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

**FORM 10-Q**

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended March 31, 2022

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from __ to __

Commission File Number: 1-34522

**ASURE SOFTWARE, INC.**
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Delaware** | **74-2415696** |
| (State or other jurisdiction of incorporation) | (I.R.S. Employer Identification No.) |
| **3700 N. Capital of Texas Hwy. #350, Austin, Texas** | **78746** |
| (Address of principal executive offices) | (Zip Code) |

**512-437-2700**
(Registrant's Telephone Number, including Area Code)
**None**
(Former name, former address and former fiscal year, if changed since last report)

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| **Common Stock, $0.01 par value** | **ASUR** | **The Nasdaq Capital Market** |
| **Series A Junior Participating Preferred Share Purchase Rights** | | **N/A** |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☒ | Smaller reporting company | ☒ |
| | | Emerging growth company | ☐ |

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

☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

As of May 6, 2022, 20,071,692 shares of the registrant's Common Stock, $0.01 par value, were outstanding.

**TABLE OF CONTENTS**

# PART I

## ITEM 1. FINANCIAL STATEMENTS

### ASURE SOFTWARE, INC.
### CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| | (unaudited) | |
| **ASSETS** | | |
| Current assets: | | |
| Cash, cash equivalents, and restricted cash | $ 12,054 | $ 13,427 |
| Accounts receivable, net of allowance for doubtful accounts of $2,264 and $2,210 at March 31, 2022 and December 31, 2021, respectively | 6,608 | 5,308 |
| Inventory | 286 | 246 |
| Prepaid expenses and other current assets | 10,635 | 13,475 |
| Total current assets before funds held for clients | 29,583 | 32,456 |
| Funds held for clients | 238,679 | 217,376 |
| Total current assets | 268,262 | 249,832 |
| Property and equipment, net | 8,664 | 8,945 |
| Goodwill | 86,011 | 86,011 |
| Intangible assets, net | 77,205 | 78,573 |
| Operating lease assets, net | 5,315 | 5,748 |
| Other assets, net | 4,406 | 4,136 |
| Total assets | $ 449,863 | $ 433,245 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Current portion of notes payable | $ 1,773 | $ 1,907 |
| Accounts payable | 1,619 | 565 |
| Accrued compensation and benefits | 2,720 | 3,568 |
| Operating lease liabilities, current | 1,380 | 1,551 |
| Other accrued liabilities | 2,967 | 2,436 |
| Contingent purchase consideration | 1,905 | 1,905 |
| Deferred revenue | 1,626 | 3,750 |
| Total current liabilities before client fund obligations | 13,990 | 15,682 |
| Client fund obligations | 238,440 | 217,144 |
| Total current liabilities | 252,430 | 232,826 |
| Long-term liabilities: | | |
| Deferred revenue | 23 | 36 |
| Deferred tax liability | 1,617 | 1,595 |
| Notes payable, net of current portion | 33,977 | 33,120 |
| Operating lease liabilities, noncurrent | 4,440 | 4,746 |
| Contingent purchase consideration | 2,424 | 2,424 |
| Other liabilities | 62 | 258 |
| Total long-term liabilities | 42,543 | 42,179 |
| Total liabilities | 294,973 | 275,005 |
| Stockholders' equity: | | |
| Preferred stock, $0.01 par value; 1,500 shares authorized; none issued or outstanding | — | — |
| Common stock, $0.01 par value; 44,000 shares authorized; 20,455 and 20,412 shares issued, 20,071 and 20,028 shares outstanding at March 31, 2022 and December 31, 2021, respectively | 205 | 204 |
| Treasury stock at cost, 384 shares at March 31, 2022 and December 31, 2021 | (5,017) | (5,017) |
| Additional paid-in capital | 430,641 | 429,912 |
| Accumulated deficit | (269,777) | (266,760) |
| Accumulated other comprehensive income | (1,162) | (99) |
| Total stockholders' equity | 154,890 | 158,240 |
| Total liabilities and stockholders' equity | $ 449,863 | $ 433,245 |

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

**ASURE SOFTWARE, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**
(in thousands, except per share amounts)

| | Three Months Ended March 31, 2022 | Three Months Ended March 31, 2021 |
|---|---|---|
| | (unaudited) | |
| Revenue: | | |
| Recurring | $ 23,004 | $ 19,242 |
| Professional services, hardware and other | 1,329 | 560 |
| Total revenue | 24,333 | 19,802 |
| Cost of Sales | 8,869 | 7,310 |
| Gross profit | 15,464 | 12,492 |
| Operating expenses: | | |
| Sales and marketing | 4,897 | 3,611 |
| General and administrative | 7,485 | 6,498 |
| Research and development | 1,821 | 1,124 |
| Amortization of intangible assets | 3,432 | 2,528 |
| Total operating expenses | 17,635 | 13,761 |
| Loss from operations | (2,171) | (1,269) |
| Interest expense and other, net | (816) | (224) |
| Loss from operations before income taxes | (2,987) | (1,493) |
| Income tax expense | 30 | 105 |
| Net loss | (3,017) | (1,598) |
| Other comprehensive loss: | | |
| Unrealized loss on marketable securities | (1,063) | (139) |
| Comprehensive loss | $ (4,080) | $ (1,737) |
| | | |
| Basic and diluted loss per share | | |
| Basic | $ (0.15) | $ (0.08) |
| Diluted | $ (0.15) | $ (0.08) |
| | | |
| Weighted average basic and diluted shares | | |
| Basic | 20,041 | 19,007 |
| Diluted | 20,041 | 19,007 |

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

**ASURE SOFTWARE, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**
(in thousands)
(unaudited)

| | Common Stock Outstanding | Common Stock Amount | Treasury Stock | Additional Paid-in Capital | Accumulated Deficit | Other Comprehensive Income (Loss) | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|
| Balance at December 31, 2021 | 20,028 | $ 204 | $ (5,017) | $ 429,912 | $ (266,760) | $ (99) | $ 158,240 |
| Stock issued upon option exercise and vesting of restricted stock units | 43 | 1 | — | — | — | — | 1 |
| Share based compensation | — | — | — | 729 | — | — | 729 |
| Net loss | — | — | — | — | (3,017) | — | (3,017) |
| Other comprehensive loss | — | — | — | — | — | (1,063) | (1,063) |
| March 31, 2022 | 20,071 | $ 205 | $ (5,017) | $ 430,641 | $ (269,777) | $ (1,162) | $ 154,890 |

| | Common Stock Outstanding | Common Stock Amount | Treasury Stock | Additional Paid-in Capital | Accumulated Deficit | Other Comprehensive Income (Loss) | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|
| Balance at December 31, 2020 | 18,970 | $ 193 | $ (5,017) | $ 419,827 | $ (269,954) | $ 604 | $ 145,653 |
| Stock issued upon option exercise and vesting of restricted stock units | 51 | 1 | — | 131 | — | — | 132 |
| Share based compensation | — | — | — | 626 | — | — | 626 |
| Share issuance costs | — | — | — | (23) | — | — | (23) |
| Net loss | — | — | — | — | (1,598) | — | (1,598) |
| Other comprehensive loss | — | — | — | — | — | (139) | (139) |
| Balance at March 31, 2021 | 19,021 | $ 194 | $ (5,017) | $ 420,561 | $ (271,552) | $ 465 | $ 144,651 |

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

# ASURE SOFTWARE, INC.
## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

| | Three Months Ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| | (unaudited) | |
| Cash flows from operating activities: | | |
| Net loss | $ (3,017) | $ (1,598) |
| Adjustments to reconcile loss to net cash provided by (used in) operations: | | |
| Depreciation and amortization | 4,754 | 3,862 |
| Amortization of operating lease assets | 430 | 421 |
| Amortization of debt financing costs and discount | 164 | 30 |
| Net amortization of premiums and accretion of discounts on available-for-sale securities | 118 | 48 |
| Provision for doubtful accounts | (48) | 1 |
| Provision for deferred income taxes | 22 | 98 |
| Net realized gains on sales of available-for-sale securities | (203) | (153) |
| Share-based compensation | 729 | 626 |
| (Gain) loss on disposals of long-term assets | 1 | — |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (1,252) | (947) |
| Inventory | (40) | 46 |
| Prepaid expenses and other assets | 2,756 | (43) |
| Operating lease right-of-use assets | 2 | (324) |
| Accounts payable | 1,072 | (538) |
| Accrued expenses and other long-term obligations | (345) | 9 |
| Operating lease liabilities | (476) | (138) |
| Deferred revenue | (2,137) | (2,761) |
| Net cash provided by (used in) operating activities | 2,530 | (1,361) |
| Cash flows from investing activities: | | |
| Acquisition of intangible asset | (1,970) | — |
| Purchases of property and equipment | (55) | (48) |
| Software capitalization costs | (691) | (1,233) |
| Purchases of available-for-sale securities | (4,504) | — |
| Proceeds from sales and maturities of available-for-sale securities | 501 | 1,926 |
| Net cash (used in) provided by investing activities | (6,719) | 645 |
| Cash flows from financing activities: | | |
| Payments of notes payable | — | (2,186) |
| Net proceeds from issuance of common stock | — | 108 |
| Net change in client fund obligations | 21,296 | (66,337) |
| Net cash provided by (used in) financing activities | 21,296 | (68,415) |
| Net increase (decrease) in cash, cash equivalents, restricted cash, and restricted cash equivalents | 17,107 | (69,131) |
| Cash, cash equivalents, restricted cash and restricted cash equivalents, beginning of period | 198,743 | 324,985 |
| Cash, cash equivalents, restricted cash and restricted cash equivalents, end of period | $ 215,850 | $ 255,854 |

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

**ASURE SOFTWARE, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)**
(in thousands)

| | Three Months Ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| | (unaudited) | |
| Reconciliation of cash, cash equivalents, restricted cash, and restricted cash equivalents to the Condensed Consolidated Balance Sheets | | |
| Cash and cash equivalents | $ 12,054 | $ 24,290 |
| Restricted cash and restricted cash equivalents included in funds held for clients | 203,796 | 231,564 |
| Total cash, cash equivalents, restricted cash, and restricted cash equivalents | $ 215,850 | $ 255,854 |
| | | |
| Supplemental information: | | |
| Cash paid for interest | $ 684 | $ 219 |
| Cash (refunded) paid for income taxes | $ (14) | $ 183 |
| | | |
| Non-cash investing and financing activities: | | |
| Notes payable issued for acquisitions | $ 411 | $ — |

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

**ASURE SOFTWARE, INC.**
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
(Unaudited)

(Amounts in thousands, except share and per share data unless otherwise noted)

**NOTE 1 - THE COMPANY AND BASIS OF PRESENTATION**

Asure Software, Inc., (“Asure”, the “Company”, “we” and “our”), a Delaware corporation, is a provider of Human Capital Management (“HCM”) software solutions. We help small and medium-sized companies grow by helping them build more productive teams, providing the tools and resources that help them stay compliant with ever-changing federal, state, and local tax jurisdictions and labor laws, and better allocate cash so they can spend their financial capital on growing their business rather than back-office overhead expenses. Asure’s Human Capital Management suite, named Asure HCM, includes cloud-based Payroll, Tax Services, and Time & Attendance software as well as human resources (“HR”) services ranging from HR projects to completely outsourcing payroll and HR staff. We also offer these products and services through our network of reseller partners.

Our platform vision is to become the most trusted HCM resource to entrepreneurs everywhere by helping our clients grow their businesses. Our product strategy is driven by three primary challenges that prevent businesses from growing: HR complexity, allocation of both human and financial capital, and the ability to build great teams. The Asure HCM suite includes four product lines: Asure Payroll & Tax, Asure HR, Asure Time & Attendance, and Asure HR Services.

We develop, market, sell and support our offerings nationwide through our principal office in Austin, Texas and from our processing hubs in California, Florida, Nebraska, New Jersey, New York, Tennessee, and Vermont.

We have prepared the accompanying unaudited Condensed Consolidated Financial Statements in accordance with the rules and regulations of the Securities and Exchange Commission (the “SEC”) and accordingly, they do not include all information and footnotes required under U.S. generally accepted accounting principles (“U.S. GAAP”) for complete financial statements.

In the opinion of management, these interim financial statements contain all adjustments, consisting of normal, recurring adjustments, necessary for a fair presentation of our financial position as of March 31, 2022 and the results of operations, statements of changes in stockholders’ equity for the three months ended March 31, 2022 and March 31, 2021, and our statements of cash flows for the three months ended March 31, 2022 and March 31, 2021.

These unaudited Condensed Consolidated Financial Statements should be read in conjunction with our audited Consolidated Financial Statements and notes thereto filed with the SEC in our annual report on Form 10-K for the fiscal year ended December 31, 2021 (our “2021 Annual Report on Form 10-K”). The results for the interim periods are not necessarily indicative of results for a full fiscal year.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

**USE OF ESTIMATES**

Preparation of the Condensed Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities, the disclosure of contingent assets and liabilities at the date of the Condensed Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. These estimates are subjective in nature and involve judgments. The more significant estimates made by management include the valuation allowance for the gross deferred tax assets, the determination of the fair value of its long-lived assets, and the fair value of assets acquired and liabilities assumed during acquisitions. We base our estimates on historical experience and on various other assumptions management believes reasonable under the given circumstances. These estimates could be materially different under different conditions and assumptions.

## CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

The Company considers all highly liquid investments with an original maturity of 90 days or less at the time of purchase to be cash equivalents. Cash equivalents include investments in an institutional money market fund, which invests in U.S. Treasury bills, notes and bonds, and/or repurchase agreements, backed by such obligations. Carrying value approximates fair value. Restricted cash consists of cash balances which are restricted as to withdrawal or usage. As of March 31, 2022, the Company has $500 of restricted cash related to our agreement with Atlantic Capital Bank.

## RECENT ACCOUNTING PRONOUNCEMENTS

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The standard became effective for interim and annual periods beginning after December 15, 2020, with early adoption permitted. We adopted ASU 2019-12 during the quarter beginning January 1, 2021, using the prospective approach except for hybrid tax regimes, which we adopted using the modified retrospective approach. The adoption of ASU 2019-12 resulted in no material impact to the Company’s financial statements.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments — Credit Losses (Topic 326): This update establishes a new approach to estimate credit losses on certain financial instruments. The update requires financial assets measured at amortized cost to be presented at the net amount expected to be collected. The amended guidance will also update the impairment model for available-for-sale debt securities, requiring entities to determine whether all or a portion of the unrealized loss on such securities is a credit loss. The Company is currently evaluating this standard and the potential effects of these changes to its consolidated financial statements and will adopt this new standard in the fiscal year beginning January 1, 2023.

## RECLASSIFICATION

The Company reclassified its presentation of restricted cash and restricted cash equivalents included in funds held for clients as of March 31, 2021 in the Condensed Consolidated Statements of Cash Flows to conform to the current period presentation. Such reclassification had no effect on the consolidated financial position or consolidated results of operations of the Company.

## ACCUMULATED OTHER COMPREHENSIVE LOSS

As of March 31, 2022 and December 31, 2021, accumulated other comprehensive loss consisted of net unrealized gains and losses on available-for-sale securities.

## NOTE 3 - BUSINESS COMBINATIONS AND ASSET ACQUISITIONS

### 2021

In September 2021, the Company acquired certain assets (the “Asset Purchase Agreement”) of a payroll business, which was used to provide payroll processing services. The aggregate purchase price that the Company paid for these assets was $14,750, paid as follows: (i) $10,325 in cash at closing, (ii) the delivery of a promissory note in the amount of $2,213, and (iii) the delivery of 244 shares of the Company’s common stock, which the parties agreed had an aggregate value of $2,213 as of September 31, 2021. The Asset Purchase Agreement is subject to working capital adjustments to the purchase price.

Also in September 2021, we acquired certain assets of a payroll business (the “Second Asset Purchase Agreement”). The initial purchase price for the assets was $24,150, of which $15,000 was paid in cash at closing. The Second Asset Purchase Agreement also included the delivery of 523 shares of the Company’s common stock, which both parties agreed had an aggregate value of $4,800 at closing. Finally, the Second Asset Purchase Agreement set forth a promissory note initially valued at $4,350 and includes a contingent consideration, which is contingent on certain thresholds and will be based on the trailing twelve-month revenue at September 30, 2022, which we expect will be paid in the fourth quarter of 2022. The promissory note was adjusted to $4,318 to account for an estimated shortfall in working capital when compared to the working capital target at closing of the transaction. The Second Asset Purchase Agreement is subject to post-closing adjustments for working capital and purchase price. We utilized a Monte Carlo simulation to determine the fair value of the contingent consideration. For the year ended December 31, 2021, there was a measurement period adjustment to the fair value of the contingent consideration of $465.

As of March 31, 2022, certain amounts of funds held for clients on our Condensed Consolidated Balance Sheets are in the process of being transferred to the Company's legal possession, as stipulated by the respective transitional service agreements included as part of the Asset Purchase Agreement and Second Asset Purchase Agreement.

The Asset Purchase Agreement and Second Asset Purchase Agreement mentioned above were of privately held companies, whose historic cash basis financial statements were unaudited and not prepared under generally accepted accounting principles in the United States, including, but not limited to, differences in revenue recognition. The disclosure of supplemental pro forma financial information suggested under ASC 805 for a public business entity has been deemed impracticable by management due to these reasons.

**2022**

Effective January 1, 2022, the Company acquired customer relationships of a payroll business for a cash payment of $1,970, which included $31 of transaction costs, and the delivery of a promissory note in the amount of $411. The acquired customer relationships are recorded as an intangible asset and are being amortized on a straight-line basis over eight years.

**NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Accounting Standards Codification (ASC) 820 "Fair Value Measurement" (ASC 820) defines fair value, establishes a framework for measuring fair value under U.S. GAAP and enhances disclosures about fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 describes a fair value hierarchy based on the following three levels of inputs that may be used to measure fair value, of which the first two are considered observable and the last unobservable:

Level 1: Quoted prices in active markets for *identical* assets or liabilities;

Level 2: Quoted prices in active markets for *similar* assets or liabilities; quoted prices in markets that are not active for identical or similar assets or liabilities; and model-driven valuations whose significant inputs are observable; and

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the fair value hierarchy for our financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2022 and December 31, 2021, respectively (in thousands):

| | Total Carrying Value | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **March 31, 2022** | | | | |
| **Assets:** | | | | |
| Funds held for clients | | | | |
| Money market funds | $ 1,144 | $ 1,144 | $ — | $ — |
| Available-for-sale securities | 34,883 | — | 34,883 | — |
| Total | $ 36,027 | $ 1,144 | $ 34,883 | $ — |
| | | | | |
| **Liabilities:** | | | | |
| Contingent purchase consideration(1) | $ 4,329 | $ — | $ — | $ 4,329 |
| Total | $ 4,329 | $ — | $ — | $ 4,329 |
| | | | | |
| **December 31, 2021** | | | | |
| **Assets:** | | | | |
| Funds held for clients | | | | |
| Money market funds | 1,116 | 1,116 | — | — |
| Available-for-sale securities | 32,060 | — | 32,060 | — |
| Total | $ 33,176 | $ 1,116 | $ 32,060 | $ — |
| | | | | |
| **Liabilities:** | | | | |
| Contingent purchase consideration(1) | $ 4,329 | $ — | $ — | $ 4,329 |
| Total | $ 4,329 | $ — | $ — | $ 4,329 |

(1) See Note 2 — Business Combinations for further discussion regarding the contingent purchase consideration.

Restricted cash equivalents and investments classified as available-for-sale within funds held for clients consisted of the following (in thousands):

| | Amortized Cost | Gross Unrealized Gains [1] | Gross Unrealized Losses [1] | Aggregate Estimated Fair Value |
|---|---|---|---|---|
| **March 31, 2022** | | | | |
| Restricted cash equivalents | $ 1,144 | $ — | $ — | $ 1,144 |
| Available-for-sale securities: | | | | |
| Certificates of deposit | 1,237 | 6 | (3) | 1,240 |
| Corporate debt securities | 26,502 | — | (843) | 25,659 |
| Municipal bonds | 7,809 | — | (292) | 7,517 |
| U.S. Government agency securities | 500 | — | (33) | 467 |
| Total available-for-sale securities | 36,048 | 6 | (1,171) | 34,883 |
| Total[2] | $ 37,192 | $ 6 | $ (1,171) | $ 36,027 |
| **December 31, 2021** | | | | |
| Restricted cash equivalents | $ 1,116 | $ — | $ — | $ 1,116 |
| Available-for-sale securities: | | | | |
| Certificates of deposit | 1,240 | 7 | (4) | 1,243 |
| Corporate debt securities | 22,597 | 2 | (76) | 22,523 |
| Municipal bonds | 7,825 | 3 | (24) | 7,804 |
| U.S. Government agency securities | 500 | — | (10) | 490 |
| Total available-for-sale securities | 32,162 | 12 | (114) | 32,060 |
| Total[2] | $ 33,278 | $ 12 | $ (114) | $ 33,176 |

(1) Unrealized gains and losses on available-for-sale securities are included as a component of comprehensive loss. As of March 31, 2022 and December 31, 2021, there were 3 and 10 securities, respectively, in an unrealized gain position and there were 69 and 57 securities in an unrealized loss position, respectively. As of March 31, 2022, these unrealized losses were less than $55 individually and $1,171 in the aggregate. As of December 31, 2021, these unrealized losses were less than $11 individually and $114 in the aggregate. These securities have not been in a continuous unrealized gain or loss position for more than 12 months. We do not intend to sell these investments and we do not expect to sell these investments before recovery of their amortized cost basis, which may be at maturity. We review our investments to identify and evaluate investments that indicate possible other-than-temporary impairment. Factors considered in determining whether a loss is other-than-temporary include the length of time and extent to which fair value has been less than the cost basis, the financial condition and near-term prospects of the investee, and our intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery in market value.

(2) At March 31, 2022 and December 31, 2021, none of these securities were classified as cash and cash equivalents on the accompanying Condensed Consolidated Balance Sheets.

Funds held for clients represent assets that the Company has classified as restricted for use solely for the purposes of satisfying the obligations to remit funds relating to the Company's payroll and payroll tax filing services, which are classified as client funds obligations on our Condensed Consolidated Balance Sheets.

Funds held for clients have been invested in the following categories (in thousands):

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| Restricted cash and cash equivalents held to satisfy client funds obligations | $ 203,796 | $ 185,316 |
| Restricted short-term marketable securities held to satisfy client funds obligations | 7,227 | 5,559 |
| Restricted long-term marketable securities held to satisfy client funds obligations | 27,656 | 26,501 |
| Total funds held for clients | $ 238,679 | $ 217,376 |

Expected maturities of available-for-sale securities as of March 31, 2022 are as follows (in thousands):

| | | |
|---|---|---|
| One year or less | $ | 7,227 |
| After one year through five years | | 27,656 |
| | $ | 34,883 |

## NOTE 5 - GOODWILL AND OTHER INTANGIBLE ASSETS

| | 2021 | | Acquisitions | | 2022 | |
|---|---|---|---|---|---|---|
| Goodwill | $ | 86,011 | $ | — | $ | 86,011 |

We believe significant synergies are expected to arise from our strategic acquisitions and their assembled workforces. This factor contributed to a purchase price that was in excess of the fair value of the net assets acquired and, as a result, we recorded goodwill for each acquisition. A portion of acquired goodwill will be amortizable for tax purposes. As of March 31, 2022, there has been no impairment of goodwill based on the qualitative assessments performed by the Company.

| **Gross Intangible Assets** | 2021 | | Acquisitions | | 2022 | |
|---|---|---|---|---|---|---|
| Customer relationships | $ | 114,611 | $ | 2,360 | $ | 116,971 |
| Developed technology | | 12,001 | | — | | 12,001 |
| Reseller relationships | | 1,012 | | — | | 1,012 |
| Trade names | | 880 | | — | | 880 |
| Non-compete agreements | | 1,032 | | — | | 1,032 |
| | $ | 129,536 | $ | 2,360 | $ | 131,896 |

The gross carrying amount and accumulated amortization of our intangible assets as of March 31, 2022 are as follows (in thousands, except weighted average periods):

| | Weighted Average Amortization Period (in Years) | Gross | | Accumulated Amortization | | Net | |
|---|---|---|---|---|---|---|---|
| **March 31, 2022** | | | | | | | |
| Customer relationships | 8.7 | $ | 116,971 | $ | (42,887) | $ | 74,084 |
| Developed technology | 6.6 | | 12,001 | | (9,394) | | 2,607 |
| Reseller relationships | 7.2 | | 1,012 | | (869) | | 143 |
| Trade names | 3.0 | | 880 | | (646) | | 234 |
| Non-compete agreements | 5.2 | | 1,032 | | (895) | | 137 |
| | 8.4 | $ | 131,896 | $ | (54,691) | $ | 77,205 |
| **December 31, 2021** | | | | | | | |
| Customer relationships | 8.7 | $ | 114,611 | $ | (39,535) | $ | 75,076 |
| Developed technology | 6.6 | | 12,001 | | (9,098) | | 2,903 |
| Reseller relationships | 7.2 | | 1,012 | | (864) | | 148 |
| Trade names | 3.0 | | 880 | | (579) | | 301 |
| Non-compete agreements | 5.2 | | 1,032 | | (887) | | 145 |
| | 8.4 | $ | 129,536 | $ | (50,963) | $ | 78,573 |

We record amortization expenses using the straight-line method over the estimated useful lives of the intangible assets, as noted above. Amortization expenses recorded in Operating Expenses were $3,432 and $2,528 for the three months ended March 31, 2022 and 2021, respectively. Amortization expenses recorded in Cost of Sales were $296 and $379 for the three months ended March 31, 2022 and 2021, respectively. There was no impairment of intangibles during the three months ended March 31, 2022 based on the qualitative assessment performed by the Company. However, if market, political and other conditions over which we have no control continue to affect the capital markets and our stock price declines, we may experience an impairment of our intangibles in future quarters.

The following table summarizes the future estimated amortization expense relating to our intangible assets as of March 31, 2022 (in thousands):

| | | |
|---|---|---|
| 2022 | $ | 10,946 |
| 2023 | | 13,545 |
| 2024 | | 13,285 |
| 2025 | | 12,499 |
| 2026 | | 9,388 |
| 2027 | | 6,918 |
| Thereafter | | 10,624 |
| | $ | 77,205 |

**NOTE 6 - NOTES PAYABLE**

The following table summarizes our outstanding debt as of the dates indicated (in thousands):

| | Maturity | Cash Interest Rate | March 31, 2022 | December 31, 2021 |
|---|---|---|---|---|
| Subordinated Notes Payable – Acquisitions(1) | 7/1/2021 – 9/30/2026 | 2.00% - 3.00% | $ 8,815 | $ 8,178 |
| Senior Credit Facility | 10/1/2025 | 9.00% | 30,170 | 30,224 |
| Gross Notes Payable | | | $ 38,985 | $ 38,402 |

(1) See Note 2 — Business Combinations for further discussion regarding the notes payable related to acquisitions.

The following table summarizes the debt issuance costs as of the dates indicated (in thousands):

| | Gross Notes Payable | Debt Issuance Costs and Debt Discount | Net Notes Payable |
|---|---|---|---|
| **March 31, 2022** | | | |
| Current portion of notes payable | $ 2,079 | $ (306) | $ 1,773 |
| Notes payable, net of current portion | 36,906 | (2,929) | 33,977 |
| Total | $ 38,985 | $ (3,235) | $ 35,750 |
| | | | |
| **December 31, 2021** | | | |
| Current portion of notes payable | $ 2,079 | $ (172) | $ 1,907 |
| Notes payable, net of current portion | 36,323 | (3,203) | 33,120 |
| Total | $ 38,402 | $ (3,375) | $ 35,027 |

The following table summarizes the future principal payments related to our outstanding debt as of March 31, 2022 (in thousands):

| | | |
|---|---|---|
| 2022 | $ | 2,079 |
| 2023 | | 4,827 |
| 2024 | | 6,623 |
| 2025 | | 23,231 |
| 2026 | | 2,225 |
| Total | $ | 38,985 |

*Subordinated Notes Payable - Acquisitions*

There remains an outstanding principal balance on the subordinated note payable issued in connection with the purchase of a business we acquired in 2018, which note matured on July 1, 2021. Payment on the principal balance was withheld as security for an outstanding claim for which we are entitled to indemnification under the purchase agreement. We will make the payment, subject to our right of offset under the purchase agreement, when these claims are resolved. Due to our rights under the purchase agreement and the terms of this note, we are not in default under the note.

See Note 2 — Business Combinations for further discussion regarding the issuance of subordinated notes payable related to acquisitions.

*Senior Credit Facility with Structural Capital Investments III, LP*

On September 10, 2021, the Company entered into a Loan and Security Agreement with Structural Capital Investments III, LP (“Structural” and together with the other lenders that are or become parties thereto, the “Lenders”), and Ocean II PLO LLC, as administrative and collateral agent for Structural and the Lenders (“Agent”), under the terms of which the Lenders have committed to lend us up to $50,000 in term loan financing to support our growth needs (the “Facility”) until June 30, 2022. The Company also entered into a secured promissory note with the Agent evidencing our obligations under the Facility. The Company’s obligations are further guaranteed by each of our subsidiaries and secured by our assets and the assets of our subsidiaries.

At the onset of the agreement, we paid to the Lenders an origination fee of $500. Interest accrues on any outstanding balance at a rate equal to the greater of 9.0% or the Prime Rate, plus 5.75% (the “Basic Rate”) and is payable in advance. In addition, interest is paid in kind (“PIK”) at a rate of 1.00% or 1.25% based on our APR Ratio, measured on a quarterly basis. The PIK interest is added to our outstanding balance and accrues interest at the Basic Rate. Interest only payments are due until October 2023, with an option to extend until October 2024, dependent on certain financial or revenue metrics before the end of the first twenty-four months of the Facility.

Principal payments begin after the expiration of the interest only period, and are based on a five year amortization schedule, with a balloon payment due in October 2025. The table above in this Note 6 — Notes Payable summarizing future principal payments assumes the Company will not extend the period of interest only payments to October 2024. Upon payment in full of the obligations under the Facility, we are to pay Lenders a final payment fee equal to 1.0% of the increase in our market capitalization since the onset of the agreement, at that time valued at $182,400.

The Company has agreed to provide the Lenders the right to participate in a future offering—whether public or private—on the same terms and conditions as other investors for an amount not to exceed $3,000.

There are no financial covenants if our net cash position is equal to or greater than zero. If our net cash position is less than zero, the Company would be subject to the following financial covenants: (i) unrestricted cash of no less than $5,000, (ii) maintain an APR ratio of no less than 0.70:1.00 through September 10, 2023, and (iii) maintain an APR ratio of no less than 0.60:1.00 from September 10, 2023 through the remainder of the term of the Facility. The APR ratio would be the ratio of our tested debt to our annual recurring revenue and would be measured on a quarterly basis. Our Tested Debt consists of our outstanding obligations under the Facility (exclusive of PIK interest) and any indebtedness issued or earnouts owed to sellers in connection with acquisitions.

**NOTE 7 – CONTRACTS WITH CUSTOMERS AND REVENUE CONCENTRATION**

***Receivables***

Receivables from contracts with customers, net of allowance for doubtful accounts of $2,264, were $6,608 at March 31, 2022. Receivables from contracts with customers, net of allowance for doubtful accounts of $2,210, were $5,308 at December 31, 2021. No customers represented more than 10% of our net accounts receivable balance as of March 31, 2022 and December 31, 2021, respectively.

***Deferred Commissions***

Deferred commission costs from contracts with customers were $5,174 and $4,684 at March 31, 2022 and December 31, 2021, respectively. The amount of amortization recognized for the three months ended March 31, 2022 and March 31, 2021 was $345 and $232, respectively.

***Deferred Revenue***

During the three months ended March 31, 2022 and March 31, 2021, revenue of $3,058 and $3,406, respectively, was recognized from the deferred revenue balance at the beginning of each period.

***Transaction Price Allocated to the Remaining Performance Obligations***

As of March 31, 2022, approximately $22,433 of revenue is expected to be recognized from remaining performance obligations. We expect to recognize revenue on approximately 70% of these remaining performance obligations over the next 12 months, with the balance recognized thereafter.

***Revenue Concentration***

During the three months ended March 31, 2022 and 2021, there were no customers that individually represented 10% or more of consolidated revenue.

**NOTE 8 - LEASES**

We have entered into office space lease agreements, which qualify as operating leases under ASU No. 2016-02, "Leases (Topic 842)". Under such leases, the lessors receive annual minimum (base) rent. The leases have original terms (excluding extension options) ranging from one year to ten years. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

We record base rent expense under the straight-line method over the term of the lease. In the accompanying Condensed Consolidated Statements of Comprehensive Loss, rent expense is included in operating expenses under general and administrative expenses. The components of the rent expense for the three months ended March 31, 2022 and 2021 are as follows (in thousands):

| | Three Months Ended March 31, | |
|---|---|---|
| | **2022** | **2021** |
| Operating lease cost | $ 557 | $ 570 |
| Sublease income | (11) | (11) |
| Net rent expense | $ 546 | $ 559 |

For purposes of calculating the operating lease assets and lease liabilities, extension options are not included in the lease term unless it is reasonably certain we will exercise the option, or the lessor has the sole ability to exercise the option. The weighted average discount rate of our operating leases is 8% as of March 31, 2022 and December 31, 2021, respectively. The weighted average remaining lease term is five years and six years as of March 31, 2022 and December 31, 2021, respectively.

Supplemental cash flow information related to operating leases for the three months ended March 31 are as follows (in thousands):

| | Three Months Ended March 31, | |
|---|---|---|
| | **2022** | **2021** |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash outflows from operating leases | $ 476 | $ 609 |
| Non-cash operating activities: | | |
| Operating lease assets obtained in exchange for new operating lease liabilities | $ — | $ 325 |

Future minimum commitments over the life of all operating leases, which exclude variable rent payments, are as follows (in thousands):

| | |
|---|---|
| 2022 | $ 1,396 |
| 2023 | 1,574 |
| 2024 | 1,384 |
| 2025 | 974 |
| 2026 | 610 |
| 2027 | 626 |
| Thereafter | 566 |
| Total minimum lease payments | 7,130 |
| Less: imputed interest | (1,310) |
| Total lease liabilities | $ 5,820 |

**NOTE 9 - SHARE-BASED COMPENSATION**

We have one active equity plan, the 2018 Incentive Award Plan (the "2018 Plan"). The 2018 Plan, approved by our shareholders, replaced our 2009 Equity Incentive Plan, as amended (the "2009 Plan"), however, the terms and conditions of the 2009 Plan will continue to govern any outstanding awards granted thereunder.

The number of shares available for issuance under the 2018 Plan is equal to the sum of (i) 2,350,000 shares, and (ii) any shares subject to issued and outstanding awards under the 2009 Plan as of the effective date of the 2018 Plan that expire, are canceled or otherwise terminate following the effective date of the 2018 Plan. We have 2,334,289 options and RSUs granted and outstanding pursuant to the 2018 Plan as of March 31, 2022. As of March 31, 2022, the number of shares available for issuance under the 2018 Plan is 197,622.

Share based compensation for our stock option plans for the three months ended March 31, 2022 and March 31, 2021 was $729 and $626. We issued no common stock related to exercises of stock options for the three months ended March 31, 2022 and issued 19,709 shares of common stock related to exercises for the three months ended March 31, 2021. We issued 42,667 and 34,920 shares of common stock upon the vesting of restricted stock units, net for the three months ended March 31, 2022 and 2021, respectively.

**NOTE 10 - NET LOSS PER SHARE**

We compute net loss per share based on the weighted average number of common shares outstanding for the period. Diluted net loss per share reflects the maximum dilution that would have resulted from incremental common shares issuable upon the exercise of stock options. We compute the number of common share equivalents, which includes stock options, using the treasury stock method. We have excluded stock options and restricted stock units of 308,799 for the three months ended March 31, 2022 and 1,854,000 shares for the three months ended March 31, 2021 from the computation of the diluted shares because the effect of including the stock options and restricted stock units would have been anti-dilutive.

The following table sets forth the computation of basic and diluted net loss per common share for the three months ended March 31 (in thousands, except per share amounts):

| | Three Months Ended March 31, | |
|---|---|---|
| | **2022** | **2021** |
| Basic: | | |
| Net loss | $ (3,017) | $ (1,598) |
| Weighted-average shares of common stock outstanding | 20,041 | 19,007 |
| Basic loss per share | $ (0.15) | $ (0.08) |
| | | |
| Diluted: | | |
| Net loss | $ (3,017) | $ (1,598) |
| Weighted-average shares of common stock outstanding | 20,041 | 19,007 |
| Diluted loss per share | $ (0.15) | $ (0.08) |

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

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-Q contains forward-looking statements about our financial results, which may include expected U.S GAAP and non-U.S. GAAP financial and other operating and non-operating results, including revenue, net income, diluted earnings per share, operating cash flow growth, operating margin improvement, deferred revenue growth, expected revenue run rate, expected tax rates, share-based compensation expenses, amortization of purchased intangibles, amortization of debt discount and shares outstanding. The achievement or success of the matters covered by such forward-looking statements involves risks, uncertainties and assumptions. If any such risks or uncertainties materialize or if any of the assumptions prove incorrect, the Company’s results could differ materially from the results expressed or implied by the forward-looking statements we make. The risks and uncertainties referred to above include—but are not limited to—risks associated with possible fluctuations in the Company’s financial and operating results; the Company’s rate of growth and anticipated revenue run rate, including impact of the current environment, the spread of major pandemics or epidemics (including COVID-19) and other related uncertainties such as government-imposed travel restrictions, interruptions to supply chains and extended shut down of businesses, reductions in employment and an increase in business failures, specifically among our clients, the Company’s ability to convert deferred revenue and unbilled deferred revenue into revenue and cash flow, and ability to maintain continued growth of deferred revenue and unbilled deferred revenue; errors, interruptions or delays in the Company’s services or the Company’s Web hosting; breaches of the Company’s security measures; domestic regulatory developments, including changes to or applicability to our business of privacy and data securities laws, money transmitter laws and anti-money laundering laws; the financial and other impact of any previous and future acquisitions; the nature of the Company’s business model, including risks related to government contracts; the Company’s ability to continue to release, gain customer acceptance of and provide support for new and improved versions of the Company’s services; successful customer deployment and utilization of the Company’s existing and future services; changes in the Company’s sales cycle; competition; various financial aspects of the Company’s subscription model; unexpected increases in attrition or decreases in new business; the Company’s ability to realize benefits from strategic partnerships and strategic investments; the emerging markets in which the Company operates; the Company’s ability to hire, retain and motivate employees and manage the Company’s growth; changes in the Company’s customer base; technological developments; litigation and any related claims, negotiations and settlements, including with respect to intellectual property matters or industry-specific regulations; unanticipated changes in the Company’s effective tax rate; regulatory pressures on economic relief enacted as a result of the COVID-19 pandemic that change or cause different interpretations with respect to eligibility for such programs; factors affecting the Company’s term loan; fluctuations in the number of Company shares outstanding and the price of such shares; interest rates; collection of receivables; factors affecting the Company’s deferred tax assets and ability to value and utilize them; the potential negative impact of indirect tax exposure; the risks and expenses associated with the Company’s real estate and office facilities space; and general developments in the economy, financial markets, credit markets and the impact of current and future accounting pronouncements and other financial reporting standards.

Further information on these and other factors that could affect the Company’s financial results is included in the reports on Forms 10-K, 10-Q and 8-K, and in other filings we make with the SEC from time to time. These documents are available on the SEC Filings section of the Investor Information section of the Company’s website at investor.asuresoftware.com. Asure assumes no obligation and does not intend to update these forward-looking statements, except as required by law.

## OVERVIEW

### Our Business

The following review of Asure’s financial position as of March 31, 2022 and December 31, 2021, and results of operations for the three months ended March 31, 2022 and 2021 should be read in conjunction with our 2021 Annual Report on Form 10-K filed with the SEC on March 14, 2022. Asure’s internet website address is www.asuresoftware.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available through the investor relations page of our internet website free of charge as soon as reasonably practicable after they are electronically filed, or furnished to, the SEC. Asure’s internet website and the information contained in our website or connected to our website are not incorporated into this Quarterly Report on Form 10-Q, however we do post information on the investor relations page of our website that we believe may be of interest to our investors.

Asure is a leading provider of cloud-based Human Capital Management ("HCM") software and services. We help small and medium-sized businesses ("SMBs") grow by offering the HR tools necessary to build a better workforce, providing the resources to stay compliant with ever changing federal, state, and local tax jurisdictions and labor laws, ultimately freeing their cash flows so they can spend their financial capital on growing their business rather than back-office overhead that impedes growth. Asure's HCM suite, named AsureHCM, includes cloud-based Payroll & Tax, HR, and Time & Attendance software as well as HR Services ranging from HR projects to completely outsourcing payroll and HR staff. We also offer these products and services through our network of Reseller Partners.

We are a leading provider of cloud-based HCM solutions, delivered as a software-as-a-service ("SaaS") for SMBs. From recruitment to retirement, our solutions help more than 80,000 SMBs across the United States grow their businesses. About 13,000 of our clients are direct and approximately 67,000 remaining clients are indirect as they have contracts with Reseller Partners that white label our solutions.

We strive to be the most trusted HCM resource to entrepreneurs and are focused on less densely populated U.S. metropolitan cities where fewer of our competitors have a presence. Our solution strategy solves three primary challenges that prevent businesses from growing: HR complexity, allocation of human and financial capital, and the ability to build great teams. We have invested in, and intend to continue to invest in, research and development to expand our solution. Asure HCM, our user-friendly solution, reduces the administrative burden on employers and increases employee productivity while managing the complete employment lifecycle.

**Impact of the COVID-19 Pandemic**

In March 2020, the World Health Organization declared the COVID-19 outbreak to be a global pandemic. In response, federal, state and local governments imposed various restrictions on social and commercial activity to promote social distancing in an effort to slow the spread of the disease, and certain restrictions remain in place. Beginning in February 2020, we took various actions in order to minimize the risk of COVID-19 to our employees, our clients, and the communities in which we operate, and in March 2020, we prohibited all business-related travel and began transitioning our employees to work-from-home arrangements. As of June 1, 2021, we have opened our offices and resumed in person work. We continue to take proactive measures, including regular cleaning of the offices, and monitoring of the Center for Disease Control guidelines for returning to work. We will continue to actively monitor the situation and may take further actions that alter our business operations as may be required by federal, state or local authorities or that we determine are in the best interests of our employees and clients.

The COVID-19 pandemic disrupted the operations of our clients and client prospects and may continue to do so for an indefinite period of time. Across many industries, temporary and permanent business closures as well as business occupancy limitations have resulted in significant layoffs and employee furloughs since late March 2020. Because we charge our clients on a per-employee basis for certain services we provide, decreases in the headcounts of our clients at the onset of the pandemic negatively impacted our recurring revenue during 2020. We expect our recurring revenue in future periods to continue to be negatively impacted by headcount reductions until employment levels across our client base return to pre-pandemic levels. Further, at the onset of the COVID-19 pandemic, a limited number of new clients temporarily delayed service implementation. As the COVID-19 pandemic continues to create uncertainty and the potential for ongoing business disruptions, we may experience similar client-driven delays in service implementation in the future.

In 2022, we continued to aggressively invest in sales and marketing and in research and development to drive future growth and expand our market share. Lower headcount at our clients and the other pandemic-related factors described above, which had and may continue to have a negative impact on recurring revenue, combined with increased sales and marketing and research and development expenses, cumulatively had an adverse impact on our operating results for the quarter ended March 31, 2022. We expect net income to be negatively affected by the impact of the pandemic on our recurring revenue and our deliberate, increased level of investment in sales and marketing and research and development to drive the growth of our business.

Prior to the COVID-19 pandemic, our sales force traveled frequently to market our solution set. The current remote work environment presents a unique opportunity because each sales employee is able to meet virtually with a greater number of client prospects in a given day than they would if conducting in-person meetings. Although we have not experienced such challenges to date, if clients and client prospects are not as willing or available to engage by video conference and teleconference, the shift from in-person to virtual sales meetings could negatively affect our sales efforts, impede client acquisition and lengthen our sales cycles, which would negatively impact our business and results of operations and could impact our financial condition in the future.

The employee retention tax credit ("ERTC") for 2020 was established under the CARES Act and amended by the Taxpayer Certainty and Disaster Tax Relief Act of 2020 and provided for changes in the employee retention credit for 2020 and provided an additional credit. The Company evaluated its eligibility for the ERTC for the three quarters lapsed in 2021. It was determined that the Company qualified for the employee retention credit for each quarter ended in 2021. As a result, as of September 30, 2021 approximately $10,533 was recognized in Interest (expense) income, net for the ERTC.

We are unable to estimate the full impact the COVID-19 pandemic could have on our business and results of operations in the future due to numerous uncertainties, including the severity of the disease, the occurrence of variant strains, the duration of the outbreak, actions that may be taken by governmental authorities, the impact it may have on the business of our clients and other factors identified in Part I, Item 1A "Risk Factors" in our 2021 Annual Report on Form 10-K. As a result, the effect of the ongoing COVID-19 pandemic may not be fully reflected in our results of operations and overall financial performance until future periods.

**Acquisitions**

On September 30, 2021, our subsidiary, Evolution Payroll Processing LLC ("EPP"), acquired certain assets of a New Jersey corporation, which were used to provide payroll processing services. The aggregate purchase price we paid for the assets was $24,150, including: (i) $15,000 in cash at closing, (ii) the delivery of a promissory note of $4,350, and (iii) the delivery of 523 shares of the Company's common stock which the parties agreed had an aggregate value of $4,800 as of September 30, 2021. At closing, the face amount of the promissory note was adjusted to $4,318 to account for a shortfall in working capital. The agreement is subject to future adjustments to the purchase price, including working capital and an earnout.

Also on September 30, 2021, EPP acquired certain assets of a Vermont corporation, which were used to provide payroll processing services. The aggregate purchase price for these assets was $14,750, paid as follows: (i) $10,325 in cash at closing, (ii) the delivery of a promissory note in the amount of $2,213, and (iii) the delivery of 244 shares of the Company's common stock which the parties agreed had an aggregate value of $2,213 as of September 30, 2021. The agreement is subject to a future working capital adjustment to the purchase price.

On January 1, 2022, the Company acquired certain assets of a Reseller Partner, which were used to provide payroll processing services. The Partner is located in the northeastern United States. The aggregate purchase price that the Company paid for these assets was $2,350, paid as follows: (i) $1,939 in cash at closing and (ii) the delivery of a promissory note in the amount of $411.

**RESULTS OF OPERATIONS** (in thousands)

The following table sets forth, for the fiscal periods indicated, the percentage of total revenues represented by certain items in the Company's Condensed Consolidated Statements of Comprehensive Loss:

| | Three Months Ended March 31, | |
|---|---|---|
| | **2022** | **2021** |
| Revenues | 100 % | 100 % |
| Gross profit | 64 % | 63 % |
| Sales and marketing | 20 % | 18 % |
| General and administrative | 31 % | 33 % |
| Research and development | 7 % | 6 % |
| Amortization of intangible assets | 14 % | 13 % |
| Total operating expenses | 72 % | 69 % |
| Interest expense and other, net | (3)% | (1)% |
| Loss from operations before income taxes | (12)% | (8)% |
| Net loss | (12)% | (8)% |

**Revenue**

Revenues are comprised of recurring revenues, professional services, hardware, and other revenues. We expect our revenues to increase as we introduce new applications, expand our client base and renew and expand relationships with existing clients. As a percentage of total revenues, we expect our mix of recurring revenues, and professional services, hardware and other revenues to remain relatively constant. While revenue mix varies by product, recurring revenue represented over 94% of total revenue in three months ended March 31, 2022, compared to 97% in three months ended March 31, 2021.

Our revenue was derived from the following sources (in thousands):

| | Three Months Ended March 31, | | Variance | |
|---|---|---|---|---|
| | 2022 | 2021 | $ | % |
| Recurring | $ 23,004 | $ 19,242 | $ 3,762 | 20 % |
| Professional services, hardware and other | 1,329 | 560 | 769 | 137 % |
| Total | $ 24,333 | $ 19,802 | $ 4,531 | 23 % |

*Recurring Revenues*

Recurring revenues include fees for our payroll, payroll tax, time and labor management, and other Asure solutions as well as fees charged for form filings and delivery of client payroll checks and reports. These revenues are derived from fixed amounts charged per billing period and sometimes an additional fee per employee or transaction processed. We do not require clients to enter into long-term contractual commitments for our services. Our billing period varies by client based on when each client pays its employees, which may be weekly, bi-weekly, semi-monthly or monthly. We also generate recurring revenue from our Reseller Partners that license our solutions. Because recurring revenues are based, in part, on fees for use of our applications and the delivery of checks and reports that are levied on a per-employee basis, our recurring revenues increase as our clients hire more employees. Recurring revenues are recognized in the period services are rendered.

Recurring revenues include revenues relating to the annual processing of payroll forms, such as Form W-2 and Form 1099, and revenues from processing unscheduled payroll runs (such as bonuses) for our clients. Because payroll forms are typically processed in the first quarter of the year and many of our clients are subject to form filing requirements mandated by the ACA, first quarter revenues and margins are generally higher than in subsequent quarters. We anticipate our revenues will continue to exhibit this seasonal pattern related to ACA form filings for so long as the ACA (or replacement legislation) includes employer reporting requirements. In addition, we often experience increased revenues during the fourth quarter due to unscheduled payroll runs for our clients that occur before the end of the year. Therefore, we expect the seasonality of our revenue cycle to decrease to the extent clients utilize more of our non-payroll applications.

This revenue line also includes interest earned on funds held for clients. We collect funds from clients in advance of either the applicable due date for payroll tax submissions or the applicable disbursement date for employee payment services. These collections from clients are typically disbursed from one to 30 days after receipt, with some funds being held for up to 120 days. We typically invest funds held for clients in money market funds, demand deposit accounts, commercial paper, fixed income securities and certificates of deposit until they are paid to the applicable tax or regulatory agencies or to client employees. The amount of interest we earn from the investment of client funds is also impacted by changes in interest rates.

Revenue for the three months ended March 31, 2022 was $24,333, an increase of $4,531, or 23%, from $19,802 for the three months ended March 31, 2021. Recurring revenue increased due to organic growth related to an uptick in year-end fees and acquisitions.

*Professional Services, Hardware and Other Revenues*

Professional Services, Hardware and Other Revenues represents implementation fees, one-time consulting projects, on-premise maintenance, and hardware devices to enhance our software products.

Professional services, hardware and other revenue increased $769, or 137%, for the three months ended March 31, 2022 from the similar period in 2021, due to the implementation of our ERTC service during 2021.

Although our total customer base is widely spread across industries, our sales are concentrated in SMBs. We continue to target SMBs across industries as prospective customers. Geographically, we sell our products primarily in the United States.

In addition to continuing to develop our workforce solutions and release of new software updates and enhancements, we continue to actively explore other opportunities to acquire additional products or technologies to complement our current software and services.

**Gross Profit and Gross Margin**

Consolidated gross profit for the three months ended March 31, 2022 was $15,464, an increase of $2,972, or 24%, from $12,492 for the three months ended March 31, 2021. Gross margin as a percentage of revenue was 64% for the three months ended March 31, 2022 as compared to 63% for the three months ended March 31, 2021. Our increase in gross margin is primarily attributable to the increase in revenue and more efficient operations.

Our cost of sales relates primarily to direct product costs, compensation for operations and related consulting expenses, hardware expenses, facilities and related expenses and the amortization of our purchased software development costs. We include intangible amortization related to developed and acquired technology within cost of sales.

**Sales and Marketing Expenses**

Sales and marketing expenses primarily consist of salaries and related expenses for sales and marketing staff, including stock-based expenses, commissions, as well as marketing programs, which include events, corporate communications and product marketing activities.

Selling and marketing expenses for the three months ended March 31, 2022 were $4,897, an increase of $1,286, or 36%, from $3,611 for the three months ended March 31, 2021, primarily due to increased personnel costs offset by lower discretionary marketing spending as we focus on hiring direct sales personnel. Selling and marketing expenses as a percentage of revenue increased to 20% for the three months ended March 31, 2022 from 18% for the same period in 2021.

We continue to expand and increase selling costs as we focus on hiring direct sales personnel, expanding recognition of our brand, and lead generation.

**General and Administrative Expenses**

General and administrative expenses primarily consist of salaries and related expenses, including stock-based expenses for finance and accounting, legal, internal audit, human resources and management information systems personnel, legal costs, professional fees, and other corporate expenses such as transaction costs for acquisitions.

General and administrative expenses for the three months ended March 31, 2022 were $7,485, an increase of $987, or 15%, from $6,498 for the three months ended March 31, 2021, primarily attributable to increased personnel, contracting and placement costs. General and administrative expenses as a percentage of revenue decreased to 31% for the three months ended March 31, 2022 from 33% for the same period in 2021.

We continue to drive efficiencies within our payroll operations by continually reevaluating our vendor relationships.

**Research and Development Expenses**

Research and development (“R&D”) expenses consist primarily of salaries and related expenses, including stock-based expenses for employees supporting our R&D activities.

R&D expenses for the three months ended March 31, 2022 were $1,821, an increase of $697, or 62%, from $1,124 for the three months ended March 31, 2021. The increase in R&D expense is primarily attributable to an increase in investment costs. R&D expenses as a percentage of revenues increased to 7% for the three months ended March 31, 2022 from 6% for the same period in 2021.

We will continue to enhance our products and technologies through expansion of our technological resources by increasing headcount and development partnerships, as well as through organic improvements and acquired intellectual property. We will continue to expand the breadth of integration between our solutions, allowing direct clients and resellers the ability to easily add and implement components across our entire solution set. We believe that our expanded investment in product, engineering, SaaS hosting, and mobile and hardware technologies lays the groundwork for broader market opportunities and represents a key aspect of our competitive differentiation. Native mobile applications, common user interface, expanded web service integration and other technologies are all part of our initiatives.

Our development efforts for future releases and enhancements are driven by feedback received from our existing and potential customers and by gauging market trends. We believe we have the appropriate development team to design and enhance our solution suite and integrated platform. We have also made significant investments outside of core R&D into compliance and certifications, including SOC I Type 2 and SOC II Type 2 certifications, BIPA, CCPA, and other initiatives.

**Amortization of Intangible Assets**

Amortization expense in operating expenses for the three months ended March 31, 2022 was $3,432, an increase of $904, or 36%, from $2,528 for the three months ended March 31, 2021. Amortization expense as a percentage of revenue was 14% and 13% for the three months ended March 31, 2022 and 2021, respectively.

**Interest Expense and Other, Net**

Interest expense and other, net for the three months ended March 31, 2022 was an expense of $816 compared to an expense of $224 for the three months ended March 31, 2021. The increase in interest expense and other, net relative to the prior year is attributable to new borrowings under our credit facility with Structural Capital Investments III LP, which were used to fund the acquisitions of two of our payroll resellers in the third quarter of 2021. Interest expense and other, net as a percentage of revenue was an expense of 3% and 1% for the three months ended March 31, 2022 and March 31, 2021, respectively. Interest expenses for the three months ended March 31, 2022 and 2021 is composed primarily of interest expense on notes payable.

**Income Taxes**

For the three months ended March 31, 2022 and 2021, we recorded an income tax expense attributable to continuing operations of $30 and $105, respectively, a decrease of $75 or 71%.

**Loss From Operations**

We incurred a loss from operations of $3,017, or $0.15 per share, during the three months ended March 31, 2022, compared to a loss from operations of $1,598, or $0.08 per share, during the three months ended March 31, 2021. Loss from operations as a percentage of total revenues was 12% and 8% for the three months ended March 31, 2022 and 2021, respectively.

**LIQUIDITY AND CAPITAL RESOURCES** (in thousands)

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| Cash and cash equivalents[1] | $ 12,054 | $ 13,427 |

(1) This balance excludes cash equivalents in funds held for clients

Working Capital. We had working capital of $15,832 at March 31, 2022, a decrease of $1,174 from working capital of $17,006 at December 31, 2021. Working capital as of March 31, 2022 and December 31, 2021 includes $1,626 and $3,750 of short-term deferred revenue, respectively. Deferred revenue is an obligation to perform future services. We expect that deferred revenue will convert to future revenue as we perform our services, but this does not represent future payments. Deferred revenue can vary based on seasonality, expiration of initial multi-year contracts and deals that are billed after implementation rather than in advance of service delivery.

Operating Activities. Net cash provided by operating activities of $2,530 for the three months ended March 31, 2022 was primarily driven by non-cash adjustments to our net loss of approximately $5,967, primarily due to depreciation and amortization. This was offset by our net loss of $3,017 and changes in operating assets and liabilities, which resulted in a use of $420 in cash. Net cash used in operating activities of $1,361 for the three months ended March 31, 2021 was driven by non-cash adjustments to our net loss of approximately $4,933, primarily due to depreciation and amortization, offset by our net loss of $1,598. For the three months ended March 31, 2021, changes in operating assets and liabilities resulted in a use of $4,696 in cash.

Investing Activities. Net cash used in investing activities of $6,719 for the three months ended March 31, 2022 is primarily due to our first quarter acquisition totaling $1,970 and purchases of available-for-sale securities and maturities of $4,504. Net cash provided by investing activities of $645 for the three months ended March 31, 2021 is primarily due to the proceeds from sales and maturities of available-for-sale securities of $1,926.

Financing Activities. Net cash provided by financing activities was $21,296 for the three months ended March 31, 2022, which primarily consisted of a net increase in client fund obligations of $21,296 and payments of notes payable of $—. Net cash used in financing activities was $68,415 for the three months ended March 31, 2021, which primarily consisted of a net decrease in client fund obligations of $66,337.

Sources of Liquidity. As of March 31, 2022, the Company's principal sources of liquidity consisted of approximately $12,054 of cash, cash equivalents and restricted cash, cash generated from operations of our business over the next twelve months, and Structural Capital Investments III, LP have committed to lend us up to $50,000 in term loan financing to support our growth needs (the "Facility") until March 31, 2022 which was extended to June 30, 2022. The Facility is discussed in Note 6 — Notes Payable, to the Condensed Consolidated Financial Statements.

We cannot assure that we can grow our cash balances or limit our cash consumption and thus maintain sufficient cash balances for our planned operations or future acquisitions. Future business demands may lead to cash utilization at levels greater than recently experienced. We may need to raise additional capital in the future in order to grow our existing software operations and to seek additional strategic acquisitions in the near future. Further, we cannot assure that we will be able to raise additional capital on acceptable terms, or at all.

**CRITICAL ACCOUNTING POLICIES**

We have prepared our Condensed Consolidated Financial Statements in accordance with U.S. generally accepted accounting principles and included the accounts of our wholly owned subsidiaries. We have eliminated all significant intercompany transactions and balances in the consolidation. Preparation of the Condensed Consolidated Financial Statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are subjective in nature and involve judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at fiscal year-end and the reported amounts of revenues and expenses during the fiscal year. The more significant estimates made by management include the valuation allowance for our gross deferred tax asset, the determination of the fair value of our long-lived assets. We base our estimates on historical experience and on various other assumptions that management believes are reasonable under the given circumstances. These estimates could be materially different under different conditions and assumptions. Additionally, the actual amounts could differ from the estimates made. Management periodically evaluates estimates used in the preparation of our financial statements for continued reasonableness. We prospectively apply appropriate adjustments, if any, to our estimates based upon our periodic evaluation. For a description of our critical accounting policies, see Management's Discussion and Analysis in our Annual Report on Form 10-K for the year ended December 31, 2021.

## ITEM 4. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Control and Procedures

The Company maintains disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act that are designed to ensure that information required to be disclosed in the reports filed or submitted by Asure to the SEC is recorded, processed, summarized, and reported, within the time periods specified by the SEC's rules and forms, and is accumulated and communicated to management including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Company's management, including the Chief Executive Officer and Chief Financial Officer, performed an evaluation to conclude with reasonable assurance that Asure's disclosure controls and procedures were designed and operating effectively to report the information each company is required to disclose in the reports they file with the SEC on a timely basis. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer of Asure have concluded that as of March 31, 2022, disclosure controls and procedures were effective.

### Change in Internal Controls over Financial Reporting

During the period ended March 31, 2022, there were no changes in our internal control over financial reporting that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II – OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

Although we have been, and in the future may be, the defendant or plaintiff in various actions arising in the normal course of business, as of March 31, 2022, we were not party to any pending legal proceedings that are material to our business.

### ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors previously disclosed in the Company's 2021 Annual Report on Form 10-K, filed with the SEC on March 14, 2022, and investors are encouraged to review these risk factors prior to making an investment in the Company.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. OTHER INFORMATION

None.

### ITEM 5. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as a part of this Quarterly Report on Form 10-Q:

(1) Financial Statements:

The Financial Statements required by this item are submitted in Part II, Item 8 of this report.

(2) Financial Statement Schedules:

All schedules are omitted because they are not applicable or the required information is shown in the Financial Statements or in the notes thereto.

(3) Exhibits:

| EXHIBIT NUMBER | DESCRIPTION |
|---|---|
| 10.1 | Lease between 405 Colorado Holdings LP and Asure Software Inc. dated February 4, 2022 (Previously filed as Exhibit 10.35 to the Company's Current Report on Form 10-K filed March 14, 2022) |
| 31.1* | Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith). |
| 31.2* | Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith). |
| 32.1** | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith). |
| 32.2** | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith). |
| 101 | The following materials from Asure Software, Inc.'s Condensed Quarterly Report on Form 10-Q for the three months ended March 31, 2022, formatted in Inline XBRL: (1) the Condensed Consolidated Balance Sheets, (2) the Condensed Consolidated Statements of Comprehensive Loss, (3) the Condensed Consolidated Statements of Changes in Stockholders' Equity, (4) the Condensed Consolidated Statements of Cash Flows, and (5) Notes to Condensed Consolidated Financial Statements (filed herewith). |

| EXHIBIT NUMBER | DESCRIPTION |
|---|---|
| 104 | The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, formatted as Inline XBRL and contained in Exhibit 101 (filed herewith). |

* Filed herewith.

** Furnished herewith.

**SIGNATURES**

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

| | | |
|---|---|---|
| | | **ASURE SOFTWARE, INC.** |
| Date: May 9, 2022 | By: | /s/ PATRICK GOEPEL<br>Patrick Goepel<br>Chief Executive Officer |
| Date: May 9, 2022 | By: | /s/ JOHN PENCE<br>John Pence<br>Chief Financial Officer |

**EXHIBIT 31.1**

## CERTIFICATION OF PERIODIC REPORT

## PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, the undersigned, Patrick Goepel, certify, that:

1. I have reviewed this quarterly report on Form 10-Q of the Company (the "Report");

2. Based on my knowledge, the Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in the Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in the Report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and we have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within these entities, particularly during the period in which the Report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in the Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by the Report based on such evaluation; and

(d) Disclosed in the Report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the quarter ended March 31, 2022) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and to the Audit Committee of the Board of Directors:

(a) All significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: May 9, 2022

By: /s/ Patrick Goepel
Patrick Goepel
Chief Executive Officer

**EXHIBIT 31.2**

**CERTIFICATION OF PERIODIC REPORT**

**PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, the undersigned, John Pence, certify, that:

1. I have reviewed this quarterly report on Form 10-Q of the Company (the “Report”);

2. Based on my knowledge, the Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in the Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in the Report;

4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and we have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within these entities, particularly during the period in which the Report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in the Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by the Report based on such evaluation; and

(d) Disclosed in the Report any change in the Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter (the quarter ended March 31, 2022) that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and

5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and to the Audit Committee of the Board of Directors:

(a) All significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: May 9, 2022

By: /s/ John Pence
John Pence
Chief Financial Officer and Principal Accounting Officer

**EXHIBIT 32.1**

## CERTIFICATION OF PERIODIC REPORT

## PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, the undersigned, Patrick Goepel, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The quarterly report on Form 10-Q of the Company for the period ended March 31, 2022 (the "Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended, and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

| | | |
|---|---|---|
| Date: May 9, 2022 | By: | /s/ Patrick Goepel |
| | | Patrick Goepel |
| | | Chief Executive Officer |

A signed original of this written statement required by Section 906 has been provided to Asure Software, Inc. and will be retained by Asure Software, Inc. and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

**EXHIBIT 32.2**

# CERTIFICATION OF PERIODIC REPORT

## PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, the undersigned, John Pence, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The quarterly report on Form 10-Q of the Company for the period ended March 31, 2022 (the "Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended, and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

| | | |
|---|---|---|
| Date: May 9, 2022 | By: | /s/ John Pence |
| | | John Pence<br>Chief Financial Officer and Principal Accounting Officer |

A signed original of this written statement required by Section 906 has been provided to Asure Software, Inc. and will be retained by Asure Software, Inc. and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.