; (b) you are competent to understand, and do understand, the content and effect of this Agreement; (c) by entering into this Agreement, you are releasing forever the Released Parties from any claim or liability (including claims for attorney's fees and costs) arising from your employment with the Company; (d) you are entering this Agreement of your own free will in exchange for the consideration herein, which you agree is adequate and satisfactory; and (e) neither the Company nor the Released Parties have made any representations to you concerning the terms or effect of this Agreement, other than those contained in the Agreement.

20) Acknowledgments. You acknowledge and agree that (a) except for amounts due under Section 2(b)(v) of the Employment Agreement, you are not owed any wages by the Company for work performed, whether as wages or salary, overtime, bonuses or commissions, or for accrued but unused paid time off, and that you have been fully compensated for all hours worked; (b) you are not aware of any factual basis for a claim that the Company has defrauded the government of the United States or any state; (c) you have incurred no work related injuries; (d) you have received all family or medical leave to which you were entitled under the law; and (e) you have been and hereby are advised to consult with legal counsel of your choice prior to execution and delivery of this Agreement, and that you have done so or voluntarily elected not to do so.

21) Ownership of Claims. You represent and warrant that you are the sole and lawful owner of all rights, title and interest in and to all released matters, claims and demands referred to herein. You further represent and warrant that there has been no assignment or other transfer of any interest in any such matters, claims or demands which you may have against the Released Parties.

22) Counterparts. This Agreement may be executed in separate counterparts and by facsimile, and each such counterpart shall be deemed an original with the same effect as if all parties had signed the same document.

23) No Other Understandings. This Agreement, consisting of six (6) pages, together with the Employment Agreement, constitutes the entire Agreement between the parties with respect to its subject matter, and is binding upon and shall inure to the benefit of the parties and their respective heirs, executors, administrators, personal or legal representatives, successors and/or assigns. This Agreement may be amended only by a written agreement signed by you and the Company.

24) Headings. The headings in this Agreement are for convenience only and are not to be considered a construction of the provisions hereof.

25) Severability and Governing Law. If any provision of this Agreement is found to be invalid, unenforceable or void for any reason, such provision shall be severed from the Agreement and shall not affect the validity or enforceability of the remaining provisions. This Agreement shall be interpreted, enforced and governed by the laws of the Commonwealth of Pennsylvania, without regard to the conflicts of law provisions thereof.

26) Acceptance of Agreement. As provided in paragraph 6(d), the Company is providing you 21 days to consider whether to accept this Agreement (although you may accept it at any time within those 21 days), after which time the offer expires and is withdrawn if you have not yet accepted it. To accept the Agreement, you must sign below and send it to .

Dated: _____ _____

[NAME]

Dated: _____ _____

[NAME]
[TITLE]
Vertex, Inc.

EXHIBIT 10.7

EXECUTIVE EMPLOYMENT AGREEMENT
(as amended and restated)

THIS EXECUTIVE EMPLOYMENT AGREEMENT ("Agreement") is made as of July , 2020 by and between VERTEX, INC., a Delaware corporation ("Company"), with offices at 2301 Renaissance Boulevard, King of Prussia, PA 19406, and Bryan T.R. Rowland ("Executive").

Recital

WHEREAS, Executive is currently employed by the Company as Vice President and General Counsel, pursuant to an Employment Agreement dated April 10, 2017, as amended from time to time (the "Prior Agreement");

WHEREAS, in the course of its business, the Company has invested and will continue to invest substantial time, effort, money and other resources in the creation, development, maintenance and protection of confidential and proprietary business methods, Documents (as defined herein) and information, as well as substantial and ongoing customer and industry relationships, all of which gain for the Company a substantial advantage in the marketplace and represent assets of great value to the Company and all of which will continue to be disclosed to Executive in the course of Executive's employment with the Company;

WHEREAS, the Company and Executive recognize the Company's legitimate business interest in protecting its confidential and proprietary business methods, Documents and information, as well as its substantial and ongoing customer and industry relationships; and

WHEREAS, Executive and the Company desire to enter into this Agreement to set out the terms and conditions for the continued employment relationship of Executive with the Company effective as of the date of consummation of the initial public offering of the Company's Class A common stock pursuant to an effective registration statement filed under the Securities Act of 1933, as amended, (the "Effective Date").

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and, specifically, in consideration of the Company's continued employment of Executive and Executive's resulting access to the Company's confidential and proprietary business methods, Documents and information as well as to its substantial and ongoing customer and industry relationships, the Company and Executive agree as follows:

1. Employment and Duties. The Company shall continue to employ Executive in the position of Vice President and General Counsel of the Company reporting to the Chief Executive Officer of the Company (the "CEO"), and Executive hereby accepts such continued employment. Executive shall perform duties incident to this position, as well as any other duties that may be assigned to Executive from time to time by the CEO or his or her designee, and/or the Company's Board of Directors (the "Board"), that are not inconsistent with service as an officer of the Company, including duties for any Company subsidiary or affiliate. Executive shall abide by the Company's Code of Ethics and Business Conduct ("Code of Conduct"), policies, practices, procedures, and rules.

2. Term; Termination.

(a) Subject to the provisions of Section 14, Executive's employment under this Agreement shall remain in effect until terminated in accordance with the provisions of this paragraph.

(b) Executive's employment may be terminated hereunder as follows:

(i) Executive's employment shall terminate automatically upon Executive's death and may be terminated at any time, in the Company's sole discretion, upon Executive's "Disability." For purposes of this Agreement, "Disability" shall mean that because of physical or mental illness or incapacity Executive is unable to substantially perform all of the essential functions of Executive's position on a full-time basis with or without reasonable accommodation, for a period of 90 consecutive days or in excess of 180 days in any one-year period. This provision does not limit Executive's access to and use of benefits made available to Executive by the Company pursuant to this Agreement. Further, this provision is not intended to replace or supersede any applicable laws.

(ii) The Company may terminate Executive's employment for "Cause," without advance notice and with no other continuing obligations of the Company to Executive under this Agreement. For purposes of this Agreement, "Cause" shall mean (A) the commitment by Executive of a material breach of this Agreement (including but not limited to Sections 6, 7, or 8 hereof); (B) Executive's willful failure to perform Executive's duties or obligations to the Company or any corporation or other legal entity of which the Company has at least 51% equity ownership (a "Subsidiary"), including, but not limited to, those duties that may arise from time to time out of the Company's business or strategic goals; (C) Executive's willful misconduct or gross negligence with regard to the Company or any Subsidiary or their business, assets or employees; (D) dishonesty, unethical, fraudulent or similar misconduct on the part of Executive in connection with Executive's employment by, or performance of services for, the Company or any Subsidiary; (E) Executive's use of non-prescription controlled substances, misuse of prescription drugs, or habitual intoxication during work hours due to alcohol or any non-prescription drugs or other substances; (F) Executive's indictment for any felony, if in the reasonable determination of the CEO or his or her designee, such indictment has caused or is reasonably likely to cause material adverse consequences to the Company, its businesses or prospects, or Executive's conviction (which includes a guilty plea or plea of nolo contendere) of a felony or any other crime involving fraud, dishonesty or moral turpitude; (G) Executive's material violation of any policy of the Company or of any Subsidiary for which Executive performs services, including, but not limited to, sexual harassment; or (H) Executive's breach of a fiduciary duty owed to the Company in good faith or refusal to follow any directions of the CEO or the Board that are reasonable, lawful and consistent with the Company's Code of Conduct, policies, practices, procedures, and rules. Notwithstanding the foregoing, the parties agree that "Cause" does not include any act of Executive covered by (A), (B), (G) or (H) of the foregoing sentence, that in the sole discretion of the CEO or his or her designee, is capable of cure and is cured by Executive within thirty (30) days after written notice thereof has been provided to Executive.

(iii) The Company may terminate Executive's employment without Cause upon thirty (30) days' written notice to Executive (or, at the Company's option, the Company may provide Executive a maximum of thirty (30) days' pay in lieu of such notice). In the event of (x) any termination by the Company without Cause pursuant to this subparagraph 2(b)(iii), or (y) any termination by Executive for Good Reason (as defined below) pursuant to subparagraph 2(b)(vi), provided, in any case, Executive first signs a general separation agreement and release of claims against the Company, its Subsidiaries and affiliates, in form to be provided by the Company that is substantially similar to the sample form attached hereto as Appendix A ("Release"), and further provided that Executive remains in compliance with his continuing obligations under paragraphs 6 and 7 of this Agreement, Executive will be entitled to the following: (a) payment of Executive's Base Salary (as defined below) under Section 3(a) at the rate in effect on the date of termination of employment for a period of twelve (12) months (the "Severance Period"); and (b) if Executive timely elects continuation coverage under COBRA, payment of insurance premiums in order to continue Executive's then-existing health insurance coverage for a period of eighteen (18) months, or, at the Company's option, payment to Executive as additional severance pay

in an amount equal to the premium payments for such continuation coverage. The health insurance continuation (or equivalent payment as additional severance) shall be at the Company's expense, but shall in all events terminate on the date Executive becomes eligible for health insurance coverage under the medical plan of a new employer.

(iv) Executive may terminate Executive's employment for any reason or no reason upon at least thirty (30) days' written notice to the Company; *provided, however*, that following such notice of termination, the Company may, at its option, select a shorter notice period and earlier termination date than Executive provided, without incurring liability hereunder or changing the nature of Executive's termination.

(v) Except as provided in subparagraph 2(b)(iii), in the event of termination of employment for any reason, Executive (or Executive's estate, as applicable) shall be entitled to no payments or benefits following the date of termination other than payment of (i) accrued but unpaid Base Salary earned through the termination date; (ii) the unpaid portion of incentive compensation, if any, earned by Executive with respect to the calendar year preceding the calendar year in which the date of termination occurs, subject to the terms and conditions of any plan governing such incentive compensation; (iii) expenses reimbursable under Section 5 incurred but not yet reimbursed to Executive prior to the termination date; and (iv) any vested benefits or amounts through the date of termination due and owing to Executive under the terms of any plan, program, or arrangement of the Company, less any amounts then owed by Executive to the Company. For the avoidance of doubt, if Executive's employment shall terminate as a result of Executive's death or Disability pursuant to Section 2(b)(i), pursuant to Section 2(b)(ii) for Cause, or pursuant to Section 2(b)(iv) for Executive's resignation from the Company without Good Reason or for no reason, then Executive shall not be entitled to any payments or benefits, except for those payments and benefits provided in clauses (i), (ii), (iii) and (iv) of this Section 2(b)(v).

(vi) Executive may terminate Executive's employment for Good Reason. "Good Reason" means, unless otherwise consented to by Executive, any action taken by the Company that causes (i) a material breach of this Agreement, (ii) the material diminution of Executive's duties, (iii) a material decrease in Base Salary or (iv) any relocation of Executive's principal office to a location more than fifty (50) miles from Executive's then current office. Before resigning for Good Reason, Executive shall provide written notice to the Company of the ground giving rise to Good Reason. The notice shall be provided within sixty (60) days of the occurrence of the event giving rise to Good Reason. The Company shall then have thirty (30) days within which to cure such event. If the Company fails to cure, Executive shall have the right to resign for Good Reason, provided the resignation occurs no later than one hundred and twenty (120) days from the date of the occurrence of the event giving rise to Good Reason.

(c) Amounts payable under this Agreement that are subject to Executive's execution of the Release shall commence on the sixtieth day after Executive's separation from service. Executive shall not be entitled to any such payments unless Executive executes the Release within forty-five days of the later of the date Executive receives the Release or Executive's separation from service, and does not revoke the Release; provided, however, that in no event shall the Company provide such Release to Executive later than five (5) business days after Executive's separation from service. Any amounts payable under this Agreement as an uninterrupted continuation of Executive's Base Salary or health insurance coverage that are delayed pending Executive's execution of a Release shall be paid in an aggregate lump sum upon such sixtieth day; provided, however, that Executive shall be responsible for paying any premiums that are due and necessary for the continuation of Executive's health insurance coverage prior to such sixtieth day, subject to reimbursement of such amounts to Executive by the Company upon the lapse of such sixty-day period. In the event Executive commits a material breach of Section 6 or Section 7 that, in the sole discretion of the CEO or his or her designee, is not capable of cure,

or is not cured by Executive within thirty (30) days after notice thereof to Executive, then, without limiting the availability to the Company of any other relief or remedy, Executive shall no longer be entitled to any severance compensation or benefits provided for above in subparagraph 2(b)(iii) that have not yet been paid, and shall be required to repay to the Company any amounts theretofore paid under such subsection.

(d) Prior to and following any termination of employment, (i) Executive shall not disparage the professional or personal reputation of the Company, its Subsidiaries and affiliates or any of their officers, shareholders, directors, management, or employees or any products or services of the Company, its Subsidiaries and affiliates (other than good faith statements made in the performance of his duties during his employment); and (ii) the Board shall not disparage the professional or personal reputation of Executive (other than good faith statements made during his employment). Nothing in this paragraph shall preclude any party from making truthful statements that are reasonably necessary to comply with applicable law, regulation or legal process, or to defend or enforce a party's rights under this Agreement.

(e) In event of termination of Executive's employment for any reason, Executive shall be deemed to have resigned from each position he holds as an officer or director of the Company and any Subsidiary or affiliate of the Company effective as of no later than the termination date.

3. Compensation.

(a) Salary. Beginning on the Effective Date, Executive's annual base salary ("Base Salary") shall be two hundred sixty-five thousand three hundred thirteen dollars ($265,313), payable in accordance with the Company's generally applicable payroll practices and subject to any payroll or other deductions required by law, government or court order, or by agreement with, or consent of, Executive. The Base Salary may be increased from time to time in the discretion of the Board or the CEO or his or her designee.

(b) Incentive Compensation. Executive shall continue to be eligible to participate in the incentive compensation plans the Company may implement from time to time. The target bonus amounts and performance targets for Executive shall be established at the same time such amounts and targets are established for other executive officers of the Company, shall be as determined by the Board, and shall be payable only upon the Company's achievement of established targets as determined by the Board. Notwithstanding the foregoing, the Company and Executive agree that Executive's target annual bonus will equal forty percent (40%) of Executive's Base Salary.

4. Vacation and Executive Benefits.

(a) Executive shall be entitled to paid time off ("PTO") in accordance with the Company's standard PTO policy, as well as five (5) days PTO in addition to what is provided under the Company's standard PTO policy; provided, that Executive will use his reasonable discretion, taking into account the Company's needs, when determining the time to take vacation.

(b) Executive shall be entitled to participate in the same manner and under the same terms and conditions as similarly-situated executives of the Company, in the Company's medical insurance, retirement plans, and other fringe benefit programs, including, for the avoidance of doubt, any group life and/or long-term disability insurance plans or programs adopted by the Company after the Effective Date, with Executive's rights and responsibilities under these programs governed by the terms of those plans and programs as they may be in effect and modified from time-to-time.

5. Expenses. The Company shall reimburse Executive for all reasonable and substantiated ordinary and necessary business expenses incurred in performing Executive's duties under this Agreement, provided that Executive shall comply with all Company requirements relating to the submission and documentation of such expenses.

6. Loyalty, Best Efforts, Non-Competition, Non-Solicitation.

(a) Executive will, while employed by the Company, devote all of Executive's full time and best efforts and, during work hours, all of Executive's attention, to the business of the Company, its Subsidiaries and affiliates and to the performance of Executive's duties. Further, Executive will not, without the advance, written permission of the CEO or his or her designee, engage in any activity that would in any way or to any extent, interfere with the performance of Executive's duties, including, without limitation, engaging to any extent in any other employment or occupation, whether or not for compensation, or undertaking any financial or other investment.

(b) Executive hereby agrees that during Executive's employment with the Company and for the period of twelve (12) months after termination of employment for any reason (the "Restricted Period"), Executive will not, without the advance, written permission of the CEO or his or her designee, engage in Competition (as defined below) with the Company. Executive shall be deemed to be engaging in "Competition" if Executive (A) engages anywhere within the United States of America or any other place where the Company, its Subsidiaries or affiliates are engaged during Executive's employment or actively preparing to be engaged in business (the "Restricted Territory"), in any business in which the Company, any of its Subsidiaries or affiliates is engaged or has invested material funds in development at the time of such termination of employment, and/or (B) owns, in whole or in part, is employed by, provides financing to, consults with or otherwise renders services to any person or entity who is engaged in any business (or proposes to engage in any business) in which the Company, any of its Subsidiaries or affiliates is engaged or has invested material funds in development at the time of such termination of employment anywhere within the Restricted Territory (for avoidance of doubt, such persons or entities include, but are not limited to, any of the following entities or their successors: Thomson Reuters, CCH/Wolters Kluwer, Avalara, Longview Solutions, MLM CorpTax, Taxware). Notwithstanding anything herein to the contrary, Executive may make passive investments in any enterprise the shares of which are publicly traded if such investment constitutes less than two percent (2%) of the equity of such enterprise.

(c) During the Restricted Period, Executive will not, directly or indirectly, (i) hire or assist any other person or entity to hire any current or former employee of the Company, its Subsidiaries or its affiliates, or (ii) recruit, solicit or induce, or assist any other person or entity to recruit, solicit or induce, any current or former employee to leave the employment of the Company, its Subsidiaries or its affiliates. For purposes of this subparagraph (c), "former employee" shall mean an individual who was employed by the Company, any of its Subsidiaries or any of its affiliates at any time within the twelve months prior to this prohibited activity.

(d) During the Restricted Period, Executive will not, directly or indirectly, solicit, induce, or attempt to induce any customer, client, or prospect of the Company, its Subsidiaries or its affiliates, to stop doing business in whole or in part with or through the Company, its Subsidiaries or affiliates, or to do business with any person or entity that competes with the Company. For the purposes of this subparagraph (d), "prospect" means any person or entity which the Company, its Subsidiaries or its affiliates had solicited for business within one year prior to the termination of Executive's employment.

(e) During the Restricted Period, Executive will promptly disclose to the Company any and all direct contacts, solicitations, inquiries or other actual or potential business opportunities of which Executive may become aware and which relate to the business of the Company or any of its Subsidiaries or affiliates; *provided, however*, that the disclosure obligation under this paragraph shall apply only to such contacts, solicitations, inquiries, and opportunities of which Executive became aware during his employment with the Company.

(f) Executive acknowledges and agrees that the restrictions imposed by this Paragraph 6 are a condition of Executive's employment with the Company; are fair and reasonably required for the protection of the Company; and will not preclude Executive from becoming gainfully employed following the termination of employment with the Company, regardless of reason. Executive further acknowledges and agrees that Executive provides and/or will provide unique services to the Company and that this Agreement has unique, substantial, and immeasurable value to the Company. If the Company seeks enforcement based on a breach of the provisions of this Section 6, the Company shall be entitled to reimbursement for the reasonable attorney's fees and expenses incurred by the Company in that effort if the Company prevails in whole or in substantial part in its action. In the event of any breach of subparagraphs (b) through (e) above, the time periods set forth in those paragraphs shall be extended by the length of time Executive is in breach. In the event that the provisions of this Paragraph 6 should ever be deemed to exceed the limitations permitted by applicable laws, Executive and the Company agree that such provisions shall be reformed to the maximum limitations permitted by the applicable laws.

7. Confidentiality and Ownership of Documents, Methods and Information.

(a) Executive agrees that, both during employment with the Company and thereafter, Executive will treat the business affairs of the Company, its Subsidiaries and its affiliates as confidential and will not discuss or disclose any Confidential Information (as hereafter defined) of the Company, its Subsidiaries or its affiliates with or to any third party, except (i) as required in connection with the performance of duties on behalf of the Company or (ii) as authorized in advance by the CEO or his or her designee, and in each such case only after ensuring that the recipient has agreed in writing to appropriate confidentiality obligations, unless Executive has been otherwise instructed by the CEO or his or her designee. Further, Executive shall take reasonable steps and security precautions to prevent the unauthorized disclosure of Confidential Information and all components thereof, and to maintain the confidentiality of the Company's intellectual property. Notwithstanding the foregoing, Executive may disclose Confidential Information to the extent required by law or regulation; provided that Executive promptly notifies the Company of the disclosure request and, at the Company's request, provides reasonable assistance in any effort to prevent or limit such disclosure.

(b) Executive agrees that all Confidential Information, Documents, materials, business methods and other information created by, disclosed to or otherwise acquired by Executive in the course of employment with the Company (collectively, "Works") are and remain the exclusive property of the Company and are "works made for hire" for the Company under the copyright laws; that Executive will not retain, copy or otherwise appropriate any Work for Executive's own use or purposes or the use or purposes of any third party and that, upon the termination of employment, Executive will return all Works, including all copies or multiple versions thereof, to the Company and, in the case of Confidential Information, will destroy all electronic versions Executive may have on any device in his possession or under his control and in any format or media, and all excerpts and references that may be in any items Executive may have created, and, to the extent that Executive is not able to destroy all such copies, excerpts and references shall continue to hold them as the confidential and proprietary property of the Company and not disclose them or use them for any purpose. Further, in return for good and valuable consideration including Executive's employment relationship with the Company, Executive hereby assigns to the Company Executive's entire right, title and interest in and to all Works. Executive also

agrees, at the Company's request and expense, to execute specific assignments to the Works, and execute, acknowledge and deliver such other documents and take such further action as the Company may require, at any time during or subsequent to the period of Executive's employment with the Company, to vest title in such Works in the Company and to obtain and defend copyright registrations in any and all countries. In addition, all inventions conceived and/or reduced to practice during Executive's employment with the Company and which relate to the business of the Company are hereby assigned to the Company, in return for good and valuable consideration including Executive's employment relationship with the Company. Executive agrees, at the Company's request and expense, to execute specific assignments to any inventions and to execute, acknowledge and deliver such other documents and take such further action as the Company may require, at any time during or subsequent to the period of Executive's employment with the Company, to vest title in all such inventions in the Company in any and all countries; to obtain patents covering such inventions in any and all countries; and to vest title in such patents in the Company. Executive also agrees that an invention disclosed by Executive to a third person or described in a patent application filed by or on Executive's behalf within twelve months following termination of Executive's employment with the Company for any reason shall be presumed to have been conceived or made by Executive during the period of employment, unless proved to have been conceived or made by Executive following the termination of Executive's employment with the Company. Executive hereby assigns Executive's entire right, title and interest in and to such inventions to the Company, and agrees to execute and deliver any documents or take any such actions as requested by the Company to vest title in such inventions exclusively in the Company.

(c) Executive is hereby notified that the requirements of paragraph (b) above do not apply to an invention for which no equipment, supplies, facility or Confidential Information of the Company was used and which was developed entirely on Executive's own time, unless (i) the invention relates to (A) the business of the Company, its Subsidiaries or its affiliates, or (B) the Company's actual or demonstrably anticipated research or development, or (ii) the invention results from any work performed by Executive for the Company.

(d) For purposes of this Agreement the term "Document" shall include correspondence, email, other written communications, data processing and storage units, computer software, tapes, contracts, agreements, notes, memoranda, telephone messages, analyses, projections, indices, work papers, studies, surveys, diaries, calendars, films, photographs, minutes of meetings, management or sales proposals, operations manuals or any other writing, including copies of any of the foregoing, in any format or media, past, current or future, including, without limitation, written, printed, typed, recorded or graphic matter or electronic media, however produced or reproduced. For the purposes of this Agreement the term "Confidential Information" means information (i) developed by, disclosed to or known by Executive as a consequence of Executive's employment with the Company, (ii) not generally known to others outside the Company, and (iii) which relates to the business of the Company, its Subsidiaries and its affiliates. Confidential Information includes but is not limited to the trade secrets, equipment, equipment configuration, research, development efforts, methodologies, testing, engineering, manufacturing, marketing, sales, finances, operations, processes, formulas, methods, techniques, devices, software programs, projections, strategies and plans, personnel information, and customer information, including customer needs, contacts, particular projects, lists, and pricing of the Company, its Subsidiaries and its affiliates. Confidential Information shall not include any information which has been published in a form generally available to the public prior to the date upon which Executive either wrongfully discloses or proposes to disclose such information.

(e) Notwithstanding anything to the contrary herein, nothing in this Agreement is intended to or will be used by the Company in any way to prohibit Executive from reporting possible violations of federal law or regulation to any United States governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934

or Section 806 of the Sarbanes-Oxley Act of 2002, or any other whistleblower protection provisions of state or federal law or regulation (including the right to receive an award for information provided to any such government agencies). Furthermore, in accordance with 18 U.S.C. § 1833, notwithstanding anything to the contrary in this Agreement: (A) Executive shall not be in breach of this Agreement and shall not be held criminally or civilly liable under any federal or state trade secret law (x) for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (y) for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (B) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney, and may use the trade secret information in the court proceeding, if Executive files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

8. Conflict of Interest; Avoiding the Appearance of Impropriety. Executive agrees that Executive's duty of loyalty to the Company requires both complete fidelity to the interests of the Company in fact and the avoidance of any appearance of impropriety, favoritism, personal benefit or aggrandizement or confusion between Executive's personal and business activities. Executive further agrees that Executive's conduct must be consistent with the Company's Code of Conduct. To that end, while an executive officer of the Company, Executive shall not, without the advance, written approval of the CEO or his or her designee:

(a) accept gifts, gratuities or favors of more than nominal value from any person or organization doing business or seeking to do business with the Company, its Subsidiaries or its affiliates, or from any employee of the Company with whom Executive has a direct or indirect reporting relationship;

(b) offer or provide any gift, gratuity or favor of more than nominal value to any person or organization with whom or which the Company, any of its Subsidiaries or any of its affiliates is doing business or seeking to do business or take any other action in respect of such person or organization, specifically including but not limited to, any public entity, officer thereof or federal, state or local government employee or officeholder, suggestive of any intent or effort to influence such individual or organization in the performance of their or its duties; or

(c) make use of Executive's job title or affiliation with the Company in connection with participation in outside organizations (with the exception of professional and industry organizations relating to Executive's job duties) or support of political, legal or other causes or organizations.

9. Injunctive Relief. Subject to the provisions of Paragraph 10, the Company will, in addition to other remedies provided by law, have the right to injunctive relief in court to the extent such relief may be available at law or in equity. Executive acknowledges that any breach or threatened breach of the provisions of this Agreement, including but not limited to the provisions of Paragraphs 6 and 7, will cause irreparable damage to the Company for which monetary damages will not provide an adequate remedy. Nothing contained herein will be construed as prohibiting the parties from pursuing any other remedies available to them for such breach or threatened breach, including any recovery of damages.

10. Dispute Resolution. With the specific exception only of the Company's right at any time to seek equitable relief to enforce the provisions of Paragraphs 6 and 7 of this Agreement in the courts, in the event of any dispute between the Company and Executive, whether arising out of or relating to this Agreement, the breach of this Agreement, or Executive's employment with the Company, Executive and the Company hereby agree that, after making a good-faith effort to resolve any dispute, such dispute shall be resolved by final and binding arbitration in Chester County, Pennsylvania,

administered by the American Arbitration Association ("AAA") in accordance with its Commercial Arbitration Rules then in effect, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof, subject to the provisions of subparagraph 16(b). Any arbitration shall be held before a single arbitrator who shall be selected by mutual agreement of the Company and Executive, unless the parties are unable to agree to an arbitrator, in which case the arbitrator will be selected under the procedures of the AAA. The arbitrator shall have the authority to award any remedy or relief that a court of competent jurisdiction could order or grant, including, without limitation, the issuance of an injunction, and the parties hereby agree to the emergency procedures of the AAA. Issues of arbitrability are to be decided by the arbitrator. A demand for arbitration under this paragraph must be made in writing to the other party within the time limit set by law for bringing that claim in court, or that claim shall be forever barred. The prevailing party shall be entitled to an award which shall include all costs of arbitration, including reasonable attorneys' fees, unless the arbitrator determines that to do so would be inconsistent with applicable law.

11. Notice. Any notice, demand, or other communication required to be given pursuant to the provisions of this Agreement shall be in writing and shall be personally delivered to the other party in person or at their place of business or to Executive at Executive's residence, delivered by a nationally recognized overnight delivery service, or sent by certified mail, email or other electronic means, return receipt requested, postage prepaid (as applicable), addressed to the respective addresses last given by each party to the other, and such notice shall be deemed to have been given upon personal delivery, if personally delivered, as of the close of the third business day following the date of mailing if mailed (except that notice of change of address shall be effective only upon receipt), or on the next business day in the case of overnight delivery service, email or other electronic means. Any notice to the Company shall be addressed to the attention of the General Counsel.

12. Entire Agreement; Modification. This Agreement represents the entire agreement between the parties with respect to its subject matter and supersedes all prior agreements and understandings, oral or written, between them, with respect to its subject matter, including the Prior Agreement. This Agreement may not be modified or amended except by a writing signed by both parties; provided, however, that this paragraph shall not limit the right of the Company to promulgate nor excuse Executive from compliance with, such workplace rules, policies and procedures as it may, from time-to-time, deem appropriate or to alter, amend, modify or terminate any employee benefit plan (whether or not referenced in this Agreement) in accordance with the terms of such plan.

13. Successors and Assigns. This Agreement shall inure to the benefit of the Company's successors and permitted assigns. Executive's rights and obligations under this Agreement are personal and not assignable or delegable by Executive in any manner or to any extent. Executive agrees that the Company can assign this Agreement to an entity that is a successor to the Company by statutory merger or otherwise, or that has purchased substantially all of the assets of the Company, without the consent or approval of Executive. As used in this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which assumes and agrees to perform this Agreement by operation of law or otherwise.

14. Termination and Survivability. This Agreement shall terminate upon the termination of Executive's employment with the Company; provided, however, that the provisions of Paragraphs 2 and 6 through 20 shall survive the termination and any expiration of the Agreement.

15. Waiver. The waiver by any party of a breach of any provision of this Agreement by any other party shall not operate or be construed as a waiver of any subsequent breach.

16. Governing Law; Choice of Forum.

(a) This Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania (and United States federal law, to the extent applicable), without giving effect to otherwise applicable principles of conflicts of law.

(b) Without limiting in any way the Company's right to enforce the provisions of Paragraphs 6, 7 & 8 of this Agreement, any action to enforce the decision or award of the arbitrator under Paragraph 10 hereof may be brought and maintained only in the Court of Common Pleas of Chester County, Pennsylvania or the United States District Court for the Eastern District of Pennsylvania (to the extent that the latter court may have jurisdiction over the subject matter).

17. Headings. The headings used herein are for convenience of reference only and shall not affect the interpretation of any term or provision hereof.

18. Severability. If any provision of this Agreement shall be found invalid or unenforceable for any reason, in whole or in part, then such provision shall be deemed modified, restricted, or reformulated to the extent and in the manner necessary to render the same valid and enforceable, or shall be deemed excised from this Agreement, as the case may require, and this Agreement shall be construed and enforced to the maximum extent permitted by law, as if such provision had been originally incorporated herein as so modified, restricted, or reformulated or as if such provision had not been originally incorporated herein, as the case may be.

19. Withholding. All Base Salary, incentive compensation, expense reimbursements, severance pay, and other payments made by the Company to Executive under this Agreement shall be subject to customary withholding for applicable federal, state and local taxes, FICA and other amounts required by applicable law.

20. Internal Revenue Code Section 409A.

(a) This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the corresponding regulations, and the payments and benefits provided hereunder are intended to qualify for any applicable exemptions from the definition of deferred compensation under Code Section 409A. To the maximum extent permitted, the parties agree that (i) this Agreement shall be interpreted as being in compliance with Code Section 409A, and (ii) the payments and benefits will be reported to the Internal Revenue Service as being in compliance with Code Section 409A. For purposes of Code Section 409A, each payment made under this Agreement shall be treated as a separate payment. Severance benefits under this Agreement are intended to be exempt from Code Section 409A under the "short term deferral" exemption, to the extent applicable. A portion, the amount of which to be determined in accordance with Treas. Reg. § 1.409A-1(b)(9)(iii), of any additional monthly severance compensation under this Agreement shall be considered payments under a "separation pay plan" under Code Section 409A. In no event may Executive designate, directly or indirectly, the calendar year of payment.

(b) Notwithstanding anything in this Agreement to the contrary, to the extent required by Code Section 409A if Executive is considered a "specified employee" for purposes of Code Section 409A, and if the payment of any amounts under this Agreement is required to be delayed for a period of six months after "separation from service" pursuant to Code Section 409A, payment of such amounts shall be delayed as required by Code Section 409A and the accumulated amounts shall be paid in a single lump sum within five days after the end of the six-month period. If Executive dies during the postponement period prior to the payment of benefits, amounts withheld on account of Code Section 409A shall be paid to the personal representative of Executive's estate within sixty days after the date of Executive's death.

(c) For purposes of this Agreement, "separation from service" shall mean Executive's separation from service with the Company and its affiliates within the meaning of Treas. Reg. Section 1.409A-1(h).

(d) In the case of any in-kind benefits or any expenses eligible for reimbursement provided hereunder that are subject to Code Section 409A, (i) the benefits provided or the amount of expenses eligible for reimbursement during any calendar year shall not affect the benefits provided or expenses eligible for reimbursement in any other calendar year, except as provided in Treas. Reg. § 1.409A-3(i)(1)(iv)(B), and (ii) the reimbursement of an eligible expense shall be made as soon as possible after Executive requests such reimbursement, but not later than December 31 following the calendar year in which the expense was incurred.

(e) Executive's right to receive any installment payments of deferred compensation shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment as permitted under Code Section 409A. Except as otherwise permitted under Code Section 409A, no payment to you shall be accelerated or deferred unless such acceleration or deferral would not result in additional tax or interest pursuant to Code Section 409A.

21. Counterparts. This Agreement may be executed in counterparts with the same effect as if the parties executing the counterparts all had executed one counterpart as of the date hereof. All such counterparts taken together shall be deemed the original Agreement.

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

EXECUTIVE:	VERTEX, INC.
	By: _____
Bryan T.R. Rowland	
_____	_____
Date	Date

APPENDIX A

EXECUTIVE EMPLOYMENT AGREEMENT

SEPARATION AGREEMENT AND RELEASE

This confidential Separation Agreement and Release ("*Agreement*") is entered into by and between Vertex, Inc., a Delaware corporation (the "*Company*") and (hereinafter referred to as "you," or "your") to resolve any and all disputes concerning your employment with the Company and your separation from employment on . The actual date of separation is referred to herein as the "*Separation Date*."

WHEREAS, you are employed by the Company as , pursuant to an Employment Agreement dated ("*Employment Agreement*");

WHEREAS, the Company has decided to terminate your employment without Cause or you have decided to resign for Good Reason under the Employment Agreement, entitling you to certain payments and benefits pursuant to paragraph 2(b)(iii) thereunder ("*Severance Benefits*"), provided you first sign (and do not revoke) this Agreement and are otherwise in compliance with the Employment Agreement;

NOW THEREFORE, in consideration of the mutual covenants, agreements, and promises hereinafter set forth, and of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1) Consideration. On the eighth day after you execute this Agreement ("*Effective Date*"), provided that you do not revoke this Agreement under paragraph 6(e), the Company agrees to begin to provide you the Severance Benefits as set forth in the Employment Agreement.

2) Termination of Employment. You understand and agree that your employment with the Company and any affiliates, including any positions on any Company boards and committees, will terminate effective the Separation Date, and such termination shall be deemed a resignation effective the Separation Date from each position you hold as an officer or director of the Company and any subsidiary or affiliate of the Company.

3) No Additional Payments. You acknowledge and agree that you will receive no additional payments or benefits other than as set forth herein or as required by law.

4) Release. In exchange for the promises herein which you acknowledge as good and valuable consideration, and except as provided in paragraph 5, you release and discharge the Company and its past, present and future parents, divisions, subsidiaries, and affiliates, predecessors, successors and assigns, and their past, present, and future officers, directors, members, partners, attorneys, employees, independent contractors, agents, clients, and representatives ("*Released Parties*") from any and all actions, causes of action, debts, dues, claims and demands of every name and nature, without limitation, at law, in equity, or administrative, against the Released Parties which you may have had, now have, or may have, by reason of any matter or thing arising up to the date you execute this Agreement, including the ending of your employment. Those claims and causes of action from which you release the Released Parties include, but are not limited to, any known or unknown claim or action sounding in tort, contract, or discrimination of any kind, any claim arising under the Employment Agreement, and/or any cause of action arising under federal, state or local constitution, statute or ordinance, including, but not limited to, Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment

Act (including the Older Worker Benefit Protection Act), as amended, the Americans With Disabilities Act, as amended, the Employee Retirement Income Security Act, as amended, the Family and Medical Leave Act, as amended, the Equal Pay Act, as amended, Section 1981 of the Civil Rights Act of 1866, as amended, the Worker Adjustment and Retraining Notification Act, as amended, the Sarbanes Oxley Act of 2002, as amended, the Pennsylvania Human Relations Act, as amended, the Pennsylvania Equal Pay Law, as amended, the Pennsylvania Wage Payment and Collection Law, as amended, the Pennsylvania Minimum Wage Act, as amended, and any other employee-protective law of any jurisdiction that may apply, and/or any claim for attorneys' fees or costs, whether presently accrued, accruing to, or to accrue to you on account of, arising out of, or in any way connected with any acts or activities by you or the Released Parties arising up to the date you execute this Agreement. You expressly acknowledge that no claim or cause of action against the Released Parties from the beginning of time to the date you execute this Agreement (other than as provided in paragraph 5) shall be deemed to be outside the scope of this Agreement whether mentioned herein or not. You agree that this release should be interpreted as broadly as possible to achieve your intention to waive, to the maximum extent permitted by law, any and all claims against the Released Parties. Excluded from the release set forth in this paragraph is any claim which cannot be waived as a matter of law and your right to indemnification by the Company or any of its affiliates pursuant to contract or applicable law.

5) Rights and Claims Preserved. Nothing in this Agreement limits your right, where applicable, to file or participate in an investigative proceeding of any federal, state, or local governmental agency, including filing a charge with the United States Equal Employment Opportunity Commission ("*EEOC*"). To the extent permitted by law, you agree that if such an administrative claim is made, you shall not be entitled to recover, accept, or retain any individual monetary relief or other individual remedies with respect to any matter covered by this Agreement. Nothing in this Agreement prevents you from filing a lawsuit limited to challenging the validity of your waiver of federal age discrimination claims under the Age Discrimination in Employment Act and the Older Workers Benefit Protection Act.

6) OWBPA. The release in paragraph 4 of this Agreement includes a waiver of claims against the Released Parties under the Age Discrimination in Employment Act ("*ADEA*") and the Older Workers Benefit Protection Act ("*OWBPA*"). Therefore, pursuant to the requirements of the ADEA and the OWBPA, you specifically acknowledge that:

(a) you are and have been advised to consult with an attorney of your choosing concerning the legal significance of this Agreement;

(b) this Agreement is written in a manner you understand;

(c) the consideration set forth in paragraph 1 of the Agreement is adequate and sufficient for your entering into this Agreement and consists of benefits to which you are not otherwise entitled;

(d) you have been afforded twenty-one (21) days to consider this Agreement before signing it, although you may sign it at any time within those 21 days, and that any changes to this Agreement subsequently agreed upon by the parties, whether material or immaterial, do not restart this period for consideration; and

(e) you have been advised that during the seven (7) day period after you sign the Agreement, you may revoke your acceptance of this Agreement by delivering written notice to , and that this Agreement shall not become effective or enforceable until after the revocation period has expired.

7) No Admission of Wrongdoing. The Company denies any wrongdoing whatsoever in connection with its dealings with you, including but not limited to your employment and termination. It is expressly understood and agreed that nothing contained in this Agreement shall constitute or be treated as an admission of any wrongdoing or liability on the part of the Company.

8) Non-Disclosure. The parties understand and agree that this Agreement, and the matters discussed in negotiating its terms, are entirely confidential. It is therefore expressly understood and agreed that neither party will reveal, discuss, publish or in any way communicate any of the terms, amount or fact of this Agreement to any person, organization or other entity, with the exception of your immediate family members and professional representatives, or, with respect to the Company, with the exception of its professional representatives or as otherwise consistent with business need or necessity, or with respect to both parties, in an action to enforce the Agreement's terms, unless required by subpoena or court order.

9) Non-Disparagement. You agree that you will not disparage any of the Released Parties or make or publish any communication that reflects adversely upon any of them, consistent with paragraph 2(d) of the Employment Agreement.

10) No Filing of Claims. You represent that you have not filed, and to the maximum extent permitted by law and except as provided in paragraph 5, you agree that you will not file, any charge, complaint, lawsuit or claim (collectively, "*Claim*") with any administrative agency, federal, state or local court (collectively, "*Agency*") related in any way to your employment or the separation of your employment with the Company. You further agree that you will not accept, and will not be entitled to retain, any judgment, award, settlement or other payment or other relief resulting from, or related to, any Claim filed with any Agency related in any way to your employment with the Company or the termination of your employment. Nothing in this Agreement prevents you from filing for a state claim of unemployment compensation should you choose to do so.

11) No Voluntary Cooperation. Except as provided in paragraph 5, and/or unless required to do so by court order or subpoena, you agree that you will not (i) voluntarily make statements, take action, or give testimony adverse or detrimental to the interests of the Company; or (ii) aid or assist in any manner the efforts of any third party to sue or prosecute a claim against the Company. Should you ever be required to give testimony concerning any matter related to your employment with the Company, you agree to provide notice of such compulsory process to , within two (2) business days of its receipt so that the Company may take appropriate measures to quash or otherwise defend its interests.

12) Cooperation with the Company. Upon request of the Company, you agree to fully cooperate with the Company and to provide information and/or testimony regarding any current or future litigation arising from actions or events occurring during your employment with the Company.

13) Reemployment. You agree that you will not seek reemployment with the Company or any current or future parent, subsidiary, or affiliate, except at the request of the Company.

14) Return of Company Property. You agree that, as a condition precedent to receiving any payment under this Agreement, you will by the Separation Date return all property belonging to the Company, including, but not limited to, corporate credit cards; keys and access cards; documents; tapes; cell phones; computers, laptops, iPhone and other computer equipment and software; and any and all confidential and proprietary information.

15) Continuing Obligations. You acknowledge that you remain bound by and affirm that you will comply with all continuing obligations under the Employment Agreement, including, but not limited to, those set forth in paragraphs 6 and 7 thereof (pertaining to non-competition, non-solicitation, and confidentiality), and that such compliance is a condition of receipt of the Severance Benefits. You affirm that you have not violated the terms of the Employment Agreement during your employment with the Company.

16) Return of Consideration in Event of Breach. You agree that receipt of any consideration and all payments under this Agreement is contingent on your full compliance with its terms and conditions. Should you breach any provision of this Agreement (including but not limited to filing a lawsuit based upon any claim covered by this Agreement (but excluding a lawsuit covered by paragraph 5 of this Agreement)) or any continuing obligation under the Employment Agreement, the Company shall have the right to recover from you any Severance Benefits already paid, and the Company shall no longer be obligated to provide you any Severance Benefits otherwise due.

17) Attorneys' Fees and Jury Waiver. The prevailing party in an action for breach of this Agreement (except for a lawsuit covered by paragraph 5) will have its reasonable costs and attorneys' fees paid for by the party found to have breached. You and the Company hereby waive trial by jury as to any and all litigation arising out of and/or relating to this Agreement.

18) Arbitration. Any dispute, controversy, or difference arising out of, or related to, this Agreement or your employment with the Company shall be resolved by binding arbitration pursuant to paragraph 10 of the Employment Agreement.

19) Certification of Understanding and Competence. You acknowledge and agree that (a) you have read this Agreement in its entirety; (b) you are competent to understand, and do understand, the content and effect of this Agreement; (c) by entering into this Agreement, you are releasing forever the Released Parties from any claim or liability (including claims for attorney's fees and costs) arising from your employment with the Company; (d) you are entering this Agreement of your own free will in exchange for the consideration herein, which you agree is adequate and satisfactory; and (e) neither the Company nor the Released Parties have made any representations to you concerning the terms or effect of this Agreement, other than those contained in the Agreement.

20) Acknowledgments. You acknowledge and agree that (a) except for amounts due under Section 2(b)(v) of the Employment Agreement, you are not owed any wages by the Company for work performed, whether as wages or salary, overtime, bonuses or commissions, or for accrued but unused paid time off, and that you have been fully compensated for all hours worked; (b) you are not aware of any factual basis for a claim that the Company has defrauded the government of the United States or any state; (c) you have incurred no work related injuries; (d) you have received all family or medical leave to which you were entitled under the law; and (e) you have been and hereby are advised to consult with legal counsel of your choice prior to execution and delivery of this Agreement, and that you have done so or voluntarily elected not to do so.

21) Ownership of Claims. You represent and warrant that you are the sole and lawful owner of all rights, title and interest in and to all released matters, claims and demands referred to herein. You further represent and warrant that there has been no assignment or other transfer of any interest in any such matters, claims or demands which you may have against the Released Parties.

22) Counterparts. This Agreement may be executed in separate counterparts and by facsimile, and each such counterpart shall be deemed an original with the same effect as if all parties had signed the same document.

23) No Other Understandings. This Agreement, consisting of six (6) pages, together with the Employment Agreement, constitutes the entire Agreement between the parties with respect to its subject matter, and is binding upon and shall inure to the benefit of the parties and their respective heirs, executors, administrators, personal or legal representatives, successors and/or assigns. This Agreement may be amended only by a written agreement signed by you and the Company.

24) Headings. The headings in this Agreement are for convenience only and are not to be considered a construction of the provisions hereof.

25) Severability and Governing Law. If any provision of this Agreement is found to be invalid, unenforceable or void for any reason, such provision shall be severed from the Agreement and shall not affect the validity or enforceability of the remaining provisions. This Agreement shall be interpreted, enforced and governed by the laws of the Commonwealth of Pennsylvania, without regard to the conflicts of law provisions thereof.

26) Acceptance of Agreement. As provided in paragraph 6(d), the Company is providing you 21 days to consider whether to accept this Agreement (although you may accept it at any time within those 21 days), after which time the offer expires and is withdrawn if you have not yet accepted it. To accept the Agreement, you must sign below and send it to .

Dated: _____ _____

[NAME]

Dated: _____ _____

[NAME]
[TITLE]
Vertex, Inc.

EXHIBIT 10.8

EXECUTIVE EMPLOYMENT AGREEMENT
(as amended and restated)

THIS EXECUTIVE EMPLOYMENT AGREEMENT ("Agreement") is made as of July , 2020 by and between VERTEX, INC., a Delaware corporation ("Company"), with offices at 2301 Renaissance Boulevard, King of Prussia, PA 19406, and John R. Schwab ("Executive").

Recital

WHEREAS, Executive is currently employed by the Company as Chief Financial Officer, pursuant to an Employment Agreement dated December 30, 2019, as amended from time to time (the "Prior Agreement");

WHEREAS, in the course of its business, the Company has invested and will continue to invest substantial time, effort, money and other resources in the creation, development, maintenance and protection of confidential and proprietary business methods, Documents (as defined herein) and information, as well as substantial and ongoing customer and industry relationships, all of which gain for the Company a substantial advantage in the marketplace and represent assets of great value to the Company and all of which will continue to be disclosed to Executive in the course of Executive's employment with the Company;

WHEREAS, the Company and Executive recognize the Company's legitimate business interest in protecting its confidential and proprietary business methods, Documents and information, as well as its substantial and ongoing customer and industry relationships; and

WHEREAS, Executive and the Company desire to enter into this Agreement to set out the terms and conditions for the continued employment relationship of Executive with the Company effective as of the date of consummation of the initial public offering of the Company's Class A common stock pursuant to an effective registration statement filed under the Securities Act of 1933, as amended, (the "Effective Date").

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and, specifically, in consideration of the Company's continued employment of Executive and Executive's resulting access to the Company's confidential and proprietary business methods, Documents and information as well as to its substantial and ongoing customer and industry relationships, the Company and Executive agree as follows:

1. Employment and Duties. The Company shall continue to employ Executive in the position of Chief Financial Officer of the Company reporting to the Chief Executive Officer of the Company (the "CEO"), and Executive hereby accepts such continued employment. Executive shall perform duties incident to this position, as well as any other duties that may be assigned to Executive from time to time by the CEO or his or her designee, and/or the Company's Board of Directors (the "Board"), that are not inconsistent with service as an officer of the Company, including duties for any Company subsidiary or affiliate. Executive shall abide by the Company's Code of Ethics and Business Conduct ("Code of Conduct"), policies, practices, procedures, and rules.

2. Term; Termination.

(a) Subject to the provisions of Section 14, Executive's employment under this Agreement shall remain in effect until terminated in accordance with the provisions of this paragraph.

(b) Executive's employment may be terminated hereunder as follows:

(i) Executive's employment shall terminate automatically upon Executive's death and may be terminated at any time, in the Company's sole discretion, upon Executive's "Disability." For purposes of this Agreement, "Disability" shall mean that because of physical or mental illness or incapacity Executive is unable to substantially perform all of the essential functions of Executive's position on a full-time basis with or without reasonable accommodation, for a period of 90 consecutive days or in excess of 180 days in any one-year period. This provision does not limit Executive's access to and use of benefits made available to Executive by the Company pursuant to this Agreement. Further, this provision is not intended to replace or supersede any applicable laws.

(ii) The Company may terminate Executive's employment for "Cause," without advance notice and with no other continuing obligations of the Company to Executive under this Agreement. For purposes of this Agreement, "Cause" shall mean (A) the commitment by Executive of a material breach of this Agreement (including but not limited to Sections 6, 7, or 8 hereof); (B) Executive's knowing, willful and continuing failure to perform Executive's duties or obligations to the Company or any corporation or other legal entity of which the Company has at least 51% equity ownership (a "Subsidiary"), including, but not limited to, those duties that may arise from time to time out of the Company's business or strategic goals; (C) Executive's willful misconduct or gross negligence with regard to the Company or any Subsidiary or their business, assets or employees; (D) material dishonesty, unethical, fraudulent or similar misconduct on the part of Executive in connection with Executive's employment by, or performance of services for, the Company or any Subsidiary; (E) Executive's use of non-prescription controlled substances, misuse of prescription drugs, or habitual intoxication during work hours due to alcohol or any non-prescription drugs or other substances; (F) Executive's indictment for any felony, if in the reasonable determination of the CEO or his or her designee, such indictment has caused or is reasonably likely to cause material adverse consequences to the Company, its businesses or prospects, or Executive's conviction (which includes a guilty plea or plea of nolo contendere) of a felony or any other crime involving fraud, dishonesty or moral turpitude; (G) Executive's material violation of any policy of the Company or of any Subsidiary for which Executive performs services, including, but not limited to, sexual harassment; or (H) Executive's breach of a fiduciary duty owed to the Company in good faith or repeated, willful refusal to follow any directions of the CEO or the Board that are reasonable, lawful and consistent with the Company's Code of Conduct, policies, practices, procedures, and rules. Notwithstanding the foregoing, the parties agree that "Cause" does not include any act of Executive covered by (A), (B), (G) or (H) of the foregoing sentence, that in the sole discretion of the CEO or his or her designee, is capable of cure and is cured by Executive within thirty (30) days after written notice thereof has been provided to Executive. Cause shall not include any act or omission by Executive consistent with the direction of any superior officers of the Company or the Board or the failure to achieve any performance targets.

(iii) The Company may terminate Executive's employment without Cause upon thirty (30) days' written notice to Executive (or, at the Company's option, the Company may provide Executive a maximum of thirty (30) days' pay in lieu of such notice). In the event of (x) any termination by the Company without Cause pursuant to this subparagraph 2(b)(iii), or (y) any termination by Executive for Good Reason (as defined below) pursuant to subparagraph 2(b)(vi), provided, in any case, Executive first signs a general separation agreement and release of claims against the Company, its Subsidiaries and affiliates, in form to be provided by the Company that is substantially similar to the sample form attached hereto as Appendix A ("Release"), and further provided that Executive remains in compliance with his continuing obligations under paragraphs 6 and 7 of this Agreement, Executive will be entitled to the following: (a) payment of Executive's Base Salary (as defined below) under Section 3(a) at the rate in effect on the date of termination of employment for a period of twelve (12) months (the "Severance Period"); and (b) if Executive timely elects continuation coverage under COBRA, payment of

insurance premiums in order to continue Executive's then-existing health insurance coverage for a period of eighteen (18) months, or, at the Company's option, payment to Executive as additional severance pay in an amount equal to the premium payments for such continuation coverage. The health insurance continuation (or equivalent payment as additional severance) shall be at the Company's expense, but shall in all events terminate on the date Executive becomes eligible for health insurance coverage under the medical plan of a new employer.

(iv) Executive may terminate Executive's employment for any reason or no reason upon at least thirty (30) days' written notice to the Company; *provided*, *however*, that following such notice of termination, the Company may, at its option, select a shorter notice period and earlier termination date than Executive provided, without incurring liability hereunder or changing the nature of Executive's termination.

(v) Except as provided in subparagraph 2(b)(iii), in the event of termination of employment for any reason, Executive (or Executive's estate, as applicable) shall be entitled to no payments or benefits following the date of termination other than payment of (i) accrued but unpaid Base Salary earned through the termination date; (ii) the unpaid portion of incentive compensation, if any, earned by Executive with respect to the calendar year preceding the calendar year in which the date of termination occurs, subject to the terms and conditions of any plan governing such incentive compensation; (iii) expenses reimbursable under Section 5 incurred but not yet reimbursed to Executive prior to the termination date; and (iv) any vested benefits or amounts through the date of termination due and owing to Executive under the terms of any plan, program, or arrangement of the Company, less any amounts then owed by Executive to the Company. For the avoidance of doubt, if Executive's employment shall terminate as a result of Executive's death or Disability pursuant to Section 2(b)(i), pursuant to Section 2(b)(ii) for Cause, or pursuant to Section 2(b)(iv) for Executive's resignation from the Company without Good Reason or for no reason, then Executive shall not be entitled to any payments or benefits, except for those payments and benefits provided in clauses (i), (ii), (iii) and (iv) of this Section 2(b)(v).

(vi) Executive may terminate Executive's employment for Good Reason. "Good Reason" means, unless otherwise consented to by Executive, any action taken by the Company that causes (i) a material breach of this Agreement, (ii) the material diminution of Executive's duties, (iii) a material decrease in Base Salary or (iv) any relocation of Executive's principal office to a location more than fifty (50) miles from Executive's then current office. Before resigning for Good Reason, Executive shall provide written notice to the Company of the ground giving rise to Good Reason. The notice shall be provided within sixty (60) days of the occurrence of the event giving rise to Good Reason. The Company shall then have thirty (30) days within which to cure such event. If the Company fails to cure, Executive shall have the right to resign for Good Reason, provided the resignation occurs no later than one hundred and twenty (120) days from the date of the occurrence of the event giving rise to Good Reason.

(c) Amounts payable under this Agreement that are subject to Executive's execution of the Release shall commence on the sixtieth day after Executive's separation from service. Executive shall not be entitled to any such payments unless Executive executes the Release within forty-five days of the later of the date Executive receives the Release or Executive's separation from service, and does not revoke the Release; provided, however, that in no event shall the Company provide such Release to Executive later than five (5) business days after Executive's separation from service. Any amounts payable under this Agreement as an uninterrupted continuation of Executive's Base Salary or health insurance coverage that are delayed pending Executive's execution of a Release shall be paid in an aggregate lump sum upon such sixtieth day; provided, however, that Executive shall be responsible for paying any premiums that are due and necessary for the continuation of Executive's health insurance coverage prior to such sixtieth day, subject to reimbursement of such amounts to Executive by the

Company upon the lapse of such sixty-day period. In the event Executive commits a material breach of Section 6 or Section 7 that, in the sole discretion of the CEO or his or her designee, is not capable of cure, or is not cured by Executive within thirty (30) days after notice thereof to Executive, then, without limiting the availability to the Company of any other relief or remedy, Executive shall no longer be entitled to any severance compensation or benefits provided for above in subparagraph 2(b)(iii) that have not yet been paid, and shall be required to repay to the Company any amounts theretofore paid under such subsection.

(d) Prior to and following any termination of employment, (i) Executive shall not disparage the professional or personal reputation of the Company, its Subsidiaries and affiliates or any of their officers, shareholders, directors, management, or employees or any products or services of the Company, its Subsidiaries and affiliates (other than good faith statements made in the performance of his duties during his employment); and (ii) the Board shall not disparage the professional or personal reputation of Executive (other than good faith statements made during his employment). Nothing in this paragraph shall preclude any party from making truthful statements that are reasonably necessary to comply with applicable law, regulation or legal process, or to defend or enforce a party's rights under this Agreement. The Company agrees that, in the event it receives inquiries from prospective employers concerning Executive, the Company will refer such inquiries to its Human Resources department, which will respond by providing only the following information: Executive's dates of employment and job title while employed with the Company.

(e) In event of termination of Executive's employment for any reason, Executive shall be deemed to have resigned from each position he holds as an officer or director of the Company and any Subsidiary or affiliate of the Company effective as of no later than the termination date.

3. Compensation.

(a) Salary. Beginning on the Effective Date, Executive's annual base salary ("Base Salary") shall be four hundred twenty-one thousand six hundred twenty-five dollars ($421,625), payable in accordance with the Company's generally applicable payroll practices and subject to any payroll or other deductions required by law, government or court order, or by agreement with, or consent of, Executive. The Base Salary may be increased from time to time in the discretion of the Board or the CEO or his or her designee.

(b) Incentive Compensation.

(i) Executive shall continue to be eligible to participate in the incentive compensation plans the Company may implement from time to time. The target bonus amounts and performance targets for Executive shall be established at the same time such amounts and targets are established for other executive officers of the Company, shall be as determined by the Board, and shall be payable only upon the Company's achievement of established targets as determined by the Board. Notwithstanding the foregoing, the Company and Executive agree that Executive's target annual bonus will equal sixty percent (60%) of Executive's Base Salary.

(ii) Executive acknowledges and agrees that Executive received a signing bonus in the amount of $240,000 (the "Signing Bonus") in connection with his commencement of employment with the Company on January 1, 2020 (the "Commencement Date"). If, prior to the eighteen (18) month anniversary of the Commencement Date, Executive terminates his employment with the Company for any reason other than for Good Reason, or if Executive is terminated by the Company for Cause pursuant to paragraph 2(b)(ii) of this Agreement, Executive shall repay the Company the Signing Bonus as follows: (1) if such termination occurs after the six (6) month anniversary of the

Commencement Date and prior to the twelve (12) month anniversary of the Commencement Date, Executive shall repay the Company 75% of the Signing Bonus; or (2) if such termination occurs on or after the twelve (12) month anniversary of the Commencement Date and prior to the eighteen (18) month anniversary of the Commencement Date, Executive shall repay the Company 50% of the Signing Bonus.

4. Vacation and Executive Benefits.

(a) Executive shall be entitled to twenty-three (23) days of paid time off ("PTO") during calendar year 2020. Following calendar year 2020, Executive shall be entitled to PTO in accordance with the Company's standard PTO policy, as well as five (5) days PTO in addition to what is provided under the Company's standard PTO policy. Executive will use his reasonable discretion, taking into account the Company's needs, when determining the time to take vacation.

(b) Executive shall be entitled to participate in the same manner and under the same terms and conditions as similarly-situated executives of the Company, in the Company's medical insurance, retirement plans, and other fringe benefit programs, including, for the avoidance of doubt, any group life and/or long-term disability insurance plans or programs adopted by the Company after the Effective Date, with Executive's rights and responsibilities under these programs governed by the terms of those plans and programs as they may be in effect and modified from time-to-time.

5. Expenses. The Company shall reimburse Executive for all reasonable and substantiated ordinary and necessary business expenses incurred in performing Executive's duties under this Agreement, provided that Executive shall comply with all Company requirements relating to the submission and documentation of such expenses.

6. Loyalty, Best Efforts, Non-Competition, Non-Solicitation.

(a) Executive will, while employed by the Company, devote all of Executive's full time and best efforts and, during work hours, all of Executive's attention, to the business of the Company, its Subsidiaries and affiliates and to the performance of Executive's duties. Further, Executive will not, without the advance, written permission of the CEO or his or her designee, engage in any activity that would in any way or to any extent, interfere with the performance of Executive's duties, including, without limitation, engaging to any extent in any other employment or occupation, whether or not for compensation, or undertaking any financial or other investment, provided that Executive may serve on the board of directors of not-for-profit organizations, subject to compliance with this Agreement and provided that such service does not materially interfere with Executive's performance of Executive's duties and responsibilities under this Agreement. Executive is expressly permitted to continue serving on the Board of Directors of Penn Capital mutual fund(s) through the end of calendar year 2020. Executive shall obtain written approval from the CEO for any continued service beyond calendar year 2020 on the Board of Directors of Penn Capital mutual fund(s).

(b) Executive hereby agrees that during Executive's employment with the Company and for the period of twelve (12) months after termination of employment for any reason (the "Restricted Period"), Executive will not, without the advance, written permission of the CEO or his or her designee, engage in Competition (as defined below) with the Company. Executive shall be deemed to be engaging in "Competition" if Executive (A) engages anywhere within the United States of America or any other place where the Company, its Subsidiaries or affiliates are engaged during Executive's employment or actively preparing to be engaged in business (the "Restricted Territory"), in any business in which the Company, any of its Subsidiaries or affiliates is engaged or has invested material funds in development at the time of such termination of employment, and/or (B) owns, in whole or in part, is employed by, provides financing to, consults with or otherwise renders services to any person or entity who is engaged

in any business (or proposes to engage in any business) in which the Company, any of its Subsidiaries or affiliates is engaged or has invested material funds in development at the time of such termination of employment anywhere within the Restricted Territory (for avoidance of doubt, such persons or entities include, but are not limited to, any of the following entities or their successors: Thomson Reuters, CCH/Wolters Kluwer, Avalara, Longview Solutions, MLM CorpTax, Taxware, TaxJar). Notwithstanding anything herein to the contrary, Executive may make passive investments in any enterprise the shares of which are publicly traded if such investment constitutes less than two percent (2%) of the equity of such enterprise.

(c) During the Restricted Period, Executive will not, directly or indirectly, (i) hire or assist any other person or entity to hire any current or former employee of the Company, its Subsidiaries or its affiliates, or (ii) recruit, solicit or induce, or assist any other person or entity to recruit, solicit or induce, any current or former employee to leave the employment of the Company, its Subsidiaries or its affiliates. For purposes of this subparagraph (c), "former employee" shall mean an individual who was employed by the Company, any of its Subsidiaries or any of its affiliates at any time within the twelve months prior to this prohibited activity. A general advertisement to which an employee or former employee of the Company responds shall in no event be deemed to result in a breach of this Section 6(c).

(d) During the Restricted Period, Executive will not, directly or indirectly, solicit, induce, or attempt to induce any customer, client, or prospect of the Company, its Subsidiaries or its affiliates, to stop doing business in whole or in part with or through the Company, its Subsidiaries or affiliates, or to do business with any person or entity that competes with the Company. For the purposes of this subparagraph (d), "prospect" means any person or entity which the Company, its Subsidiaries or its affiliates had solicited for business within one year prior to the termination of Executive's employment.

(e) During the Restricted Period, Executive will promptly disclose to the Company any and all direct contacts, solicitations, inquiries or other actual or potential business opportunities of which Executive may become aware and which relate to the business of the Company or any of its Subsidiaries or affiliates; *provided, however*, that the disclosure obligation under this paragraph shall apply only to such contacts, solicitations, inquiries, and opportunities of which Executive became aware during his employment with the Company.

(f) Executive acknowledges and agrees that the restrictions imposed by this Paragraph 6 are a condition of Executive's employment with the Company; are fair and reasonably required for the protection of the Company; and will not preclude Executive from becoming gainfully employed following the termination of employment with the Company, regardless of reason. Executive further acknowledges and agrees that Executive provides and/or will provide unique services to the Company and that this Agreement has unique, substantial, and immeasurable value to the Company. If the Company seeks enforcement based on a breach of the provisions of this Section 6, the Company shall be entitled to reimbursement for the reasonable attorney's fees and expenses incurred by the Company in that effort if the Company prevails in whole or in substantial part in its action. In the event of any breach of subparagraphs (b) through (e) above, the time periods set forth in those paragraphs shall be extended by the length of time Executive is in breach. In the event that the provisions of this Paragraph 6 should ever be deemed to exceed the limitations permitted by applicable laws, Executive and the Company agree that such provisions shall be reformed to the maximum limitations permitted by the applicable laws.

7. Confidentiality and Ownership of Documents, Methods and Information.

(a) Executive agrees that, both during employment with the Company and thereafter, Executive will treat the business affairs of the Company, its Subsidiaries and its affiliates as confidential

and will not discuss or disclose any Confidential Information (as hereafter defined) of the Company, its Subsidiaries or its affiliates with or to any third party, except (i) as required in connection with the performance of duties on behalf of the Company or (ii) as authorized in advance by the CEO or his or her designee, and in each such case only after ensuring that the recipient has agreed in writing to appropriate confidentiality obligations, unless Executive has been otherwise instructed by the CEO or his or her designee or advised by the Company's General Counsel. Further, Executive shall take reasonable steps and security precautions to prevent the unauthorized disclosure of Confidential Information and all components thereof, and to maintain the confidentiality of the Company's intellectual property. Notwithstanding the foregoing, Executive may disclose Confidential Information to the extent required by law or regulation; provided that Executive promptly notifies the Company of the disclosure request and, at the Company's request, provides reasonable assistance in any effort to prevent or limit such disclosure.

(b) Executive agrees that all Confidential Information, Documents, materials, business methods and other information created by, disclosed to or otherwise acquired by Executive in the course of employment with the Company (collectively, "Works") are and remain the exclusive property of the Company and are "works made for hire" for the Company under the copyright laws; that Executive will not retain, copy or otherwise appropriate any Work for Executive's own use or purposes or the use or purposes of any third party and that, upon the termination of employment, Executive will return all Works, including all copies or multiple versions thereof, to the Company and, in the case of Confidential Information, will destroy all electronic versions Executive may have on any device in his possession or under his control and in any format or media, and all excerpts and references that may be in any items Executive may have created, and, to the extent that Executive is not able to destroy all such copies, excerpts and references shall continue to hold them as the confidential and proprietary property of the Company and not disclose them or use them for any purpose. Further, in return for good and valuable consideration including Executive's employment relationship with the Company, Executive hereby assigns to the Company Executive's entire right, title and interest in and to all Works. Executive also agrees, at the Company's request and expense, to execute specific assignments to the Works, and execute, acknowledge and deliver such other documents and take such further action as the Company may require, at any time during or subsequent to the period of Executive's employment with the Company, to vest title in such Works in the Company and to obtain and defend copyright registrations in any and all countries. In addition, all inventions conceived and/or reduced to practice during Executive's employment with the Company and which relate to the business of the Company are hereby assigned to the Company, in return for good and valuable consideration including Executive's employment relationship with the Company. Executive agrees, at the Company's request and expense, to execute specific assignments to any inventions and to execute, acknowledge and deliver such other documents and take such further action as the Company may require, at any time during or subsequent to the period of Executive's employment with the Company, to vest title in all such inventions in the Company in any and all countries; to obtain patents covering such inventions in any and all countries; and to vest title in such patents in the Company. Executive also agrees that an invention disclosed by Executive to a third person or described in a patent application filed by or on Executive's behalf within twelve months following termination of Executive's employment with the Company for any reason shall be presumed to have been conceived or made by Executive during the period of employment, unless proved to have been conceived or made by Executive following the termination of Executive's employment with the Company. Executive hereby assigns Executive's entire right, title and interest in and to such inventions to the Company, and agrees to execute and deliver any documents or take any such actions as requested by the Company to vest title in such inventions exclusively in the Company.

(c) Executive is hereby notified that the requirements of paragraph (b) above do not apply to an invention for which no equipment, supplies, facility or Confidential Information of the Company was used and which was developed entirely on Executive's own time, unless (i) the invention relates to (A) the business of the Company, its Subsidiaries or its affiliates, or (B) the Company's actual

or demonstrably anticipated research or development, or (ii) the invention results from any work performed by Executive for the Company.

(d) For purposes of this Agreement the term "Document" shall include correspondence, email, other written communications, data processing and storage units, computer software, tapes, contracts, agreements, notes, memoranda, telephone messages, analyses, projections, indices, work papers, studies, surveys, diaries, calendars, films, photographs, minutes of meetings, management or sales proposals, operations manuals or any other writing, including copies of any of the foregoing, in any format or media, past, current or future, including, without limitation, written, printed, typed, recorded or graphic matter or electronic media, however produced or reproduced. For the purposes of this Agreement the term "Confidential Information" means information (i) developed by, disclosed to or known by Executive as a consequence of Executive's employment with the Company, (ii) not generally known to others outside the Company, and (iii) which relates to the business of the Company, its Subsidiaries and its affiliates. Confidential Information includes but is not limited to the trade secrets, equipment, equipment configuration, research, development efforts, methodologies, testing, engineering, manufacturing, marketing, sales, finances, operations, processes, formulas, methods, techniques, devices, software programs, projections, strategies and plans, personnel information, and customer information, including customer needs, contacts, particular projects, lists, and pricing of the Company, its Subsidiaries and its affiliates. Confidential Information shall not include any information which has been published in a form generally available to the public prior to the date upon which Executive either wrongfully discloses or proposes to disclose such information.

(e) Notwithstanding anything to the contrary herein, nothing in this Agreement is intended to or will be used by the Company in any way to prohibit Executive from reporting possible violations of federal law or regulation to any United States governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or any other whistleblower protection provisions of state or federal law or regulation (including the right to receive an award for information provided to any such government agencies). Furthermore, in accordance with 18 U.S.C. § 1833, notwithstanding anything to the contrary in this Agreement: (A) Executive shall not be in breach of this Agreement and shall not be held criminally or civilly liable under any federal or state trade secret law (x) for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (y) for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (B) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney, and may use the trade secret information in the court proceeding, if Executive files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

8. Conflict of Interest; Avoiding the Appearance of Impropriety. Executive agrees that Executive's duty of loyalty to the Company requires both complete fidelity to the interests of the Company in fact and the avoidance of any appearance of impropriety, favoritism, personal benefit or aggrandizement or confusion between Executive's personal and business activities. Executive further agrees that Executive's conduct must be consistent with the Company's Code of Conduct. To that end, while an executive officer of the Company, Executive shall not, without the advance, written approval of the CEO or his or her designee:

(a) accept gifts, gratuities or favors of more than nominal value from any person or organization doing business or seeking to do business with the Company, its Subsidiaries or its affiliates, or from any employee of the Company with whom Executive has a direct or indirect reporting relationship;

(b) offer or provide any gift, gratuity or favor of more than nominal value to any person or organization with whom or which the Company, any of its Subsidiaries or any of its affiliates is doing business or seeking to do business or take any other action in respect of such person or organization, specifically including but not limited to, any public entity, officer thereof or federal, state or local government employee or officeholder, suggestive of any intent or effort to influence such individual or organization in the performance of their or its duties; or

(c) make use of Executive's job title or affiliation with the Company in connection with participation in outside organizations (with the exception of professional and industry organizations relating to Executive's job duties) or support of political, legal or other causes or organizations.

9. Injunctive Relief. Subject to the provisions of Paragraph 10, the Company will, in addition to other remedies provided by law, have the right to injunctive relief in court to the extent such relief may be available at law or in equity. Executive acknowledges that any breach or threatened breach of the provisions of this Agreement, including but not limited to the provisions of Paragraphs 6 and 7, will cause irreparable damage to the Company for which monetary damages will not provide an adequate remedy. Nothing contained herein will be construed as prohibiting the parties from pursuing any other remedies available to them for such breach or threatened breach, including any recovery of damages.

10. Dispute Resolution. With the specific exception only of the Company's right at any time to seek equitable relief to enforce the provisions of Paragraphs 6 and 7 of this Agreement in the courts, in the event of any dispute between the Company and Executive, whether arising out of or relating to this Agreement, the breach of this Agreement, or Executive's employment with the Company, Executive and the Company hereby agree that, after making a good-faith effort to resolve any dispute, such dispute shall be resolved by final and binding arbitration in Chester County, Pennsylvania, administered by the American Arbitration Association ("AAA") in accordance with its Commercial Arbitration Rules then in effect, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof, subject to the provisions of subparagraph 16(b). Any arbitration shall be held before a single arbitrator who shall be selected by mutual agreement of the Company and Executive, unless the parties are unable to agree to an arbitrator, in which case the arbitrator will be selected under the procedures of the AAA. The arbitrator shall have the authority to award any remedy or relief that a court of competent jurisdiction could order or grant, including, without limitation, the issuance of an injunction, and the parties hereby agree to the emergency procedures of the AAA. Issues of arbitrability are to be decided by the arbitrator. A demand for arbitration under this paragraph must be made in writing to the other party within the time limit set by law for bringing that claim in court, or that claim shall be forever barred. The prevailing party shall be entitled to an award which shall include all costs of arbitration, including reasonable attorneys' fees, unless the arbitrator determines that to do so would be inconsistent with applicable law.

11. Notice. Any notice, demand, or other communication required to be given pursuant to the provisions of this Agreement shall be in writing and shall be personally delivered to the other party in person or at their place of business or to Executive at Executive's residence, delivered by a nationally recognized overnight delivery service, or sent by certified mail, email or other electronic means, return receipt requested, postage prepaid (as applicable), addressed to the respective addresses last given by each party to the other, and such notice shall be deemed to have been given upon personal delivery, if personally delivered, as of the close of the third business day following the date of mailing if mailed (except that notice of change of address shall be effective only upon receipt), or on the next business day in the case of overnight delivery service, email or other electronic means. Any notice to the Company shall be addressed to the attention of the General Counsel.

12. Entire Agreement; Modification. This Agreement represents the entire agreement between the parties with respect to its subject matter and supersedes all prior agreements and understandings, oral or written, between them, with respect to its subject matter, including the Prior Agreement. This Agreement may not be modified or amended except by a writing signed by both parties; provided, however, that this paragraph shall not limit the right of the Company to promulgate nor excuse Executive from compliance with, such workplace rules, policies and procedures as it may, from time-to-time, deem appropriate or to alter, amend, modify or terminate any employee benefit plan (whether or not referenced in this Agreement) in accordance with the terms of such plan.

13. Successors and Assigns. This Agreement shall inure to the benefit of the Company's successors and permitted assigns. Executive's rights and obligations under this Agreement are personal and not assignable or delegable by Executive in any manner or to any extent. Executive agrees that the Company can assign this Agreement to an entity that is a successor to the Company by statutory merger or otherwise, or that has purchased substantially all of the assets of the Company, without the consent or approval of Executive. As used in this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which assumes and agrees to perform this Agreement by operation of law or otherwise.

14. Termination and Survivability. This Agreement shall terminate upon the termination of Executive's employment with the Company; provided, however, that the provisions of Paragraphs 2 and 6 through 20 shall survive the termination and any expiration of the Agreement.

15. Waiver. The waiver by any party of a breach of any provision of this Agreement by any other party shall not operate or be construed as a waiver of any subsequent breach.

16. Governing Law; Choice of Forum.

(a) This Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania (and United States federal law, to the extent applicable), without giving effect to otherwise applicable principles of conflicts of law.

(b) Without limiting in any way the Company's right to enforce the provisions of Paragraphs 6, 7 & 8 of this Agreement, any action to enforce the decision or award of the arbitrator under Paragraph 10 hereof may be brought and maintained only in the Court of Common Pleas of Montgomery County, Pennsylvania or the United States District Court for the Eastern District of Pennsylvania (to the extent that the latter court may have jurisdiction over the subject matter).

17. Headings. The headings used herein are for convenience of reference only and shall not affect the interpretation of any term or provision hereof.

18. Severability. If any provision of this Agreement shall be found invalid or unenforceable for any reason, in whole or in part, then such provision shall be deemed modified, restricted, or reformulated to the extent and in the manner necessary to render the same valid and enforceable, or shall be deemed excised from this Agreement, as the case may require, and this Agreement shall be construed and enforced to the maximum extent permitted by law, as if such provision had been originally incorporated herein as so modified, restricted, or reformulated or as if such provision had not been originally incorporated herein, as the case may be.

19. Withholding. All Base Salary, incentive compensation, expense reimbursements, severance pay, and other payments made by the Company to Executive under this Agreement shall be

subject to customary withholding for applicable federal, state and local taxes, FICA and other amounts required by applicable law.

20. Internal Revenue Code Section 409A.

(a) This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the corresponding regulations, and the payments and benefits provided hereunder are intended to qualify for any applicable exemptions from the definition of deferred compensation under Code Section 409A. To the maximum extent permitted, the parties agree that (i) this Agreement shall be interpreted as being in compliance with Code Section 409A, and (ii) the payments and benefits will be reported to the Internal Revenue Service as being in compliance with Code Section 409A. For purposes of Code Section 409A, each payment made under this Agreement shall be treated as a separate payment. Severance benefits under this Agreement are intended to be exempt from Code Section 409A under the "short term deferral" exemption, to the extent applicable. A portion, the amount of which to be determined in accordance with Treas. Reg. § 1.409A-1(b)(9)(iii), of any additional monthly severance compensation under this Agreement shall be considered payments under a "separation pay plan" under Code Section 409A. In no event may Executive designate, directly or indirectly, the calendar year of payment.

(b) Notwithstanding anything in this Agreement to the contrary, to the extent required by Code Section 409A if Executive is considered a "specified employee" for purposes of Code Section 409A, and if the payment of any amounts under this Agreement is required to be delayed for a period of six months after "separation from service" pursuant to Code Section 409A, payment of such amounts shall be delayed as required by Code Section 409A and the accumulated amounts shall be paid in a single lump sum within five days after the end of the six-month period. If Executive dies during the postponement period prior to the payment of benefits, amounts withheld on account of Code Section 409A shall be paid to the personal representative of Executive's estate within sixty days after the date of Executive's death.

(c) For purposes of this Agreement, "separation from service" shall mean Executive's separation from service with the Company and its affiliates within the meaning of Treas. Reg. Section 1.409A-1(h).

(d) In the case of any in-kind benefits or any expenses eligible for reimbursement provided hereunder that are subject to Code Section 409A, (i) the benefits provided or the amount of expenses eligible for reimbursement during any calendar year shall not affect the benefits provided or expenses eligible for reimbursement in any other calendar year, except as provided in Treas. Reg. § 1.409A-3(i)(1)(iv)(B), and (ii) the reimbursement of an eligible expense shall be made as soon as possible after Executive requests such reimbursement, but not later than December 31 following the calendar year in which the expense was incurred.

(e) Executive's right to receive any installment payments of deferred compensation shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment as permitted under Code Section 409A. Except as otherwise permitted under Code Section 409A, no payment to you shall be accelerated or deferred unless such acceleration or deferral would not result in additional tax or interest pursuant to Code Section 409A.

21. Counterparts. This Agreement may be executed in counterparts with the same effect as if the parties executing the counterparts all had executed one counterpart as of the date hereof. All such counterparts taken together shall be deemed the original Agreement.

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

EXECUTIVE:	VERTEX, INC.
	By:
John R. Schwab	
Date	Date

APPENDIX A

EXECUTIVE EMPLOYMENT AGREEMENT

SEPARATION AGREEMENT AND RELEASE

This confidential Separation Agreement and Release ("*Agreement*") is entered into by and between Vertex, Inc., a Delaware corporation (the "*Company*") and (hereinafter referred to as "you," or "your") to resolve any and all disputes concerning your employment with the Company and your separation from employment on . The actual date of separation is referred to herein as the "*Separation Date*."

WHEREAS, you are employed by the Company as , pursuant to an Employment Agreement dated ("*Employment Agreement*");

WHEREAS, the Company has decided to terminate your employment without Cause or you have decided to resign for Good Reason under the Employment Agreement, entitling you to certain payments and benefits pursuant to paragraph 2(b)(iii) thereunder ("*Severance Benefits*"), provided you first sign (and do not revoke) this Agreement and are otherwise in compliance with the Employment Agreement;

NOW THEREFORE, in consideration of the mutual covenants, agreements, and promises hereinafter set forth, and of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1) Consideration. On the eighth day after you execute this Agreement ("*Effective Date*"), provided that you do not revoke this Agreement under paragraph 6(e), the Company agrees to begin to provide you the Severance Benefits as set forth in the Employment Agreement.

2) Termination of Employment. You understand and agree that your employment with the Company and any affiliates, including any positions on any Company boards and committees, will terminate effective the Separation Date, and such termination shall be deemed a resignation effective the Separation Date from each position you hold as an officer or director of the Company and any subsidiary or affiliate of the Company.

3) No Additional Payments. You acknowledge and agree that you will receive no additional payments or benefits other than as set forth herein or as required by law.

4) Release. In exchange for the promises herein which you acknowledge as good and valuable consideration, and except as provided in paragraph 5, you release and discharge the Company and its past, present and future parents, divisions, subsidiaries, and affiliates, predecessors, successors and assigns, and their past, present, and future officers, directors, members, partners, attorneys, employees, independent contractors, agents, clients, and representatives ("*Released Parties*") from any and all actions, causes of action, debts, dues, claims and demands of every name and nature, without limitation, at law, in equity, or administrative, against the Released Parties which you may have had, now have, or may have, by reason of any matter or thing arising up to the date you execute this Agreement, including the ending of your employment. Those claims and causes of action from which you release the Released Parties include, but are not limited to, any known or unknown claim or action sounding in tort, contract, or discrimination of any kind, any claim arising under the Employment Agreement, and/or any cause of action arising under federal, state or local constitution, statute or ordinance, including, but not limited to, Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment

Act (including the Older Worker Benefit Protection Act), as amended, the Americans With Disabilities Act, as amended, the Employee Retirement Income Security Act, as amended, the Family and Medical Leave Act, as amended, the Equal Pay Act, as amended, Section 1981 of the Civil Rights Act of 1866, as amended, the Worker Adjustment and Retraining Notification Act, as amended, the Sarbanes Oxley Act of 2002, as amended, the Pennsylvania Human Relations Act, as amended, the Pennsylvania Equal Pay Law, as amended, the Pennsylvania Wage Payment and Collection Law, as amended, the Pennsylvania Minimum Wage Act, as amended, and any other employee-protective law of any jurisdiction that may apply, and/or any claim for attorneys' fees or costs, whether presently accrued, accruing to, or to accrue to you on account of, arising out of, or in any way connected with any acts or activities by you or the Released Parties arising up to the date you execute this Agreement. You expressly acknowledge that no claim or cause of action against the Released Parties from the beginning of time to the date you execute this Agreement (other than as provided in paragraph 5) shall be deemed to be outside the scope of this Agreement whether mentioned herein or not. You agree that this release should be interpreted as broadly as possible to achieve your intention to waive, to the maximum extent permitted by law, any and all claims against the Released Parties. Excluded from the release set forth in this paragraph is any claim which cannot be waived as a matter of law and your right to indemnification by the Company or any of its affiliates pursuant to contract or applicable law.

5) Rights and Claims Preserved. Nothing in this Agreement limits your right, where applicable, to file or participate in an investigative proceeding of any federal, state, or local governmental agency, including filing a charge with the United States Equal Employment Opportunity Commission ("*EEOC*"). To the extent permitted by law, you agree that if such an administrative claim is made, you shall not be entitled to recover, accept, or retain any individual monetary relief or other individual remedies with respect to any matter covered by this Agreement. Nothing in this Agreement prevents you from filing a lawsuit limited to challenging the validity of your waiver of federal age discrimination claims under the Age Discrimination in Employment Act and the Older Workers Benefit Protection Act.

6) OWBPA. The release in paragraph 4 of this Agreement includes a waiver of claims against the Released Parties under the Age Discrimination in Employment Act ("*ADEA*") and the Older Workers Benefit Protection Act ("*OWBPA*"). Therefore, pursuant to the requirements of the ADEA and the OWBPA, you specifically acknowledge that:

(a) you are and have been advised to consult with an attorney of your choosing concerning the legal significance of this Agreement;

(b) this Agreement is written in a manner you understand;

(c) the consideration set forth in paragraph 1 of the Agreement is adequate and sufficient for your entering into this Agreement and consists of benefits to which you are not otherwise entitled;

(d) you have been afforded twenty-one (21) days to consider this Agreement before signing it, although you may sign it at any time within those 21 days, and that any changes to this Agreement subsequently agreed upon by the parties, whether material or immaterial, do not restart this period for consideration; and

(e) you have been advised that during the seven (7) day period after you sign the Agreement, you may revoke your acceptance of this Agreement by delivering written notice to , and that this Agreement shall not become effective or enforceable until after the revocation period has expired.

7) No Admission of Wrongdoing. The Company denies any wrongdoing whatsoever in connection with its dealings with you, including but not limited to your employment and termination. It is expressly understood and agreed that nothing contained in this Agreement shall constitute or be treated as an admission of any wrongdoing or liability on the part of the Company.

8) Non-Disclosure. The parties understand and agree that this Agreement, and the matters discussed in negotiating its terms, are entirely confidential. It is therefore expressly understood and agreed that neither party will reveal, discuss, publish or in any way communicate any of the terms, amount or fact of this Agreement to any person, organization or other entity, with the exception of your immediate family members and professional representatives, or, with respect to the Company, with the exception of its professional representatives or as otherwise consistent with business need or necessity, or with respect to both parties, in an action to enforce the Agreement's terms, unless required by subpoena or court order.

9) Non-Disparagement. You agree that you will not disparage any of the Released Parties or make or publish any communication that reflects adversely upon any of them, consistent with paragraph 2(d) of the Employment Agreement.

10) No Filing of Claims. You represent that you have not filed, and to the maximum extent permitted by law and except as provided in paragraph 5, you agree that you will not file, any charge, complaint, lawsuit or claim (collectively, "*Claim*") with any administrative agency, federal, state or local court (collectively, "*Agency*") related in any way to your employment or the separation of your employment with the Company. You further agree that you will not accept, and will not be entitled to retain, any judgment, award, settlement or other payment or other relief resulting from, or related to, any Claim filed with any Agency related in any way to your employment with the Company or the termination of your employment. Nothing in this Agreement prevents you from filing for a state claim of unemployment compensation should you choose to do so.

11) No Voluntary Cooperation. Except as provided in paragraph 5, and/or unless required to do so by court order or subpoena, you agree that you will not (i) voluntarily make statements, take action, or give testimony adverse or detrimental to the interests of the Company; or (ii) aid or assist in any manner the efforts of any third party to sue or prosecute a claim against the Company. Should you ever be required to give testimony concerning any matter related to your employment with the Company, you agree to provide notice of such compulsory process to , within two (2) business days of its receipt so that the Company may take appropriate measures to quash or otherwise defend its interests.

12) Cooperation with the Company. Upon request of the Company, you agree to fully cooperate with the Company and to provide information and/or testimony regarding any current or future litigation arising from actions or events occurring during your employment with the Company.

13) Reemployment. You agree that you will not seek reemployment with the Company or any current or future parent, subsidiary, or affiliate, except at the request of the Company.

14) Return of Company Property. You agree that, as a condition precedent to receiving any payment under this Agreement, you will by the Separation Date return all property belonging to the Company, including, but not limited to, corporate credit cards; keys and access cards; documents; tapes; cell phones; computers, laptops, iPhone and other computer equipment and software; and any and all confidential and proprietary information.

15) Continuing Obligations. You acknowledge that you remain bound by and affirm that you will comply with all continuing obligations under the Employment Agreement, including, but not limited to, those set forth in paragraphs 6 and 7 thereof (pertaining to non-competition, non-solicitation, and confidentiality), and that such compliance is a condition of receipt of the Severance Benefits. You affirm that you have not violated the terms of the Employment Agreement during your employment with the Company.

16) Return of Consideration in Event of Breach. You agree that receipt of any consideration and all payments under this Agreement is contingent on your full compliance with its terms and conditions. Should you breach any provision of this Agreement (including but not limited to filing a lawsuit based upon any claim covered by this Agreement (but excluding a lawsuit covered by paragraph 5 of this Agreement)) or any continuing obligation under the Employment Agreement, the Company shall have the right to recover from you any Severance Benefits already paid, and the Company shall no longer be obligated to provide you any Severance Benefits otherwise due.

17) Attorneys' Fees and Jury Waiver. The prevailing party in an action for breach of this Agreement (except for a lawsuit covered by paragraph 5) will have its reasonable costs and attorneys' fees paid for by the party found to have breached. You and the Company hereby waive trial by jury as to any and all litigation arising out of and/or relating to this Agreement.

18) Arbitration. Any dispute, controversy, or difference arising out of, or related to, this Agreement or your employment with the Company shall be resolved by binding arbitration pursuant to paragraph 10 of the Employment Agreement.

19) Certification of Understanding and Competence. You acknowledge and agree that (a) you have read this Agreement in its entirety; (b) you are competent to understand, and do understand, the content and effect of this Agreement; (c) by entering into this Agreement, you are releasing forever the Released Parties from any claim or liability (including claims for attorney's fees and costs) arising from your employment with the Company; (d) you are entering this Agreement of your own free will in exchange for the consideration herein, which you agree is adequate and satisfactory; and (e) neither the Company nor the Released Parties have made any representations to you concerning the terms or effect of this Agreement, other than those contained in the Agreement.

20) Acknowledgments. You acknowledge and agree that (a) except for amounts due under Section 2(b)(v) of the Employment Agreement, you are not owed any wages by the Company for work performed, whether as wages or salary, overtime, bonuses or commissions, or for accrued but unused paid time off, and that you have been fully compensated for all hours worked; (b) you are not aware of any factual basis for a claim that the Company has defrauded the government of the United States or any state; (c) you have incurred no work related injuries; (d) you have received all family or medical leave to which you were entitled under the law; and (e) you have been and hereby are advised to consult with legal counsel of your choice prior to execution and delivery of this Agreement, and that you have done so or voluntarily elected not to do so.

21) Ownership of Claims. You represent and warrant that you are the sole and lawful owner of all rights, title and interest in and to all released matters, claims and demands referred to herein. You further represent and warrant that there has been no assignment or other transfer of any interest in any such matters, claims or demands which you may have against the Released Parties.

22) Counterparts. This Agreement may be executed in separate counterparts and by facsimile, and each such counterpart shall be deemed an original with the same effect as if all parties had signed the same document.

23) No Other Understandings. This Agreement, consisting of six (6) pages, together with the Employment Agreement, constitutes the entire Agreement between the parties with respect to its subject matter, and is binding upon and shall inure to the benefit of the parties and their respective heirs, executors, administrators, personal or legal representatives, successors and/or assigns. This Agreement may be amended only by a written agreement signed by you and the Company.

24) Headings. The headings in this Agreement are for convenience only and are not to be considered a construction of the provisions hereof.

25) Severability and Governing Law. If any provision of this Agreement is found to be invalid, unenforceable or void for any reason, such provision shall be severed from the Agreement and shall not affect the validity or enforceability of the remaining provisions. This Agreement shall be interpreted, enforced and governed by the laws of the Commonwealth of Pennsylvania, without regard to the conflicts of law provisions thereof.

26) Acceptance of Agreement. As provided in paragraph 6(d), the Company is providing you 21 days to consider whether to accept this Agreement (although you may accept it at any time within those 21 days), after which time the offer expires and is withdrawn if you have not yet accepted it. To accept the Agreement, you must sign below and send it to .

Dated: _____

_____
[NAME]

Dated: _____

_____
[NAME]
[TITLE]
Vertex, Inc.

EXHIBIT 10.9

S CORPORATION TERMINATION AND TAX SHARING AGREEMENT

This S Corporation Termination and Tax Sharing Agreement, dated as of [ ], 2020 (the "***Agreement***"), is made by and between Vertex, Inc., a Delaware corporation (the "***Company***"), and the trusts and individuals identified on the signature page hereto (each a "***Shareholder***" and collectively the "***Shareholders***").

RECITALS:

A. The Company has elected to be an S corporation (the "***S Election***") under Section 1362 of the Internal Revenue Code of 1986, as amended (the "***Code***").

B. The Company intends to conduct an initial public offering registered under the Securities Act of 1933, as amended (the "***Public Offering***").

C. On the Termination Date (as defined in Section 2.01) the Company's status as an S corporation will terminate.

D. The Shareholders are currently the only shareholders of the Company and will continue to be so until immediately before the consummation of the Public Offering.

E. In connection with the Public Offering, and in order to induce the investment by the public in the Company, the Company and the Shareholders desire to provide for the termination of the Company's status as an S Corporation and a tax allocation and indemnification agreement in connection with the tax periods prior to and following the Termination Date, as well as the other agreements set forth herein.

AGREEMENT:

NOW, THEREFORE, for mutual consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Shareholders do hereby covenant and agree as follows:

ARTICLE 1

DEFINITIONS

"***AAA***" shall mean "accumulated adjustments account" as set forth in Section 1368(e)(1) of the Code.

"Assumed Tax Rate" shall mean, with respect to any tax period, the maximum combined federal income tax rate and applicable state blended income tax rates (as determined in accordance with the Company's past practices) for taxpayers who are married and filing jointly, applicable for such period, taking into account the deductibility of state income tax for federal income tax purposes.

"***C Short Year***" shall have the meaning set forth in Section 1362(e)(1)(B) of the Code.

"***Code***" shall have the meaning set forth in Recital A.

"***Post-Termination Distribution***" shall mean a cash distribution during the Post-Termination Transition Period as set forth in Section 1371(e) of the Code to the extent it does not exceed the AAA.

"***Post-Termination Transition Period***" shall have the meaning set forth in Section 1377(b)(1) of the Code and shall begin on the day after the last day of the Company's S Short Year.

"***Public Offering***" shall have the meaning set forth in Recital B.

"***S Corporation***" shall have the meaning set forth in Section 1361 of the Code.

"***S Corporation Taxable Income***" shall mean, for periods beginning on or after the date the Company became an S Corporation and ending with the close of the last day of the Company's S Short Year, the sum of (i) the Company's items of separately stated income and gain (within the meaning of Section 1366(a)(1)(A) of the Code) reduced, to the extent applicable, by the Company's separately stated items of deduction and loss (within the meaning of Section 1366(a)(1)(A) of the Code) and (ii) the Company's non-separately computed net income (within the meaning of Section 1366(a)(l)(B) of the Code).

"***S Corporation Tax Year***" shall mean any taxable period during which the Company had an S Election in effect, including the S Short Year.

"***S Election***" shall have the meaning set forth in Recital A.

"***S Short Year***" shall have the meaning set forth in Section 1362(e)(1)(A) of the Code.

"***S Termination Year***" shall have the meaning set forth in Section 1362(e)(4) of the Code.

"***Tax Proceeding***" shall have the meaning set forth in Section 2.02.

"***Termination Date***" shall have the meaning set forth in Section 2.01.

"***Treasury Regulations***" shall mean the regulations promulgated by the United States Treasury Department under the Code.

ARTICLE 2
S CORPORATION TERMINATION AND TAX SHARING

2.01 Termination of S Election. Pursuant to Section 1362(d) of the Code, the Company's status as an S Corporation shall terminate on the earlier of (i) the effective date of the Company's revocation of the S Election as agreed by the Shareholders holding more than one-half of the shares of the Company stock and set forth on the statement filed in accordance with and in the manner

provided by Treasury Regulations Section 1.1362-6(a)(3) or (ii) the day on which the Company issues shares of the Company's common stock in the Public Offering to one or more shareholders which causes the Company to no longer qualify as an S Corporation (the "***Termination Date***").

2.02 Payments Related to Future Adjustments. In the event that any final determination of an adjustment (by reason of an amended return, claim for refund, audit, judicial decision or otherwise, which determination occurs after the Termination Date (each, a "***Tax Proceeding***")) results in an increase in S Corporation Taxable Income, the Company shall distribute to each Shareholder within 30 days of such final determination, cash in an amount equal to (i) the product of (A) the amount of increase in taxable income to such Shareholder resulting from the adjustment and (B) the Assumed Tax Rate plus (ii) any interest and penalties imposed thereon.

2.03 Liability for Taxes Incurred During the S Short Year and for Tax Periods Ending Prior to the Termination Date. Each Shareholder severally, and not jointly, covenants and agrees that: (i) such Shareholder has duly included (to the best of such Shareholder's knowledge), or will duly include, in such Shareholder's federal, state and local income tax returns, such Shareholder's respective allocable shares of all items of income, gain, loss, deduction, or credit attributable to the S Short Year of the Company, (ii) its federal, state and local income tax returns shall, to the extent required by applicable law, include such Shareholder's allocable share of S Corporation Taxable Income of the Company from all sources through and including the close of business on the last day of the S Short Year of the Company, and (iii) such Shareholder shall, to the extent required by applicable law, pay any and all taxes such Shareholder is required to pay, as a result of being a shareholder of the Company, for all taxable periods (or that portion of any period) during which the Company was an S Corporation.

2.04 Shareholder Indemnification for Tax Liabilities. The Shareholders severally (according to the relative percentage of the outstanding shares of the Company's common stock owned by each Shareholder on the last day of any applicable period to which a liability described below relates) and not jointly, each hereby agree to indemnify and hold the Company harmless from, against and in respect of any unpaid income tax liabilities of the Company (including interest and penalties imposed thereon) (i) which are attributable to the Company's S Corporation Taxable Income for the S Short Year or (ii) which are incurred by the Company as a result of a final determination of an adjustment (by reason of a Tax Proceeding) to the taxable income of the Shareholders for any period, including the S Short Year or thereafter, and which (in the case of this clause (ii)) are attributable to a decrease for any period in the Shareholders' taxable income and a corresponding increase for any period in the taxable income of the Company.

2.05 Company Indemnification for Tax Liabilities. The Company hereby indemnifies and agrees to hold the Shareholders harmless from, against and in respect of income tax liabilities (including interest and penalties imposed thereon), if any, incurred by the Shareholders as a result of a final determination of an adjustment (by reason of a Tax Proceeding) to the taxable income of the Company for any period ending after the Termination Date (including, without limitation, the C Short Year) which results in an increase for any period in the taxable income of the Shareholders. The Company shall distribute to each Shareholder cash in an amount equal to (i) the product of

(A) the amount of such increase in the taxable income of such Shareholder resulting from such final determination and (B) the Assumed Tax Rate, plus (ii) any interest and penalties imposed thereon.

2.06 Payments. The Shareholders or the Company, as the case may be, shall make any payment required under Sections 2.04 or 2.05 within 30 days after receipt of notice from the other party that a final determination of an adjustment (by reason of a Tax Proceeding) has occurred and a payment is due by such party to the appropriate taxing authority.

2.07 Termination Payments to Shareholders. Immediately prior to the Termination Date, the Company shall distribute to the Shareholders their pro rata share (the ownership of the shares of the Company's common stock owned by each Shareholder) of an amount equal to the estimated federal and state tax liabilities of the Shareholders attributable to the operations of the Company during the S Short Year, and in respect of which no prior tax distribution shall have been made (the "***Estimated Distribution***"). No later than June 30, 2021, the Company shall make any necessary adjustments to finalize the Company's taxable income for the S Short Year allocable to the Shareholders, and (x) if the amount of the Estimated Distribution to the Shareholders is less than the adjusted income tax liability of the Shareholders taking into account such finalized taxable income of the Company for the S Short Year, each Shareholder's state income tax liabilities attributable to the operations of the Company for the S Short Year, and the Assumed Tax Rate (the "***Final Distribution***"), then the Company shall, within 30 days thereafter, distribute to the Shareholders their pro rata share of an amount equal to the excess of the Final Distribution over the Estimated Distribution; and (y) if the amount of the Final Distribution is less than the Estimated Distribution, then each Shareholder shall, within 30 days thereafter, deliver to the Company such Shareholder's pro rata share of an amount equal to the excess of the Estimated Distribution over the Final Distribution. Promptly upon request, each Shareholder shall provide the Company with information related to such Shareholder reasonably necessary to allow the Company to determine the Final Distribution.

ARTICLE 3
ALLOCATION OF INCOME

3.01 Short Taxable Years. The parties acknowledge that the taxable year in which the Company's status as an S Corporation is terminated pursuant to Section 2.01 will be an S Termination Year with respect to the Company. Pursuant to Section 1362(e)(1) of the Code, the S Termination Year of the Company shall be divided into two short taxable years: an "S Short Year" and a "C Short Year." The S Short Year shall be that portion of the Company's S Termination Year ending on the day immediately preceding the Termination Date. Pursuant to Section 1362(e)(1)(B) of the Code, that portion of the S Termination Year beginning on the Termination Date and ending on the last day of the taxable year shall be the C Short Year of the Company.

3.02 Closing of the Books. The Company and each Shareholder agree that for income tax purposes (including for purposes of determining the Company's S Corporation Taxable Income for its S Short Year), the Company shall allocate its items of income, gain, loss, deduction and

credit for its calendar year between the S Short Year and the C Short Year in accordance with normal tax accounting rules (the "closing of the books" method). The Company shall timely make the election under Section 1362(e)(3) of the Code. Each Shareholder and the Company agree to provide such information and documentation (including any statement or consent required under Treasury Regulations Section 1.1362-6(b)) necessary to permit the Company to make such election validly.

ARTICLE 4
TAX MATTERS

4.01. Refunds. If the Company receives a refund of any income tax (including penalties and interest) for any period prior to the Termination Date, or as to which it has previously been indemnified by any Shareholder pursuant to this Agreement, the Company shall pay an amount equal to such refund, within 30 days after receipt thereof, to such Shareholder in accordance with such Shareholder's proportionate ownership of the shares of the Company's common stock on the last day of any applicable period to which the refund relates. If a Shareholder receives a refund of any income tax (including penalties and interest) as to which such Shareholder has previously been indemnified by the Company pursuant to this Agreement, such Shareholder shall, within 30 days after receipt thereon, remit an amount equal to such refund to the Company.

4.02. Notice and Tax Proceedings.

(a) Each of the Company and the Shareholders agree that upon receipt of written notice of any Tax Proceeding or related matters that may affect the income tax liability of a party under this Agreement, such person shall use reasonable efforts to promptly (and in any event, not later than 10 days after receipt of such notice) notify each other party hereto.

(b) The Company will have the option to represent itself in any Tax Proceeding involving the Company at its own expense and using advisors of the Company's choice. Each Shareholder shall have the right, but not the obligation, to participate in such Tax Proceeding at such Shareholder's own expense.

(c) The Company and the Shareholders shall reasonably cooperate with each other in any applicable Tax Proceeding, including executing all instruments reasonably required to effectuate the provisions of this Section 4.02. The parties shall make available to each other, as reasonably requested, and to any taxing authority as required by applicable law, all information, records or documents relating to the liability for taxes covered by this Agreement and will preserve any such information, records or documents until the expiration of the applicable statute of limitations (taking into account extensions thereof). The party requesting such information shall reimburse the other party for all reasonable out-of-pocket expenses incurred in providing such requested information.

(d) Notwithstanding anything to the contrary herein, no party shall take any action in any Tax Proceeding without the prior written consent of each affected party, which consent shall not be unreasonably withheld, conditioned or delayed.

(e) Breach by a Shareholder of any of the provisions of this Section 4.02 will terminate the Company's obligation to make payments to such Shareholder under Article 2 to the extent any such breach materially prejudices the result of any Tax Proceeding.

4.03. Inconsistent Reporting. If a Shareholder hereafter reports an item on such Shareholder's income tax return in a manner materially inconsistent with the tax treatment reflected in the Schedule K-1 or other tax information provided to the Shareholders by the Company for a taxable period during which the Company's S Election was in effect, the Shareholder shall notify the Company of such treatment before filing the Shareholder's income tax return. If such Shareholder fails to notify the Company of such inconsistent reporting, such Shareholder shall be liable to the Company for any losses, costs or expenses (including reasonable attorneys' fees) arising from such inconsistent reporting, including an audit.

ARTICLE 5
MISCELLANEOUS

5.01 Post-Termination Distributions. To the extent practicable and to the extent consistent with applicable law, payments or other distributions made to the Shareholders pursuant to Article 2 will be treated as Post-Termination Distributions for U.S. federal income tax purposes and any correspondingly applicable state and/or local tax purposes.

5.02 Other Distributions. To the extent that the Company's tax return preparers determine that such payments or distributions cannot be properly treated as Post-Termination Distributions, then the amount of any distribution made to the Shareholders pursuant to Article 2 shall be increased by the amount of the Shareholders' additional tax liability, if any, resulting from such payments or distributions, as reasonably determined by the Company's tax return preparers, assuming that the Shareholders pay tax at the Assumed Tax Rate.

5.03 Confidentiality. Each of the parties agrees that any information furnished pursuant to this Agreement is confidential and, except as and to the extent required by law, or otherwise during the course of an audit or contest or other administrative or legal proceeding, shall not be disclosed to any person or entity.

5.04 Successors and Access to Information. This Agreement shall be binding upon and inure to the benefit of any successor, heirs or personal representatives to any of the parties, by merger, acquisition of assets or stock in the Company or otherwise, to the same extent as if the successor, heir or personal representative had been an original party to this Agreement or the applicable Shareholder for the taxable period in question, and in such event, all references herein to a party shall refer instead to the successor, heir or personal representative of such party; *provided*, *however*, that for purposes of calculating the tax liability to which any payments under this Agreement would relate, an original Shareholder's tax liability shall be taken into account, but

any payments in connection therewith shall be made to the successor, heir or personal representative of such original Shareholder.

5.05 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware excluding (to the greatest extent permissible by law) any rule of law that would cause the application of the laws of any jurisdiction other than the State of Delaware.

5.06 Headings. The headings in this Agreement are for convenience only and shall not be deemed for any purpose to constitute a part or to affect the interpretation of this Agreement.

5.07 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which will be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one counterpart.

5.08 Electronic Transmission. Any facsimile or electronically transmitted copies hereof or signature hereon shall, for all purposes, be deemed originals.

5.09 Notices. Any notice or communication required or permitted to be given under this Agreement shall be in writing (including telecopy communication) and mailed, telecopied or delivered to the parties at the addresses specified in the Company's books and records relating to ownership of Company stock or at such other address as one party may specify by notice to the other party. All such notices and communications shall be effective when received. Any payment required to be made under this Agreement shall be mailed or delivered to the parties at the addresses specified in the Company's books and records relating to ownership of Company stock or at such other address or account as one party may specify by notice to the other party.

5.10 Severability. If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the maximum extent practicable. In any event, all other provisions of this Agreement shall be deemed valid, binding, and enforceable to their full extent.

5.12 Successor Provisions. Any reference herein to any provisions of the Code or Treasury Regulations shall be deemed to include any amendments or successor provisions thereto as appropriate.

5.13 Integration; Amendments. Except as explicitly stated herein, this Agreement embodies the entire understanding between the parties relating to its subject matter and supersedes and terminates all prior agreements and understandings among the parties with respect to such matters. No promises, covenants or representations of any kind, other than those expressly stated herein, have been made to induce any party to enter into this Agreement. This Agreement shall not be modified or terminated except by a writing duly signed by each of the parties hereto, and no waiver of any provisions of this Agreement shall be effective unless in a writing duly signed by the party sought to be bound.

5.14 Waiver of Jury Trial. EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY DISPUTE ARISING OUT OF THIS AGREEMENT. EACH PARTY (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 AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 5.14.

[Signature Page Follows]

VERTEX, INC.

By: _____
Name:
Title:

[SHAREHOLDER]

By: _____
Name:
Title:

Exhibit 10.10

VERTEX INC. & SUBSIDIARIES

2010 LONG-TERM REWARDS PLAN

[As Amended and Restated November 29, 2011]

For Performance Periods Beginning on and after January 1, 2010

I. Introduction

This 2010 Long-Term Rewards Plan (the "Plan" or "LTRP") is effective for awards made under it solely for performance periods beginning on and after January 1, 2010. The Company's Long-Term Incentive Plan adopted in 2009 will continue to govern awards made under it prior to January 1, 2010.

The purpose of this Plan is to advance the interests of Vertex, Inc. (the "Company"), and to increase shareholder value by providing key employees of the Company and of its subsidiaries, consistent with the Company's compensation philosophy, with long-term rewards that will:

- Align the long term interests of participants with those of shareholders
- Provide competitive compensation opportunities for key managers
- Support attracting and retaining talented individuals

The Plan is a multi-year performance plan under which the Compensation Committee of the Company's Board of Directors (the "Committee") may make long-term participation awards, to be settled in cash to the extent earned after a specified performance period.

II. General

No portion of any award under this Plan shall be deemed earned until it has been calculated and becomes payable, at the end of the applicable performance period or otherwise, as provided in and subject to the terms and conditions of the Plan.

Unless otherwise specified by the Committee the Company's annual audited consolidated financial statements, prepared in accordance with accounting principles generally accepted in the United States of America or such other accounting principles as may be required or permitted by the Financial Accounting Standards Board, shall be the sole and conclusive source of information concerning the Company's financial condition and results of operations for all purposes under the Plan.

III. Initial Committee Determinations

January 1 of each year the Plan is in effect shall begin a new multi-year performance period, the duration of which shall be determined by the Committee. Unless otherwise specified by the Committee a performance period shall consist of three consecutive calendar years.

For each performance period for which participation awards are to be made, the Committee shall determine the "Performance Metrics," a "Target CAGR" for each Performance Metric, "Percentage Factors," and "Thresholds" (all as hereinafter defined)

which shall be applicable in calculating “Earned Awards” and “Enhanced Awards” (as hereinafter defined) for that performance period.

IV. Key Employees

Awards of participations for a performance period under the Plan may be made to key employees of the Company or of any subsidiary of the Company who are recommended for participation by the Chief Executive Officer (CEO) and approved by the Committee. The Committee may also award participations for a performance period under the Plan to employees who are hired or promoted after the beginning of that performance period. Any recommendation to make an award to such a new or promoted employee after the beginning of a performance period shall be submitted by the CEO to the Committee. The participation awarded to such new or promoted employee shall become effective on the first day of a calendar quarter to be specified by the Committee. The “Designated Participation” (as hereinafter defined) awarded to each such new or promoted employee shall be prorated based on the percentage of full calendar quarters remaining in the performance period from the award’s effective date. Individuals who terminate employment from the Company and are later rehired will be treated the same as new hires.

V. Participations

Each award of an individual participation under the Plan shall be made by the Committee to a key employee recommended by the CEO as provided in Section IV, above, and shall specify the following:

Employee’s name

Performance period for the award

Employee’s “Designated Participation”

A Designated Participation shall be an amount expressed either in units, dollars, or as a percentage of the employee’s base salary for the first year of the performance period (or, if the employee is a newly hired or promoted employee awarded a participation after the start of the performance period, the employee’s annual base salary in effect when the participation becomes effective). Designated Participations shall be determined in the discretion of the Committee on the basis of the Company’s long-term-reward compensation philosophy and an assessment of each participant’s contributions and future potential. A Designated Participation (subject to proration, if any, as provided in Section VII.a, below) shall be used solely in calculating the employee’s pro rata share of the “Award Pool” or of the “Enhanced Award Pool” (both as hereinafter defined) following the end of the applicable performance period.

If a Designated Participation is awarded to a member of the Company’s Corporate Leadership Team or any successor team or similar group as may be identified by the Committee, and thereafter during the performance period to which the Designated Participation applies that individual for any reason ceases to be a member of such team but remains an employee of the Company, the Committee shall have the right to reduce

such individual employee's Designated Percentage, on a prorated basis or otherwise, in such a fashion and to such extent as the Committee in its sole discretion may deem reasonable under the circumstances. In taking any such action the Committee shall take into consideration the manner by which their action will be implemented in the calculation of any Earned Award or Enhanced Award as hereinafter provided.

Prior to awarding any Designated Participation for a performance period under the Plan the Committee should consider whether to specify any Performance Metrics, Thresholds, or Percentage Factors, different from those provided in Sections VI.a, VI.b, and VI.c, to be applicable to the award.

In awarding a Designated Participation under the Plan to any employee of a subsidiary that is a foreign entity, the Committee may, but need not, impose such additional terms and conditions, including but not limited to requirements with respect to deductions and other withholdings, as it, in its discretion, deems advisable.

VI. Calculation and Payment of Earned Awards and Enhanced Awards

a. Performance Metrics

"Performance Metrics" for each performance period will be key strategic measures tied to the long-term consolidated performance of the Company. They will be established by the Committee within ninety days following the start of each performance period and communicated to plan participants. Performance Metrics so established will be in effect for the entire performance period unless amended by the Committee in its discretion due to special situations. The Committee shall communicate amended Performance Metrics to participants within thirty days of amending. The Committee may establish different Performance Metrics for each performance period.

Unless otherwise specified by the Committee, the Performance Metrics (each, a "Performance Metric") shall be the Company's consolidated:

1. Revenue
2. Pre-tax Net Income
3. Net CGO

For the purposes of the Plan: "Net CGO" shall mean, with respect to any applicable calendar year, consolidated (i) net cash generated by the Company's operating activities, less (ii) purchases and capitalized property and equipment and capitalized software additions.

b. Thresholds

For each Performance Metric the Committee may establish a minimum acceptable annual level of performance ("Threshold") for each calendar year including the last in any performance period. Any Threshold shall be established by the Committee at the same time it establishes the Performance Metrics for a performance period and communicated to Plan participants.

If in any year of a performance period (including, without limitation, the last calendar year of any performance period) the Company's consolidated performance is below any Threshold applicable to that performance period, no "Earned Award" or "Enhanced Award" (both as hereinafter defined) or any other award under the Plan shall become payable to any participant for that performance period, at the end of the performance period or otherwise, whether or not other Thresholds applicable to that performance period, if any, have been achieved. Notwithstanding the foregoing the Committee may, in its sole discretion, approve the payment of an amount in lieu of any Earned Award or Enhanced Award (in such amount as the Committee may specify) at the end of a performance period in spite of the Company's failure to have achieved any Threshold.

Unless otherwise specified by the Committee, the sole Threshold for each calendar year of a performance period shall be the Company's achievement of ninety percent (90%) of the consolidated Pre-tax Net Income budgeted for that year in the final annual budget approved by the Company's Board of Directors.

c. Percentage Factors

As used herein, a Percentage Factor shall be a stated percentage by which growth in a Performance Metric over a performance period is to be multiplied in calculating an Award Pool, an Enhanced Award Pool or a "Target Award Pool" (as hereinafter defined). Each Percentage Factor applicable to a performance period will be established by the Committee within ninety days following the start of the performance period and communicated to Plan participants. Once established a Percentage Factor applicable to a particular performance period may be changed for that performance period only if the Committee decides, in its discretion, that a different Percentage Factor, which it shall specify, is necessary or appropriate. The Committee shall communicate any new Percentage Factor to participants within thirty days of making the change. The Committee may establish different Percentage Factors for each performance period.

Unless otherwise specified by the Committee, the Percentage Factors applicable to the following Performance Metrics shall be:

	Performance Metric	Percentage Factors
1.	Revenue	1.25%
2.	Pre-Tax Net Income	6.00%
3.	Net CGO	6.00%

d. Target CAGR

For each performance period the Committee shall establish a "Target CAGR" for each Performance Metric. "Target CAGR" shall mean the specified annual growth rate that, compounded over a specified performance period, will be required to increase the dollar value of a Performance Metric from the dollar value achieved in the calendar year ended immediately prior to the beginning of the performance period to a higher dollar value targeted by the Committee for achievement in the last year of the performance period.

e. Award Pool; Target Award Pool; Enhanced Award Pool

Upon receipt of the Company's audited annual consolidated financial statements for the last calendar year of any performance period during which all Thresholds were met, but in no event later than 120 days following the end of the performance period, the Company shall determine the Award Pool, the Target Award Pool, and the Enhanced Award Pool (all as calculated below) for that performance period.

The Award Pool shall be calculated as follows:

(i) The Company shall calculate the growth in each Performance Metric over the performance period. Growth in a Performance Metric shall equal the dollar excess in the value of the Performance Metric achieved in the last calendar year of the performance period over the dollar value of the same Performance Metric achieved in the calendar year ended immediately prior to the beginning of the performance period. (In no event shall growth be recognized as less than zero.)

(ii) The growth in each Performance Metric, as so calculated, shall be multiplied by the Percentage Factor applicable to that Performance Metric (such product, the "Performance Metric Contribution").

(iii) The sum of the Performance Metric Contributions for all of the Performance Metrics applicable to a performance period shall constitute that performance period's Award Pool.

The Target Award Pool shall be calculated as follows:

(i) The Company shall determine what the dollar growth in each Performance Metric would have been over the performance period if its dollar value in the calendar year ended immediately prior to the beginning of the performance period had grown over the performance period at exactly the Target CAGR.

(ii) The growth in each Performance Metric, as so calculated, shall be multiplied by the Percentage Factor applicable to that Performance Metric (such product, the "Target Performance Metric Contribution").

(iii) The sum of the Target Performance Metric Contributions for all of the Performance Metrics applicable to a performance period shall constitute that performance period's Target Award Pool.

The Enhanced Award Pool shall be calculated as follows:

(i) The Committee shall determine the actual compounded annual growth rate ("Actual CAGR") achieved over the performance period by each applicable Performance Metric. If the Actual CAGR for all of the Performance Metrics exceeded their respective Target CAGRs for that performance period, the Committee shall determine the "CAGR Percentage Increase" for each Performance Metric using the following formula:

$$\text{CAGR Percentage Increase} = \frac{\text{(Actual CAGR – Target CAGR)}}{\text{Target CAGR}}$$

The Committee shall then determine the "Applicable CAGR Percentage Increase," which shall be the lowest CAGR Percentage Increase among those calculated, as above, for all of the Performance Metrics.

(ii) For each full 1.0% (that is, rounding any fractional percentage down to the next lowest whole number) of the Applicable CAGR Increase up to but not exceeding 20%, the Company shall increase the Target Award Pool by 5.0%.

(iii) A dollar amount equal to the Target Award Pool as so increased (but not in any event increased in excess of 100%) shall constitute that performance period's Enhanced Award Pool.

(f) Earned Award; Enhanced Award

The sole award, if any, payable to eligible participants with respect to any completed performance period, shall be either an Earned Award or an Enhanced Award:

(i) If the Award Pool for the performance period exceeds the Enhanced Award Pool for that performance period, the Company shall pay each eligible participant an Earned Award.

(ii) If the Enhanced Award Pool for the performance period exceeds the Award Pool for that performance period, the Company shall pay each eligible participant an Enhanced Award.

If Designated Participations for the performance period have been awarded in units,

(i) "Earned Award" for an eligible participant shall mean the dollar amount equal to the product of the "Award Pool Unit Value" (as defined below) multiplied by

the number of units held by the participant for that performance period after proration, if any, as provided in Section VII.a, below.

(ii) "Enhanced Award" for an eligible participant shall mean the dollar amount equal to the product of the "Enhanced Award Pool Unit Value" (as defined below) multiplied by the number of units held by the participant for that performance period after proration, if any, as provided in Section VII.a, below.

(iii) The "Award Pool Unit Value" shall be the quotient, expressed in dollars, of the value of the Award Pool divided by the aggregate number of units held by all eligible participants for that performance period after all prorations, if any, as provided in Section VII.a, below.

(iv) The "Enhanced Award Pool Unit Value" shall be the quotient, expressed in dollars, of the value of the Enhanced Award Pool divided by the aggregate number of units held by all eligible participants for that performance period after all prorations, if any, as provided in Section VII.a, below.

If Designated Participations for the performance period have been awarded in dollars or as a percentage of participant's base salary for the first year of the performance period

(i) "Earned Award" for an eligible participant shall mean an amount equal to the product of the value of the Award Pool multiplied by the eligible participant's "Award Percentage" (as defined below).

(ii) "Enhanced Award" for an eligible participant shall mean an amount equal to the product of the value of the Enhanced Award Pool multiplied by the eligible participant's Award Percentage.

(iii) Each eligible participant's "Award Percentage" shall be equal to the quotient of the eligible participant's Designated Participation expressed in dollars (after proration, if any, as provided in Section VII.a, below**)** divided by the aggregate of all eligible participants' Designated Participations for that performance period expressed in dollars (after all prorations, if any, as provided in Section VII.a, below).

g. Change in Control

In the event of a Change in Control during any year except the first calendar year of a performance period, an Earned Award shall be calculated as provided in Section VI.f and paid as provided in Section IX, except that the growth in each Performance Metric shall equal the excess of the value of the Performance Metric achieved in the calendar year immediately preceding the calendar year in which the Change in Control occurs over the value of the Performance Metric achieved in the calendar year ended immediately prior to the beginning of the performance period. No Enhanced Award shall be paid under the Plan in the event of any Change in Control during a performance period.

No Earned Award shall be payable with respect to any performance period (i) if a Change in Control occurs in the first calendar year of the performance period, or (ii) if the Company's performance, for any calendar year of the performance period completed prior to the effective date of the Change in Control, is below any Threshold applicable to that performance period, whether or not other Thresholds applicable to that performance period, if any, have been achieved.

Following a Change in Control participants shall have no further rights to any award under the Plan except as provided in this Subsection VI.g.

"Change in Control" means: (i) any issuance or sale of the Company's voting shares to a third party provided the issuance or sale consists of shares that will constitute more than 50% of the voting power of all of the Company's issued and outstanding voting shares immediately following such issuance or sale, (ii) a statutory merger (regardless of whether or not the Company is the surviving entity) or a sale of all or substantially all of the assets of the Company, but only if the merger or sale results in members of the Westphal Family (defined below) or their nominees holding directly and indirectly, less than an absolute majority of votes that may be cast by all shareholders of the surviving company in the election of directors, or (iii) a sale of a portion of the Company's shares to a third party which, when taken together with one or more prior sales of the Company's shares to third parties since January 1, 2010, results in there having occurred upon such sale, taken together with such prior sales, an event that cumulatively meets the conditions of (i), above.

"Westphal Family" means Rainer and Antoinette Westphal and their descendants.

h. Forfeiture Pursuant to ICR Process

Notwithstanding any other provision in the Plan to the contrary, if a participant receives a final rating of "Does Not Meet" or two consecutive final ratings of "Usually Meets" through the Individual Contribution Rating (ICR) process (or reasonably similar ratings under any replacement individual performance review process that might be adopted by the Company) at any time during or with respect to any portion of a performance period, the participant shall forfeit, and have no further rights to, any Earned Award or Enhanced Award under the Plan for that performance period. Such employee shall be treated as a new hire for purposes of re-entry into the Plan at a later date.

VII. Termination of Employment

a. Disability, Death, Retirement or Termination without Cause

If a participant's employment has been terminated during a performance period by (i) disability (as determined by the Committee in its sole discretion) or death, (ii) "Retirement" (as defined below), or (iii) his or her involuntary termination without "Cause" (as defined below), and following that performance period Earned Awards or

Enhanced Awards for the performance period are payable pursuant to Section VI.f, the Company shall pay to such participant (or his or her beneficiary or guardian, as applicable), following the end of the performance period, his or her Earned Award or Enhanced Award, if any, calculated in accordance with Section VI.f but with his or her Designated Participation prorated based on the percentage of full calendar quarters in the performance period in which he or she had been an employee during the performance period. If a participant's employment is terminated after the end of a performance period by disability (as determined by the Committee in its sole discretion), death, Retirement, or involuntary termination without Cause, and provided Earned Awards or Enhanced Awards for that performance period are then payable pursuant to Section VI.f but have not yet been paid, the Company shall pay to the participant (or his or her beneficiary or guardian, as applicable) an award equivalent to the Earned Award or Enhanced Award, if any, he or she would have received had the participant's employment not been so terminated. Awards payable under this Section VII.a will be paid to the participant (or his or her beneficiary or guardian, as applicable) on the same date as all other awards for such performance period are paid. For the purposes of this Section VII.a, "Retirement" shall mean an employee's voluntary termination of employment after reaching age 65 (or such earlier age as may have been agreed to in writing by the Committee prior to the start of the applicable performance period).

If during a performance period a Change in Control occurs after a participant's employment has been terminated as provided in this Subsection VII.a, that participant's rights to an Earned Award shall be determined under Subsection VI.f as if he or she were still an employee participant, but the participant shall not be entitled to any Enhanced Award due to such Change in Control.

b. Other Terminations

If an employee either voluntarily terminates employment (other than by Retirement) or is terminated for Cause at any time during or after a performance period (prior to the date any award with respect to such performance period is paid), the employee shall thereby (i) forfeit, and have no rights with respect to, any participation, Earned Award, Enhanced Award, or any other award hereunder that may be or become payable for that performance period, at the end of the performance period or otherwise, and (ii) thereafter not be deemed an eligible participant under the Plan for any purpose.

c.. "Cause" means, unless otherwise defined in a participant's employment agreement (in which case, such definition shall control): (i) the conviction of a felony or entering of a plea of nolo contendere for a crime involving an act of fraud, dishonesty or moral turpitude, (ii) violation of the non-competition provisions of the participant's employment agreement, if applicable, (iii) a material violation of the non-disclosure provisions of the participant's employment agreement, if applicable, (iv) a breach of any other provisions of the participant's employment agreement, if applicable, if, after 15 days written notice to the participant, the participant fails to cure such breach, or if such breach is not subject to cure, fails on an on-going basis thereafter to comply with the provisions of the employment agreement with respect to which the participant was in

such breach, (v) failure to comply with a reasonable directive of the Board of Directors or the President of the Company and if, after 5 days written notice to the participant, the participant fails to so comply, (vi) repeated and continuous failure to comply with a reasonable directive of the Board or the President, (vii) commission of an act of fraud, misappropriation of funds or embezzlement in connection with the participant's employment, or (viii) commission of an act of gross malfeasance or gross negligence causing a material injury to the property or the business of the Company.

VIII. Plan Authority

The Plan has been approved by the Board of Directors and is administered by the Committee. The Committee has discretion to interpret the Plan, prescribe, amend and rescind rules and regulations necessary or appropriate for the administration of the Plan, and to make such other determinations and take such other actions in regard to the Plan, or awards earned under the Plan, as it deems necessary or advisable. Any action authorized or directed under the Plan to be taken by the Committee may also be taken by the Company's Board of Directors.

To the extent any Earned Award or Enhanced Award is deferred compensation subject to section 409A of the Internal Revenue Code, the provisions of the Plan applicable to such Earned Award or Enhanced Award shall be construed and interpreted in accordance with the requirements of such section in order to avoid the imposition of additional tax under such section.

The Plan may be amended or discontinued by the Committee or the Board of Directors at any time and for any or no reason.

IX. Timing of Payment

Final performance determination will be made as soon as administratively practical upon receipt of the Company's audited annual financial statements for the last calendar year of any performance period during which Thresholds were met, but in no event later than 120 days following the end of the performance period. Except in the event of a Change in Control, Earned Awards or Enhanced Awards will be paid not later than April 30 following the last day of the final calendar year of the applicable performance period. For purposes of the preceding sentence, payment shall be treated as made on such April 30 if payment is made on a later date that is as soon as practicable after such April 30 and within the same calendar year. A participant shall have no discretion over the payment date and shall have no right to interest as a result of payment on such a later date. In the event of a Change in Control, Earned Awards will be paid (i) within 30 days after the Change in Control becomes effective, if the Change in Control is also a change in control event as defined in regulations issued under section 409A of the Internal Revenue Code, or (ii) in any other case, within the period described above in this Section.

X. Method of Payment

All awards under the Plan will be paid as a lump-sum cash payment through the Company's normal payroll procedures. The Company shall be entitled to withhold or deduct from any payment of an award hereunder all amounts that may be required to be withheld or deducted under the U.S. Internal Revenue Code or regulations promulgated thereunder, or under any other laws or regulations, whether U.S. or foreign, applicable to such payment.

XI. Governing Document

If any of the terms of the Plan relating to payments made in the event of a termination of employment conflict with any other agreement to which the employee is subject, the terms of the Plan shall control.

XII. Beneficiary Designation

Each employee shall designate the person(s) as the beneficiary(ies) to whom any amounts payable under the Plan shall be paid in the event of the employee's death prior to such payment. Each beneficiary designation shall be substantially in the form set forth in Appendix A attached hereto and shall be effective only when filed with the Committee during the Participant's lifetime. An employee may change his or her beneficiary designation without the consent of any previously designated beneficiary by filing a new beneficiary designation with the Committee. The filing of a new beneficiary designation shall cancel all beneficiary designations previously filed. If the employee fails to designate a beneficiary or the designated beneficiary predeceases the employee, any amounts payable shall be paid to the employee's surviving spouse, or if the employee has no surviving spouse, to the employee's estate.

XIII. Payment to Guardian

If an award is payable under the Plan to a minor, a person declared incompetent or a person incapable of handling the disposition of property, the Committee may direct the payment of such award to the guardian, legal representative or person having the care and custody of the minor, incompetent or incapable person. The Committee may require proof of incompetency, minority, incapacity or guardianship as the Committee may deem appropriate prior to the payment. The payment shall completely discharge the Committee, the Board of Directors and the Company from all liability with respect to the award payment.

APPENDIX A

VERTEX, INC. & SUBSIDIARIES

2010 LONG-TERM REWARDS PLAN

BENEFICIARY DESIGNATION FORM

This form is for your use under the Vertex Inc. & Subsidiaries 2010 Long-Term Rewards Plan (the "Plan") to name a beneficiary for the award that may be paid to you under the Plan. You should complete two copies of the form, sign and date them, and deliver both copies to Human Resources. Human Resources will return one copy to you signed and dated by Vertex

* * * *

I understand that in the event of my death before I receive an award that may be payable to me under the Plan, the award will be paid to the beneficiary designated by me below or, if none or if my designated beneficiary predeceases me, to my surviving spouse or, if none, to my estate. I further understand that the last beneficiary designation filed by me during my lifetime and accepted by Vertex cancels all prior beneficiary designations previously filed by me under the Plan.

I hereby state that **[insert name]**, residing at **[insert address]**, whose Social Security number is _____, is designated as my beneficiary.

_____ _____

Signature of Participant Date

_____

Name of Participant (please print)

ACCEPTED:

_____

VERTEX, INC.

By: _____

_____

Date

Exhibit 10.11

VERTEX INC. & SUBSIDIARIES

2018 LONG-TERM REWARDS PLAN

For Performance Periods Beginning on and after January 1, 2018

I. Introduction

This 2018 Long-Term Rewards Plan (the "Plan" or "LTRP") is effective for awards made under it solely for performance periods beginning on and after January 1, 2018. The Company's Long-Term Incentive Plan adopted in 2010 will continue to govern awards made under it prior to January 1, 2018.

The purpose of the Plan is to advance the interests of Vertex, Inc. (the "Company"), and to increase shareholder value by providing key employees of the Company and its subsidiaries, consistent with the Company's compensation philosophy, with incentive compensation that will:

- Align the long term interests of participants with those of shareholders
- Provide competitive compensation opportunities for key managers
- Support attracting and retaining talented individuals

The Plan is a multi-year performance plan under which the Compensation Committee of the Company's Board of Directors (the "Committee") may grant incentive compensation in the form of awards, to be settled in cash to the extent earned and payable after a specified performance period (each such grant, an "Award").

II. General

No portion of any Award shall be deemed earned until it has been calculated and becomes payable, at the end of the applicable performance period or otherwise, as provided in and subject to the terms and conditions of the Plan.

Unless otherwise specified by the Committee, the Company's annual audited consolidated financial statements, prepared in accordance with accounting principles generally accepted in the United States of America or such other accounting principles as may be required or permitted by the Financial Accounting Standards Board, shall be the sole and conclusive source of information concerning the Company's financial condition and results of operations for all purposes under the Plan; provided, however, that the characterization of revenue as Predictable Revenue or Less-Predictable Revenue shall be made by the Committee, in its discretion.

III. Key Employees

Awards under the Plan for a performance period may be made to key employees of the Company or of any subsidiary of the Company who are recommended for participation by the Chief Executive Officer (CEO) and approved by the Committee. The Committee may also grant Awards for a performance period under the Plan to employees who are hired or promoted after the beginning of that performance period. Any recommendation to grant an Award to such a new or promoted employee after the beginning of a performance period shall be submitted by the CEO to the Committee. The Award granted to such new or promoted employee shall become effective on the first day of a calendar quarter to be specified by the Committee. The "Target Award" (as hereinafter defined)

for each such new or promoted employee shall be prorated based on the percentage of full calendar quarters remaining in the performance period from the Award's effective date. Individuals who terminate employment and are later rehired by the Company or a subsidiary of the Company will be treated the same as new hires.

IV. Awards

January 1 of each year the Plan is in effect shall begin a new multi-year performance period, the duration of which shall be determined by the Committee. Unless otherwise specified by the Committee, in its discretion, a performance period shall consist of three consecutive calendar years.

For each performance period for which Awards are granted, the Committee shall determine the "Target Amounts," "Performance Metrics," "Percentage Metric Weighting Allocation," "Minimum Growth Target Percentages" and the "Minimum Growth Performance Threshold" (all as hereinafter defined), which are referred to as the "Award Factors." The Award Factors shall be used to calculate the amount payable pursuant to an Award for that performance period.

The Award Factors applicable to Awards granted with respect to a performance period will be established by the Committee within ninety days following the start of the performance period and communicated to Plan participants.

The Award Factors established by the Committee for a performance period will remain in effect for the entire performance period, unless the Committee determines that one or more of such Award Factors, with respect to any Award granted for such performance period, should be modified based upon changes to the Company's business, or such other factors as the Committee, in its sole discretion, determines warrant such a modification. The Committee shall communicate a modification to an Award Factor for a performance period to Plan participants who are affected by such modification within thirty days of the Committee's determination to make such modification.

Each Award under the Plan shall be made by the Committee to a key employee recommended by the CEO as provided in Section III, above, and shall specify the following:

Employee's name
Performance period for the Award
Employee's Target Award
Performance Metrics
Performance Metric Weighting Allocation
Minimum Growth Target Percentages
Minimum Growth Performance Thresholds
Minimum Performance Payout Percentages and Maximum Performance Payout Percentages

An employee's "Target Award" for a performance period shall be a dollar amount equal to a percentage of the employee's base salary in effect as of the first day of the first year of the performance period (or, if the employee is a newly hired, promoted or rehired employee who is granted an Award after the start of the performance period, the employee's annual base salary in effect when the Award becomes effective).

Target Awards shall be determined in the discretion of the Committee on the basis of the Company's long-term-reward compensation philosophy and an assessment of each participant's contributions and future potential. A Target Award (subject to proration, if any, as provided in Section VI.a, below) shall be used to calculate the employee's Award for a performance period following the end of the performance period.

If an Award is made to a member of the Company's Corporate Leadership Team or any successor team or similar group as may be identified by the Committee, and thereafter during the performance period to which the Award applies that individual for any reason ceases to be a member of such team but remains an employee of the Company, the Committee shall have the right to reduce such individual employee's Target Award for such performance period, on a prorated basis or otherwise, in such a fashion and to such extent as the Committee, in its sole discretion, deems appropriate under the circumstances.

In granting an Award under the Plan to any employee of a subsidiary that is a foreign entity, the Committee may, but need not, impose such additional terms and conditions, including but not limited to requirements with respect to deductions and other withholdings, as it, in its discretion, deems advisable.

V. Calculation and Payment of Awards

a. Performance Metrics

The "Performance Metrics" for each performance period are key strategic measures tied to the consolidated performance of the Company for the performance period. The Committee may establish different Performance Metrics for each performance period.

Unless otherwise specified by the Committee, the Performance Metrics shall be the Company's consolidated:

1. Predictable Revenue
2. Less-Predictable Revenue
3. Pre-tax Net Income
4. Net ACFO

For the purposes of the Plan:

"Predictable Revenue" means revenue of the Company and its subsidiaries, which as determined in the sole discretion of the Committee, is highly predictable and primarily

relates to core, in-market solutions that have a relatively expected churn/non-renewal pattern based on historical experience.

“Less-Predictable Revenue” means revenue of the Company and its subsidiaries, which as determined in the sole discretion of the Committee, is from strategic investments that do not have a historical pattern of predictability and thus have a higher level of unproven assumptions that are being used to project future revenue performance. This type of revenue would generally relate to solutions that are in the early adopter life cycle or require significant investment to build out solution capabilities to address minimum required market demands.

“Pre-Tax Net Income” means total revenue minus the costs of doing business such as depreciation, interest and other expenses, but without reduction for federal, state, local or foreign income taxes, as reflected in the Company’s annual audited consolidated financial statements.

“Net ACFO” means, for a performance period, net adjusted cash from operations comprised of the net cash provided by the operating activities of the Company and its subsidiaries, less cash used in investing activities for (i) purchases and capitalized property and equipment and (ii) capitalized software additions, all as reflected in the comparative statements of cash flow constituting part of the Company’s annual audited consolidated financial statements.

b. Performance Metric Weighting Allocation

The “Performance Metric Weighting Allocation” is a fraction or a percentage used to weight each Performance Metric for a performance period. Unless otherwise established by the Committee, in its sole discretion, the Pre-tax Net Income and Net ACFO Performance Metrics shall each be weighted one-third, and the Predictable Revenue and Less-Predictable Revenue Performance Metrics shall be weighted one-third in the aggregate. In setting the Performance Metric Weighting Allocation for a performance period, the Committee shall determine a percentage split between Predictable Revenue and Less-Predictable Revenue (for example, if Predictable Revenue is 80% of the aggregate Performance Weighting Allocation, Less-Predictable Revenue will be 20% of the aggregate Performance Weighting Allocation).

c. Minimum Growth Target Percentages; Minimum Growth Performance Thresholds; Minimum Performance Payout Percentages and Maximum Performance Payout Percentages

The Committee shall set a “Minimum Growth Target Percentage” for each Performance Metric for each performance period, which unless otherwise established by the Committee, in its sole discretion, shall be between 75% and 100%, and on the basis of such Minimum Growth Target Percentage, the Committee shall determine for such Performance Metric for such performance period (i) a Minimum Growth Performance

Threshold and (ii) a Minimum Performance Payout Percentage and a Maximum Performance Payout Percentage.

(i) The "Minimum Growth Performance Threshold" for a Performance Metric for a performance period is a dollar amount calculated as follows:

(A) Determine the dollar amount of the anticipated increase in the Performance Metric from the Base Year to the third year of the performance period, as reflected in the five-year financial pro forma projections prepared by Company management, as in effect as of the last day of the Base Year (the "Year 3 Target Performance Amount"). The "Base Year" with respect to any performance period means the calendar year ended immediately prior to the beginning of the performance period.

(B) Multiply the dollar amount determined under Section V.c.(i)(A) for a Performance Metric by the Minimum Growth Target Percentage for such Performance Metric.

(C) Add the dollar amount determined under Section V.c.(i)(B) for a Performance Metric to the Base Year dollar amount of such Performance Metric.

(ii) The "Minimum Performance Payout Percentage" and the "Maximum Performance Payout Percentage" for a Performance Metric for a performance period shall be determined as follows:

(A) Divide the dollar amount of the Minimum Growth Performance Threshold for such Performance Metric by the dollar amount of the Year 3 Target Performance Amount of such Performance Metric, with the resulting amount expressed as a percentage.

(B) The percentage determined under Section V.c.(ii)(A) is compared to the Performance Payout Charts that are attached to the Plan as Exhibit A. The Performance Payout Chart that includes such percentage establishes the Minimum Performance Payout and the Maximum Performance Payout Percentage (such Performance Payout Chart being referred to as the "Applicable Performance Metric Payout Chart" for such Performance Metric).

d. Payment Threshold

The "Payment Threshold" for a performance period means the Company's achievement of at least ninety percent (90%) of the consolidated Pre-tax Net Income budgeted for the last calendar year of such performance period in the final annual budget approved by the Company's Board of Directors for such calendar year. Unless the Payment Threshold for a performance period is satisfied, no Awards shall be payable for such performance period.

e. Determination of Awards

Upon receipt of the Company's audited annual consolidated financial statements for the last calendar year of each performance period during which the Payment Threshold is satisfied, but in no event later than 120 days following the end of the performance period, the Company shall determine the amounts of the Awards payable to the employees who were granted for that performance period and who, pursuant to the terms and conditions of the Plan, are eligible for a payment of the Award for such performance period.

Subject to the terms and conditions of the Plan, including Section VI, a participant's Award for a performance period shall be calculated as follows:

(i) The Committee shall divide the dollar amount of each Performance Metric as of the last day of the performance period by the Year 3 Target Performance Amount for such Performance Metric, with the resulting amount expressed as a percentage.

(ii) For each Performance Metric for which the percentage determined under Section V.e.(i) is greater than zero, the corresponding payout percentage on the Applicable Performance Payout Chart for such Performance Metric for the percentage determined under Section V.e(i) shall be multiplied by the Performance Metric Weighting Allocation for such Performance Metric (expressed as a percentage), and the product of such percentages shall be multiplied by the dollar amount of the participant's Target Award for such performance period.

(iii) A participant's Award for a performance period shall equal the sum of the dollar amounts, if any, determined under Section V.e(ii) for each of the Performance Metrics for such performance period.

f. Forfeiture Pursuant to Annual Performance Review Process

Notwithstanding any other provision in the Plan to the contrary, if a participant receives a final rating of "Does Not Meet" or two consecutive final ratings of "Usually Meets" through the annual performance review process (or reasonably similar ratings under any replacement individual performance review process that might be adopted by the Company) at any time during or with respect to any portion of a performance period, the participant shall forfeit, and have no further rights to, any Award under the Plan for that performance period. Such employee shall be treated as a new hire for purposes of re-entry into the Plan at a later date.

VI. Termination of Employment

a. Disability, Death, Retirement or Termination without Cause

If a participant's employment is terminated during a performance period by (i) "Disability" (as defined below) or death, (ii) "Retirement" (as defined below), or (iii) his or her involuntary termination without "Cause" (as defined below), and Awards for the performance period are payable pursuant to Section V.d, the Company shall pay to such participant (or his or her beneficiary or guardian, as applicable), following the end of the performance period, his or her Award, if any, calculated in accordance with Section V.e and prorated based on the number of full calendar quarters in the performance period in which he or she had been an employee during the performance period, as compared to the total number of calendar quarters in the performance period. If a participant's employment is terminated after the end of a performance period by Disability, death, Retirement, or involuntary termination without Cause, and the participant is otherwise entitled to payment of an Award for that performance period but Awards for that performance period have not yet been paid, the Company shall pay to the participant (or his or her beneficiary or guardian, as applicable) an Award in an amount equal to the amount, if any, he or she would have received had the participant's employment not been so terminated.

Awards payable under this Section VI.a will be paid to the participant (or his or her beneficiary or guardian, as applicable) on the same date as all other Awards for such performance period are paid.

For the purposes of the Plan:

(i) "Disability" shall mean an illness or injury which entitles an employee to receive full long-term disability benefits under the Company's group long-term disability plan. At any time that the Company does not maintain a long-term disability plan or if the employee is not covered by such plan, "Disability" shall mean the inability of the employee, as determined by the Committee, to substantially perform the essential functions of the employee's regular duties and responsibilities with or without reasonable accommodation due to a medically determinable physical or mental illness which has lasted (or can reasonably be expected to last) for a period of at least six (6) consecutive months.

(ii) "Retirement" shall mean an employee's voluntary termination of employment after reaching age 65 (or such earlier age as may have been agreed to in writing by the Committee prior to the start of the applicable performance period).

b. Other Terminations

If a participant either voluntarily terminates employment (other than by Retirement) or is terminated for Cause at any time during or after a performance period (prior to the date an Award with respect to such performance period would be payable to such participant), the participant shall (i) thereby forfeit, and have no rights with respect to, any Award or other amount payable hereunder that may be or become payable for that performance period, at the end of the performance period or otherwise, and (ii) thereafter not be deemed an eligible participant under the Plan for any purpose.

For purposes of the Plan, "Cause" means, unless otherwise defined in a participant's employment agreement (in which case, such definition shall control): (i) conviction of a felony or entering of a plea of nolo contendere for a crime involving an act of fraud, dishonesty or moral turpitude, (ii) violation of any non-competition, non-solicitation or similar restriction to which the participant is subject, (iii) material violation of any non-disclosure restrictions to which the participant is subject, (iv) breach of any provision of the participant's employment agreement, if applicable, (v) failure to comply with a reasonable directive of the Board of Directors or the President of the Company, (vi) failure to comply with any material written policy of the Company or any subsidiary of the Company, (vii) commission of an act of fraud, misappropriation of funds or embezzlement in connection with the participant's employment, or (viii) commission of an act of gross malfeasance or gross negligence causing a material injury to the property or the business of the Company; provided, that if the Company's Board of Directors determines that a breach or failure described in clauses (iv), (v) and (vi) is reasonably susceptible of being cured, and if within fifteen (15) days of the Company providing notice of such right to cure, the participant has fully cured such breach or failure, such breach or failure shall not constitute Cause.

c. Subsequent Determination of Cause

If, within ninety (90) days subsequent to a participant's termination of employment for any reason other than by the Company for Cause, the Company determines that such participant's employment could have been terminated for Cause, the participant's employment will be deemed to have been terminated for Cause, and the participant (i) shall not be entitled to any payments under the Plan and (ii) shall be required to disgorge to the Company any amounts received pursuant to the Plan.

VII. Plan Authority

The Plan has been approved by the Board of Directors and is administered by the Committee. The Committee has full power and authority to interpret and administer the Plan and to prescribe, amend and rescind rules and regulations necessary or appropriate for the administration of the Plan, and to make such other determinations and take such other actions in regard to the Plan, or Awards granted under the Plan, as it deems necessary or advisable. Any action authorized or directed under the Plan to be taken by the Committee may also be taken by the Company's Board of Directors. Any interpretation of the Plan or any interpretation of any agreements or documents prepared in connection with the Plan by the Committee or by the Company's Board of Directors and any determination or decision by the Committee or by the Company's Board of Directors regarding the administration of the Plan shall be final, conclusive and binding upon all parties.

To the extent any amount payable under the Plan is deferred compensation subject to section 409A of the Internal Revenue Code, the provisions of the Plan applicable to such amount shall be construed and interpreted in accordance with the requirements of such section in order to avoid the imposition of additional tax under such section.

The Committee and the Company's Board of Directors reserve the right, in their absolute discretion, to terminate and/or abolish all or any portion of the Plan at any time or to alter the terms and conditions under which an Award will be paid, including (without limitation) upon a change in control of ownership of the Company or a sale of the Company's assets.

In the event of the Plan's termination prior to the payment of an Award, such Award will cease to be payable. Such discretion may be exercised any time before, during and after the performance period with respect to which the Award was granted. No participant shall have any right to receive any payment until actual delivery of such payment.

Subject to section 409A of the Internal Revenue Code, the Committee and the Company's Board of Directors, in their absolute discretion, may accelerate or otherwise change the time in which an Award may be become payable and to waive any restriction or condition with respect to such Award, including, but not limited to, any restriction or condition with respect to payment of an Award following termination of any participant's employment.

VIII. Timing of Payment

Final performance determination will be made as soon as administratively practical upon receipt of the Company's audited annual financial statements for the last calendar year of any performance period during which the Payment Thresholds is met, but in no event later than 120 days following the end of the performance period.

IX. Method of Payment

All Awards under the Plan will be paid as a lump-sum cash payment through the Company's normal payroll procedures. The Company shall be entitled to withhold or deduct from any payment of an Award hereunder all amounts that may be required to be withheld or deducted under the U.S. Internal Revenue Code or regulations promulgated thereunder, or under any other laws or regulations, whether U.S. or foreign, applicable to such payment.

X. Governing Document

If any of the terms of the Plan relating to payments made in the event of a termination of employment conflict with any other agreement to which the employee is subject, the terms of the Plan shall control.

XI. Limitation of Liability; Indemnification

To the maximum extent permitted by law, no member of the Committee or the Company's Board of Directors shall be liable for any action taken or decision made in good faith relating to the Plan or any Award thereunder.

To the maximum extent permitted by law, the members of the and Committee and the Company's Board of Directors shall be indemnified by the Company in respect of all their activities under the Plan undertaken in good faith.

XI. Beneficiary Designation

Each employee shall designate the person(s) as the beneficiary(ies) to whom any amounts payable under the Plan shall be paid in the event of the employee's death prior to such payment. Each beneficiary designation shall be substantially in the form set forth in Appendix A attached hereto and shall be effective only when filed with the Committee during the Participant's lifetime. An employee may change his or her beneficiary designation without the consent of any previously designated beneficiary by filing a new beneficiary designation with the Committee. The filing of a new beneficiary designation shall cancel all beneficiary designations previously filed. If the employee fails to designate a beneficiary or the designated beneficiary predeceases the employee, any amounts payable shall be paid to the employee's surviving spouse, or if the employee has no surviving spouse, to the employee's estate.

XII. Payment to Guardian

If an award is payable under the Plan to a minor, a person declared incompetent or a person incapable of handling the disposition of property, the Committee may direct the payment of such award to the guardian, legal representative or person having the care and custody of the minor, incompetent or incapable person. The Committee may require proof of incompetency, minority, incapacity or guardianship as the Committee may deem appropriate prior to the payment. The payment shall completely discharge the Committee, the Board of Directors and the Company from all liability with respect to the award payment.

APPENDIX A

VERTEX, INC. & SUBSIDIARIES

2018 LONG-TERM REWARDS PLAN

BENEFICIARY DESIGNATION FORM

This form is for your use under the Vertex Inc. & Subsidiaries 2018 Long-Term Rewards Plan (the "Plan") to name a beneficiary for the award that may be paid to you under the Plan. You should complete two copies of the form, sign and date them, and deliver both copies to Human Resources. Human Resources will return one copy to you signed and dated by Vertex, Inc. ("Vertex").

* * * *

I understand that in the event of my death before I receive payment of an Award to which I am entitled under the terms of the Plan, the Award will be paid to the beneficiary designated by me below or, if none or if my designated beneficiary predeceases me, to my surviving spouse or, if none, to my estate. I further understand that the last beneficiary designation filed by me during my lifetime and accepted by Vertex cancels all prior beneficiary designations previously filed by me under the Plan.

I hereby state that **[insert name]**, residing at **[insert address]**, whose Social Security number is , is designated as my beneficiary.

_____ _____

Signature of Participant Date

_____

Name of Participant (please print)

ACCEPTED:

_____

VERTEX, INC.

By: _____

_____

Date

Exhibit 10.12

STOCK OPTION AMENDMENT AGREEMENT

This STOCK OPTION AMENDMENT AGREEMENT (this "Agreement"), dated as of , 2020, is among Vertex, Inc. (the "Company") and [INSERT NAME OF OPTIONHOLDER] (the "Optionee").

RECITALS

WHEREAS, in connection with the consummation of the initial public offering of the Company's Class A common stock pursuant to an effective registration statement filed under the Securities Act of 1933, as amended (the "IPO"), the Company and Optionee desire to amend the options to purchase Class B common stock of the Company granted to the Optionee on , (the "Prior Options") as provided in this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Amendment of Prior Options. Upon the terms and subject to the conditions contained herein, effective as of the effectiveness of the Form S-8 registration statement covering securities offered under the Vertex, Inc. 2020 Incentive Award Plan (the "***Plan***"), which is expected to become effective promptly after the completion of the IPO, the Optionee and the Company hereby amend the Prior Options as follows (as amended, the "Amended Options"):

- The Amended Options will cover shares of the Company's Class A common stock equal to the number shares of Class B common stock of the Company covered by the Prior Options, subject to any stock split that occurs in connection with the IPO;

- The Amended Options will have the same aggregate exercise price as the Prior Options immediately prior to the IPO;

- The Amended Options will have the same final expiration date as the Prior Options, which is the "Triggering Event" as defined in the agreement governing the Prior Options; and

- The Amended Options will be subject to the terms and conditions of the Plan and the Stock Option Grant Notice and Stock Option Agreement (the "Option Agreement"), drafts of which are attached hereto as **Exhibit A** and **Exhibit B**, respectively.

2. Treatment of Prior Options. Effective as of the IPO, the terms of the Prior Options will have no further force or effect and the Optionee shall only have rights with respect to the Amended Options. By entering into this Agreement, the Optionee agrees to the terms of the Amended Options, including the terms of the Plan and the Option Agreement in substantially the forms attached hereto as **Exhibit A** and **Exhibit B**, respectively. In the event the IPO does not occur prior to December 31, 2020, the Prior Options will remain outstanding subject to their terms.

3. Governing Law. This Agreement shall be governed by and construed and enforced under the laws of the State of Delaware, without giving effect to the conflict or choice of law provisions thereof.

4. Counterparts. This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original but all of which shall constitute one and the same agreement.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above.

VERTEX, INC.

By: _____
Name:
Title:

OPTIONEE

_____
[Name of Optionholder]

Exhibit A

2020 Incentive Award Plan

(attached)

Exhibit B

Stock Option Agreement

(attached)

Exhibit 10.13

VERTEX, INC.
2020 INCENTIVE AWARD PLAN

STOCK OPTION GRANT NOTICE (OPTION AMENDMENT)

Capitalized terms not specifically defined in this Stock Option Grant Notice (the "***Grant Notice***") have the meanings given to them in the 2020 Incentive Award Plan (as amended from time to time, the "***Plan***") of Vertex, Inc. (the "***Company***").

The Company has granted to the participant listed below ("***Participant***") the stock option described in this Grant Notice (the "***Option***"), subject to the terms and conditions of the Plan and the Stock Option Agreement attached as **Exhibit A** (the "***Agreement***"), both of which are incorporated into this Grant Notice by reference.

Participant:	
Exercise Price per Share:	[To reflect the exercise price of the Prior Options as adjusted to reflect any stock adjustments in connection with the IPO]
Shares Subject to the Option:	[To reflect the number of shares subject to the Prior Options as adjusted to reflect any stock adjustments in connection with the IPO]
Final Expiration Date:	Triggering Event (as defined below)
Vesting Schedule:	Fully Vested
Type of Option	Non-Qualified Stock Option

Pursuant to the Stock Option Amendment Agreement dated , 2020, Participant agreed to be bound by the terms of this Grant Notice, the Plan and the Agreement.

VERTEX, INC.

By: _____
Name: _____
Title: _____

Exhibit A

STOCK OPTION AGREEMENT

WHEREAS, the Participant was previously granted certain stock options with respect to shares of Class B nonvoting common stock of the Company (the "***Prior Options***");

WHEREAS, the Participant and the Company agreed to amend the Prior Options pursuant to the Stock Option Amendment Agreement dated , 2020 (the "***Amendment Program***");

WHEREAS, pursuant to the Amendment Program, the Prior Options have been amended and converted into the Option described in the Grant Notice and this Agreement;

NOW, THEREFORE, the parties agree as follows:

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

ARTICLE I.
GENERAL

1.1 General. In connection with the Company's initial public offering, the Company has amended the Prior Options into the Option described in the Grant Notice and this Agreement.

1.2 Incorporation of Terms of Plan. The Option is subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

ARTICLE II.
PERIOD OF EXERCISABILITY

2.1 Commencement of Exercisability. The Option is fully vested and exercisable.

2.2 Duration of Exercisability. The Option will remain vested and exercisable until the Option expires. The Option will be forfeited immediately upon its expiration.

2.3 Expiration of Option. The Option may not be exercised to any extent by anyone after, and will expire on, the date of a Triggering Event (as defined in the option agreement that governed the Prior Option).

ARTICLE III.
EXERCISE OF OPTION

3.1 Person Eligible to Exercise. During Participant's lifetime, only Participant may exercise the Option. After Participant's death, any exercisable portion of the Option may, prior to the time the Option expires, be exercised by Participant's Designated Beneficiary as provided in the Plan.

3.2 Partial Exercise. Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised, in whole or in part, according to the procedures in the Plan at any time prior to the time the Option or portion thereof expires, except that the Option may only be exercised for whole Shares.

3.3 Tax Withholding.

(a) The Company has the right and option, but not the obligation, to treat Participant's failure to provide timely payment in accordance with the Plan of any withholding tax arising in connection with the Option as Participant's election to satisfy all or any portion of the withholding tax by requesting the Company retain Shares otherwise issuable under the Option.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the Option, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the Option. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or exercise of the Option or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the Option to reduce or eliminate Participant's tax liability.

ARTICLE IV.
OTHER PROVISIONS

4.1 Adjustments. Participant acknowledges that the Option is subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

4.2 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant (or, if Participant is then deceased, to the person entitled to exercise the Option) at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

4.3 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.4 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

4.5 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.6 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement and the Option will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable

Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

4.7 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

4.8 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.9 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the Option, and rights no greater than the right to receive the Shares as a general unsecured creditor with respect to the Option, as and when exercised pursuant to the terms hereof.

4.10 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

4.11 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

* * * * *

Exhibit 10.14

VERTEX, INC.
2020 INCENTIVE AWARD PLAN

STOCK OPTION GRANT NOTICE (SAR AMENDMENT)

Capitalized terms not specifically defined in this Stock Option Grant Notice (the "***Grant Notice***") have the meanings given to them in the 2020 Incentive Award Plan (as amended from time to time, the "***Plan***") of Vertex, Inc. (the "***Company***").

The Company has granted to the participant listed below ("***Participant***") the stock option described in this Grant Notice (the "***Option***"), subject to the terms and conditions of the Plan and the Stock Option Agreement attached as **Exhibit A** (the "***Agreement***"), both of which are incorporated into this Grant Notice by reference.

Participant:	
Exercise Price per Share:	[To reflect the base price of the original SAR as adjusted to reflect any stock adjustments in connection with the IPO]
Shares Subject to the Option:	[To reflect the number of the original SARs as adjusted to reflect any stock adjustments in connection with the IPO]
Final Expiration Date:	[The expiration date of the original SAR]
Vesting Commencement Date:	[To reflect the schedule from the original SAR agreement]
Vesting Schedule:	[To reflect the schedule from the original SAR agreement]
Type of Option	Non-Qualified Stock Option

Pursuant to the Participant's "Election Concerning Amendment of Eligible SARs", Participant agreed to be bound by the terms of this Grant Notice, the Plan and the Agreement.

VERTEX, INC.

By: _____
Name: _____
Title: _____

Exhibit A

STOCK OPTION AGREEMENT

WHEREAS, the Participant was previously granted certain stock appreciation rights (the "***SARs***") with respect to shares of Class B nonvoting common stock of the Company pursuant to the Vertex, Inc. Third Amended and Restated 2007 Stock Appreciation Rights Plan or a predecessor plan;

WHEREAS, the Company implemented a SAR amendment program (the "***Amendment Program***"), pursuant to which eligible holders of SARs elected to amend their SARs on the terms and conditions set forth in the Amendment Program;

WHEREAS, the Participant elected to participate in the Amendment Program by amending all SARs held by the Participant (the "***Eligible SARs***");

WHEREAS, pursuant to the Amendment Program such Eligible SARs have been amended and[, other than those SARs with expiration dates in calendar year 2020 or those SARs without expiration dates,] have been converted into the Option described in the Grant Notice and this Agreement;

NOW, THEREFORE, the parties agree as follows:

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

ARTICLE I.
GENERAL

1.1 General. In connection with the Company's initial public offering, the Company has amended the Eligible SARs into the Option described in the Grant Notice and this Agreement[, other than those Eligible SARs with expiration dates in calendar year 2020 or those without expiration dates].

1.2 Incorporation of Terms of Plan. The Option is subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

ARTICLE II.
PERIOD OF EXERCISABILITY

2.1 Commencement of Exercisability. The Option will vest and become exercisable according to the vesting schedule in the Grant Notice (the "***Vesting Schedule***") except that any fraction of a Share as to which the Option would be vested or exercisable will be accumulated and will vest and become exercisable only when a whole Share has accumulated. Notwithstanding anything in the Grant Notice, the Plan or this Agreement to the contrary, unless the Administrator otherwise determines, the Option will immediately expire and be forfeited as to any portion that is not vested and exercisable as of Participant's Termination of Service for any reason.

2.2 Duration of Exercisability. The Vesting Schedule is cumulative. Any portion of the Option which vests and becomes exercisable will remain vested and exercisable until the Option expires. The Option will be forfeited immediately upon its expiration.

2.3 Expiration of Option. The Option may not be exercised to any extent by anyone after, and will expire on, the first of the following to occur:

(a) The final expiration date in the Grant Notice;

(b) Except as the Administrator may otherwise approve, the expiration of three (3) months from the date of Participant's Termination of Service, unless Participant's Termination of Service is for Cause or by reason of Participant's death or Disability;

(c) Except as the Administrator may otherwise approve, the expiration of one (1) year from the date of Participant's Termination of Service by reason of Participant's death or Disability; and

(d) Except as the Administrator may otherwise approve, Participant's Termination of Service for Cause.

ARTICLE III.
EXERCISE OF OPTION

3.1 Person Eligible to Exercise. During Participant's lifetime, only Participant may exercise the Option. After Participant's death, any exercisable portion of the Option may, prior to the time the Option expires, be exercised by Participant's Designated Beneficiary as provided in the Plan.

3.2 Partial Exercise. Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised, in whole or in part, according to the procedures in the Plan at any time prior to the time the Option or portion thereof expires, except that the Option may only be exercised for whole Shares.

3.3 Tax Withholding.

(a) The Company has the right and option, but not the obligation, to treat Participant's failure to provide timely payment in accordance with the Plan of any withholding tax arising in connection with the Option as Participant's election to satisfy all or any portion of the withholding tax by requesting the Company retain Shares otherwise issuable under the Option.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the Option, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the Option. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or exercise of the Option or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the Option to reduce or eliminate Participant's tax liability.

ARTICLE IV.
OTHER PROVISIONS

4.1 Adjustments. Participant acknowledges that the Option is subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

4.2 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant (or, if Participant is then deceased, to the person entitled to exercise the Option) at Participant's last known

mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

4.3 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.4 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

4.5 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.6 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement and the Option will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

4.7 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

4.8 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.9 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the Option, and rights no greater than the right to receive the Shares as a general unsecured creditor with respect to the Option, as and when exercised pursuant to the terms hereof.

4.10 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

4.11 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

* * * * *

VERTEX, INC.
2020 INCENTIVE AWARD PLAN

ARTICLE I.
PURPOSE

The Plan's purpose is to enhance the Company's ability to attract, retain and motivate persons who make (or are expected to make) important contributions to the Company by providing these individuals with equity ownership opportunities. Capitalized terms used in the Plan are defined in Article XI.

ARTICLE II.
ELIGIBILITY

Service Providers are eligible to be granted Awards under the Plan, subject to the limitations described herein.

ARTICLE III.
ADMINISTRATION AND DELEGATION

3.1 Administration. The Plan is administered by the Administrator. The Administrator has authority to determine which Service Providers receive Awards, grant Awards and set Award terms and conditions, subject to the conditions and limitations in the Plan. The Administrator also has the authority to take all actions and make all determinations under the Plan, to interpret the Plan and Award Agreements and to adopt, amend and repeal Plan administrative rules, guidelines and practices as it deems advisable. The Administrator may correct defects and ambiguities, supply omissions and reconcile inconsistencies in the Plan or any Award as it deems necessary or appropriate to administer the Plan and any Awards. The Administrator's determinations under the Plan are in its sole discretion and will be final and binding on all persons having or claiming any interest in the Plan or any Award.

3.2 Appointment of Committees. To the extent Applicable Laws permit, the Board may delegate any or all of its powers under the Plan to one or more Committees or officers of the Company or any of its Subsidiaries. The Board may abolish any Committee or re-vest in itself any previously delegated authority at any time.

ARTICLE IV.
STOCK AVAILABLE FOR AWARDS

4.1 Number of Shares. Subject to adjustment under Article VIII and the terms of this Article IV, Awards may be made under the Plan covering up to the Overall Share Limit. Shares issued under the Plan may consist of authorized but unissued Shares, Shares purchased on the open market or treasury Shares.

4.2 Share Recycling. If all or any part of an Award expires, lapses or is terminated, exchanged for cash, surrendered, repurchased, canceled without having been fully exercised or forfeited, in any case, in a manner that results in the Company acquiring Shares covered by the Award at a price not greater than the price (as adjusted to reflect any Equity Restructuring) paid by the Participant for such Shares or not issuing any Shares covered by the Award, the unused Shares covered by the Award will again be available for Award grants under the Plan. Further, Shares delivered (either by actual delivery or attestation) to the Company by a Participant to satisfy the applicable exercise or purchase price of an Award and/or to satisfy

any applicable tax withholding obligation (including Shares retained by the Company from the Award being exercised or purchased and/or creating the tax obligation) will again be available for Award grants under the Plan. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not count against the Overall Share Limit.

4.3 Incentive Stock Option Limitations. Notwithstanding anything to the contrary herein, no more than 8,000,000 Shares may be issued pursuant to the exercise of Incentive Stock Options.

4.4 Substitute Awards. In connection with an entity's merger or consolidation with the Company or the Company's acquisition of an entity's property or stock, the Administrator may grant Awards in substitution for any options or other stock or stock-based awards granted before such merger or consolidation by such entity or its affiliate. Substitute Awards may be granted on such terms as the Administrator deems appropriate, notwithstanding limitations on Awards in the Plan. Substitute Awards will not count against the Overall Share Limit (nor shall Shares subject to a Substitute Award be added to the Shares available for Awards under the Plan as provided above), except that Shares acquired by exercise of substitute Incentive Stock Options will count against the maximum number of Shares that may be issued pursuant to the exercise of Incentive Stock Options under the Plan. Additionally, in the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under the Plan (and Shares subject to such Awards shall not be added to the Shares available for Awards under the Plan as provided above); provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Employees or Directors prior to such acquisition or combination.

4.5 Non-Employee Director Compensation. Notwithstanding any provision to the contrary in the Plan, the Administrator may establish compensation for non-employee Directors from time to time, subject to the limitations in the Plan. The Administrator will from time to time determine the terms, conditions and amounts of all such non-employee Director compensation in its discretion and pursuant to the exercise of its business judgment, taking into account such factors, circumstances and considerations as it shall deem relevant from time to time, provided that the sum of any cash compensation, or other compensation, and the value (determined as of the grant date in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, or any successor thereto) of Awards granted to a non-employee Director as compensation for services as a non-employee Director during any fiscal year of the Company may not exceed $750,000 (the "***NED Limit***"). The NED Limit shall not apply (i) to cash or equity-based compensation granted to a non-employee Director for services as a non-employee Director prior to the Plan's effective date, (ii) compensation granted to a non-employee Director in connection with the initial public offering of the Shares, or (iii) to compensation granted to a non-employee Director who serves in a capacity in addition to that of non-employee Director for which he or she receives additional compensation. The Administrator may make exceptions to the NED Limit for individual non-employee Directors in extraordinary circumstances, as the Administrator may determine in its discretion, provided that the non-employee Director receiving such additional compensation may not participate in the decision to award such compensation or in other contemporaneous compensation decisions involving non-employee Directors.

ARTICLE V.
STOCK OPTIONS AND STOCK APPRECIATION RIGHTS

5.1 General. The Administrator may grant Options or Stock Appreciation Rights to Service Providers subject to the limitations in the Plan, including any limitations in the Plan that apply to Incentive Stock Options. The Administrator will determine the number of Shares covered by each Option and Stock Appreciation Right, the exercise price of each Option and Stock Appreciation Right and the conditions and limitations applicable to the exercise of each Option and Stock Appreciation Right. A Stock Appreciation Right will entitle the Participant (or other person entitled to exercise the Stock Appreciation Right) to receive from the Company upon exercise of the exercisable portion of the Stock Appreciation Right an amount determined by multiplying the excess, if any, of the Fair Market Value of one Share on the date of exercise over the exercise price per Share of the Stock Appreciation Right by the number of Shares with respect to which the Stock Appreciation Right is exercised, subject to any limitations of the Plan or that the Administrator may impose and payable in cash, Shares valued at Fair Market Value or a combination of the two as the Administrator may determine or provide in the Award Agreement.

5.2 Exercise Price. The Administrator will establish each Option's and Stock Appreciation Right's exercise price and specify the exercise price in the Award Agreement. Unless otherwise determined by the Administrator, the exercise price will not be less than 100% of the Fair Market Value on the grant date of the Option or Stock Appreciation Right.

5.3 Duration. Each Option or Stock Appreciation Right will be exercisable at such times and as specified in the Award Agreement, provided that, unless otherwise determined by the Administrator, the term of an Option or Stock Appreciation Right will not exceed ten years. Notwithstanding the foregoing, if the Participant, prior to the end of the term of an Option or Stock Appreciation Right, violates the non-competition, non-solicitation, confidentiality or other similar restrictive covenant provisions of any employment contract, confidentiality and nondisclosure agreement or other agreement between the Participant and the Company or any of its Subsidiaries, the right of the Participant and the Participant's transferees to exercise any Option or Stock Appreciation Right issued to the Participant shall terminate immediately upon such violation, unless the Company otherwise determines.

5.4 Exercise. Options and Stock Appreciation Rights may be exercised by delivering to the Company a written notice of exercise, in a form the Administrator approves (which may be electronic), signed by the person authorized to exercise the Option or Stock Appreciation Right, together with, as applicable, payment in full (i) as specified in Section 5.5 for the number of Shares for which the Award is exercised and (ii) as specified in Section 9.5 for any applicable taxes. Unless the Administrator otherwise determines, an Option or Stock Appreciation Right may not be exercised for a fraction of a Share.

5.5 Payment Upon Exercise. Subject to Section 10.8, any Company insider trading policy (including blackout periods) and Applicable Laws, the exercise price of an Option must be paid by:

(a) cash, wire transfer of immediately available funds or by check payable to the order of the Company, provided that the Company may limit the use of one of the foregoing payment forms if one or more of the payment forms below is permitted;

(b) if there is a public market for Shares at the time of exercise, unless the Company otherwise determines, (A) delivery (including telephonically to the extent permitted by the Company) of an irrevocable and unconditional undertaking by a broker acceptable to the Company to deliver promptly to the Company sufficient funds to pay the exercise price, or (B) the Participant's delivery to the Company of

a copy of irrevocable and unconditional instructions to a broker acceptable to the Company to deliver promptly to the Company cash or a check sufficient to pay the exercise price; provided that such amount is paid to the Company at such time as may be required by the Administrator;

(c) to the extent permitted by the Administrator, delivery (either by actual delivery or attestation) of Shares owned by the Participant valued at their fair market value;

(d) to the extent permitted by the Administrator, surrendering Shares then issuable upon the Option's exercise valued at their fair market value on the exercise date;

(e) to the extent permitted by the Administrator, delivery of a promissory note or any other property that the Administrator determines is good and valuable consideration; or

(f) to the extent permitted by the Company, any combination of the above payment forms approved by the Administrator.

ARTICLE VI.
RESTRICTED STOCK; RESTRICTED STOCK UNITS

6.1 General. The Administrator may grant Restricted Stock, or the right to purchase Restricted Stock, to any Service Provider, subject to the Company's right to repurchase all or part of such shares at their issue price or other stated or formula price from the Participant (or to require forfeiture of such shares) if conditions the Administrator specifies in the Award Agreement are not satisfied before the end of the applicable restriction period or periods that the Administrator establishes for such Award. In addition, the Administrator may grant to Service Providers Restricted Stock Units, which may be subject to vesting and forfeiture conditions during the applicable restriction period or periods, as set forth in an Award Agreement. The Administrator will determine and set forth in the Award Agreement the terms and conditions for each Restricted Stock and Restricted Stock Unit Award, subject to the conditions and limitations contained in the Plan.

6.2 Restricted Stock.

(a) Dividends. Participants holding shares of Restricted Stock will be entitled to all ordinary cash dividends paid with respect to such Shares, unless the Administrator provides otherwise in the Award Agreement. In addition, unless the Administrator provides otherwise, if any dividends or distributions are paid in Shares, or consist of a dividend or distribution to holders of Common Stock of property other than an ordinary cash dividend, the Shares or other property will be subject to the same restrictions on transferability and forfeitability as the shares of Restricted Stock with respect to which they were paid.

(b) Stock Certificates. The Company may require that the Participant deposit in escrow with the Company (or its designee) any stock certificates issued in respect of shares of Restricted Stock, together with a stock power endorsed in blank.

6.3 Restricted Stock Units.

(a) Settlement. The Administrator may provide that settlement of Restricted Stock Units will occur upon or as soon as reasonably practicable after the Restricted Stock Units vest or will instead be deferred, on a mandatory basis or at the Participant's election, in a manner intended to comply with Section 409A.

(b) Stockholder Rights. A Participant will have no rights of a stockholder with respect to Shares subject to any Restricted Stock Unit unless and until the Shares are delivered in settlement of the Restricted Stock Unit.

(c) Dividend Equivalents. If the Administrator provides, a grant of Restricted Stock Units may provide a Participant with the right to receive Dividend Equivalents. Dividend Equivalents may be paid currently or credited to an account for the Participant, settled in cash or Shares and subject to the same restrictions on transferability and forfeitability as the Restricted Stock Units with respect to which the Dividend Equivalents are granted and subject to other terms and conditions as set forth in the Award Agreement.

ARTICLE VII.
OTHER STOCK OR CASH BASED AWARDS

Other Stock or Cash Based Awards may be granted to Participants, including Awards entitling Participants to receive Shares to be delivered in the future and including annual or other periodic or long-term cash bonus awards (whether based on specified Performance Criteria or otherwise), in each case subject to any conditions and limitations in the Plan. Such Other Stock or Cash Based Awards will also be available as a payment form in the settlement of other Awards, as standalone payments and as payment in lieu of compensation to which a Participant is otherwise entitled. Other Stock or Cash Based Awards may be paid in Shares, cash or other property, as the Administrator determines. Subject to the provisions of the Plan, the Administrator will determine the terms and conditions of each Other Stock or Cash Based Award, including any purchase price, performance goal (which may be based on the Performance Criteria), transfer restrictions, and vesting conditions, which will be set forth in the applicable Award Agreement.

ARTICLE VIII.
ADJUSTMENTS FOR CHANGES IN COMMON STOCK AND CERTAIN OTHER EVENTS

8.1 Equity Restructuring(a) . In connection with any Equity Restructuring, notwithstanding anything to the contrary in this Article VIII, the Administrator will equitably adjust each outstanding Award as it deems appropriate to reflect the Equity Restructuring, which may include adjusting the number and type of securities subject to each outstanding Award and/or the Award's exercise price or grant price (if applicable), granting new Awards to Participants, and making a cash payment to Participants. The adjustments provided under this Section 8.1 will be nondiscretionary and final and binding on the affected Participant and the Company; provided that the Administrator will determine whether an adjustment is equitable.

8.2 Corporate Transactions. In the event of any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), reorganization, merger, consolidation, combination, amalgamation, repurchase, recapitalization, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or sale or exchange of Common Stock or other securities of the Company, Change in Control, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, other similar corporate transaction or event, other unusual or nonrecurring transaction or event affecting the Company or its financial statements or any change in any Applicable Laws or accounting principles, the Administrator, on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event (except that action to give effect to a change in Applicable Law or accounting principles may be made within a reasonable period of time after such change) and either automatically or upon the Participant's request, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to (x)

prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any Award granted or issued under the Plan, (y) to facilitate such transaction or event or (z) give effect to such changes in Applicable Laws or accounting principles:

(a) To provide for the cancellation of any such Award in exchange for either an amount of cash or other property with a value equal to the amount that could have been obtained upon the exercise or settlement of the vested portion of such Award or realization of the Participant's rights under the vested portion of such Award, as applicable; provided that, if the amount that could have been obtained upon the exercise or settlement of the vested portion of such Award or realization of the Participant's rights, in any case, is equal to or less than zero, then the Award may be terminated without payment;

(b) To provide that such Award shall vest and, to the extent applicable, be exercisable as to all shares covered thereby, notwithstanding anything to the contrary in the Plan or the provisions of such Award;

(c) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and/or applicable exercise or purchase price, in all cases, as determined by the Administrator;

(d) To make adjustments in the number and type of shares of Common Stock (or other securities or property) subject to outstanding Awards and/or with respect to which Awards may be granted under the Plan (including, but not limited to, adjustments of the limitations in Article IV hereof on the maximum number and kind of shares which may be issued) and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding Awards;

(e) To replace such Award with other rights or property selected by the Administrator; and/or

(f) To provide that the Award will terminate and cannot vest, be exercised or become payable after the applicable event.

8.3 Change in Control. Notwithstanding Section 8.2 above, if a Change in Control occurs and Awards are not continued, converted, assumed, or replaced with a comparable award (as determined by the Administrator) by (i) the Company or (ii) a successor entity or its parent or subsidiary (an "***Assumption***"), and provided that the Participant has not had a Termination of Service, then immediately prior to the Change in Control such Awards (other than any Award that is regularly scheduled to vest based on the attainment of performance-based vesting conditions) will become fully vested, exercisable and/or payable, as applicable, and all forfeiture, repurchase and other restrictions on such Awards will lapse, in which case, such Awards will be canceled upon the consummation of the Change in Control in exchange for the right to receive the Change in Control consideration payable to other holders of Common Stock, which may be on such terms and conditions as apply generally to holders of Common Stock under the Change in Control documents (including, without limitation, any escrow, earn-out or other deferred consideration provisions) or such other terms and conditions as the Administrator may provide, and determined by reference to the number of Shares subject to such Awards and net of any applicable exercise price; provided that to the extent that any Awards constitute "nonqualified deferred compensation" that may not be paid upon the Change in Control under Section 409A without the imposition of taxes thereon under Section 409A, the timing of such payments shall be governed by the applicable Award Agreement (subject to any deferred consideration provisions applicable under the Change in Control documents); and provided, further, that if

the amount to which a Participant would be entitled upon the settlement or exercise of such Award at the time of the Change in Control is equal to or less than zero, then such Award may be terminated without payment. An Award will be considered replaced with a comparable award if the Award is exchanged for an amount of cash or other property with a value equal to the amount that could have been obtained upon the settlement of such Award in such Change in Control (as determined by the Administrator), even if such cash or other property payable with respect to the unvested portion of such Award remains subject to similar vesting provisions following such Change in Control. Notwithstanding the foregoing, the Administrator will have full and final authority to determine whether an Assumption of an Award has occurred in connection with a Change in Control.

8.4 Administrative Stand Still. In the event of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other extraordinary transaction or change affecting the Shares or the share price of Common Stock, including any Equity Restructuring or any securities offering or other similar transaction, for administrative convenience, the Administrator may refuse to permit the exercise of any Award for up to sixty days before or after such transaction.

8.5 General. Except as expressly provided in the Plan or the Administrator's action under the Plan, no Participant will have any rights due to any subdivision or consolidation of Shares of any class, dividend payment, increase or decrease in the number of Shares of any class or dissolution, liquidation, merger, or consolidation of the Company or other corporation. Except as expressly provided with respect to an Equity Restructuring under Section 8.1 above or the Administrator's action under the Plan, no issuance by the Company of Shares of any class, or securities convertible into Shares of any class, will affect, and no adjustment will be made regarding, the number of Shares subject to an Award or the Award's grant or exercise price. The existence of the Plan, any Award Agreements and the Awards granted hereunder will not affect or restrict in any way the Company's right or power to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any merger, consolidation dissolution or liquidation of the Company or sale of Company assets or (iii) any sale or issuance of securities, including securities with rights superior to those of the Shares or securities convertible into or exchangeable for Shares. The Administrator may treat Participants and Awards (or portions thereof) differently under this Article VIII.

ARTICLE IX.
GENERAL PROVISIONS APPLICABLE TO AWARDS

9.1 Transferability. Except as the Administrator may determine or provide in an Award Agreement or otherwise for Awards other than Incentive Stock Options, Awards may not be sold, assigned, transferred, pledged or otherwise encumbered, either voluntarily or by operation of law, except by will or the laws of descent and distribution, or, subject to the Administrator's consent, pursuant to a domestic relations order, and, during the life of the Participant, will be exercisable only by the Participant. References to a Participant, to the extent relevant in the context, will include references to a Participant's authorized transferee that the Administrator specifically approves.

9.2 Documentation. Each Award will be evidenced in an Award Agreement, which may be written or electronic, as the Administrator determines. Each Award may contain terms and conditions in addition to those set forth in the Plan.

9.3 Discretion. Except as the Plan otherwise provides, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award to a Participant need not be identical, and the Administrator need not treat Participants or Awards (or portions thereof) uniformly.

9.4 Termination of Status. The Administrator will determine how the disability, death, retirement, authorized leave of absence or any other change or purported change in a Participant's Service Provider status affects an Award and the extent to which, and the period during which, the Participant, the Participant's legal representative, conservator, guardian or Designated Beneficiary may exercise rights under the Award, if applicable.

9.5 Withholding. Each Participant must pay the Company, or make provision satisfactory to the Administrator for payment of, any taxes required by law to be withheld in connection with such Participant's Awards by the date of the event creating the tax liability. The Company may deduct an amount sufficient to satisfy such tax obligations based on the applicable statutory withholding rates (or such other rate as may be determined by the Company after considering any accounting consequences or costs) from any payment of any kind otherwise due to a Participant. Subject to Section 10.8 and any Company insider trading policy (including blackout periods), Participants may satisfy such tax obligations (i) in cash, by wire transfer of immediately available funds, by check made payable to the order of the Company, provided that the Company may limit the use of one of the foregoing payment forms if one or more of the payment forms below is permitted, (ii) to the extent permitted by the Administrator, in whole or in part by delivery of Shares, including Shares retained from the Award creating the tax obligation, valued at their fair market value, (iii) if there is a public market for Shares at the time the tax obligations are satisfied, unless the Company otherwise determines, (A) delivery (including telephonically to the extent permitted by the Company) of an irrevocable and unconditional undertaking by a broker acceptable to the Company to deliver promptly to the Company sufficient funds to satisfy the tax obligations, or (B) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Company to deliver promptly to the Company cash or a check sufficient to satisfy the tax withholding; provided that such amount is paid to the Company at such time as may be required by the Administrator, or (iv) to the extent permitted by the Company, any combination of the foregoing payment forms approved by the Administrator. If any tax withholding obligation will be satisfied under clause (ii) of the immediately preceding sentence by the Company's retention of Shares from the Award creating the tax obligation and there is a public market for Shares at the time the tax obligation is satisfied, the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on the applicable Participant's behalf some or all of the Shares retained and to remit the proceeds of the sale to the Company or its designee, and each Participant's acceptance of an Award under the Plan will constitute the Participant's authorization to the Company and instruction and authorization to such brokerage firm to complete the transactions described in this sentence.

9.6 Amendment of Award; Repricing. The Administrator may amend, modify or terminate any outstanding Award, including by substituting another Award of the same or a different type, changing the exercise or settlement date, and converting an Incentive Stock Option to a Non-Qualified Stock Option. The Participant's consent to such action will be required unless (i) the action, taking into account any related action, does not materially and adversely affect the Participant's rights under the Award, or (ii) the change is permitted under Article VIII or pursuant to Section 10.6. Notwithstanding the foregoing or anything in the Plan to the contrary, the Administrator may not, except pursuant to Article VIII, without the approval of the stockholders of the Company, reduce the exercise price per share of outstanding Options or Stock Appreciation Rights or cancel outstanding Options or Stock Appreciation Rights in exchange for cash, other Awards or Options or Stock Appreciation Rights with an exercise price per share that is less than the exercise price per share of the original Options or Stock Appreciation Rights.

9.7 Conditions on Delivery of Stock. The Company will not be obligated to deliver any Shares under the Plan or remove restrictions from Shares previously delivered under the Plan until (i) all Award conditions have been met or removed to the Company's satisfaction, (ii) as determined by the Company, all other legal matters regarding the issuance and delivery of such Shares have been satisfied, including any

applicable securities laws and stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Administrator deems necessary or appropriate to satisfy any Applicable Laws. The Company's inability to obtain authority from any regulatory body having jurisdiction, which the Administrator determines is necessary to the lawful issuance and sale of any securities, will relieve the Company of any liability for failing to issue or sell such Shares as to which such requisite authority has not been obtained.

9.8 Acceleration. The Administrator may at any time provide that any Award will become immediately vested and fully or partially exercisable, free of some or all restrictions or conditions, or otherwise fully or partially realizable.

9.9 Additional Terms of Incentive Stock Options. The Administrator may grant Incentive Stock Options only to employees of the Company, any of its present or future parent or subsidiary corporations, as defined in Sections 424(e) or (f) of the Code, respectively, and any other entities the employees of which are eligible to receive Incentive Stock Options under the Code. If an Incentive Stock Option is granted to a Greater Than 10% Stockholder, the exercise price will not be less than 110% of the Fair Market Value on the Option's grant date, and the term of the Option will not exceed five years. All Incentive Stock Options will be subject to and construed consistently with Section 422 of the Code. By accepting an Incentive Stock Option, the Participant agrees to give prompt notice to the Company of dispositions or other transfers (other than in connection with a Change in Control) of Shares acquired under the Option made within (i) two years from the grant date of the Option or (ii) one year after the transfer of such Shares to the Participant, specifying the date of the disposition or other transfer and the amount the Participant realized, in cash, other property, assumption of indebtedness or other consideration, in such disposition or other transfer. Neither the Company nor the Administrator will be liable to a Participant, or any other party, if an Incentive Stock Option fails or ceases to qualify as an "incentive stock option" under Section 422 of the Code. Any Incentive Stock Option or portion thereof that fails to qualify as an "incentive stock option" under Section 422 of the Code for any reason, including becoming exercisable with respect to Shares having a fair market value exceeding the $100,000 limitation under Treasury Regulation Section 1.422-4, will be a Non-Qualified Stock Option.

ARTICLE X.
MISCELLANEOUS

10.1 No Right to Employment or Other Status. No person will have any claim or right to be granted an Award, and the grant of an Award will not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan or any Award, except as expressly provided in an Award Agreement.

10.2 No Rights as Stockholder; Certificates. Subject to the Award Agreement, no Participant or Designated Beneficiary will have any rights as a stockholder with respect to any Shares to be distributed under an Award until becoming the record holder of such Shares. Notwithstanding any other provision of the Plan, unless the Administrator otherwise determines or Applicable Laws require, the Company will not be required to deliver to any Participant certificates evidencing Shares issued in connection with any Award and instead such Shares may be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator). The Company may place legends on stock certificates issued under the Plan that the Administrator deems necessary or appropriate to comply with Applicable Laws.

10.3 Effective Date and Term of Plan. Unless earlier terminated by the Board, the Plan will become effective on the Pricing Date and will remain in effect until the tenth anniversary of the earlier of

(i) the date the Board adopted the Plan or (ii) the date the Company's stockholders approved the Plan, but Awards previously granted may extend beyond that date in accordance with the Plan.

10.4 Amendment of Plan. The Administrator may amend, suspend or terminate the Plan at any time; provided that no amendment, other than an increase to the Overall Share Limit, may materially and adversely affect any Award outstanding at the time of such amendment without the affected Participant's consent. No Awards may be granted under the Plan during any suspension period or after Plan termination. Awards outstanding at the time of any Plan suspension or termination will continue to be governed by the Plan and the Award Agreement, as in effect before such suspension or termination. The Board will obtain stockholder approval of any Plan amendment to the extent necessary to comply with Applicable Laws.

10.5 Provisions for Foreign Participants. The Administrator may modify Awards granted to Participants who are foreign nationals or employed outside the United States or establish subplans or procedures under the Plan to address differences in laws, rules, regulations or customs of such foreign jurisdictions with respect to tax, securities, currency, employee benefit or other matters.

10.6 Section 409A.

(a) General. The Company intends that all Awards be structured to comply with, or be exempt from, Section 409A, such that no adverse tax consequences, interest, or penalties under Section 409A apply. Notwithstanding anything in the Plan or any Award Agreement to the contrary, the Administrator may, without a Participant's consent, amend this Plan or Awards, adopt policies and procedures, or take any other actions (including amendments, policies, procedures and retroactive actions) as are necessary or appropriate to preserve the intended tax treatment of Awards, including any such actions intended to (A) exempt this Plan or any Award from Section 409A, or (B) comply with Section 409A, including regulations, guidance, compliance programs and other interpretative authority that may be issued after an Award's grant date. The Company makes no representations or warranties as to an Award's tax treatment under Section 409A or otherwise. The Company will have no obligation under this Section 10.6 or otherwise to avoid the taxes, penalties or interest under Section 409A with respect to any Award and will have no liability to any Participant or any other person if any Award, compensation or other benefits under the Plan are determined to constitute noncompliant "nonqualified deferred compensation" subject to taxes, penalties or interest under Section 409A.

(b) Separation from Service. If an Award constitutes "nonqualified deferred compensation" under Section 409A, any payment or settlement of such Award upon a termination of a Participant's Service Provider relationship will, to the extent necessary to avoid taxes under Section 409A, be made only upon the Participant's "separation from service" (within the meaning of Section 409A), whether such "separation from service" occurs upon or after the termination of the Participant's Service Provider relationship. For purposes of this Plan or any Award Agreement relating to any such payments or benefits, references to a "termination," "termination of employment" or like terms means a "separation from service."

(c) Payments to Specified Employees. Notwithstanding any contrary provision in the Plan or any Award Agreement, any payment(s) of "nonqualified deferred compensation" required to be made under an Award to a "specified employee" (as defined under Section 409A and as the Administrator determines) due to his or her "separation from service" will, to the extent necessary to avoid taxes under Section 409A(a)(2)(B)(i) of the Code, be delayed for the six-month period immediately following such "separation from service" (or, if earlier, until the specified employee's death) and will instead be paid (as set forth in the Award Agreement) on the day immediately following such six-month period or as soon as administratively practicable thereafter (without interest). Any payments of "nonqualified deferred

compensation" under such Award payable more than six months following the Participant's "separation from service" will be paid at the time or times the payments are otherwise scheduled to be made.

10.7 Limitations on Liability. Notwithstanding any other provisions of the Plan, no individual acting as a director, officer, other employee or agent of the Company or any Subsidiary will be liable to any Participant, former Participant, spouse, beneficiary, or any other person for any claim, loss, liability, or expense incurred in connection with the Plan or any Award, and such individual will not be personally liable with respect to the Plan because of any contract or other instrument executed in his or her capacity as an Administrator, director, officer, other employee or agent of the Company or any Subsidiary. The Company will indemnify and hold harmless each director, officer, other employee and agent of the Company or any Subsidiary that has been or will be granted or delegated any duty or power relating to the Plan's administration or interpretation, against any cost or expense (including attorneys' fees) or liability (including any sum paid in settlement of a claim with the Administrator's approval) arising from any act or omission concerning this Plan unless arising from such person's own fraud or bad faith.

10.8 Lock-Up Period. The Company may, at the request of any underwriter representative or otherwise, in connection with registering the offering of any Company securities under the Securities Act, prohibit Participants from, directly or indirectly, selling or otherwise transferring any Shares or other Company securities during a period of up to one hundred eighty days following the effective date of a Company registration statement filed under the Securities Act, or such longer period as determined by the underwriter.

10.9 Data Privacy. As a condition for receiving any Award, each Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this section by and among the Company and its Subsidiaries and affiliates exclusively for implementing, administering and managing the Participant's participation in the Plan. The Company and its Subsidiaries and affiliates may hold certain personal information about a Participant, including the Participant's name, address and telephone number; birthdate; social security, insurance number or other identification number; salary; nationality; job title(s); any Shares held in the Company or its Subsidiaries and affiliates; and Award details, to implement, manage and administer the Plan and Awards (the "***Data***"). The Company and its Subsidiaries and affiliates may transfer the Data amongst themselves as necessary to implement, administer and manage a Participant's participation in the Plan, and the Company and its Subsidiaries and affiliates may transfer the Data to third parties assisting the Company with Plan implementation, administration and management. These recipients may be located in the Participant's country, or elsewhere, and the Participant's country may have different data privacy laws and protections than the recipients' country. By accepting an Award, each Participant authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, to implement, administer and manage the Participant's participation in the Plan, including any required Data transfer to a broker or other third party with whom the Company or the Participant may elect to deposit any Shares. The Data related to a Participant will be held only as long as necessary to implement, administer, and manage the Participant's participation in the Plan. A Participant may, at any time, view the Data that the Company holds regarding such Participant, request additional information about the storage and processing of the Data regarding such Participant, recommend any necessary corrections to the Data regarding the Participant or refuse or withdraw the consents in this Section 10.9 in writing, without cost, by contacting the local human resources representative. The Company may cancel Participant's ability to participate in the Plan and, in the Administrator's discretion, the Participant may forfeit any outstanding Awards if the Participant refuses or withdraws the consents in this Section 10.9. For more information on the consequences of refusing or withdrawing consent, Participants may contact their local human resources representative.

10.10 Severability. If any portion of the Plan or any action taken under it is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Plan, and the Plan will be construed and enforced as if the illegal or invalid provisions had been excluded, and the illegal or invalid action will be null and void.

10.11 Governing Documents. If any contradiction occurs between the Plan and any Award Agreement or other written agreement between a Participant and the Company (or any Subsidiary) that the Administrator has approved, the Plan will govern, unless it is expressly specified in such Award Agreement or other written document that a specific provision of the Plan will not apply.

10.12 Governing Law. The Plan and all Awards will be governed by and interpreted in accordance with the laws of the State of Delaware, disregarding any state's choice-of-law principles requiring the application of a jurisdiction's laws other than the State of Delaware.

10.13 Claw-back Provisions. All Awards (including any proceeds, gains or other economic benefit the Participant actually or constructively receives upon receipt or exercise of any Award or the receipt or resale of any Shares underlying the Award) will be subject to any Company claw-back policy, including any claw-back policy adopted to comply with Applicable Laws (including the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder) as set forth in such claw-back policy or the Award Agreement.

10.14 Titles and Headings. The titles and headings in the Plan are for convenience of reference only and, if any conflict, the Plan's text, rather than such titles or headings, will control.

10.15 Conformity to Securities Laws. Participant acknowledges that the Plan is intended to conform to the extent necessary with Applicable Laws. Notwithstanding anything herein to the contrary, the Plan and all Awards will be administered only in conformance with Applicable Laws. To the extent Applicable Laws permit, the Plan and all Award Agreements will be deemed amended as necessary to conform to Applicable Laws.

10.16 Relationship to Other Benefits. No payment under the Plan will be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except as expressly provided in writing in such other plan or an agreement thereunder.

10.17 Broker-Assisted Sales. In the event of a broker-assisted sale of Shares in connection with the payment of amounts owed by a Participant under or with respect to the Plan or Awards, including amounts to be paid under the final sentence of Section 9.5: (a) any Shares to be sold through the broker-assisted sale will be sold on the day the payment first becomes due, or as soon thereafter as practicable; (b) such Shares may be sold as part of a block trade with other Participants in the Plan in which all participants receive an average price; (c) the applicable Participant will be responsible for all broker's fees and other costs of sale, and by accepting an Award, each Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (d) to the extent the Company or its designee receives proceeds of such sale that exceed the amount owed, the Company will pay such excess in cash to the applicable Participant as soon as reasonably practicable; (e) the Company and its designees are under no obligation to arrange for such sale at any particular price; and (f) in the event the proceeds of such sale are insufficient to satisfy the Participant's applicable obligation, the Participant may be required to pay immediately upon demand to the Company or its designee an amount in cash sufficient to satisfy any remaining portion of the Participant's obligation.

ARTICLE XI.
DEFINITIONS

As used in the Plan, the following words and phrases will have the following meanings:

11.1 "***Administrator***" means the Board or a Committee to the extent that the Board's powers or authority under the Plan have been delegated to such Committee.

11.2 "***Applicable Laws***" means the requirements relating to the administration of equity incentive plans under U.S. federal and state securities, tax and other applicable laws, rules and regulations, the applicable rules of any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws and rules of any foreign country or other jurisdiction where Awards are granted.

11.3 "***Award***" means, individually or collectively, a grant under the Plan of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units or Other Stock or Cash Based Awards, including any equity award granted under a prior plan that the Company has amended so that it is covered under the Plan.

11.4 "***Award Agreement***" means a written agreement evidencing an Award, which may be electronic, that contains such terms and conditions as the Administrator determines, consistent with and subject to the terms and conditions of the Plan.

11.5 "***Board***" means the Board of Directors of the Company.

11.6 "***Cause***" means (i) if a Participant is a party to a written employment or consulting agreement with the Company or any of its Subsidiaries or an Award Agreement in which the term "cause" is defined (a "***Relevant Agreement***"), "Cause" as defined in the Relevant Agreement, and (ii) if no Relevant Agreement exists, (A) the Administrator's determination that the Participant failed to substantially perform the Participant's duties (other than a failure resulting from the Participant's Disability) or failed to carry out, or comply with any lawful and reasonable directive of the Board or the Participant's immediate supervisor; (B) the Participant's unauthorized use or disclosure of confidential information or trade secrets of the Company or any of its Subsidiaries or any material breach of a written agreement between the Participant and the Company; (C) the occurrence of any act or omission by the Participant that could reasonably be expected to result in (or has resulted in) the Participant's conviction, plea of no contest, plea of nolo contendere, or imposition of unadjudicated probation for any felony or indictable offense or crime involving moral turpitude; (D) the Participant's unlawful use (including being under the influence) or possession of illegal drugs on the premises of the Company or any of its Subsidiaries or while performing the Participant's duties and responsibilities for the Company or any of its Subsidiaries; or (E) the Participant's commission of an act of fraud, embezzlement, misappropriation, misconduct, or breach of fiduciary duty against the Company or any of its Subsidiaries.

11.7 "***Change in Control***" means and includes each of the following:

(a) A transaction or series of transactions (other than an offering of Common Stock to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clauses (i) and (ii) of subsection (c) below) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of its Subsidiaries, an employee benefit plan maintained by the Company or any of its Subsidiaries or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly

acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company's securities outstanding immediately after such acquisition; or

(b) During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new Director(s) (other than a Director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in subsections (a) or (c)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "***Successor Entity***")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(ii) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (ii) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any Award (or portion of any Award) that provides for the deferral of compensation that is subject to Section 409A, to the extent required to avoid the imposition of additional taxes under Section 409A, the transaction or event described in subsection (a), (b) or (c) with respect to such Award (or portion thereof) shall only constitute a Change in Control for purposes of the payment timing of such Award if such transaction also constitutes a "change in control event," as defined in Treasury Regulation Section 1.409A-3(i)(5).

The Administrator shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto; provided that any exercise of authority in conjunction with a determination of whether a Change in Control is a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) shall be consistent with such regulation.

11.8 "***Code***" means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

11.9 "***Committee***" means one or more committees or subcommittees of the Board, which may include one or more Company directors or executive officers, to the extent Applicable Laws permit. To the extent required to comply with the provisions of Rule 16b-3, it is intended that each member of the Committee will be, at the time the Committee takes any action with respect to an Award that is subject to Rule 16b-3, a "non-employee director" within the meaning of Rule 16b-3; however, a Committee member's failure to qualify as a "non-employee director" within the meaning of Rule 16b-3 will not invalidate any Award granted by the Committee that is otherwise validly granted under the Plan.

11.10 "***Common Stock***" means the Class A common stock of the Company.

11.11 "***Company***" means Vertex, Inc., a Delaware corporation, or any successor.

11.12 "***Consultant***" means any person, including any adviser, engaged by the Company or its parent or Subsidiary to render services to such entity if the consultant or adviser: (i) renders bona fide services to the Company; (ii) renders services not in connection with the offer or sale of securities in a capital-raising transaction and does not directly or indirectly promote or maintain a market for the Company's securities; and (iii) is a natural person.

11.13 "***Designated Beneficiary***" means the beneficiary or beneficiaries the Participant designates, in a manner the Administrator determines, to receive amounts due or exercise the Participant's rights if the Participant dies or becomes incapacitated. Without a Participant's effective designation, "Designated Beneficiary" will mean the Participant's estate.

11.14 "***Director***" means a Board member.

11.15 "***Disability***" means a permanent and total disability under Section 22(e)(3) of the Code, as amended.

11.16 "***Dividend Equivalents***" means a right granted to a Participant under the Plan to receive the equivalent value (in cash or Shares) of dividends paid on Shares.

11.17 "***Employee***" means any employee of the Company or its Subsidiaries.

11.18 "***Equity Restructuring***" means a nonreciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off or recapitalization through a large, nonrecurring cash dividend, that affects the number or kind of Shares (or other Company securities) or the share price of Common Stock (or other Company securities) and causes a change in the per share value of the Common Stock underlying outstanding Awards.

11.19 "***Exchange Act***" means the Securities Exchange Act of 1934, as amended.

11.20 "***Fair Market Value***" means, as of any date, the value of Common Stock determined as follows: (i) if the Common Stock is listed on any established stock exchange, its Fair Market Value will be the closing sales price for such Common Stock as quoted on such exchange for such date, or if no sale occurred on such date, the last day preceding such date during which a sale occurred, as reported in The Wall Street Journal or another source the Administrator deems reliable; (ii) if the Common Stock is not traded on a stock exchange but is quoted on a national market or other quotation system, the closing sales price on such date, or if no sales occurred on such date, then on the last date preceding such date during which a sale occurred, as reported in The Wall Street Journal or another source the Administrator deems reliable; or (iii) in any case the Administrator may determine the Fair Market Value in its discretion. Notwithstanding the foregoing, with respect to any Award granted on the Pricing Date, the Fair Market

Value shall mean the initial public offering price of a Share as set forth in the Company's final prospectus relating to its initial public offering filed with the Securities and Exchange Commission.

11.21 "***Greater Than 10% Stockholder***" means an individual then owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or its parent or subsidiary corporation, as defined in Section 424(e) and (f) of the Code, respectively.

11.22 "***Incentive Stock Option***" means an Option intended to qualify as an "incentive stock option" as defined in Section 422 of the Code.

11.23 "***Non-Qualified Stock Option***" means an Option not intended or not qualifying as an Incentive Stock Option.

11.24 "***Option***" means an option to purchase Shares.

11.25 "***Other Stock or Cash Based Awards***" means cash awards, awards of Shares, and other awards valued wholly or partially by referring to, or are otherwise based on, Shares or other property.

11.26 "***Overall Share Limit***" means the sum of (i) 8,000,000 Shares and (ii) an annual increase on the first day of each calendar year beginning January 1, 2021 and ending on and including January 1, 2030, equal to the lesser of (A) 4% of the aggregate number of shares of common stock of the Company outstanding on the final day of the immediately preceding calendar year and (B) such smaller number of Shares as is determined by the Board.

11.27 "***Participant***" means a Service Provider who has been granted an Award.

11.28 "***Performance Criteria***" mean the criteria (and adjustments) that the Administrator may select for an Award to establish performance goals for a performance period, which may include the following: net earnings or losses (either before or after one or more of interest, taxes, depreciation, amortization, and non-cash equity-based compensation expense); gross or net sales or revenue or sales or revenue growth; net income (either before or after taxes) or adjusted net income; profits (including but not limited to gross profits, net profits, profit growth, net operation profit or economic profit), profit return ratios or operating margin; budget or operating earnings (either before or after taxes or before or after allocation of corporate overhead and bonus); cash flow (including operating cash flow and free cash flow or cash flow return on capital); return on assets; return on capital or invested capital; cost of capital; return on stockholders' equity; total stockholder return; return on sales; costs, reductions in costs and cost control measures; expenses; working capital; earnings or loss per share; adjusted earnings or loss per share; price per share or dividends per share (or appreciation in or maintenance of such price or dividends); regulatory achievements or compliance; implementation, completion or attainment of objectives relating to research, development, regulatory, commercial, or strategic milestones or developments; market share; economic value or economic value added models; division, group or corporate financial goals; customer satisfaction/growth; customer service; employee satisfaction; recruitment and maintenance of personnel; human resources management; supervision of litigation and other legal matters; strategic partnerships and transactions; financial ratios (including those measuring liquidity, activity, profitability or leverage); debt levels or reductions; sales-related goals; financing and other capital raising transactions; cash on hand; acquisition activity; investment sourcing activity; and marketing initiatives, any of which may be measured in absolute terms or as compared to any incremental increase or decrease. Such performance goals also may be based solely by reference to the Company's performance or the performance of a Subsidiary, division, business segment or business unit of the Company or a Subsidiary, or based upon performance relative to performance of other companies or upon comparisons of any of the indicators of performance relative to

performance of other companies. The Committee may provide for exclusion of the impact of an event or occurrence which the Committee determines should appropriately be excluded, including (a) restructurings, discontinued operations, extraordinary items, and other unusual, infrequently occurring or non-recurring charges or events, (b) asset write-downs, (c) litigation or claim judgments or settlements, (d) acquisitions or divestitures, (e) reorganization or change in the corporate structure or capital structure of the Company, (f) an event either not directly related to the operations of the Company, Subsidiary, division, business segment or business unit or not within the reasonable control of management, (g) foreign exchange gains and losses, (h) a change in the fiscal year of the Company, (i) the refinancing or repurchase of bank loans or debt securities, (j) unbudgeted capital expenditures, (k) the issuance or repurchase of equity securities and other changes in the number of outstanding shares, (l) conversion of some or all of convertible securities to Common Stock, (m) any business interruption event (n) the cumulative effects of tax or accounting changes in accordance with U.S. generally accepted accounting principles, or (o) the effect of changes in other laws or regulatory rules affecting reported results.

11.29 "***Plan***" means this 2020 Incentive Award Plan.

11.30 "***Pricing Date***" means the date upon which the Company's Registration Statement on Form S-1 filed with the Securities and Exchange Commission relating to the registered underwritten public offering of shares of Common Stock becomes effective.

11.31 "***Restricted Stock***" means Shares awarded to a Participant under Article VI subject to certain vesting conditions and other restrictions.

11.32 "***Restricted Stock Unit***" means an unfunded, unsecured right to receive, on the applicable settlement date, one Share or an amount in cash or other consideration determined by the Administrator to be of equal value as of such settlement date, subject to certain vesting conditions and other restrictions.

11.33 "***Rule 16b-3***" means Rule 16b-3 promulgated under the Exchange Act.

11.34 "***Section 409A***" means Section 409A of the Code and all regulations, guidance, compliance programs and other interpretative authority thereunder.

11.35 "***Securities Act***" means the Securities Act of 1933, as amended.

11.36 "***Service Provider***" means an Employee, Consultant or Director.

11.37 "***Shares***" means shares of Common Stock.

11.38 "***Stock Appreciation Right***" means a stock appreciation right granted under Article V.

11.39 "***Subsidiary***" means any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain beneficially owns, at the time of the determination, securities or interests representing at least 50% of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

11.40 "***Substitute Awards***" shall mean Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, in each case by a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines.

11.41 "***Termination of Service***" means the date the Participant ceases to be a Service Provider.

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Exhibit 10.16

VERTEX, INC.
2020 INCENTIVE AWARD PLAN

STOCK OPTION GRANT NOTICE

Capitalized terms not specifically defined in this Stock Option Grant Notice (the "***Grant Notice***") have the meanings given to them in the 2020 Incentive Award Plan (as amended from time to time, the "***Plan***") of Vertex, Inc. (the "***Company***").

The Company has granted to the participant listed below ("***Participant***") the stock option described in this Grant Notice (the "***Option***"), subject to the terms and conditions of the Plan and the Stock Option Agreement attached as **Exhibit A** (the "***Agreement***"), both of which are incorporated into this Grant Notice by reference.

Participant:	
Grant Date:	
Exercise Price per Share:	
Shares Subject to the Option:	
Final Expiration Date:	
Vesting Commencement Date:	
Vesting Schedule:	[To be specified in individual award agreements]
Type of Option	[Incentive Stock Option/Non-Qualified Stock Option]

By Participant's signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

VERTEX, INC.	**PARTICIPANT**
By: _____	_____
Name: _____	[Participant Name]
Title: _____	

Exhibit A

STOCK OPTION AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

ARTICLE I.
GENERAL

1.1 Grant of Option. The Company has granted to Participant the Option effective as of the grant date set forth in the Grant Notice (the "***Grant Date***").

1.2 Incorporation of Terms of Plan. The Option is subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

ARTICLE II.
PERIOD OF EXERCISABILITY

2.1 Commencement of Exercisability. The Option will vest and become exercisable according to the vesting schedule in the Grant Notice (the "***Vesting Schedule***") except that any fraction of a Share as to which the Option would be vested or exercisable will be accumulated and will vest and become exercisable only when a whole Share has accumulated. Notwithstanding anything in the Grant Notice, the Plan or this Agreement to the contrary, unless the Administrator otherwise determines, the Option will immediately expire and be forfeited as to any portion that is not vested and exercisable as of Participant's Termination of Service for any reason.

2.2 Duration of Exercisability. The Vesting Schedule is cumulative. Any portion of the Option which vests and becomes exercisable will remain vested and exercisable until the Option expires. The Option will be forfeited immediately upon its expiration.

2.3 Expiration of Option. The Option may not be exercised to any extent by anyone after, and will expire on, the first of the following to occur:

(a) The final expiration date in the Grant Notice;

(b) Except as the Administrator may otherwise approve, the expiration of three (3) months from the date of Participant's Termination of Service, unless Participant's Termination of Service is for Cause or by reason of Participant's death or Disability;

(c) Except as the Administrator may otherwise approve, the expiration of one (1) year from the date of Participant's Termination of Service by reason of Participant's death or Disability; and

(d) Except as the Administrator may otherwise approve, Participant's Termination of Service for Cause.

ARTICLE III.
EXERCISE OF OPTION

3.1 Person Eligible to Exercise. During Participant's lifetime, only Participant may exercise the Option. After Participant's death, any exercisable portion of the Option may, prior to the time the Option expires, be exercised by Participant's Designated Beneficiary as provided in the Plan.

3.2 Partial Exercise. Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised, in whole or in part, according to the procedures in the Plan at any time prior to the time the Option or portion thereof expires, except that the Option may only be exercised for whole Shares.

3.3 Tax Withholding.

(a) The Company has the right and option, but not the obligation, to treat Participant's failure to provide timely payment in accordance with the Plan of any withholding tax arising in connection with the Option as Participant's election to satisfy all or any portion of the withholding tax by requesting the Company retain Shares otherwise issuable under the Option.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the Option, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the Option. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or exercise of the Option or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the Option to reduce or eliminate Participant's tax liability.

ARTICLE IV.
OTHER PROVISIONS

4.1 Adjustments. Participant acknowledges that the Option is subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

4.2 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant (or, if Participant is then deceased, to the person entitled to exercise the Option) at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

4.3 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.4 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

4.5 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.6 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement and the Option will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

4.7 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

4.8 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.9 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the Option, and rights no greater than the right to receive the Shares as a general unsecured creditor with respect to the Option, as and when exercised pursuant to the terms hereof.

4.10 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

4.11 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

4.12 Incentive Stock Options. If the Option is designated as an Incentive Stock Option:

(a) Participant acknowledges that to the extent the aggregate fair market value of shares (determined as of the time the option with respect to the shares is granted) with respect to which stock options intended to qualify as "incentive stock options" under Section 422 of the Code, including the Option, are exercisable for the first time by Participant during any calendar year exceeds $100,000 or if for any other reason such stock options do not qualify or cease to qualify for treatment as "incentive stock options" under Section 422 of the Code, such stock options (including the Option) will be treated as non-qualified stock options. Participant further acknowledges that the rule set forth in the preceding

sentence will be applied by taking the Option and other stock options into account in the order in which they were granted, as determined under Section 422(d) of the Code. Participant acknowledges that amendments or modifications made to the Option pursuant to the Plan that would cause the Option to become a Non-Qualified Stock Option will not materially or adversely affect Participant's rights under the Option, and that any such amendment or modification shall not require Participant's consent. Participant also acknowledges that if the Option is exercised more than three (3) months after Participant's Termination of Service as an Employee, other than by reason of death or disability, the Option will be taxed as a Non-Qualified Stock Option.

(b) Participant will give prompt written notice to the Company of any disposition or other transfer of any Shares acquired under this Agreement if such disposition or other transfer is made (a) within two (2) years from the Grant Date or (b) within one (1) year after the transfer of such Shares to Participant. Such notice will specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by Participant in such disposition or other transfer.

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Exhibit 10.17

VERTEX, INC.
2020 INCENTIVE AWARD PLAN

RESTRICTED STOCK GRANT NOTICE

Capitalized terms not specifically defined in this Restricted Stock Grant Notice (the "***Grant Notice***") have the meanings given to them in the 2020 Incentive Award Plan (as amended from time to time, the "***Plan***") of Vertex, Inc. (the "***Company***").

The Company has granted to the participant listed below ("***Participant***") the shares of Restricted Stock described in this Grant Notice (the "***Restricted Shares***"), subject to the terms and conditions of the Plan and the Restricted Stock Agreement attached as **Exhibit A** (the "***Agreement***"), both of which are incorporated into this Grant Notice by reference.

Participant:
Grant Date:
Number of Restricted Shares:
Vesting Commencement Date:
Vesting Schedule: [To be specified in individual award agreements]

By Participant's signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

VERTEX, INC.	**PARTICIPANT**
By: _____	_____
Name: _____	[Participant Name]
Title: _____	

RESTRICTED STOCK AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

ARTICLE I.
GENERAL

1.1 Issuance of Restricted Shares. The Company will issue the Restricted Shares to the Participant effective as of the grant date set forth in the Grant Notice and will cause (a) a stock certificate or certificates representing the Restricted Shares to be registered in Participant's name or (b) the Restricted Shares to be held in book-entry form. If a stock certificate is issued, the certificate will be delivered to, and held in accordance with this Agreement by, the Company or its authorized representatives and will bear the restrictive legends required by this Agreement. If the Restricted Shares are held in book-entry form, then the book-entry will indicate that the Restricted Shares are subject to the restrictions of this Agreement.

1.2 Incorporation of Terms of Plan. The Restricted Shares are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

ARTICLE II.
VESTING, FORFEITURE AND ESCROW

2.1 Vesting. The Restricted Shares will become vested Shares (the "***Vested Shares***") according to the vesting schedule in the Grant Notice except that any fraction of a Share that would otherwise become a Vested Share will be accumulated and will become a Vested Share only when a whole Vested Share has accumulated.

2.2 Forfeiture. In the event of Participant's Termination of Service for any reason, Participant will immediately and automatically forfeit to the Company any Shares that are not Vested Shares (the "***Unvested Shares***") at the time of Participant's Termination of Service, except as otherwise determined by the Administrator or provided in a binding written agreement between Participant and the Company. Upon forfeiture of Unvested Shares, the Company will become the legal and beneficial owner of the Unvested Shares and all related interests and Participant will have no further rights with respect to the Unvested Shares.

2.3 Escrow.

(a) Unvested Shares will be held by the Company or its authorized representatives until (i) they are forfeited, (ii) they become Vested Shares or (iii) this Agreement is no longer in effect. By accepting this Award, Participant appoints the Company and its authorized representatives as Participant's attorney(s)-in-fact to take all actions necessary to effect any transfer of forfeited Unvested Shares (and Retained Distributions (as defined below), if any, paid on such forfeited Unvested Shares) to the Company as may be required pursuant to the Plan or this Agreement and to execute such representations or other documents or assurances as the Company or such representatives deem necessary or advisable in connection with any such transfer. The Company, or its authorized representative, will not be liable for any good faith act or omission with respect to the holding in escrow or transfer of the Restricted Shares.

(b) All cash dividends and other distributions made or declared with respect to Unvested Shares ("***Retained Distributions***") will be held by the Company until the time (if ever) when the Unvested Shares to which such Retained Distributions relate become Vested Shares. The Company will establish a separate Retained Distribution bookkeeping account ("***Retained Distribution Account***") for each Unvested Share with respect to which Retained Distributions have been made or declared in cash and credit the Retained Distribution Account (without interest) on the date of payment with the amount of such cash made or declared with respect to the Unvested Share. Retained Distributions (including any Retained Distribution Account balance) will immediately and automatically be forfeited upon forfeiture of the Unvested Share with respect to which the Retained Distributions were paid or declared.

(c) As soon as reasonably practicable following the date on which an Unvested Share becomes a Vested Share, the Company will (i) cause the certificate (or a new certificate without the legend required by this Agreement, if Participant so requests) representing the Share to be delivered to Participant or, if the Share is held in book-entry form, cause the notations indicating the Share is subject to the restrictions of this Agreement to be removed and (ii) pay to Participant the Retained Distributions relating to the Share.

2.4 Rights as Stockholder. Except as otherwise provided in this Agreement or the Plan, upon issuance of the Restricted Shares by the Company, Participant will have all the rights of a stockholder with respect to the Restricted Shares, including the right to vote the Restricted Shares and to receive dividends or other distributions paid or made with respect to the Restricted Shares.

ARTICLE III.
TAXATION AND TAX WITHHOLDING

3.1 Representation. Participant represents to the Company that Participant has reviewed with Participant's own tax advisors the tax consequences of the Restricted Shares and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

3.2 Section 83(b) Election. If Participant makes an election under Section 83(b) of the Code with respect to the Restricted Shares, Participant will deliver a copy of the election to the Company promptly after filing the election with the Internal Revenue Service.

3.3 Tax Withholding.

(a) The Company has the right and option, but not the obligation, to treat Participant's failure to provide timely payment in accordance with the Plan of any withholding tax arising in connection with the Restricted Shares as Participant's election to satisfy all or any portion of the withholding tax by requesting the Company retain Shares otherwise deliverable under the Award.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the Restricted Shares, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the Restricted Shares. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the Restricted Shares or the subsequent sale of the Restricted Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure this Award to reduce or eliminate Participant's tax liability.

ARTICLE IV.
RESTRICTIVE LEGENDS AND TRANSFERABILITY

4.1 Legends. Any certificate representing a Restricted Share will bear the following legend until the Restricted Share becomes a Vested Share:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO FORFEITURE IN FAVOR OF THE COMPANY AND MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF A RESTRICTED STOCK AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

4.2 Transferability. The Restricted Shares and any Retained Distributions are subject to the restrictions on transfer in the Plan and may not be sold, assigned or transferred in any manner unless and until they become Vested Shares. Any attempted transfer or disposition of Unvested Shares or related Retained Distributions prior to the time the Unvested Shares become Vested Shares will be null and void. The Company will not be required to (a) transfer on its books any Restricted Share that has been sold or otherwise transferred in violation of this Agreement or (b) treat as owner of such Restricted Share or accord the right to vote or pay dividends to any purchaser or other transferee to whom such Restricted Share has been so transferred. The Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, or make appropriate notations to the same effect in its records.

ARTICLE V.
OTHER PROVISIONS

5.1 Adjustments. Participant acknowledges that the Restricted Shares are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

5.2 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

5.3 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

5.4 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

5.5 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in this Agreement or the

Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

5.6 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement and the Restricted Shares will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

5.7 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

5.8 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

5.9 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the Award.

5.10 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

5.11 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

* * * * *

Exhibit 10.18

VERTEX, INC.
2020 INCENTIVE AWARD PLAN

RESTRICTED STOCK UNIT GRANT NOTICE

Capitalized terms not specifically defined in this Restricted Stock Unit Grant Notice (the "***Grant Notice***") have the meanings given to them in the 2020 Incentive Award Plan (as amended from time to time, the "***Plan***") of Vertex, Inc. (the "***Company***").

The Company has granted to the participant listed below ("***Participant***") the Restricted Stock Units described in this Grant Notice (the "***RSUs***"), subject to the terms and conditions of the Plan and the Restricted Stock Unit Agreement attached as **Exhibit A** (the "***Agreement***"), both of which are incorporated into this Grant Notice by reference.

Participant:

Grant Date:

Number of RSUs:

Vesting Commencement Date:

Vesting Schedule: [To be specified in individual award agreements]

By Participant's signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

VERTEX, INC.	**PARTICIPANT**
By: _____	_____
	[Participant Name]
Name: _____	
Title: _____	

Exhibit A

RESTRICTED STOCK UNIT AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

ARTICLE I.
GENERAL

1.1 Award of RSUs and Dividend Equivalents.

(a) The Company has granted the RSUs to Participant effective as of the grant date set forth in the Grant Notice (the "***Grant Date***"). Each RSU represents the right to receive one Share or, at the option of the Company, an amount of cash, in either case, as set forth in this Agreement. Participant will have no right to the distribution of any Shares or payment of any cash until the time (if ever) the RSUs have vested.

(b) The Company hereby grants to Participant, with respect to each RSU, a Dividend Equivalent for ordinary cash dividends paid to substantially all holders of outstanding Shares with a record date after the Grant Date and prior to the date the applicable RSU is settled, forfeited or otherwise expires. Each Dividend Equivalent entitles Participant to receive the equivalent value of any such ordinary cash dividends paid on a single Share. The Company will establish a separate Dividend Equivalent bookkeeping account (a "***Dividend Equivalent Account***") for each Dividend Equivalent and credit the Dividend Equivalent Account (without interest) on the applicable dividend payment date with the amount of any such cash paid.

1.2 Incorporation of Terms of Plan. The RSUs are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

1.3 Unsecured Promise. The RSUs and Dividend Equivalents will at all times prior to settlement represent an unsecured Company obligation payable only from the Company's general assets.

ARTICLE II.
VESTING; FORFEITURE AND SETTLEMENT

2.1 Vesting; Forfeiture. The RSUs will vest according to the vesting schedule in the Grant Notice except that any fraction of an RSU that would otherwise be vested will be accumulated and will vest only when a whole RSU has accumulated. In the event of Participant's Termination of Service for any reason, all unvested RSUs will immediately and automatically be cancelled and forfeited, except as otherwise determined by the Administrator or provided in a binding written agreement between Participant and the Company. Dividend Equivalents (including any Dividend Equivalent Account balance) will vest or be forfeited, as applicable, upon the vesting or forfeiture of the RSU with respect to which the Dividend Equivalent (including the Dividend Equivalent Account) relates.

2.2 Settlement.

(a) RSUs and Dividend Equivalents (including any Dividend Equivalent Account balance) will be paid in Shares or cash at the Company's option as soon as administratively practicable after the vesting of the applicable RSU, but in no event more than sixty (60) days after the RSU's vesting date. Notwithstanding the foregoing, the Company may delay any payment under this Agreement that the Company reasonably determines would violate Applicable Law until the earliest date the Company

reasonably determines the making of the payment will not cause such a violation (in accordance with Treasury Regulation Section 1.409A-2(b)(7)(ii)), provided the Company reasonably believes the delay will not result in the imposition of excise taxes under Section 409A.

(b) If an RSU is paid in cash, the amount of cash paid with respect to the RSU will equal the Fair Market Value of a Share on the day immediately preceding the payment date. If a Dividend Equivalent is paid in Shares, the number of Shares paid with respect to the Dividend Equivalent will equal the quotient, rounded down to the nearest whole Share, of the Dividend Equivalent Account balance divided by the Fair Market Value of a Share on the day immediately preceding the payment date.

ARTICLE III.
TAXATION AND TAX WITHHOLDING

3.1 Representation. Participant represents to the Company that Participant has reviewed with Participant's own tax advisors the tax consequences of this Award and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

3.2 Tax Withholding.

(a) The Company has the right and option, but not the obligation, to treat Participant's failure to provide timely payment in accordance with the Plan of any withholding tax arising in connection with the RSUs or Dividend Equivalents as Participant's election to satisfy all or any portion of the withholding tax by requesting the Company retain Shares otherwise issuable under the Award.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the RSUs and the Dividend Equivalents, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the RSUs or Dividend Equivalents. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the RSUs or the Dividend Equivalents or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the RSUs or Dividend Equivalents to reduce or eliminate Participant's tax liability.

ARTICLE IV.
OTHER PROVISIONS

4.1 Adjustments. Participant acknowledges that the RSUs, the Shares subject to the RSUs and the Dividend Equivalents are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

4.2 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

4.3 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.4 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

4.5 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.6 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement, the RSUs and the Dividend Equivalents will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

4.7 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

4.8 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.9 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs and Dividend Equivalents, and rights no greater than the right to receive cash or the Shares as a general unsecured creditor with respect to the RSUs and Dividend Equivalents, as and when settled pursuant to the terms of this Agreement.

4.10 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

4.11 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

* * * * *

Exhibit 10.19

VERTEX, INC.
2020 INCENTIVE AWARD PLAN

STOCK GRANT NOTICE

Capitalized terms not specifically defined in this Stock Grant Notice (the "***Grant Notice***") have the meanings given to them in the 2020 Incentive Award Plan (as amended from time to time, the "***Plan***") of Vertex, Inc. (the "***Company***").

The Company has granted to the participant listed below ("***Participant***") the shares of Common Stock described in this Grant Notice (the "***Shares***"), subject to the terms and conditions of the Plan and the Stock Agreement attached as **Exhibit A** (the "***Agreement***"), both of which are incorporated into this Grant Notice by reference.

Participant:
Grant Date:
Number of Shares:
Vesting Schedule: The Shares subject to this grant are fully vested as of the Grant Date

By Participant's signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

VERTEX, INC.	**PARTICIPANT**
By: _____	_____
Name: _____	[Participant Name]
Title: _____	

STOCK AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

ARTICLE I.
GENERAL

1.1 Issuance of Shares. The Company will issue the Shares to the Participant effective as of the grant date set forth in the Grant Notice and will cause (a) a stock certificate or certificates representing the Shares to be registered in Participant's name or (b) the Shares to be held in book-entry form.

1.2 Incorporation of Terms of Plan. The Shares are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

ARTICLE II.
TAXATION AND TAX WITHHOLDING

2.1 Representation. Participant represents to the Company that Participant has reviewed with Participant's own tax advisors the tax consequences of the Shares and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

2.2 Tax Withholding.

(a) The Company has the right and option, but not the obligation, to treat Participant's failure to provide timely payment in accordance with the Plan of any withholding tax arising in connection with the Shares as Participant's election to satisfy all or any portion of the withholding tax by requesting the Company retain Shares otherwise deliverable under the Award.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the Shares, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the Shares. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding or payment of the Shares or the subsequent sale of the Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure this Award to reduce or eliminate Participant's tax liability.

ARTICLE III.
OTHER PROVISIONS

3.1 Adjustments. Participant acknowledges that the Shares are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

3.2 Rights as Stockholder. Upon issuance of the Shares by the Company, Participant will have all the rights of a stockholder with respect to the Shares, including the right to vote the Shares and to receive dividends or other distributions paid or made with respect to the Shares.

3.3 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's

principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

3.4 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.5 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

3.6 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

3.7 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement and the Shares will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

3.8 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

3.9 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

3.10 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the Award.

3.11 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason

whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

3.12 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

* * * * *

Exhibit 10.20

VERTEX, INC.

STOCK OPTION TRANSFER AGREEMENT

This Stock Option Transfer Agreement (this "Agreement") is entered into by and among Vertex, Inc., a Delaware corporation (the "Company"), [ ] (the "Transferor") and [ ] (the "Transferee"). The Company, the Transferor and the Transferee are each sometimes referred to herein as a "Party," and collectively sometimes referred to herein as the "Parties."

RECITALS

WHEREAS, the Transferor holds options (the "Granted Options") to purchase shares of Class A common stock of the Company (the "Common Stock"), subject to the terms and conditions of the Vertex, Inc. 2020 Incentive Award Plan (the "Plan") and certain Stock Option Grant Notices and Stock Option Agreements thereunder (together, the "Stock Option Agreements"); and

WHEREAS, the Transferor desires to transfer those shares of Common Stock subject to the Granted Options as set forth on Exhibit A (such transferred Granted Options, the "Options") to the Transferee and the Company desires to consent to such transfer, all in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing recitals, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Company, the Transferor and the Transferee agree as follows:

AGREEMENT

1. Transfer of the Options.

(a) Effective as of [ ] (the "Effective Date"), the Transferor hereby transfers to the Transferee the Options (the "Transfer") and the Transferee hereby accepts the transfer of the Options by the Transferor.

(b) The Transferee and the Transferor acknowledge and agree that the Transferee has been provided copies of the Plan and the Stock Option Agreements and that the Transferee shall be bound by all of the terms and conditions of the Plan and the Stock Option Agreements as if the Transferee were the Participant (as defined in the Stock Option Agreements) and as if the Transferee had accepted the Stock Option Agreements; provided, however, that references in the Plan and the Stock Option Agreements to (A) the service of the Participant or (B) the termination of service of the Participant shall be deemed to continue to be references to (X) the service of the Transferor or (Y) the termination of service of the Transferor, as applicable, and the Transferor shall remain responsible for any withholding taxes that may be due in connection with the exercise or other disposition of the Options.

(c) The Company consents to the Transfer in accordance with Section 9.1 of the Plan. Except as expressly set forth in this Section 1(c), nothing in this Agreement shall be deemed a waiver of any of the Company's rights under the Plan or the Stock Option Agreements, including with respect to the Company's rights to withhold consent, in its discretion, to future transfers.

2. Representations and Warranties by the Transferor and Transferee.

(a) [The Transferor has delivered to the Company a true and complete copy of the instrument creating the Transferee (including all amendments thereto). [ ] is the sole trustee of the Transferee and the Transferee has been established for the benefit of the Transferor's [ ].]

(b) The Transferor hereby represents and acknowledges that the Transferor may be subject to certain federal and state tax liability in connection with the Transfer of the Options and/or the exercise of the Options. The Transferor represents that Transferor has consulted Transferor's individual tax advisor regarding the specific tax consequences of the Transfer and is not relying on any statements or representations by the Company or its advisors with respect thereto. The Transferor hereby covenants and agrees that the Transferor will be responsible for paying to the Company or its designated subsidiary any amount of any applicable withholding taxes required to be withheld with respect to the exercise or other disposition of the Options.

(c) The Transferee represents and warrants that this Agreement has been duly authorized, executed and delivered by its duly authorized representative.

3. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail, with postage and fees prepaid, addressed as follows:

(a) if to the Company, to the attention of the General Counsel of the Company at the Company's principal executive offices;

(b) if to the Transferor, to the address on file with the Company;

(c) if to the Transferee, to the address shown below beneath the Transferee's signature; or

(d) to a Party at such other address as such Party may designate in writing from time to time to the other Parties.

4. Further Instruments. The Parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this Agreement.

5. Entire Agreement. The terms of the Plan and the Stock Option Agreements are incorporated herein by reference. This Agreement, together with the Plan and the Stock Option Agreements, constitutes the entire agreement of the Parties and supersedes in its entirety all prior undertakings and agreements of the Parties with respect to the subject matter hereof.

6. Governing Law. This Agreement will be governed by and interpreted in accordance with the laws of the State of Delaware, disregarding any state's choice-of-law principles requiring the application of a jurisdiction's laws other than the State of Delaware.

7. Severability. Should any provision of this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

8. Binding Effect. The provisions of this Agreement shall be binding upon and accrue to the benefit of the Parties hereto and their respective heirs, legal representatives, successors and permitted assigns.

9. Amendment. This Agreement may be amended only by a written instrument signed by the Parties hereto.

10. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which together shall constitute one document.

[s*ignature page follows*]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

VERTEX, INC.

By: _____
Name: _____
Title: _____

TRANSFEROR

_____

_____

TRANSFEREE

By: _____
Name: _____
Title: _____

Address: _____

_____

_____

_____

EXHIBIT A

Grant Date of Granted Option	Number of Shares Subject to Granted Option	Number of Vested Shares Transferred	Number of Unvested Shares Transferred

VERTEX, INC.
2020 EMPLOYEE STOCK PURCHASE PLAN

ARTICLE I.
PURPOSE

The purpose of this Plan is to assist Eligible Employees of the Company and its Designated Subsidiaries in acquiring a stock ownership interest in the Company.

The Plan consists of two components: (i) the Section 423 Component and (ii) the Non-Section 423 Component. The Section 423 Component is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code and shall be administered, interpreted and construed in a manner consistent with the requirements of Section 423 of the Code. The Non-Section 423 Component authorizes the grant of rights which need not qualify as rights granted pursuant to an "employee stock purchase plan" under Section 423 of the Code. Rights granted under the Non-Section 423 Component shall be granted pursuant to separate Offerings containing such sub-plans, appendices, rules or procedures as may be adopted by the Administrator and designed to achieve tax, securities laws or other objectives for Eligible Employees and Designated Subsidiaries but shall not be intended to qualify as an "employee stock purchase plan" under Section 423 of the Code. Except as otherwise determined by the Administrator or provided herein, the Non-Section 423 Component will operate and be administered in the same manner as the Section 423 Component. Offerings intended to be made under the Non-Section 423 Component will be designated as such by the Administrator at or prior to the time of such Offering.

For purposes of this Plan, the Administrator may designate separate Offerings under the Plan in which Eligible Employees will participate. The terms of these Offerings need not be identical, even if the dates of the applicable Offering Period(s) in each such Offering are identical, provided that the terms of participation are the same within each separate Offering under the Section 423 Component (as determined under Section 423 of the Code). Solely by way of example and without limiting the foregoing, the Company could, but shall not be required to, provide for simultaneous Offerings under the Section 423 Component and the Non-Section 423 Component of the Plan.

ARTICLE II.
DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise.

2.1 "***Administrator***" means the entity that conducts the general administration of the Plan as provided in Article XI.

2.2 "***Agent***" means the brokerage firm, bank or other financial institution, entity or person(s), if any, engaged, retained, appointed or authorized to act as the agent of the Company or an Employee with regard to the Plan.

2.3 "***Applicable Law***" means the requirements relating to the administration of equity incentive plans under U.S. federal and state securities, tax and other applicable laws, rules and regulations, the applicable rules of any stock exchange or quotation system on which Shares are listed or quoted and the applicable laws and rules of any foreign country or other jurisdiction where rights under this Plan are granted.

2.4 "***Board***" means the Board of Directors of the Company.

2.5 "***Code***" means the U.S. Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

2.6 "***Common Stock***" means the Class A common stock of the Company and such other securities of the Company that may be substituted therefore.

2.7 "***Company***" means Vertex, Inc., a Delaware corporation, or any successor.

2.8 "***Compensation***" of an Eligible Employee means, unless otherwise determined by the Administrator, the gross base compensation or wages received by such Eligible Employee as compensation for services to the Company or any Designated Subsidiary, excluding overtime payments, sales commissions, incentive compensation, bonuses, expense reimbursements, fringe benefits and other special payments.

2.9 "***Designated Subsidiary***" means any Subsidiary designated by the Administrator in accordance with Section 11.2(b), such designation to specify whether such participation is in the Section 423 Component or Non-Section 423 Component. A Designated Subsidiary may participate in either the Section 423 Component or Non-Section 423 Component, but not both; provided that a Subsidiary that, for U.S. tax purposes, is disregarded from the Company or any Subsidiary that participates in the Section 423 Component shall automatically constitute a Designated Subsidiary that participates in the Section 423 Component.

2.10 "***Effective Date***" means the Pricing Date, provided that the Board has adopted the Plan prior to or on such date.

2.11 "***Eligible Employee***" means:

(a) an Employee who does not, immediately after any rights under this Plan are granted, own (directly or through attribution) stock possessing 5% or more of the total combined voting power or value of all classes of Shares and other securities of the Company, a Parent or a Subsidiary (as determined under Section 423(b)(3) of the Code). For purposes of the foregoing, the rules of Section 424(d) of the Code with regard to the attribution of stock ownership shall apply in determining the stock ownership of an individual, and stock that an Employee may purchase under outstanding options shall be treated as stock owned by the Employee.

(b) Notwithstanding the foregoing, the Administrator may provide in an Offering Document that an Employee shall not be eligible to participate in an Offering Period under the Section 423 Component if: (i) such Employee is a highly compensated employee within the meaning of Section 423(b)(4)(D) of the Code; (ii) such Employee has not met a service requirement designated by the Administrator pursuant to Section 423(b)(4)(A) of the Code (which service requirement may not exceed two years); (iii) such Employee's customary employment is for twenty hours per week or less; (iv) such Employee's customary employment is for less than five months in any calendar year; and/or (v) such Employee is a citizen or resident of a foreign jurisdiction and the grant of a right to purchase Shares under the Plan to such Employee would be prohibited under the laws of such foreign jurisdiction or the grant of a right to purchase Shares under the Plan to such Employee in compliance with the laws of such foreign jurisdiction would cause the Plan to violate the requirements of Section 423 of the Code, as determined by the Administrator in its sole discretion; provided, further, that any exclusion in clauses (i), (ii), (iii), (iv) or (v) shall be applied in an identical manner under each Offering Period to all Employees, in accordance with Treasury Regulation Section 1.423-2(e).

(c) Further notwithstanding the foregoing, with respect to the Non-Section 423 Component, the first sentence in this definition shall apply in determining who is an "Eligible Employee," except (i) the Administrator may limit eligibility further within the Company or a Designated Subsidiary so as to only designate some Employees of the Company or a Designated Subsidiary as Eligible Employees, and (ii) to the extent the restrictions in the first sentence in this definition are not consistent with applicable local laws, the applicable local laws shall control.

2.12 "***Employee***" means any individual who renders services to the Company or any Designated Subsidiary in the status of an employee, and, with respect to the Section 423 Component, a person who is an employee within the meaning of Section 3401(c) of the Code. For purposes of an individual's participation in, or other rights under the Plan, all determinations by the Company shall be final, binding and conclusive, notwithstanding that any court of law or governmental agency subsequently makes a contrary determination. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Company or Designated Subsidiary and meeting the requirements of Treasury Regulation Section 1.421-1(h)(2). Where the period of leave exceeds three (3) months and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated on the first day immediately following such three (3)-month period.

2.13 "***Enrollment Date***" means the first Trading Day of each Offering Period; provided that, the Enrollment Date for the Initial Offering Period shall be the Pricing Date.

2.14 "***Fair Market Value***" means, as of any date, the value of Shares determined as follows: (i) if the Shares are listed on any established stock exchange, its Fair Market Value will be the closing sales price for such Shares as quoted on such exchange for such date, or if no sale occurred on such date, the last day preceding such date during which a sale occurred, as reported in The Wall Street Journal or another source the Administrator deems reliable; (ii) if the Shares are not traded on a stock exchange but are quoted on a national market or other quotation system, the closing sales price on such date, or if no sales occurred on such date, then on the last date preceding such date during which a sale occurred, as reported in The Wall Street Journal or another source the Administrator deems reliable; (iii) without an established market for the Shares, the Administrator will determine the Fair Market Value in its discretion; or (iv) with respect to the Initial Offering Period, the Fair Market Value as specified in the Offering Document approved by the Administrator with respect to the Initial Offering Period.

2.15 "***Initial Offering Period***" means the period commencing on the Pricing Date and ending on the date set forth in the Offering Document approved by the Administrator with respect to the Initial Offering Period.

2.16 "***Non-Section 423 Component***" means those Offerings under the Plan, together with the sub-plans, appendices, rules or procedures, if any, adopted by the Administrator as a part of this Plan, in each case, pursuant to which rights to purchase Shares during an Offering Period may be granted to Eligible Employees that need not satisfy the requirements for rights to purchase Shares granted pursuant to an "employee stock purchase plan" that are set forth under Section 423 of the Code.

2.17 "***Offering***" means an offer under the Plan of a right to purchase Shares that may be exercised during an Offering Period as further described in Article IV hereof. Unless otherwise specified by the Administrator, each Offering to the Eligible Employees of the Company or a Designated Subsidiary shall be deemed a separate Offering, even if the dates and other terms of the applicable Offering Periods of each such Offering are identical, and the provisions of the Plan will separately apply to each Offering. To the extent permitted by Treas. Reg. § 1.423-2(a)(1), the terms of each separate Offering under the Section

423 Component need not be identical, provided that the terms of the Section 423 Component and an Offering thereunder together satisfy Treas. Reg. § 1.423-2(a)(2) and (a)(3).

2.18 "***Offering Document***" has the meaning given to such term in Section 4.1.

2.19 "***Offering Period***" has the meaning given to such term in Section 4.1.

2.20 "***Parent***" means any corporation, other than the Company, in an unbroken chain of corporations ending with the Company if, at the time of the determination, each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

2.21 "***Participant***" means any Eligible Employee who has executed a subscription agreement and been granted rights to purchase Shares pursuant to the Plan (or, with respect to the Initial Offering Period, those Participants specified in the Offering Document approved by the Administrator with respect to the Initial Offering Period).

2.22 "***Payday***" means the regular and recurring established day for payment of Compensation to an Employee of the Company or any Designated Subsidiary.

2.23 "***Plan***" means this 2020 Employee Stock Purchase Plan, including both the Section 423 Component and Non-Section 423 Component and any other sub-plans or appendices hereto, as amended from time to time.

2.24 "***Pricing Date***" means the date upon which the Company's Registration Statement on Form S-1 filed with the Securities and Exchange Commission relating to the underwritten public offering of shares of Common Stock becomes effective.

2.25 "***Purchase Date***" means the last Trading Day of each Offering Period or such other date as determined by the Administrator and set forth in the Offering Document.

2.26 "***Purchase Price***" means the purchase price designated by the Administrator in the applicable Offering Document (which purchase price, for purposes of the Section 423 Component, shall not be less than 85% of the Fair Market Value of a Share on the Enrollment Date or on the Purchase Date, whichever is lower); provided, however, that, in the event no purchase price is designated by the Administrator in the applicable Offering Document, the purchase price for the Offering Periods covered by such Offering Document shall be 85% of the Fair Market Value of a Share on the Enrollment Date or on the Purchase Date, whichever is lower; provided, further, that the Purchase Price may be adjusted by the Administrator pursuant to Article VIII and shall not be less than the par value of a Share.

2.27 "***Section 423 Component***" means those Offerings under the Plan, together with the sub-plans, appendices, rules or procedures, if any, adopted by the Administrator as a part of this Plan, in each case, pursuant to which rights to purchase Shares during an Offering Period may be granted to Eligible Employees that are intended to satisfy the requirements for rights to purchase Shares granted pursuant to an "employee stock purchase plan" that are set forth under Section 423 of the Code.

2.28 "***Securities Act***" means the U.S. Securities Act of 1933, as amended.

2.29 "***Share***" means a share of Common Stock.

2.30 "***Subsidiary***" means any corporation, other than the Company, in an unbroken chain of corporations beginning with the Company if, at the time of the determination, each of the corporations other than the last corporation in an unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain; provided, however, that a limited liability company or partnership may be treated as a Subsidiary to the extent either (a) such entity is treated as a disregarded entity under Treasury Regulation Section 301.7701-3(a) by reason of the Company or any other Subsidiary that is a corporation being the sole owner of such entity, or (b) such entity elects to be classified as a corporation under Treasury Regulation Section 301.7701-3(a) and such entity would otherwise qualify as a Subsidiary. In addition, with respect to the Non-Section 423 Component, Subsidiary shall include any corporate or non-corporate entity in which the Company has a direct or indirect equity interest or significant business relationship.

2.31 "***Trading Day***" means a day on which national stock exchanges in the United States are open for trading.

2.32 "***Treas. Reg.***" means U.S. Department of the Treasury regulations.

ARTICLE III.
SHARES SUBJECT TO THE PLAN

3.1 Number of Shares. Subject to Article VIII, the aggregate number of Shares that may be issued pursuant to rights granted under the Plan shall be 1,000,000 Shares. In addition to the foregoing, subject to Article VIII, on the first day of each calendar year beginning on January 1, 2021 and ending on and including January 1, 2030, the number of Shares available for issuance under the Plan shall be increased by that number of Shares equal to the lesser of (a) 1% of the aggregate number of shares of common stock of the Company outstanding on the final day of the immediately preceding calendar year and (b) such smaller number of Shares as determined by the Board. If any right granted under the Plan shall for any reason terminate without having been exercised, the Shares not purchased under such right shall again become available for issuance under the Plan. Notwithstanding anything in this Section 3.1 to the contrary, the number of Shares that may be issued or transferred pursuant to the rights granted under the Section 423 Component of the Plan shall not exceed an aggregate of 16,000,000 Shares, subject to Article VIII.

3.2 Shares Distributed. Any Shares distributed pursuant to the Plan may consist, in whole or in part, of authorized and unissued Shares, treasury shares or Shares purchased on the open market.

ARTICLE IV.
OFFERING PERIODS; OFFERING DOCUMENTS; PURCHASE DATES

4.1 Offering Periods. The Administrator may from time to time grant or provide for the grant of rights to purchase Shares under the Plan to Eligible Employees during one or more periods (each, an "***Offering Period***") selected by the Administrator. The terms and conditions applicable to each Offering Period shall be set forth in an "***Offering Document***" adopted by the Administrator, which Offering Document shall be in such form and shall contain such terms and conditions as the Administrator shall deem appropriate and shall be incorporated by reference into and made part of the Plan and shall be attached hereto as part of the Plan. The provisions of separate Offerings or Offering Periods under the Plan need not be identical.

4.2 Offering Documents. Each Offering Document with respect to an Offering Period shall specify (through incorporation of the provisions of this Plan by reference or otherwise):

(a) the length of the Offering Period, which period shall not exceed twenty-seven months;

(b) the maximum number of Shares that may be purchased by any Eligible Employee during such Offering Period, which, in the absence of a contrary designation by the Administrator, shall be 25,000 Shares; and

(c) such other provisions as the Administrator determines are appropriate, subject to the Plan.

ARTICLE V.
ELIGIBILITY AND PARTICIPATION

5.1 Eligibility. Any Eligible Employee who shall be employed by the Company or a Designated Subsidiary on a given Enrollment Date for an Offering Period shall be eligible to participate in the Plan during such Offering Period, subject to the requirements of this Article V and, for the Section 423 Component, the limitations imposed by Section 423(b) of the Code.

5.2 Enrollment in Plan.

(a) Except as otherwise set forth in an Offering Document or determined by the Administrator, an Eligible Employee may become a Participant in the Plan for an Offering Period by delivering a subscription agreement to the Company by such time prior to the Enrollment Date for such Offering Period (or such other date specified in the Offering Document) designated by the Administrator and in such form as the Company provides.

(b) Each subscription agreement shall designate a whole percentage of such Eligible Employee's Compensation to be withheld by the Company or the Designated Subsidiary employing such Eligible Employee on each Payday during the Offering Period as payroll deductions under the Plan. The percentage of Compensation designated by an Eligible Employee may not be less than 1% and may not be more than the maximum percentage specified by the Administrator in the applicable Offering Document (which percentage shall be 25% in the absence of any such designation) as payroll deductions. The payroll deductions made for each Participant shall be credited to an account for such Participant under the Plan and shall be deposited with the general funds of the Company.

(c) A Participant may increase or decrease the percentage of Compensation designated in his or her subscription agreement, subject to the limits of this Section 5.2, or may suspend his or her payroll deductions, at any time during an Offering Period; provided, however, that the Administrator may limit the number of changes a Participant may make to his or her payroll deduction elections during each Offering Period in the applicable Offering Document (and in the absence of any specific designation by the Administrator, a Participant shall be allowed to decrease (but not increase) his or her payroll deduction elections one time during each Offering Period). Any such change or suspension of payroll deductions shall be effective with the first full payroll period following five business days after the Company's receipt of the new subscription agreement (or such shorter or longer period as may be specified by the Administrator in the applicable Offering Document). In the event a Participant suspends his or her payroll deductions, such Participant's cumulative payroll deductions prior to the suspension shall remain in his or her account and shall be applied to the purchase of Shares on the next occurring Purchase Date and shall not be paid to such Participant unless he or she withdraws from participation in the Plan pursuant to Article VII.

(d) Except as otherwise set forth in an Offering Document or determined by the Administrator, a Participant may participate in the Plan only by means of payroll deduction and may not make contributions by lump sum payment for any Offering Period.

5.3 Payroll Deductions. Except as otherwise provided in the applicable Offering Document, payroll deductions for a Participant shall commence on the first Payday following the Enrollment Date and shall end on the last Payday in the Offering Period to which the Participant's authorization is applicable, unless sooner terminated by the Participant as provided in Article VII or suspended by the Participant or the Administrator as provided in Section 5.2 and Section 5.6, respectively. Notwithstanding any other provisions of the Plan to the contrary, in non-U.S. jurisdictions where participation in the Plan through payroll deductions is prohibited, the Administrator may provide that an Eligible Employee may elect to participate through contributions to the Participant's account under the Plan in a form acceptable to the Administrator in lieu of or in addition to payroll deductions; provided, however, that, for any Offering under the Section 423 Component, the Administrator shall take into consideration any limitations under Section 423 of the Code when applying an alternative method of contribution.

5.4 Effect of Enrollment. A Participant's completion of a subscription agreement will enroll such Participant in the Plan for each subsequent Offering Period on the terms contained therein until the Participant either submits a new subscription agreement, withdraws from participation under the Plan as provided in Article VII or otherwise becomes ineligible to participate in the Plan.

5.5 Limitation on Purchase of Shares. An Eligible Employee may be granted rights under the Section 423 Component only if such rights, together with any other rights granted to such Eligible Employee under "employee stock purchase plans" of the Company, any Parent or any Subsidiary, as specified by Section 423(b)(8) of the Code, do not permit such employee's rights to purchase stock of the Company or any Parent or Subsidiary to accrue at a rate that exceeds $25,000 of the fair market value of such stock (determined as of the first day of the Offering Period during which such rights are granted) for each calendar year in which such rights are outstanding at any time. This limitation shall be applied in accordance with Section 423(b)(8) of the Code.

5.6 Suspension of Payroll Deductions. Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 5.5 (with respect to the Section 423 Component) or the other limitations set forth in this Plan, a Participant's payroll deductions may be suspended by the Administrator at any time during an Offering Period. The balance of the amount credited to the account of each Participant that has not been applied to the purchase of Shares by reason of Section 423(b)(8) of the Code, Section 5.5 or the other limitations set forth in this Plan shall be paid to such Participant in one lump sum in cash as soon as reasonably practicable after the Purchase Date.

5.7 Foreign Employees. In order to facilitate participation in the Plan, the Administrator may provide for such special terms applicable to Participants who are citizens or residents of a foreign jurisdiction, or who are employed by a Designated Subsidiary outside of the United States, as the Administrator may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Except as permitted by Section 423 of the Code, with respect to the Section 423 Component, such special terms may not be more favorable than the terms of rights granted under the Section 423 Component to Eligible Employees who are residents of the United States. Such special terms may be set forth in an addendum to the Plan in the form of an appendix or sub-plan (which appendix or sub-plan may be designed to govern Offerings under the Section 423 Component or the Non-Section 423 Component, as determined by the Administrator). To the extent that the terms and conditions set forth in an appendix or sub-plan conflict with any provisions of the Plan, the provisions of the appendix or sub-plan shall govern. The adoption of any such appendix or sub-plan shall be pursuant to Section 11.2(f). Without limiting the foregoing, the Administrator is specifically authorized to adopt rules and procedures, with respect to

Participants who are foreign nationals or employed in non-U.S. jurisdictions, regarding the exclusion of particular Subsidiaries from participation in the Plan, eligibility to participate, the definition of Compensation, handling of payroll deductions or other contributions by Participants, payment of interest, conversion of local currency, data privacy security, payroll tax, withholding procedures, establishment of bank or trust accounts to hold payroll deductions or contributions.

5.8 Leave of Absence. During leaves of absence approved by the Company meeting the requirements of Treasury Regulation Section 1.421-1(h)(2) under the Code, a Participant may continue participation in the Plan by making cash payments to the Company on his or her normal Payday equal to the Participant's authorized payroll deduction.

ARTICLE VI.
GRANT AND EXERCISE OF RIGHTS

6.1 Grant of Rights. On the Enrollment Date of each Offering Period, each Eligible Employee participating in such Offering Period shall be granted a right to purchase the maximum number of Shares specified under Section 4.2, subject to the limits in Section 5.5, and shall have the right to buy, on each Purchase Date during such Offering Period (at the applicable Purchase Price), such number of whole Shares as is determined by dividing (a) such Participant's payroll deductions accumulated prior to such Purchase Date and retained in the Participant's account as of the Purchase Date, by (b) the applicable Purchase Price (rounded down to the nearest Share). The right shall expire on the last day of the Offering Period.

6.2 Exercise of Rights. On each Purchase Date, each Participant's accumulated payroll deductions and any other additional payments specifically provided for in the applicable Offering Document will be applied to the purchase of whole Shares, up to the maximum number of Shares permitted pursuant to the terms of the Plan and the applicable Offering Document, at the Purchase Price. No fractional Shares shall be issued upon the exercise of rights granted under the Plan, unless the Offering Document specifically provides otherwise. Any cash in lieu of fractional Shares remaining after the purchase of whole Shares upon exercise of a purchase right will be credited to a Participant's account and carried forward and applied toward the purchase of whole Shares for the next following Offering Period. Shares issued pursuant to the Plan may be evidenced in such manner as the Administrator may determine and may be issued in certificated form or issued pursuant to book-entry procedures.

6.3 Pro Rata Allocation of Shares. If the Administrator determines that, on a given Purchase Date, the number of Shares with respect to which rights are to be exercised may exceed (a) the number of Shares that were available for issuance under the Plan on the Enrollment Date of the applicable Offering Period, or (b) the number of Shares available for issuance under the Plan on such Purchase Date, the Administrator may in its sole discretion provide that the Company shall make a pro rata allocation of the Shares available for purchase on such Enrollment Date or Purchase Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants for whom rights to purchase Shares are to be exercised pursuant to this Article VI on such Purchase Date, and shall either (i) continue all Offering Periods then in effect, or (ii) terminate any or all Offering Periods then in effect pursuant to Article IX. The Company may make pro rata allocation of the Shares available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional Shares for issuance under the Plan by the Company's stockholders subsequent to such Enrollment Date. The balance of the amount credited to the account of each Participant that has not been applied to the purchase of Shares shall be paid to such Participant in one lump sum in cash as soon as reasonably practicable after the Purchase Date or such earlier date as determined by the Administrator.

6.4 Withholding. At the time a Participant's rights under the Plan are exercised, in whole or in part, or at the time some or all of the Shares issued under the Plan is disposed of, the Participant must make adequate provision for the Company's federal, state, or other tax withholding obligations, if any, that arise upon the exercise of the right or the disposition of the Shares. At any time, the Company may, but shall not be obligated to, withhold from the Participant's compensation or Shares received pursuant to the Plan the amount necessary for the Company to meet applicable withholding obligations, including any withholding required to make available to the Company any tax deductions or benefits attributable to sale or early disposition of Shares by the Participant.

6.5 Conditions to Issuance of Shares. The Company shall not be required to issue or deliver any certificate or certificates for, or make any book entries evidencing, Shares purchased upon the exercise of rights under the Plan prior to fulfillment of all of the following conditions: (a) the admission of such Shares to listing on all stock exchanges, if any, on which the Shares are then listed; (b) the completion of any registration or other qualification of such Shares under any state or federal law or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body, that the Administrator shall, in its absolute discretion, deem necessary or advisable; (c) the obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable; (d) the payment to the Company of all amounts that it is required to withhold under federal, state or local law upon exercise of the rights, if any; and (e) the lapse of such reasonable period of time following the exercise of the rights as the Administrator may from time to time establish for reasons of administrative convenience.

ARTICLE VII.
WITHDRAWAL; CESSATION OF ELIGIBILITY

7.1 Withdrawal. A Participant may withdraw all but not less than all of the payroll deductions credited to his or her account and not yet used to exercise his or her rights under the Plan at any time by giving written notice to the Company in a form acceptable to the Company no later than one week prior to the end of the Offering Period (or such shorter or longer period as may be specified by the Administrator in the applicable Offering Document). All of the Participant's payroll deductions credited to his or her account during an Offering Period shall be paid to such Participant as soon as reasonably practicable after receipt of notice of withdrawal and such Participant's rights for the Offering Period shall be automatically terminated, and no further payroll deductions for the purchase of Shares shall be made for such Offering Period. If a Participant withdraws from an Offering Period, payroll deductions shall not resume at the beginning of the next Offering Period unless the Participant timely delivers to the Company a new subscription agreement.

7.2 Future Participation. A Participant's withdrawal from an Offering Period shall not have any effect upon his or her eligibility to participate in any similar plan that may hereafter be adopted by the Company or a Designated Subsidiary or in subsequent Offering Periods that commence after the termination of the Offering Period from which the Participant withdraws.

7.3 Cessation of Eligibility. Upon a Participant's ceasing to be an Eligible Employee for any reason, he or she shall be deemed to have elected to withdraw from the Plan pursuant to this Article VII and the payroll deductions credited to such Participant's account during the Offering Period shall be paid to such Participant or, in the case of his or her death, to the person or persons entitled thereto under Section 12.4, as soon as reasonably practicable, and such Participant's rights for the Offering Period shall be automatically terminated. If a Participant transfers employment from the Company or any Designated Subsidiary participating in the Section 423 Component to any Designated Subsidiary participating in the Non-Section 423 Component, such transfer shall not be treated as a termination of employment, but the Participant shall immediately cease to participate in the Section 423 Component; however, any

contributions made for the Offering Period in which such transfer occurs shall be transferred to the Non-Section 423 Component, and such Participant shall immediately join the then-current Offering under the Non-Section 423 Component upon the same terms and conditions in effect for the Participant's participation in the Section 423 Component, except for such modifications otherwise applicable for Participants in such Offering. A Participant who transfers employment from any Designated Subsidiary participating in the Non-Section 423 Component to the Company or any Designated Subsidiary participating in the Section 423 Component shall not be treated as terminating the Participant's employment and shall remain a Participant in the Non-Section 423 Component until the earlier of (i) the end of the current Offering Period under the Non-Section 423 Component or (ii) the Enrollment Date of the first Offering Period in which the Participant is eligible to participate following such transfer. Notwithstanding the foregoing, the Administrator may establish different rules to govern transfers of employment between entities participating in the Section 423 Component and the Non-Section 423 Component, consistent with the applicable requirements of Section 423 of the Code.

ARTICLE VIII.
ADJUSTMENTS UPON CHANGES IN SHARES

8.1 Changes in Capitalization. Subject to Section 8.3, in the event that the Administrator determines that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), change in control, reorganization, merger, amalgamation, consolidation, combination, repurchase, redemption, recapitalization, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or sale or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event, as determined by the Administrator, affects the Shares such that an adjustment is determined by the Administrator to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any outstanding purchase rights under the Plan, the Administrator shall make equitable adjustments, if any, to reflect such change with respect to (a) the aggregate number and type of Shares (or other securities or property) that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 3.1 and the limitations established in each Offering Document pursuant to Section 4.2 on the maximum number of Shares that may be purchased); (b) the class(es) and number of Shares and price per Share subject to outstanding rights; and (c) the Purchase Price with respect to any outstanding rights.

8.2 Other Adjustments. Subject to Section 8.3, in the event of any transaction or event described in Section 8.1 or any unusual or nonrecurring transactions or events affecting the Company, any affiliate of the Company, or the financial statements of the Company or any affiliate, or of changes in Applicable Law or accounting principles, the Administrator, in its discretion, and on such terms and conditions as it deems appropriate, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent the dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any right under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(a) To provide for either (i) termination of any outstanding right in exchange for an amount of cash, if any, equal to the amount that would have been obtained upon the exercise of such right had such right been currently exercisable or (ii) the replacement of such outstanding right with other rights or property selected by the Administrator in its sole discretion;

(b) To provide that the outstanding rights under the Plan shall be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar

rights covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(c) To make adjustments in the number and type of Shares (or other securities or property) subject to outstanding rights under the Plan and/or in the terms and conditions of outstanding rights and rights that may be granted in the future;

(d) To provide that Participants' accumulated payroll deductions may be used to purchase Shares prior to the next occurring Purchase Date on such date as the Administrator determines in its sole discretion and the Participants' rights under the ongoing Offering Period(s) shall be terminated; and

(e) To provide that all outstanding rights shall terminate without being exercised.

8.3 No Adjustment Under Certain Circumstances. Unless determined otherwise by the Administrator, no adjustment or action described in this Article VIII or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would cause the Section 423 Component of the Plan to fail to satisfy the requirements of Section 423 of the Code.

8.4 No Other Rights. Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend, any increase or decrease in the number of shares of stock of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Administrator under the Plan, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares subject to outstanding rights under the Plan or the Purchase Price with respect to any outstanding rights.

ARTICLE IX.
AMENDMENT, MODIFICATION AND TERMINATION

9.1 Amendment, Modification and Termination. The Administrator may amend, suspend or terminate the Plan at any time and from time to time; provided, however, that approval of the Company's stockholders shall be required to amend the Plan to: (a) increase the aggregate number, or change the type, of shares that may be sold pursuant to rights under the Plan under Section 3.1 (other than an adjustment as provided by Article VIII) or (b) change the corporations or classes of corporations whose employees may be granted rights under the Plan.

9.2 Certain Changes to Plan. Without stockholder consent and without regard to whether any Participant rights may be considered to have been adversely affected (and, with respect to the Section 423 Component of the Plan, after taking into account Section 423 of the Code), the Administrator shall be entitled to change the Offering Periods, limit the frequency and/or number of changes in the amount withheld from Compensation during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Shares for each Participant properly correspond with amounts withheld from the Participant's Compensation, and establish such other limitations or procedures as the Administrator determines in its sole discretion to be advisable that are consistent with the Plan.

9.3 Actions In the Event of Unfavorable Financial Accounting Consequences. In the event the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may, in its discretion and, to the extent necessary or desirable, modify or amend the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(a) altering the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price;

(b) shortening any Offering Period so that the Offering Period ends on a new Purchase Date, including an Offering Period underway at the time of the Administrator action; and

(c) allocating Shares.

Such modifications or amendments shall not require stockholder approval or the consent of any Participant.

9.4 Payments Upon Termination of Plan. Upon termination of the Plan, the balance in each Participant's Plan account shall be refunded as soon as practicable after such termination, without any interest thereon, or the Offering Period may be shortened so that the purchase of Shares occurs prior to the termination of the Plan.

ARTICLE X.
TERM OF PLAN

The Plan shall become effective on the Effective Date. The effectiveness of the Plan shall be subject to approval of the Plan by the Company's stockholders within twelve months following the date the Plan is first approved by the Board. No right may be granted under the Plan prior to such stockholder approval. No rights may be granted under the Plan during any period of suspension of the Plan or after termination of the Plan.

ARTICLE XI.
ADMINISTRATION

11.1 Administrator. Unless otherwise determined by the Board, the Administrator of the Plan shall be the Compensation Committee of the Board (or another committee or a subcommittee of the Board to which the Board delegates administration of the Plan). The Board may at any time vest in the Board any authority or duties for administration of the Plan. The Administrator may delegate administrative tasks under the Plan to the services of an Agent or Employees to assist in the administration of the Plan, including establishing and maintaining an individual securities account under the Plan for each Participant.

11.2 Authority of Administrator. The Administrator shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(a) To determine when and how rights to purchase Shares shall be granted and the provisions of each offering of such rights (which need not be identical).

(b) To designate from time to time which Subsidiaries of the Company shall be Designated Subsidiaries, which designation may be made without the approval of the stockholders of the Company.

(c) To impose a mandatory holding period pursuant to which Employees may not dispose of or transfer Shares purchased under the Plan for a period of time determined by the Administrator in its discretion.

(d) To construe and interpret the Plan and rights granted under it, and to establish, amend and revoke rules and regulations for its administration. The Administrator, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(e) To amend, suspend or terminate the Plan as provided in Article IX.

(f) Generally, to exercise such powers and to perform such acts as the Administrator deems necessary or expedient to promote the best interests of the Company and its Subsidiaries and to carry out the intent that the Plan be treated as an "employee stock purchase plan" within the meaning of Section 423 of the Code for the Section 423 Component.

(g) The Administrator may adopt sub-plans applicable to particular Designated Subsidiaries or locations, which sub-plans may be designed to be outside the scope of Section 423 of the Code. The rules of such sub-plans may take precedence over other provisions of this Plan, with the exception of Section 3.1 hereof, but unless otherwise superseded by the terms of such sub-plan, the provisions of this Plan shall govern the operation of such sub-plan.

11.3 Decisions Binding. The Administrator's interpretation of the Plan, any rights granted pursuant to the Plan, any subscription agreement and all decisions and determinations by the Administrator with respect to the Plan are final, binding, and conclusive on all parties.

ARTICLE XII.
MISCELLANEOUS

12.1 Restriction upon Assignment. A right granted under the Plan shall not be transferable other than by will or the applicable laws of descent and distribution, and is exercisable during the Participant's lifetime only by the Participant. Except as provided in Section 12.4 hereof, a right under the Plan may not be exercised to any extent except by the Participant. The Company shall not recognize and shall be under no duty to recognize any assignment or alienation of the Participant's interest in the Plan, the Participant's rights under the Plan or any rights thereunder.

12.2 Rights as a Stockholder. With respect to Shares subject to a right granted under the Plan, a Participant shall not be deemed to be a stockholder of the Company, and the Participant shall not have any of the rights or privileges of a stockholder, until such Shares have been issued to the Participant or his or her nominee following exercise of the Participant's rights under the Plan. No adjustments shall be made for dividends (ordinary or extraordinary, whether in cash securities, or other property) or distribution or other rights for which the record date occurs prior to the date of such issuance, except as otherwise expressly provided herein or as determined by the Administrator.

12.3 Interest. No interest shall accrue on the payroll deductions or contributions of a Participant under the Plan.

12.4 Designation of Beneficiary.

(a) A Participant may, in the manner determined by the Administrator, file a written designation of a beneficiary who is to receive any Shares and/or cash, if any, from the Participant's account

under the Plan in the event of such Participant's death subsequent to a Purchase Date on which the Participant's rights are exercised but prior to delivery to such Participant of such Shares and cash. In addition, a Participant may file a written designation of a beneficiary who is to receive any cash from the Participant's account under the Plan in the event of such Participant's death prior to exercise of the Participant's rights under the Plan. If the Participant is married and resides in a community property state, a designation of a person other than the Participant's spouse as his or her beneficiary shall not be effective without the prior written consent of the Participant's spouse.

(b) Such designation of beneficiary may be changed by the Participant at any time by written notice to the Company. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company shall deliver such Shares and/or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such Shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

12.5 Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

12.6 Equal Rights and Privileges. Subject to Section 5.7, all Eligible Employees will have equal rights and privileges under the Section 423 Component so that the Section 423 Component of this Plan qualifies as an "employee stock purchase plan" within the meaning of Section 423 of the Code. Subject to Section 5.7, any provision of the Section 423 Component that is inconsistent with Section 423 of the Code will, without further act or amendment by the Company, the Board or the Administrator, be reformed to comply with the equal rights and privileges requirement of Section 423 of the Code. Eligible Employees participating in the Non-Section 423 Component need not have the same rights and privileges as other Eligible Employees participating in the Non-Section 423 Component or as Eligible Employees participating in the Section 423 Component.

12.7 Use of Funds. All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions.

12.8 Reports. Statements of account shall be given to Participants at least annually, which statements shall set forth the amounts of payroll deductions, the Purchase Price, the number of Shares purchased and the remaining cash balance, if any.

12.9 No Employment Rights. Nothing in the Plan shall be construed to give any person (including any Eligible Employee or Participant) the right to remain in the employ of the Company or any Parent or Subsidiary or affect the right of the Company or any Parent or Subsidiary to terminate the employment of any person (including any Eligible Employee or Participant) at any time, with or without cause.

12.10 Notice of Disposition of Shares. Each Participant shall give prompt notice to the Company of any disposition or other transfer of any Shares purchased upon exercise of a right under the Section 423 Component of the Plan if such disposition or transfer is made: (a) within two years from the Enrollment Date of the Offering Period in which the Shares were purchased or (b) within one year after the Purchase Date on which such Shares were purchased. Such notice shall specify the date of such disposition or other

transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the Participant in such disposition or other transfer.

12.11 Governing Law. The Plan and any agreements hereunder shall be administered, interpreted and enforced in accordance with the laws of the State of Delaware, disregarding any state's choice of law principles requiring the application of a jurisdiction's laws other than the State of Delaware.

12.12 Electronic Forms. To the extent permitted by Applicable Law and in the discretion of the Administrator, an Eligible Employee may submit any form or notice as set forth herein by means of an electronic form approved by the Administrator. Before the commencement of an Offering Period, the Administrator shall prescribe the time limits within which any such electronic form shall be submitted to the Administrator with respect to such Offering Period in order to be a valid election.

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Exhibit 10.22

VERTEX, INC.

NON-EMPLOYEE DIRECTOR COMPENSATION PROGRAM

Non-employee members of the board of directors (the "***Board***") of Vertex, Inc. (the "***Company***") shall receive cash and equity compensation as set forth in this Non-Employee Director Compensation Program (this "***Program***"). The cash and equity compensation described in this Program shall be paid or be made, as applicable, automatically and without further action of the Board, to each member of the Board who is not an employee of the Company or any parent or subsidiary of the Company (each, a "***Non-Employee Director***") who is entitled to receive such cash or equity compensation, unless such Non-Employee Director declines the receipt of such cash or equity compensation by written notice to the Company and subject to any limits on non-employee director compensation set forth in the Equity Plan (as defined below). This Program shall remain in effect until it is revised or rescinded by further action of the Board. This Program may be amended, modified or terminated by the Board at any time in its sole discretion. The terms and conditions of this Program shall supersede any prior cash and/or equity compensation arrangements for service as a member of the Board between the Company and any of its Non-Employee Directors, except for equity compensation previously granted to a Non-Employee Director.

CASH COMPENSATION

The schedule of annual retainers (the "***Annual Retainers***") for the Non-Employee Directors is as follows:

Position		Amount
Base Board Fee	$	42,000
Chair of the Board or Lead Independent Director	$	15,000
Chair of Audit Committee	$	20,000
Chair of Compensation Committee	$	15,000
Chair of Nominating and Corporate Governance Committee	$	12,000
Member of Audit Committee (non-Chair)	$	10,000
Member of Compensation Committee (non-Chair)	$	6,000
Member of Nominating and Corporate Governance Committee (non-Chair)	$	6,000

For the avoidance of doubt, the Annual Retainers in the table above are additive and a Non-Employee Director shall be eligible to earn an Annual Retainer for each position in which he or she serves. The Annual Retainers shall be earned and paid on a monthly basis.

EQUITY COMPENSATION

Each Non-Employee Director shall be granted restricted stock units ("***RSUs***") as set forth in this Program. The RSUs shall be granted under and subject to the terms and provisions of the Company's 2020 Incentive Award Plan or any other applicable Company equity incentive plan then-maintained by the Company (the "***Equity Plan***") and shall be subject to an award agreement, including attached exhibits, in substantially the form previously approved by the Board.

A. RSU Grant. A Non-Employee Director who (i) is initially elected or appointed to the Board at an annual meeting of the Company's stockholders or (ii) has been serving as a Non-Employee Director on the Board as of the date of any annual meeting of the Company's stockholders and will continue to serve as a Non-Employee Director immediately following such meeting, shall be automatically granted a number of RSUs on the date of such annual meeting determined by dividing $150,000 by the Fair Market Value (as defined in the Equity Plan) of a share of the Company's Class A common stock on the date of the annual meeting (with any partial shares that result being rounded up to the nearest whole share) (the "***Annual Award RSUs***").

B. Terms of Annual Award RSUs Granted to Non-Employee Directors.

1. *Vesting*. The Annual Award RSUs shall vest in a single installment on the earlier of the first anniversary of the date of grant or the day immediately prior to the date of the next annual meeting of the Company's stockholders occurring after the date of grant, in either case, subject to the Non-Employee Director continuing in service as a Non-Employee Director through such vesting date.

2. *Forfeiture of RSUs*. Unless the Board otherwise determines, any Annual Award RSUs which are unvested at the time of a Non-Employee Director's termination of service on the Board as a Non-Employee Director shall be immediately forfeited upon such termination of service and shall not thereafter become vested. All of a Non-Employee Director's Annual Award RSUs shall vest in full immediately prior to the occurrence of a Change in Control (as defined in the Equity Plan), to the extent outstanding at such time.

* * * * *

Exhibit 21.1

Legal Name	Jurisdiction of Incorporation
Systax Sistemas Fiscais Ltda.	Brazil
Vertex Acquisition, Inc.	Delaware
Vertex Delaware, LLC	Delaware
Vertex Germany GmbH	Germany
Vertex Global Tax Solutions Ireland	Ireland
Vertex Global Tax Solutions, Ltd.	United Kingdom
Vertex LLC	Delaware
Vertex Netherlands BV	Netherlands
Vertex Tax Solutions India Private Limited	India
Vertex VAT Solutions, LLC	Delaware
VGTS Brasil, Ltda.	Brazil
VGTS Sweden AB	Sweden

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement of Vertex, Inc. on Form S-1 of our report dated March 27, 2020 on the consolidated financial statements of Vertex, Inc. and to the reference to us under the heading “Experts” in the prospectus.

/s/ Crowe LLP
Crowe LLP

New York, New York
July 20, 2020