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

FORM 8-K

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

Date of report (Date of earliest event reported): April 19, 2024

VERTEX, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

001-39413
(Commission
File Number)

23-2081753
(I.R.S. Employer
Identification No.)

2301 Renaissance Blvd.
King of Prussia, Pennsylvania 19406
(Address of principal executive offices) (Zip Code)

(800) 355-3500
(Registrant's telephone number, include area code)

N/A
(Former Name or Former Address, if Changed Since Last Report)

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.001 par value per share	VERX	The Nasdaq Stock Market LLC

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

Emerging growth company

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

Item 1.01. Entry into a Material Definitive Agreement.

Fourth Amendment to Credit Agreement

On April 19, 2024, Vertex, Inc. (the “Company”), the guarantors party thereto, PNC Bank, National Association, as administrative agent, and the lenders party thereto entered into the Fourth Amendment to Credit Agreement (the “Fourth Amendment”), which amended the Credit Agreement by and among the Company, the guarantors party thereto, PNC Bank, National Association, as administrative agent, and the lenders party thereto, dated as of March 31, 2020 (as previously amended, the “Credit Agreement”), providing for, among other things, amendment of the definition of “Approved Convertible Debt” in Section 1.1 of the Credit Agreement by deleting the phrase “Two Hundred Million Dollars (\$200,000,000)” and inserting in lieu thereof the phrase “Three Hundred Million Dollars (\$300,000,000).”

The foregoing description of the terms of the Fourth Amendment is qualified in its entirety by reference to the full text of the Fourth Amendment, a copy of which is attached hereto as Exhibit 10.1 and is incorporated herein by reference.

Item 2.02. Results of Operations and Financial Condition.

On April 22, 2024, the Company issued a press release announcing certain preliminary results for the three months ended March 31, 2024. A copy of the press release is furnished as Exhibit 99.1 hereto and is incorporated by reference herein.

Item 7.01. Regulation FD Disclosure.

The information in Item 2.02 above is incorporated by reference into this Item 7.01.

On April 22, 2024, the Company also issued a press release announcing its intention to offer, subject to market conditions and other factors, \$250 million aggregate principal amount of convertible senior notes due 2029 (the “notes”) in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act. A copy of the press release is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

The information in Item 2.02 and this Item 7.01, and Exhibits 99.1 and 99.2 hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference in any of the Company’s filings under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, whether made before or after the date hereof, regardless of any incorporation language in such a filing, except as expressly set forth by specific reference in such a filing.

Neither this Current Report on Form 8-K nor the press releases attached hereto as Exhibit 99.1 or 99.2 constitutes an offer to sell, or the solicitation of an offer to buy, the notes or the shares of the Company’s Class A Common Stock, if any, issuable upon conversion of the notes.

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements regarding certain preliminary results for the three months ended March 31, 2024, the offering of the notes and the capped call transactions, which are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Statements made in this Current Report on Form 8-K that are not statements of historical fact, including statements regarding whether the Company will offer and issue the notes and the terms of the notes, the anticipated use of proceeds from the offering, the Company’s expectations in respect of granting the initial purchasers an option to purchase additional notes and expectations regarding the effect of the capped call transactions and regarding actions of the option counterparties and/or their respective affiliates, about the Company’s beliefs and expectations, and those relating to our offering of the notes and our preliminary results for the three months ended March 31, 2024, and regarding future events or our future results of operations, financial condition, business, strategies, financial needs, and the plans and objectives of management, are forward-looking statements and should be evaluated as such. These statements often include words such as “anticipate,” “believe,” “expect,” “suggests,” “plans,” “intend,” “estimates,” “targets,” “projects,” “should,” “could,” “would,” “may,” “will,” “forecast” and other

similar expressions or the negatives of those terms. Forward-looking statements are based on the Company management's beliefs, as well as assumptions made by, and information currently available to, them. Because such statements are based on expectations as to future results and are not statements of fact, actual results may differ materially from those projected. As you read and consider this Current Report on Form 8-K, 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 the Company's management 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 the Company's actual results or results of operations and could cause actual results to differ materially from those expressed in the forward-looking statements. Factors which may cause actual results to differ materially from current expectations include, but are not limited to, risks related to the offering of the notes and the consummation of the capped call transactions, including that such transactions may not occur, and the other factors described under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities Exchange Commission ("SEC"), as may be subsequently updated by our other SEC filings. Copies of such filings may be obtained from the Company or the SEC.

You should not place undue reliance on the Company's forward-looking statements, and you should not rely on forward-looking statements as predictions of future events. The results, events, and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements. The forward-looking statements made in this Current Report on Form 8-K speak only as of the date of this report. The Company undertakes no obligation to update any forward-looking statements made in this report to reflect events or circumstances after the date of this report or to reflect new information or the occurrence of unanticipated events, except as required by law. If the Company updates one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
10.1	<u>Fourth Amendment to Credit Agreement by and among Vertex, Inc., the guarantors party thereto, PNC Bank, National Association, as administrative agent, and the lenders party, thereto, dated as of April 19, 2024.</u>
99.1	<u>Preliminary Results Press Release issued by Vertex, Inc., dated April 22, 2024.</u>
99.2	<u>Proposed Offering Press Release issued by Vertex, Inc., dated April 22, 2024.</u>
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

SIGNATURES

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

VERTEX, INC.

Date: April 22, 2024

By: /s/ Bryan Rowland

Name: Bryan Rowland

Title: General Counsel and Secretary

FOURTH AMENDMENT TO CREDIT AGREEMENT

FOURTH AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), dated as of April 19, 2024, by and among (i) VERTEX, INC. (the "Borrower"), (ii) VERTEX VAT SOLUTIONS, LLC and VERTEX DELAWARE, LLC (collectively, the "Guarantors"; together with the Borrower, individually a "Loan Party" and collectively, the "Loan Parties"), (iii) the Lenders party hereto and (iv) PNC BANK, NATIONAL ASSOCIATION, as administrative agent for the Lenders (in such capacity, the "Administrative Agent"). Capitalized terms used but not defined herein shall have the meanings assigned thereto in the Amended Credit Agreement referred to below.

WITNESSETH:

WHEREAS, the Borrower, the Guarantors, the Lenders party thereto and the Administrative Agent are parties to a Credit Agreement, dated as of March 31, 2020 (as heretofore amended, supplemented, or otherwise modified, the "Existing Credit Agreement"; the Existing Credit Agreement, as amended, restated, supplemented or otherwise modified by this Amendment and as may be further amended, restated, supplemented or otherwise modified from time to time, the "Amended Credit Agreement");

WHEREAS, the Borrower has requested that the Lenders amend the Existing Credit Agreement to increase the permitted amount of Approved Convertible Debt from \$200,000,000 to \$300,000,000 (plus any applicable greenshoe amount); and

WHEREAS, the Administrative Agent and the Required Lenders have agreed to the above request on and subject to the terms and conditions hereof.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Amendment. Effective on and as of the Fourth Amendment Effective Date (as defined below), the definition of the term "Approved Convertible Debt" in Section 1.1 of the Existing Credit Agreement shall be amended by deleting the phrase "Two Hundred Million Dollars (\$200,000,000)" the one time it appears therein and inserting in lieu thereof the phrase "Three Hundred Million Dollars (\$300,000,000)". For the sake of clarity, the foregoing amendment shall not reduce any applicable greenshoe amount permitted under the Amended Credit Agreement.

2. Representations and Warranties. In order to induce the Lenders and the Administrative Agent to enter into this Amendment and to amend the Existing Credit Agreement in the manner provided herein, each Loan Party hereby represents and warrants to each Lender and the Administrative Agent that the following statements are true and correct:

(a) Both before and immediately after giving effect to this Amendment, there exists no Potential Default or Event of Default under the Existing Credit Agreement or the Amended Credit Agreement, as the case may be;

(b) The representations and warranties of each Loan Party set forth in the Loan Documents are true and correct (i) in the case of representations and warranties qualified as to materiality, in all respects and (ii) otherwise, in all material respects, in each case on and as of the date hereof, except in the case of any such representation and warranty that expressly relates to a prior date, in which case such representation and warranty shall be so true and correct in all material respects (or, if qualified as to materiality, in all respects) on and as of such prior date;

(c) The execution and delivery of this Amendment by such Loan Party and the performance by such Loan Party of this Amendment and the other Loan Documents (as amended by this Amendment) (i) has been duly authorized by all necessary corporate or other organizational action on behalf such Loan Party and (ii) will not, except as permitted under the Amended Credit Agreement, result in or require the creation or imposition of any Lien upon the properties or assets of any Loan Party;

(d) This Amendment and the other Loan Documents (as amended by this Amendment) constitute the legal, valid and binding obligation of each Loan Party party hereto or thereto, enforceable against such Loan Party in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and to general principles of equity, regardless whether considered in a proceeding in equity or at law;

(e) No consent, approval, authorization or order of, or filing, registration or qualification with, any court or Official Body or third party is required in connection with the execution, delivery or performance by such Loan Party of this Amendment (except for those which have been obtained on or prior to the date hereof); and

(f) Each Loan Party will receive direct and indirect benefits as a result of this Amendment becoming effective and the consummation of the transactions contemplated hereby.

3. Conditions Precedent. This Amendment shall become effective on the date (such date, the "Fourth Amendment Effective Date") when each of the following conditions precedent is satisfied:

(a) The Administrative Agent shall have received counterparts of this Amendment duly executed by (i) the Loan Parties, (ii) the Administrative Agent, and (iii) the Required Lenders;

(b) To the extent requested, the Administrative Agent shall have received an executed Certificate of Beneficial Ownership for the Borrower and such other documentation, in form and substance acceptable to the Administrative Agent and each Lender, and other information requested by the Administrative Agent or any Lender in connection with applicable "know your customer" and anti-money laundering rules and regulations, including the USA Patriot Act; and

(c) The Administrative Agent shall have received, to the extent invoiced, reimbursement of all fees and expenses of counsel to the Administrative Agent required to be paid or reimbursed by the Borrower hereunder.

4. **Affirmations.** (a) Each of the Loan Parties hereby (i) ratifies and affirms all of the provisions of the Existing Credit Agreement and the other Loan Documents as amended hereby and (ii) agrees that the terms and conditions of the Existing Credit Agreement and the other Loan Documents shall continue in full force and effect as amended hereby and that all of its obligations thereunder are valid and enforceable and shall not be impaired or limited by the execution or effectiveness of this Amendment or any other documents or instruments executed in connection herewith.

(b) Without limiting the above, each Loan Party hereby (i) acknowledges, agrees and confirms that the Liens and security interests granted to the Administrative Agent for the benefit of the Secured Parties under the Collateral Documents are in full force and effect, constitute valid and perfected Liens and security interests on the Collateral having priority over all other Liens and security interests on the Collateral, except to the extent permitted under the Amended Credit Agreement and the other Loan Documents, and are enforceable in accordance with the terms of the applicable Collateral Documents (including, without limitation, the Guarantee and Collateral Agreement and the IP Security Agreements), and will continue to secure the Secured Obligations, including the obligations under the Amended Credit Agreement, and the other Loan Documents, (ii) reaffirms all of its obligations owing to the Administrative Agent and the Lenders under the Collateral Documents and (iii) acknowledges and agrees that the Collateral Documents shall continue to constitute legal, valid and binding obligations of such Loan Party, enforceable in accordance with their terms.

(c) Each Loan Party (other than the Borrower) hereby (i) confirms and ratifies that all of its obligations as a Guarantor shall continue in full force and effect for the benefit of the Administrative Agent and the Secured Parties with respect to the Secured Obligations, including the obligations under the Amended Credit Agreement and the other Loan Documents and (ii) hereby irrevocably and unconditionally guarantees, jointly with the other Guarantors and severally, as a primary obligor and not merely as a surety, the due and punctual payment and performance of the Secured Obligations.

5. **Limited Effect.** Except as expressly modified hereby, the Amended Credit Agreement, the Guarantee and Collateral Agreement and the other Loan Documents shall continue to be, and shall remain, unaltered and in full force and effect in accordance with their terms.

6. **Integration.** This Amendment constitutes the sole agreement of the parties with respect to the transactions contemplated hereby and shall supersede all oral negotiations and the terms of prior writings with respect thereto. From and after the Fourth Amendment Effective Date, all references in the Amended Credit Agreement, and each of the other Loan Documents to the "Credit Agreement" shall be deemed to be references to the Amended Credit Agreement. This Amendment shall constitute a Loan Document for all purposes under the Amended Credit Agreement and each of the other Loan Documents.

7. **Severability.** Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8. No Novation. It is the intention of the parties hereto that this Amendment shall not constitute (and it shall not constitute) a termination of the Existing Credit Agreement or any other Loan Document, nor shall it extinguish the obligations for the payment of any Secured Obligations and/or any amounts due under the Existing Credit Agreement or any other Loan Document, or discharge or release (a) the performance of any party or (b) the attachment, creation or priority of any security interest or other Lien granted under the Guarantee and Collateral Agreement or any other Collateral Document (including the IP Security Agreements). It is the intention of the parties hereto that nothing herein contained or in the Amended Credit Agreement shall be construed (and nothing herein shall be construed) as a substitution, novation, release or discharge of (a) any of the Loans or other obligations outstanding under the Existing Credit Agreement or (b) any of the Secured Obligations outstanding under the Guarantee and Collateral Agreement (or any IP Security Agreement), each of which shall remain in full force and effect, except to any extent modified hereby. It is the intention of the parties hereto that all such security interests and Liens granted under the Guarantee and Collateral Agreement and the other Loan Documents (including the IP Security Agreements) shall continue in full force and effect as amended, supplemented or otherwise modified herein. Nothing contained herein shall constitute a release, termination or waiver of any of the Liens, security interests, rights or remedies granted to the Administrative Agent, the Lenders or any Related Party thereof in the Loan Documents.

9. Miscellaneous.

(a) GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND INTERPRETED AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PROVISIONS THEREOF.

(b) Successor and Assigns. This Amendment shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors and assigns.

(c) Counterparts. This Amendment may be executed in one or more counterparts, each of which counterparts when executed and delivered shall be deemed to be an original, and all of which shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile, other electronic transmission or other electronic imaging means (e.g., "pdf" or "tif") will be effective as delivery of a manually executed counterpart hereof.

(d) Headings. The headings of any paragraph of this Amendment are for convenience only and shall not be used to interpret any provision hereof.

(e) Modifications. No modification hereof or any agreement referred to herein shall be binding or enforceable unless in writing and signed on behalf of the party against whom enforcement is sought.

(f) Expenses. To the extent required to be reimbursed pursuant to Section 11.3.1 of the Credit Agreement (Costs and Expenses), the Loan Parties jointly and severally agree to pay all of the Administrative Agent's reasonable out-of-pocket fees and expenses incurred in

connection with this Amendment and the transactions contemplated hereby, including, without limitation, the reasonable fees and expenses of counsel to the Administrative Agent.

[SIGNATURES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

VERTEX, INC.

By: /s/John Schwab

Name: John Schwab

Title: Chief Financial Officer

VERTEX VAT SOLUTIONS, LLC

By: /s/Ryan Leib

Name: Ryan Leib

Title: Chief Accounting Officer

VERTEX DELAWARE, LLC

By: /s/Ryan Leib

Name: Ryan Leib

Title: Chief Accounting Officer

[Signature Page to Fourth Amendment]

PNC BANK, NATIONAL ASSOCIATION,
as Administrative Agent and as a Lender

By: /s/Daniel Takoushian

Name: Daniel Takoushian

Title: S.V.P.

[Signature Page to Fourth Amendment]

TD BANK, N.A., as a Lender

By: /s/Nicholas Stanek

Name: Nicholas Stanek

Title: Vice President

[Signature Page to Fourth Amendment]

WELLS FARGO BANK, N.A., as a Lender

By: /s/James Travagline

Name: James Travagline

Title: Managing Director

[Signature Page to Fourth Amendment]

Vertex Provides Preliminary Financial Results for First Quarter 2024 and Announces First Quarter Earnings Call Date

KING OF PRUSSIA, PA – April 22, 2024 – Vertex, Inc. (NASDAQ:VERX), a leading global technology provider of indirect tax solutions, today announced preliminary financial results for the period ended March 31, 2024.

“Vertex’s first quarter financial results were strong across our business,” noted David DeStefano, President, Chief Executive Officer, and Chairperson of the Board. “We look forward to providing investors with full details when we announce our full first quarter financial results in early May.”

Revenues for the three months ended March 31, 2024 are expected to be between \$155.5 million and \$157.5 million, compared to \$132.8 million for the three months ended March 31, 2023, representing an increase of approximately 17% to 19%.

Annual Recurring Revenue at March 31, 2024 is expected to be between \$523.5 million to \$525.5 million, compared to \$446.5 million for the three months ended March 31, 2023, representing an increase of approximately 17% to 18%.

Net revenue retention at March 31, 2024 is expected to be between 111% and 113%, as compared to 110% at March 31, 2023.

Gross Revenue Retention at March 31, 2024 is expected to be between 94% and 96%, as compared to 96% at March 31, 2023.

Net Income for the three months ended March 31, 2024 is expected to be between \$2.4 million and \$3.1 million, compared to a net loss of \$18.1 million for the three months ended March 31, 2023.

Adjusted EBITDA for the three months ended March 31, 2024 is expected to be between \$35.5 million and \$37.5 million, compared to \$20.2 million for the three months ended March 31, 2023, representing an increase of approximately 76% to 86%.

Approximately \$2 million of the expected Adjusted EBITDA outperformance was driven by expenses that were delayed from the first quarter to future quarters in 2024; and another \$2 million was driven by a higher percentage of capitalized R&D costs compared to expensed R&D costs in the first quarter.

First Quarter Earnings Announcement and Conference Call

Vertex will release full first quarter 2024 financial results before the market opens on Wednesday, May 8, 2024. A conference call to discuss the results will be held at 8:30 a.m. Eastern Time that same day.

Those wishing to participate may do so by dialing 1-412-317-6026 approximately ten minutes prior to start time. A listen-only webcast of the call will also be available through the Company’s Investor Relations website at <https://ir.vertexinc.com>.

A conference call replay will be available approximately one hour after the call by dialing 1-412-317-6671 and referencing passcode 10187911, or via the Company’s Investor Relations website. The replay will expire on May 22, 2024 at 11:59 p.m. Eastern Time.

About Vertex

Vertex, Inc. is a leading global provider of indirect tax solutions. The Company’s mission is to deliver the most trusted tax technology enabling global businesses to transact, comply and grow with confidence. Vertex provides solutions that can be tailored to specific industries for major lines of indirect tax, including sales and consumer use,

value added and payroll. Headquartered in North America, and with offices in South America and Europe, Vertex employs over 1,400 professionals and serves companies across the globe.

Forward Looking Statements

Any statements made in this press release 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, among other statements, information concerning our preliminary results of operations. Forward-looking statements are based on Vertex management's beliefs, as well as assumptions made by, and information currently available to, them. Because such statements are based on expectations as to future financial and operating results and are not statements of fact, actual results may differ materially from those projected. Factors which may cause actual results to differ materially from current expectations include, but are not limited to: 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; our ability to identify acquisition targets and to successfully integrate and operate acquired businesses; our ability to maintain and expand our strategic relationships with third parties; the potential effects on our business from the existence of a global endemic or pandemic; and the other factors described under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 filed with the Securities Exchange Commission ("SEC"), as may be subsequently updated by our other SEC filings. Copies of such filings may be obtained from the Company or the SEC.

Our unaudited financial information for the three months ended March 31, 2024 presented above are preliminary, based upon our good faith estimates and subject to completion of our financial closing procedures. This summary is not a comprehensive statement of our financial results for the quarterly period. We have provided ranges for our expectations described above because our fiscal quarter closing procedures are not yet complete. While we expect that our final financial results for the quarterly period ended March 31, 2024, following the completion of our financial closing procedures, will be within the ranges described above, our actual results may differ materially from these estimates as a result of the completion of our financial closing procedures as well as final adjustments and other developments that may arise between now and the time that our financial results for this quarterly period are finalized. All of the data presented above has been prepared by and is the responsibility of management. No independent registered public accounting firm has audited, reviewed or compiled, examined or performed any procedures with respect to these preliminary results, nor have they expressed any opinion or any other form of assurance on these preliminary estimated results.

All forward-looking statements reflect our beliefs and assumptions only as of the date of this press release. We undertake no obligation to update forward-looking statements to reflect future events or circumstances, except as required by applicable law.

Definitions of Certain Key Business Metrics

Annual Recurring Revenue ("ARR")

We derive the vast majority of our revenues from recurring software subscriptions. We believe ARR provides us with visibility to our projected software subscription revenues in order to evaluate the health of our business. Because we recognize subscription revenues 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 revenues ("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 direct customers with MRR at the end of the last month of the measurement period. AARPC represents average annual revenue per direct customer and is calculated by dividing ARR by the number of software subscription direct customers at the end of the respective period.

Net Revenue Retention Rate (“NRR”)

We believe that our NRR provides insight into our ability to retain and grow revenues from our direct 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 direct customers who were part of our customer base at the beginning of the reporting period. Our NRR calculation takes into account any revenues lost from departing direct customers or those who have downgraded or reduced usage, as well as any revenue expansion from migrations, new licenses for additional products or contractual and usage-based price changes.

Gross Revenue Retention Rate (“GRR”)

We believe our GRR provides insight into and demonstrates to investors our ability to retain revenues from our existing direct customers. Our GRR refers to how much of our MRR we retain each month after reduction for the effects of revenues lost from departing direct customers or those who have downgraded or reduced usage. GRR does not take into account revenue expansion from migrations, new licenses for additional products or contractual and usage-based price changes. GRR does not include revenue reductions resulting from cancellations of customer subscriptions that are replaced by new subscriptions associated with customer migrations to a newer version of the related software solution.

Use and Reconciliation of Non-GAAP Financial Measures

In addition to our results determined in accordance with accounting principles generally accepted in the U.S. (“GAAP”) and key business metrics described above, we have calculated Adjusted EBITDA, which is a non-GAAP financial measure. We have provided tabular reconciliations of this non-GAAP financial measure to its most directly comparable GAAP financial measure.

Management uses non-GAAP financial measures to understand and compare operating results across accounting periods, for internal budgeting and forecasting purposes, and to evaluate financial performance and liquidity. Our non-GAAP financial measures are presented as supplemental disclosure as we believe they provide useful information to investors and others in understanding and evaluating our results, prospects, and liquidity period-over-period without the impact of certain items that do not directly correlate to our operating performance and that may vary significantly from period to period for reasons unrelated to our operating performance, as well as comparing our financial results to those of other companies. Our definitions of these non-GAAP financial measures may differ from similarly titled measures presented by other companies and therefore comparability may be limited. In addition, other companies may not publish these or similar metrics. Thus, our non-GAAP financial measures should be considered in addition to, not as a substitute for, or in isolation from, the financial information prepared in accordance with GAAP, and should be read in conjunction with the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 29, 2024.

We calculate this non-GAAP financial measure as follows:

- Adjusted EBITDA is determined by adding back to GAAP net income or loss the net interest income or expense (including adjustments to the settlement value of deferred purchase commitment liabilities), income taxes, depreciation and amortization of property and equipment, depreciation and amortization of capitalized software and acquired intangible assets included in cost of subscription revenues, amortization of acquired intangible assets included in selling and marketing expense, amortization of cloud computing implementation costs in general and administrative expense, asset impairments, stock-based compensation expense, severance expense, acquisition contingent consideration, changes in the settlement value of deferred purchase commitment liabilities recorded as interest expense, litigation settlements, and transaction costs, included in GAAP net income or loss for the respective periods.
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The table below provides a reconciliation of preliminary Adjusted EBITDA to the closest comparable U.S. GAAP financial measure, net income (loss), for the three months ended March 31, 2024 and 2023.

Dollars in thousands			
(Unaudited)			
	Three Months Ended March		Three Months Ended
	31, 2024		March 31, 2023
	Low	High	Actual
Net income (loss)	\$ 2,400	\$ 3,050	\$ (18,132)
Interest expense (income), net	250	300	(350)
Income tax expense (benefit)	(4,650)	(4,350)	9,553
Depreciation and amortization	21,500	22,000	16,942
Stock-based compensation expense	16,000	16,500	11,434
Severance expense	500	1,000	555
Acquisition contingent consideration	(500)	(1,000)	200
Adjusted EBITDA	<u>\$ 35,500</u>	<u>\$ 37,500</u>	<u>\$ 20,202</u>

We encourage investors and others to review our financial information in its entirety, not to rely on any single financial measure and to view these non-GAAP financial measures in conjunction with the related GAAP financial measures.

Investor Relations contact:

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Vertex, Inc.
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Rachel Litcofsky
Vertex, Inc.
mediainquiries@vertexinc.com



Vertex, Inc. Announces Proposed Private Offering of \$250 Million of Convertible Senior Notes

KING OF PRUSSIA, Pa. — April 22, 2024—Vertex, Inc. (NASDAQ: VERX) (“Vertex”), a leading global provider of indirect tax solutions, today announced that it intends to offer and sell, subject to market conditions and other factors, \$250 million aggregate principal amount of convertible senior notes due 2029 (the “notes”) in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”). In connection with the offering of the notes, Vertex expects to grant the initial purchasers of the notes an option to purchase, for settlement within a period of 13 days from, and including, the date the notes are first issued, up to an additional \$37.5 million aggregate principal amount of notes.

The notes will be senior, unsecured obligations of Vertex and will bear interest payable semi-annually in arrears and will mature on May 1, 2029, unless earlier repurchased, redeemed or converted in accordance with their terms. Prior to November 1, 2028, the notes will be convertible only upon satisfaction of certain conditions and during certain periods. From and after November 1, 2028, the notes will be convertible at any time at the election of the holders of the notes until the close of business on the second scheduled trading day immediately preceding the maturity date. Upon conversion, the notes may be settled in shares of Vertex’s Class A Common Stock, cash or a combination of cash and shares of Vertex’s Class A Common Stock, at Vertex’s option. Holders of the notes will have the right to require Vertex to repurchase all or a portion of their notes for cash at 100% of their principal amount, plus any accrued and unpaid interest, if any, to, but excluding, the applicable repurchase date, upon the occurrence of a fundamental change (to be defined in the indenture governing the notes), subject to a limited exception.

Vertex may not redeem the notes prior to May 5, 2027. On or after May 5, 2027 and on or before the 40th scheduled trading day immediately before the maturity date, Vertex may, at its option, redeem the notes for cash in whole or in part (subject to certain limitations) at anytime, and from time to time, but only if the last reported sale price of Vertex’s Class A Common Stock exceeds 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which Vertex provides notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which Vertex provides notice of redemption. The redemption price will equal 100% of the principal amount of the notes being redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. No sinking fund is provided for the notes.

Vertex intends to use a portion of the net proceeds from this offering to fund the cost of the capped call transactions described below and the remainder for working capital or other general corporate purposes, which may include capital expenditures, potential acquisitions and strategic transactions. However, Vertex has not designated any specific uses and has no current agreements with respect to any acquisition or strategic transaction.

In connection with the pricing of the notes, Vertex expects to enter into privately negotiated capped call transactions with certain of the initial purchasers of the notes and/or their respective affiliates and/or other financial institutions (the “option counterparties”). The capped call transactions are expected to cover, subject to anti-dilution adjustments substantially similar to those applicable to the notes, the number of shares of Vertex’s Class A Common Stock underlying the notes. If the initial purchasers of the notes exercise their option to purchase additional notes, Vertex expects to use a portion of the additional net proceeds to fund the cost of entering into additional capped call transactions with the option counterparties.

The capped call transactions are expected generally to reduce the potential dilution to Vertex’s Class A Common Stock upon any conversion of the notes and/or to offset any cash payments Vertex is required to make in excess of the principal amount of the converted notes, as the case may be, upon any conversion of the notes. If, however, the

market price per share of Vertex's Class A Common Stock, as measured under the terms of the capped call transactions, exceeds the cap price of the capped call transactions, there would nevertheless be dilution and/or there would not be an offset of such potential cash payments, in each case, to the extent that such market price exceeds the cap price of the capped call transactions.

In connection with establishing their initial hedges of the capped call transactions, the option counterparties or their respective affiliates expect to purchase shares of Vertex's Class A Common Stock and/or enter into various derivative transactions with respect to Vertex's Class A Common Stock concurrently with, or shortly after, the pricing of the notes. This activity could increase (or reduce the size of any decrease in) the market price of Vertex's Class A Common Stock or the notes at that time. In addition, the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to Vertex's Class A Common Stock and/or purchasing or selling shares of Vertex's Class A Common Stock or other of Vertex's securities in secondary market transactions following the pricing of the notes and from time to time prior to the maturity of the notes (and are likely to do so (x) during any observation period related to a conversion of the notes or following any redemption of the notes by Vertex or following any repurchase of the notes by Vertex in connection with any fundamental change and (y) following any repurchase of the notes by Vertex other than in connection with any such redemption or fundamental change if Vertex elects to unwind a corresponding portion of the capped call transactions in connection with such repurchase). This activity could also cause or avoid an increase or a decrease in the market price of Vertex's Class A Common Stock or the notes, which could affect the ability of holders of the notes to convert the notes and, to the extent the activity occurs during any observation period related to a conversion of notes, it could affect the number of shares of Vertex's Class A Common Stock and value of the consideration that holders of notes will receive upon conversion of such notes.

The notes and the shares of Vertex's Class A Common Stock potentially issuable upon conversion of the notes will be offered only to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act. The offer and sale of the notes and the shares of Vertex's Class A Common Stock potentially issuable upon conversion of the notes have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction, and such securities may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

This press release does not and shall not constitute an offer to sell or the solicitation of an offer to buy any notes or shares of Vertex's Class A Common Stock, nor shall there be any offer, solicitation or sale of notes or such Class A Common Stock in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

About Vertex, Inc.

Vertex, Inc. is a leading global provider of indirect tax solutions. The Company's mission is to deliver the most trusted tax technology enabling global businesses to transact, comply and grow with confidence. Vertex provides solutions that can be tailored to specific industries for major lines of indirect tax, including sales and consumer use, value added and payroll. Headquartered in North America, and with offices in South America and Europe, Vertex employs over 1,500 professionals and serves companies across the globe.

Forward-Looking Statements

This press release contains forward-looking statements regarding the offering of the notes and the capped call transactions, which are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Any statements made in this press release that are not statements of historical fact, including statements regarding whether Vertex will offer and issue the notes and the terms of the notes, the anticipated use of proceeds from the offering, Vertex's expectations in respect of granting the initial purchasers an option to purchase additional notes and expectations regarding the effect of the capped call transactions and regarding actions of the option counterparties and/or their respective affiliates, are forward-looking statements and should be evaluated as such. Forward-looking statements are based on Vertex management's beliefs, as well as assumptions made by, and information currently available to, them. Because such statements are based on expectations as to future results and

are not statements of fact, actual results may differ materially from those projected. Factors which may cause actual results to differ materially from current expectations include, but are not limited to, risks related to the offering of the notes and the consummation of the capped call transactions, including that such transactions may not occur, and the other factors described under the heading “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 and Vertex’s other filings with the Securities and Exchange Commission (“SEC”). Copies of such filings may be obtained from the Company or the SEC.

All forward-looking statements reflect Vertex’s beliefs and assumptions only as of the date of this press release. Vertex undertakes no obligation to update forward-looking statements to reflect future events or circumstances.

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